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**CALIFORNIA MUNICIPAL FINANCE AUTHORITY**

**and**

\_\_\_\_\_, as Trustee

**INDENTURE**

Dated as of \_\_\_\_\_ 1, 20\_\_

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Relating to  
\$ \_\_\_\_\_  
California Municipal Finance Authority  
Insured Refunding Revenue Bonds  
(\_\_\_\_\_), Series \_\_\_\_

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## INDENTURE

THIS INDENTURE, dated as of \_\_\_\_\_ 1, 20\_\_, by and between the CALIFORNIA MUNICIPAL FINANCE AUTHORITY, a joint exercise of powers authority organized and existing under and by virtue of the laws of the State of California (the "Authority"), and \_\_\_\_\_, a national banking association organized and existing under and by virtue of the laws of the United States of America and qualified to accept and administer the trusts hereby created, as trustee (the "Trustee");

### WITNESSETH:

WHEREAS, \_\_\_\_\_ (the "Corporation") has applied for the financial assistance of the Authority to (a) provide for the current refunding of \_\_\_\_\_ (the "Prior Bonds"), the proceeds of which were used to \_\_\_\_\_;

WHEREAS, to refinance the Prior Bonds, the Authority has authorized the issuance of its Insured Refunding Revenue Bonds (\_\_\_\_\_), Series \_\_\_\_ (the "Bonds"), in the aggregate principal amount of \_\_\_\_\_ dollars (\$\_\_\_\_\_) for such purposes;

WHEREAS, the Authority has duly entered into a loan agreement, dated as of \_\_\_\_\_ 1, 20\_\_ (the "Loan Agreement"), with the Corporation specifying the terms and conditions of a loan by the Authority to the Corporation of the proceeds of the Bonds to refinance the Prior Bonds and the payment to the Authority of amounts sufficient for the payment of the principal (or Redemption Price) of and interest on the Bonds and of certain related expenses;

WHEREAS, the Bonds are insured by the Office of Statewide Health Planning and Development of the State of California (the "Office") pursuant to the California Health Facility Construction Loan Insurance Law;

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 secured and to secure the payment of the principal thereof, Redemption Price and interest thereon, the Authority has authorized the execution and delivery of this Indenture;

WHEREAS, the Bonds, the Trustee's certificate of authentication and the assignment to appear thereon, shall be in substantially the form attached hereto as Exhibit A, respectively, with necessary or appropriate variations, omissions and insertions, as permitted or required by this Indenture; and

WHEREAS, the Authority has determined 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 and binding limited 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 the Indenture have been in all respects duly authorized;

NOW, THEREFORE, THIS INDENTURE WITNESSETH, that in order to secure the payment of the principal of, Redemption Price and interest 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 received, 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 whereof 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; CONTENT OF CERTIFICATES AND OPINIONS

Section 1.01. Definitions. Unless the context clearly otherwise requires, all capitalized terms used herein shall have the meanings assigned to such terms in this Section 1.01, in that certain regulatory agreement, dated as of \_\_\_\_\_ 1, 20\_\_ (the "Regulatory Agreement"), among the Authority, the Office and the Corporation or in the Act (hereinafter defined).

"*Act*" means Articles 1 through 4 (commencing with section 6500) of Chapter 5 of Division 7 of Title 1 of the California Government Code, as now in effect and as it may from time to time hereafter be amended or supplemented.

"*Additional Payments*" means payments so designated and required to be made by the Corporation pursuant to Section 4.2 of the Loan Agreement.

"*Authority*" means the California Municipal Finance Authority, or its successors and assigns, a joint exercise of powers authority formed by a Joint Exercise of Powers Agreement, dated as of January 1, 2004 by and among certain California cities, counties and special districts, as may be amended from time to time (the "Joint Powers Agreement") pursuant to the provisions of the Act.

"*Authority Issuance Fee*" means \$\_\_\_\_\_.

"*Authority Annual Fee*" means 1.5 basis points times the outstanding principal amount of the Bonds.

"*Authorized Denomination*" means \$5,000 or any integral multiple thereof.

"*Authorized Representative*" means, (a) with respect to the Authority, any member of the Board of Directors of the Authority, or any other person designated as an Authority Representative by a certificate signed by a member of the Board and filed with the Trustee; (b) with respect to the Corporation, its Board Chairman, its Board Treasurer, its Chief Financial Officer, its Chief Financial Officer or any other person designated as an Authorized Representative of the Corporation by a Certificate of the Corporation signed by its Chief Executive Officer or its Senior Vice President, Finance, and filed with the Trustee; and (c) with respect to the Office, the Director of the Office or the Deputy Director of the Cal Mortgage Loan Insurance Division or any other person designated as an Authorized Representative of the Office by a Statement of the Office signed by its Director or the Deputy Director of the Cal Mortgage Loan Insurance Division and filed with the Trustee.

"*Board Member*" means any member of the Board of Directors of the Authority.

"*Board of Directors*" means, with respect to the Authority, the Board of Directors of the Authority and, with respect to the Corporation, the Board of Directors of the Corporation.

*“Bond Year”* means the period of twelve consecutive months ending on August 1 in any year in which Bonds are Outstanding.

*“Bonds”* means \$\_\_\_\_\_ California Municipal Finance Authority Insured Refunding Revenue Bonds (\_\_\_\_\_), Series \_\_\_\_, authorized by, and at any time Outstanding pursuant to, this Indenture.

*“Certificate,” “Statement,” “Request,” “Requisition”* and *“Order”* of the Authority, the Office or the Corporation mean, respectively, a written certificate, statement, request, requisition or order signed in the name of the Authority by an Authorized Representative of the Authority, or in the name of the Corporation or the Office by an Authorized Representative of the Corporation or the Office, respectively, and delivered to the Trustee. Any such instrument and supporting opinions or representations, if any, 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. If and to the extent required by Section 1.02, each such instrument shall include the statements provided for in Section 1.02.

*“Closing Date”* means \_\_\_\_\_, 20\_\_, the date upon which there is a physical delivery of the Bonds in exchange for the amount representing the purchase price of the Bonds by the Original Purchaser.

*“Code”* means the Internal Revenue Code of 1986 and the regulations issued thereunder or any successor thereto. Reference to any particular Code section shall, in the event of such successor Code, be deemed to be reference to the successor to such Code section.

*“Continuing Disclosure Certificate”* means that certain Continuing Disclosure Certificate, dated the date of issuance and delivery of the Bonds, of the Corporation, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

*“Costs of Issuance”* means all items of expense directly or indirectly payable by or reimbursable to the Corporation and related to the authorization, issuance, sale and delivery of the Bonds, including but not limited to the upfront premium and certification and inspection fees payable to the Office on the Closing Date, advertising and printing costs, costs of preparation and reproduction of documents, filing and recording fees, initial fees and charges of the Trustee and the Authority (including legal fees and charges of their respective counsel), legal fees and charges, fees and disbursements of consultants and professionals, rating agency fees, fees and charges for preparation, execution, transportation and safekeeping of Bonds, and any other cost, charge or fee in connection with the original issuance of Bonds.

*“Costs of Issuance Fund”* means the fund by that name established pursuant to Section 3.03.

*“Debt Service Reserve Account”* means the account by that name in the Revenue Fund established pursuant to Section 5.02.

*“Debt Service Reserve Account Requirement”* means an amount equal to the least of Maximum Annual Bond Service, 125% of average annual debt service, and 10% of the principal amount of the Bonds.

*“Defeasance Obligations”* means (a) cash, (b) direct non-callable obligations of the United States of America, (c) securities fully and unconditionally guaranteed as to the timely payment of principal and interest by the United States of America, to which direct obligation or guarantee the full faith and credit of the United States of America has been pledged, (d) Refcorp interest strips, (e) CATS, TIGRS, STRPS, and (f) defeased municipal bonds rated AAA by S&P or Aaa by Moody’s (or any combination of the foregoing).

*“Depository”* means The Depository Trust Company and its successors and assigns, or any other Securities Depository selected as set forth in Section 2.09, which agrees to follow the procedures required to be followed by such depository in connection with the Bonds.

*“Dissemination Agent”* means the dissemination agent identified in the Continuing Disclosure Certificate.

*“Environmental Regulations”* means any federal, state or local law, statute, code, ordinance, regulation, requirement or rule relating to dangerous, toxic or hazardous pollutants, Hazardous Substances, chemical waste, materials or substances.

*“Escrow Agreement”* means that certain Escrow Deposit and Trust Agreement, dated the Closing Date, by and between the Corporation and the Escrow Bank, relating to the refunding of the Prior Bonds.

*“Escrow Bank”* means \_\_\_\_\_, in its capacity as escrow bank under the Escrow Agreement.

*“Escrow Fund”* means the escrow fund created and held by the Escrow Bank under the Escrow Agreement.

*“Event of Default”* means any of the events specified in Section 7.01.

*“501(c)(3) Organization”* means an organization described in section 501(c)(3) of the Code.

*“Governmental Unit”* shall have the meaning set forth in Section 150 of the Code.

*“Gross Revenue Fund”* means the fund by that name established pursuant to the Loan Agreement.

*“Gross Revenues”* means all revenues, income, receipts and money received in any period by the Corporation (other than donor-restricted gifts, grants, bequests, donations or contributions, and tax revenues), including, but without limiting the generality of the foregoing, the following: (a) gross revenues derived from its operation and possession of and pertaining to its properties; (b) proceeds with respect to, arising from, or relating to its properties and derived

from (i) insurance (including business interruption insurance) or condemnation proceeds (except to the extent such proceeds are required by the terms of the Regulatory Agreement or other agreements with respect to the Indebtedness which the Corporation is permitted to incur pursuant to the terms of the Regulatory Agreement) to be used for purposes inconsistent with their use for the payment of Loan Repayments, Additional Payments or similar payments with respect to Parity Debt, (ii) accounts, including but not limited to, accounts receivable, (iii) securities and other investments, (iv) inventory and intangible property, (v) payment/reimbursement programs and agreements, and (vi) contract rights, accounts, instruments, claims for the payment of moneys and other rights and assets now or hereafter owned, held or possessed by or on behalf of the Corporation; and (c) rentals received from the lease of the Corporation's properties or space in its facilities.

*"Hazardous Substances"* means (a) any oil, flammable substance, explosives, radioactive materials, hazardous wastes or substances, toxic wastes or substances or any other wastes, materials or pollutants which (i) pose a hazard to the Corporation's facilities or to persons on or about the Corporation's facilities or (ii) cause the Corporation's facilities to be in violation of any Environmental Regulation; (b) asbestos in any form which is or could become friable, urea formaldehyde foam insulation, transformers or other equipment which contain dielectric fluid containing levels of polychlorinated biphenyls, or radon gas; (c) any chemical, material or substance defined as or included in the definition of "waste," "hazardous substances," "hazardous wastes," "hazardous materials," "extremely hazardous waste," "restricted hazardous waste," or "toxic substances" or words of similar import under any Environmental Regulation including, but not limited to, the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA"), 42 USC §§ 9601 *et seq.*; the Resource Conservation and Recovery Act ("RCRA"), 42 USC §§ 6901 *et seq.*; the Hazardous Materials Transportation Act, 49 USC §§ 1801 *et seq.*; the Federal Water Pollution Control Act, 33 USC §§ 1251 *et seq.*; the California Hazardous Waste Control Law ("HWCL"), Cal. Health & Safety §§ 25100 *et seq.*; the Hazardous Substance Account Act ("HSAA"), Cal. Health & Safety Code §§ 25300 *et seq.*; the Underground Storage of Hazardous Substances Act, Cal. Health & Safety §§ 25280 *et seq.*; the Porter-Cologne Water Quality Control Act (the "Porter-Cologne Act"), Cal. Water Code §§ 13000 *et seq.*, the Safe Drinking Water and Toxic Enforcement Act of 1986 (Proposition 65); and Title 22 of the California Code of Regulations, Division 4, Chapter 30; (d) any other chemical, material or substance, exposure to which is prohibited, limited or regulated by any governmental authority or agency or may or could pose a hazard to the health and safety of the occupants of the Corporation's facilities or the owners and/or occupants of property adjacent to or surrounding the Corporation's facilities, or any other person coming upon the Corporation's facilities or adjacent property; or (e) any other chemical, materials or substance which may or could pose a hazard to the environment.

*"Information Services"* means the Electronic Municipal Market Access System (referred to as "EMMA"), a facility of the Municipal Securities Rulemaking Board (at <http://emma.msrb.org>) or, in accordance with then current guidelines of the Securities and Exchange Commission, such other addresses and/or such other national information services providing information with respect to called bonds as the Authority may designate in a Certificate of the Authority delivered to the Trustee.

*“Insurance and Condemnation Proceeds Fund”* means the fund by that name established pursuant to Section 3.04.

*“Interest Account”* means the account by that name in the Revenue Fund established pursuant to Section 5.02.

*“Interest Payment Date”* means February 1 and August 1 of each year, commencing \_\_\_\_\_ 1, 20\_\_.

*“Investment Securities”* means any of the following:

(a) Direct obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury of the United States of America) or obligations the timely payment of the principal of and interest on which are fully guaranteed by the United States of America, including instruments evidencing an ownership interest in securities described in this clause (a) such as CATS, TIGRs, Treasury Receipts and Stripped Treasury Coupons;

(b) Obligations of any of the following federal agencies which obligations represent the full faith and credit of the United States of America (including stripped securities if the agency has stripped them itself)

(i) U.S. Export-Import Bank;

(ii) Farmers Home Administration;

(iii) Federal Financing Bank;

(iv) Federal Housing Administration;

(v) General Services Administration;

(vi) Government National Mortgage Association (“GNMA”) (including guaranteed mortgage-backed bonds and guaranteed pass-through obligations);

(vii) Rural Economic Community Development Administration

(viii) Small Business Administration

(ix) U.S. Maritime Administration (guaranteed Title XI financing); and

(x) U.S. Department of Housing and Urban Development (including project notes, local authority bonds, new communities debentures, U.S. government guaranteed debentures, U.S. Public Housing Notes and Bonds and U.S. government guaranteed public housing notes and bonds;

(c) Debentures, bonds, notes or other evidence of indebtedness issued or guaranteed by any of the following U.S. government agencies which obligations are not fully guaranteed by the full faith and credit of the United States of America (including stripped securities if the agency has stripped them itself):

(i) Federal Home Loan Bank System (senior debt obligations);

(ii) Resolution Funding Corporation (REFCORP) obligations;

(iii) Federal Home Loan Mortgage Corporation (FHLMC or "Freddie Mac") senior debt obligations or participation certificates;

(iv) Federal National Mortgage Association (FNMA or "Fannie Mae") mortgage-backed securities and senior debt obligations;

(v) Senior debt obligations of other government sponsored agencies approved by the Office.

(d) Investments in money market funds 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 better (including funds for which the Trustee, its parent holding company, if any, or any affiliates or subsidiaries of the Trustee provide investment advisory or other management services);

(e) Pre-refunded municipal obligations defined as follows: any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice; and

(i) which are rated, based on an irrevocable escrow account or fund (the "Escrow"), in the highest rating category of Moody's or S&P or any successors thereto; or

(ii) (A) which are fully secured as to principal, interest and redemption premium, if any, by an Escrow consisting only of cash or obligations described in paragraph (a) above, which Escrow may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate, and (B) which Escrow is sufficient, as verified by a nationally recognized independent certified public accountant, to pay principal of and interest and redemption premium, if any on the Bonds or other obligations described in this paragraph on the maturity date or dates specified in the irrevocable instructions referred to above, as appropriate;

(f) Repurchase agreements fully secured by collateral security described in clauses (a) (b), (c), or (h) of this definition, which collateral (i) is held by the Trustee or a third party agent

during the term of such repurchase agreement, (ii) is not, pursuant to the terms of such agreement, subject to liens or claims of third parties and (iii) has a market value (determined at least once every five days) at least equal to the amount so invested;

(g) demand deposits, including trust accounts, trust funds, interest bearing money market accounts, overnight bank deposits, interest bearing deposits, banker's acceptances or certificates of deposit of, or time deposits in, any bank (including the Trustee or any of its affiliates) or savings and loan association (i) which certificates of deposit or time deposits are fully insured by the Federal Deposit Insurance Corporation or (ii) which certificates of deposit (including those placed by a third party pursuant to an agreement between the Trustee and the Corporation) or time deposits are secured at all times, in the manner and to the extent provided by law, by collateral security (described in clauses (a), (b), (c), or (h) of this definition) with a market value (valued at least quarterly) of no less than the original amount of moneys so invested;

(h) Municipal obligations rated "Aaa/AAA" on the basis of insurance or credit enhancement, provided the underlying rating of the municipal obligation must be at least "Baa/BBB," uninsured or unenhanced municipal obligations rated at least Aa2/AA or general obligations of states with a rating of "A2/A" by Moody's or S&P;

(i) U.S. dollar denominated deposit accounts, federal funds or bankers acceptances with domestic commercial banks which may include the Trustee and its affiliates which have a rating on their short term certificates of deposit on the date of purchase of "P-1" by Moody's and "A-1" or "A-1+" by S&P (for purposes of rating, ratings on holding companies are not considered as the rating of the bank) and maturing not more than 360 calendar days after the date of purchase;

(j) the Local Agency Investment Fund of the State, 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;

(k) direct obligations of the State (including obligations issued or held in book-entry form on the books of the Office of the Treasurer of the State) or obligations the timely payment of the principal of and interest on which are fully guaranteed by the State; and

(l) Other forms of investments approved in writing by the Office.

*"Loan Default Event"* means any of the events specified in Section 8.1 of the Loan Agreement.

*"Loan Repayments"* means the payments so designated and required to be made by the Corporation pursuant to Section 4.1 of the Loan Agreement.

*"Mandatory Sinking Account Payment"* means, with respect to Term Bonds of any maturity, the amount required by this Indenture to be paid on any single date for the retirement of Term Bonds of such maturity.

*“Maximum Annual Bond Service”* means, as of any date of calculation, the sum of (a) the interest falling due on then Outstanding Bonds (assuming that all then Outstanding Serial Bonds are retired on their respective maturity dates and that all then Outstanding Term Bonds are retired at the times and in the amounts provided for by Mandatory Sinking Account Payments), (b) the principal amount of then Outstanding Serial Bonds falling due by their terms, and (c) the aggregate amount of all Mandatory Sinking Account Payments required; all as computed for the Bond Year in which such sum shall be largest.

*“Moody’s”* means Moody’s Investors Service, a corporation organized and existing under the laws of the State of Delaware, its successors and their assigns, or, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, any other nationally recognized securities rating agency designated by the Authority.

*“Prior Bonds”* means \_\_\_\_\_, issued to finance the Prior Project.

*“Prior Project”* means \_\_\_\_\_.

*“Opinion of Counsel”* means a written opinion of counsel (including, without limitation, counsel for the Authority) selected by the Authority and delivered to the Trustee. If and to the extent required by the provisions of Section 1.02, each Opinion of Counsel shall include the statements provided for in Section 1.02.

*“Optional Redemption Account”* means the account by that name in the Redemption Fund established pursuant to Section 5.05 hereof.

*“Original Purchaser”* means \_\_\_\_\_, the original purchaser of the Bonds.

*“Outstanding,”* when used as of any particular time with reference to Bonds, means (subject to the provisions of Section 11.09) all Bonds theretofore, or thereupon being, authenticated and delivered by the Trustee under this Indenture except (a) Bonds theretofore canceled by the Trustee or surrendered to the Trustee for cancellation; (b) Bonds with respect to which all liability of the Authority shall have been discharged in accordance with Section 10.02, including Bonds (or portions of Bonds) referred to in Section 11.10; and (c) Bonds for the transfer or exchange of or in lieu of or in substitution for which other Bonds shall have been authenticated and delivered by the Trustee pursuant to this Indenture.

*“Owner”* or *“Bondowner,”* whenever used herein with respect to a Bond, means the Person in whose name such Bond is registered.

*“Parity Debt”* means Long-Term Indebtedness which is incurred by the Corporation in accordance with the provisions of the Regulatory Agreement and secured equally and ratably with the obligations of the Corporation under the Loan Agreement by a lien on and security interest in the Gross Revenues and the Deed of Trust.

*“Person”* means an individual, corporation, firm, association, partnership, trust, or other legal entity or group of entities, including a governmental entity or any agency or political subdivision thereof.

*“Principal Account”* means the account by that name in the Revenue Fund established pursuant to Section 5.02 hereof.

*“Principal Corporate Trust Office”* means the office of the Trustee at \_\_\_\_\_, \_\_\_\_\_, California \_\_\_\_, Attention: Corporate Trust Department, or such other or additional offices as may be specified to the Authority by the Trustee except that, with respect to presentation of Bonds for payment or for registration of transfer and exchange, such term shall mean the office or agency of the Trustee at which at any particular time, its corporate trust agency shall be conducted, or such other office designated by the Trustee from time to time, or at such other or additional offices as may be specified by the Trustee in writing to the Authority.

*“Project”* means the refinancing of the Prior Bonds.

*“Rating Category”* means (a) with respect to any long-term rating category, all ratings designated by a particular letter or combination of letters, without regard to any numerical modifier, plus or minus sign or other modifier and (b) with respect to any short-term or commercial paper rating category, all ratings designated by a particular letter or combination of letters and taking into account any numerical modifier, but not any plus or minus sign or other modifier.

*“Rebate Fund”* means the Rebate Fund established in Section 5.07.

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

*“Redemption Fund”* means the fund by that name established pursuant to Section 5.05.

*“Redemption Price”* means, with respect to any Bond (or portion thereof), the principal amount of such Bond (or portion thereof) plus the applicable premium, if any, payable upon redemption thereof pursuant to the provisions of such Bond and this Indenture.

*“Regulatory Agreement”* means that certain Regulatory Agreement, dated as of \_\_\_\_\_ 1, 20\_\_, among the Authority, the Office and the Corporation, as originally executed and as amended from time to time in accordance with its terms.

*“Revenue Fund”* means the fund by that name established pursuant to Section 5.01 hereof.

*“Revenues”* means all amounts received by the Authority or the Trustee pursuant or with respect to the Loan Agreement, including, without limiting the generality of the foregoing, Loan Repayments (including both timely and delinquent payments and any late charges, and regardless of source), prepayments, insurance proceeds, payments received pursuant to the Insurance Law, condemnation proceeds, and all interest, profits or other income derived from the investment of amounts in any fund or account established pursuant to this Indenture, but not including any expenses or any amounts paid to the Authority or the Trustee pursuant to rights of indemnification or any Additional Payments.

*“S&P”* means Standard & Poor’s Ratings Services, a division of The McGraw-Hill Companies, Inc., a corporation organized and existing under the laws of the State of New York, its successors and their assigns, or, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, any other nationally recognized securities rating agency designated by the Authority.

*“Securities Depositories”* means The Depository Trust Company, 55 Water Street, 50<sup>th</sup> Floor, New York, NY 10041-0099, Attention: Call Notification Department, Fax (212) 855-7232; or to such other addresses and/or such other registered securities depositories holding substantial amounts of obligations of types similar to the Bonds as the Authority may designate in a Written Certificate of the Authority delivered to the Trustee.

*“Serial Bonds”* means the Bonds, falling due by their terms in specified years, for which no Mandatory Sinking Account Payments are provided.

*“Sinking Accounts”* means the subaccounts in the Principal Account so designated and established pursuant to Section 5.04.

*“Special Record Date”* means the date established by the Trustee pursuant to Section 2.02 as a record date for the payment of defaulted interest on Bonds.

*“Special Redemption Account”* means the account by that name in the Redemption Fund established pursuant to Section 5.05 hereof.

*“State”* means the State of California.

*“Supplemental Indenture”* means any indenture hereafter duly authorized and entered into between the Authority and the Trustee, supplementing, modifying or amending this Indenture; but only if and to the extent that such Supplemental Indenture is specifically authorized hereunder.

*“Tax Agreement”* means the Tax Certificate and Agreement with respect to the Bonds executed and delivered by the Authority and the Corporation, as originally executed and as the same may be amended and supplemented from time to time in accordance with the terms thereof.

*“Term Bonds”* means the Bonds payable at or before their specified maturity date or dates from Mandatory Sinking Account Payments established for that purpose and calculated to retire such Bonds on or before their specified maturity date or dates.

*“Trustee”* means \_\_\_\_\_, in its capacity as 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 this Indenture.

Section 1.02. Content of Certificates and Opinions. Every certificate or opinion provided for in this Indenture with respect to compliance with any provision hereof shall include (1) a

statement that the Person making or giving such certificate or opinion has read such provision and the definitions herein relating thereto; (2) a brief statement as to the nature and scope of the examination or investigation upon which the certificate or opinion is based; (3) a statement that, in the opinion of such Person, he has made or caused to be made such examination or investigation as is necessary to enable him to express an informed opinion with respect to the subject matter referred to in the instrument to which his signature is affixed; (4) a statement of the assumptions upon which such certificate or opinion is based, and that such assumptions are reasonable; and (5) a statement as to whether or not, in the opinion of such Person, such provision has been complied with.

Any such certificate or opinion made or given by an officer of the Authority may be based, insofar as it relates to legal, accounting or facility matters, upon a certificate or opinion of or representation by counsel, an Accountant or a Management Consultant, unless such officer knows, or in the exercise of reasonable care should have known, that the certificate, opinion or representation with respect to the matters upon which such certificate or statement may be based, as aforesaid, is erroneous. Any such certificate or opinion made or given by counsel, an Accountant or a Management Consultant may be based, insofar as it relates to factual matters (with respect to which information is in the possession of the Authority) upon a certificate or opinion of or representation by an officer of the Authority, unless such counsel, Accountant or Management Consultant knows, or in the exercise of reasonable care should have known, that the certificate or opinion or representation with respect to the matters upon which such Person's certificate or opinion or representation may be based, as aforesaid, is erroneous. The same officer of the Authority, or the same counsel or Accountant or Management Consultant, as the case may be, need not certify to all of the matters required to be certified under any provision of this Indenture, but different officers, counsel, Accountants or Management Consultants may certify to different matters, respectively.

#### Section 1.03. Interpretation.

(a) Unless the context otherwise indicates, words expressed in the singular shall include the plural and vice versa and the use of the neuter, masculine, or feminine gender is for convenience only and shall be deemed to mean and include the neuter, masculine or feminine gender, as appropriate.

(b) Headings of articles and sections herein and the table of contents hereof are solely for convenience of reference, do not constitute a part hereof and shall not affect the meaning, construction or effect hereof.

(c) All references herein to "Articles," "Sections" and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Indenture; the words "herein," "hereof," "hereby," "hereunder" and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or subdivision hereof.

ARTICLE II

THE BONDS

Section 2.01. Authorization of Bonds. The Bonds are hereby authorized to be issued hereunder in order to finance the Project. The Bonds are designated as “California Municipal Finance Authority Insured Refunding Revenue Bonds (\_\_\_\_\_), Series \_\_\_\_.” The aggregate principal amount of Bonds which may be Outstanding under this Indenture may not exceed \_\_\_\_\_ dollars (\$\_\_\_\_\_). This Indenture constitutes a continuing agreement with the Owners from time to time of the Bonds to secure the full payment of the principal (or Redemption Price) of and interest on all such Bonds subject to the covenants, provisions and conditions herein contained.

Section 2.02. Terms of the Bonds.

(a) The Bonds shall be issued as fully registered bonds in the denomination of \$5,000 or any integral multiple thereof. The Bonds shall be dated as of the Closing Date, and interest thereon shall be payable from such date, semiannually on each Interest Payment Date. The Bonds shall mature on the following dates in the following amounts and shall bear interest at the following rates per annum based on twelve thirty-day months:

<u>Maturity</u> <u>(August 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>
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The Bonds shall be registered initially in the name of “Cede & Co.,” as nominee of the Depository, and shall be evidenced by one bond for each maturity of the Bonds in the principal amount of the respective maturities of the Bonds. Registered ownership of the Bonds, or any portion thereof, may not thereafter be transferred except as set forth in Section 2.09 hereof.

The principal or Redemption Price of the Bonds shall be payable in lawful money of the United States of America by check upon surrender or presentation thereof at the Principal Corporate Trust Office. Payment of the interest on any Bond shall be made to the person whose name appears on the bond registration books of the Trustee as the registered owner thereof as

of the close of business on the Record Date for each Interest Payment Date, such interest to be paid by check mailed by first class mail on each Interest Payment Date to the registered owner at his address as it appears on such registration books; *provided, however,* that at the written request of Owners of Bonds in the aggregate principal amount of \$1,000,000 or more received by the Trustee prior to the Record Date, interest shall be paid by wire transfer to an account within the United States.

The Bonds shall be numbered consecutively, beginning with number R-1, and the Bonds shall bear interest from the Closing Date.

Any such interest not so punctually paid or duly provided for shall forthwith cease to be payable to the Owner on such Record Date and shall be paid to the Person in whose name the Bond is registered at the close of business on a Special Record Date for the payment of such defaulted interest to be fixed by the Trustee, notice whereof being given to Owners by first class mail not less than ten (10) days prior to such Special Record Date.

The Bonds shall be subject to redemption as provided in Article IV.

Section 2.03. Execution of Bonds. The Bonds shall be executed in the name and on behalf of the Authority with the manual or facsimile signature of a member of the Board of Directors of the Authority. The Bonds shall then be delivered to the Trustee for authentication by it. In case any of the officers who shall have signed or attested any of the Bonds shall cease to be such officer or officers of the Authority 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 those who signed and attested the same had continued to be such officers of the Authority, and also any Bond may be signed and attested on behalf of the Authority by such persons as at the actual date of execution of such Bond shall be the proper officers of the Authority although at the nominal date of such Bond any such person shall not have been such officer of the Authority.

Only such of the Bonds as shall bear thereon a certificate of authentication substantially in the form hereinbefore recited, 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 executed, authenticated and delivered hereunder and are entitled to the benefits of this Indenture.

Section 2.04. Transfer of Bonds. Any Bond may, in accordance with its terms, be transferred, upon the books required to be kept pursuant to the provisions of Section 2.06, by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Bond for cancellation at the Principal Corporate Trust Office, accompanied by delivery of a written instrument of transfer, duly executed in a form acceptable to the Trustee.

Whenever any Bond or Bonds shall be surrendered for transfer, the Authority shall execute and the Trustee shall authenticate and make available for delivery a new Bond or Bonds of authorized denomination or denominations, of the same maturity, interest rate and aggregate principal amount. The Trustee shall require the Owner requesting such transfer to pay any tax

or other governmental charge required to be paid with respect to such transfer. 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 Corporation.

No Bond may be transferred (i) following its selection for redemption pursuant to Article IV, (ii) within the 15-day period preceding the date of selection of Bonds for redemption, or (iii) during the period between a Record Date and the next succeeding Interest Payment Date.

Section 2.05. Exchange of Bonds. Bonds may be exchanged at the Principal Corporate Trust Office, for a like aggregate principal amount of Bonds of other authorized denominations of the same maturity and interest rate. The Trustee shall require the Owner requesting such exchange to pay any tax or other governmental charge required to be paid with respect to such exchange. The cost of printing Bonds and any services rendered or expenses incurred by the Trustee in connection with any exchange shall be paid by the Corporation.

No Bond may be exchanged (i) following its selection for redemption pursuant to Article IV or (ii) within the 15-day period preceding the date of selection of Bonds for redemption.

Section 2.06. Bond Register. The Trustee will keep or cause to be kept, at its Principal Corporate Trust Office, sufficient books for the registration and transfer of the Bonds, which shall at all times upon reasonable prior notice be open to inspection by the Authority; 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 such books, Bonds as hereinbefore provided.

Section 2.07. Temporary Bonds. The Bonds may be issued in temporary form exchangeable for definitive Bonds when ready for delivery. Any temporary Bond must be printed, shall be of such denomination as may be determined by the Authority, shall be in fully registered form without coupons and may contain such reference to any of the provisions of this Indenture as may be appropriate. A temporary Bond may be in the form of a single Bond payable in installments, each on the date, in the amount and at the rate of interest established for the Bonds maturing on such date. Every temporary Bond shall be executed by the Authority and be authenticated by the Trustee upon the same conditions and in substantially the same manner as the definitive Bonds. If the Authority issues temporary Bonds, it will execute and deliver definitive Bonds as promptly thereafter as practicable, and thereupon the temporary Bonds may be surrendered, for cancellation, in exchange therefor at the Principal Corporate Trust Office, and the Trustee shall authenticate and deliver in exchange for such temporary Bonds an equal aggregate principal amount of Bonds of authorized denominations of the same maturity or maturities. Until so exchanged, the temporary Bonds shall be entitled to the same benefits under this Indenture as definitive Bonds authenticated and delivered hereunder. The Corporation shall pay the cost of printing the definitive Bonds.

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 tenor 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 canceled by it and delivered to, or upon the order of, the Authority. If any Bond shall be alleged to be lost, destroyed or stolen, evidence of such loss, destruction or theft shall be submitted to the Trustee

and, if such evidence be satisfactory to the Trustee and indemnity satisfactory to it shall be given, the Authority, at the expense of the Owner, shall execute, and the Trustee shall thereupon authenticate and deliver, a new Bond of like tenor in lieu of and in substitution for the Bond so lost, destroyed or stolen. 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 the aforementioned indemnity. The Trustee may require payment by the Owner of a sum not exceeding the actual cost of preparing each new Bond issued under this Section 2.08 and of the expenses which may be incurred by the Trustee in connection therewith. 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 additional contractual obligation on the part of the Authority whether or not the Bond so alleged to be lost, destroyed or stolen be determined at any time to be enforceable by anyone, and shall be entitled to the benefits of this Indenture with all other Bonds secured by this Indenture.

Section 2.09. Use of Depository. Notwithstanding any provision of the Indenture to the contrary:

(a) The Bonds shall be initially issued in book-entry form as provided in Section 2.02. The Bonds will be initially registered in the name of Cede & Co., as nominee of the Depository. Registered ownership of the Bonds, or any portion thereof, may not thereafter be transferred except:

(i) To any successor of the Depository or its nominee, or to any substitute depository designated pursuant to clause (ii) of this subsection (a) (a "substitute depository"); provided that any successor of the Depository or substitute depository shall be qualified under any applicable laws to provide the service proposed to be provided by it;

(ii) To any substitute depository designated by the Authority (at the direction of the Corporation) and not objected to by the Trustee, upon (1) the resignation of the Depository or its successor (or any substitute depository or its successor) from its functions as depository or (2) a determination by the Authority (with the concurrence of the Corporation) that the Depository 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 the Depository or its successor (or any substitute depository or its successor) from its functions as depository; provided that no substitute depository which is not objected to by the Trustee can be obtained or (2) a determination by the Authority that it is in the best interests of the Authority to remove the Depository 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 Certificate of the Authority to the Trustee, a single new Bond for each maturity of Bonds then outstanding shall be authenticated and delivered in the aggregate principal amount of the Bonds of each such respective maturity 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 Certificate of the Authority. In the case of any transfer pursuant to clause (iii) of subsection (a) hereof, upon receipt of the Outstanding Bonds by the Trustee, new Bonds shall be authenticated and delivered in such denominations numbered in consecutive order and registered in the names of such persons as are requested in such a Certificate of the Authority, subject to the limitations of Section 2.02 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 Certificate of the Authority.

(c) In the case of partial redemption or an advance refunding of the Bonds evidencing all or a portion of the principal amount Outstanding, the Securities Depository shall make an appropriate notation on the Bonds indicating the date and amounts of such reduction in principal.

(d) The Authority, the Corporation 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 neither the Authority, the Corporation nor the Trustee shall have any responsibility for transmitting payments to, communication with, notifying, or otherwise dealing with any beneficial owners of the Bonds. 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 the Depository or its successor (or any substitute depository or its successor), except for the Owner of any Bond.

(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, and its registered assigns in effecting payment of the principal of, Redemption Price 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.

Section 2.10. CUSIP Numbers. Neither the Trustee nor the Authority shall 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 nor the Authority shall be liable for any inaccuracies in such numbers.

ARTICLE III

ISSUANCE OF BONDS; APPLICATION OF PROCEEDS

Section 3.01. Issuance of the Bonds. At any time after the execution of this Indenture, the Authority may execute and the Trustee shall, upon Request of the Authority, authenticate and deliver Bonds in the aggregate principal amount of \_\_\_\_\_ dollars (\$\_\_\_\_\_).

Section 3.02. Application of Proceeds of the Bonds and Other Moneys.

(a) The proceeds received from the sale of the Bonds in the amount of \$\_\_\_\_\_ (consisting of the par amount of the Bonds of \$\_\_\_\_\_, less an underwriter's discount of \$\_\_\_\_\_), shall be deposited in trust with the Trustee, who shall forthwith deposit or apply such amount as follows:

(i) The Trustee shall deposit in the Costs of Issuance Fund the sum of \$\_\_\_\_\_;

(ii) The Trustee shall deposit in the Debt Service Reserve Account the sum of \$\_\_\_\_\_; and

(iii) The Trustee shall transfer to the Escrow Bank, the sum of \$\_\_\_\_\_ for deposit in the Escrow Fund to provide for the defeasance of the Prior Bonds; and

(b) The Trustee may, in its discretion, establish a temporary fund or account in its books and records to facilitate such deposits and transfers.

Section 3.03. Establishment and Application of Costs of Issuance Fund. The Trustee shall establish, maintain and hold in trust a separate fund designated as the "Costs of Issuance Fund." The moneys in the Costs of Issuance Fund shall be used and withdrawn by the Trustee to pay the Costs of Issuance upon receipt by the Trustee of (i) a Requisition of the Corporation stating the Person to whom payment is to be made, the amount to be paid, the purpose for which the obligation was incurred and that such payment is a proper charge against said fund and (ii) an executed form OSH-CM-134 (or such other form as may be adopted by the Office for such purpose) of the Office stating that such disbursements are authorized and the amounts so authorized. On the one hundred eightieth (180th) day following the initial issuance of the Bonds, or upon the earlier Request of the Corporation, amounts, if any, remaining in the Costs of Issuance Fund shall, at the option of the Corporation, be transferred to the Revenue Fund and the Costs of Issuance Fund shall be closed.

Section 3.04. Establishment and Application of Insurance and Condemnation Proceeds Fund. The Trustee shall establish, maintain and hold in trust when deposits thereto are required a separate fund designated as the "Insurance and Condemnation Proceeds Fund," and administer said fund as set forth in Section XIX of the Regulatory Agreement and Section 6.7 of the Loan Agreement.

Section 3.05. Validity of Bonds. The validity of the authorization and issuance of the Bonds is not dependent on and shall not be affected in any way by any proceedings taken by the Authority or the Trustee with respect to or in connection with the Loan Agreement. The recital contained in the Bonds that the same are issued pursuant to the Act and the Constitution and laws of the State shall be conclusive evidence of their validity and of compliance with the provisions of law in their issuance.

## ARTICLE IV

### REDEMPTION OF BONDS

#### Section 4.01. Terms of Redemption.

(a) The Bonds are subject to redemption prior to their respective stated maturities at the option of the Authority (which option shall be exercised as directed by the Corporation) in whole or in part on any date (in such amounts and of such maturities as may be specified by the Corporation, or if the Corporation fails to designate such maturities, in inverse order of maturity, and by lot within a maturity) upon forty-five (45) days (or such fewer number of days acceptable to the Trustee in its sole discretion) prior written notice to the Trustee from the Corporation, or such lesser number of days acceptable to the Trustee, in the sole discretion of the Trustee, such notice for the convenience of the Trustee, from certain moneys derived from insurance or condemnation proceeds received with respect to the facilities of the Corporation required to be deposited in the Special Redemption Account pursuant to Section XIX of the Regulatory Agreement at the principal amount thereof together with interest accrued thereon to the date fixed for redemption, without premium.

(b) Except as provided in paragraph (a) above, the Bonds maturing on or before August 1, \_\_\_\_, are not subject to optional redemption prior to maturity. The Bonds maturing on or after August 1, \_\_\_\_, subject to optional redemption prior to their stated maturity, on or after August 1, \_\_\_\_, at the option of the Authority (which option shall be exercised as directed by the Corporation), in whole or in part by lot (in such maturities as are designated by the Corporation, or if the Corporation fails to so designate, in inverse order of maturity, and by lot within a maturity) on any date, upon at least forty-five (45) days (or such fewer number of days acceptable to the Trustee in its sole discretion) prior written notice to the Trustee from the Corporation or such lesser number of days acceptable to the Trustee, in the sole discretion of the Trustee, such notice for the convenience of the Trustee, from any source of available moneys, at a redemption price equal to the principal amount of the Bonds called for redemption, together with accrued interest to the date fixed for redemption, without premium.

Section 4.02. Selection of Bonds for Redemption. Whenever provision is made in this Indenture for the redemption of less than all of the Bonds or any given portion thereof, the Trustee shall select the Bonds to be redeemed, from all Bonds subject to redemption or such given portion thereof not previously called for redemption, by lot, but from the maturities selected by the Authority in accordance with Section 4.01. The Trustee shall promptly notify the Authority and the Corporation in writing of the Bonds or portions thereof so selected for redemption.

Section 4.03. Notice of Redemption. Notice of redemption shall be mailed by first class mail by the Trustee, not less than thirty (30) nor more than sixty (60) days prior to the redemption date to (i) the respective Owners of any Bonds designated for redemption at their addresses appearing on the bond registration books of the Trustee, and (ii) the Authority and one or more Information Services. Notice of redemption shall also be given by telecopy, certified, registered, electronic or overnight mail to the Securities Depositories. Each notice of

redemption shall state the redemption date, the place or places of redemption, the maturities, the date of issue of the Bonds, the CUSIP number (if any) of the maturity or maturities and, if less than all of any such maturity, the distinctive numbers (or inclusive ranges of distinctive numbers) of the Bonds of such maturity, to be redeemed and, in the case of Bonds to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed. Each such notice shall also state that on said date there will become due and payable on each of said Bonds the Redemption Price thereof or of said specified portion of the principal amount thereof in the case of a fully registered Bond to be redeemed in part only, together with interest accrued thereon to the redemption date, and that from and after such redemption date interest thereon shall cease to accrue, and shall require that such Bonds be then surrendered. Neither the Authority nor the Trustee shall have any responsibility for any defect in the CUSIP number that appears on any Bond or in any redemption notice with respect thereto, and any such redemption notice may contain a statement to the effect that CUSIP numbers have been assigned by an independent service for convenience of reference and that neither the Authority nor the Trustee shall be liable for any inaccuracy in such numbers.

Notwithstanding the foregoing, in the case of any optional redemption of the Bonds pursuant to Section 4.01(b), the notice of redemption shall state that the redemption is conditioned upon receipt by the Trustee of sufficient moneys to redeem the Bonds on the anticipated redemption date, and that the optional redemption shall not occur if, by no later than the scheduled redemption date, sufficient moneys to redeem the Bonds have not been deposited with the Trustee. In the event that the Trustee does not receive sufficient funds by the scheduled optional redemption date to so redeem the Bonds to be optionally redeemed, such event shall not constitute an Event of Default, the Trustee shall send written notice to the Owners, to the Securities Depositories and to one or more of the Information Services to the effect that the redemption did not occur as anticipated, and the Bonds for which notice of optional redemption was given shall remain Outstanding for all purposes of this Indenture.

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

Failure of the Trustee to give notice to an Owner or any defect in such notice shall not affect the validity of the redemption of any other Bonds. Failure of the Trustee to give notice pursuant to this Section 4.03 to any one or more of the Information Services or Securities Depositories, or the insufficiency of such notices, shall not affect the sufficiency of the proceedings for redemption.

Section 4.04. Partial Redemption of Bonds. Upon surrender of any Bond redeemed in part only, the Authority shall execute and the Trustee shall authenticate and make available for delivery to the registered owner thereof, at the expense of the Corporation, a new Bond or Bonds of authorized denominations, and of the same maturity, equal in aggregate principal amount to the unredeemed portion of the Bond surrendered.

Section 4.05. Effect of Redemption. Notice of redemption having been duly given as aforesaid, and moneys for payment of the Redemption Price of, together with interest accrued to the redemption date on, the Bonds (or portions thereof) so called for redemption being held by the Trustee, on the redemption date designated in such notice, the Bonds (or portions

thereof) so called for redemption shall become due and payable at the Redemption Price specified in such notice and interest accrued thereon to the redemption date, interest on the Bonds so called for redemption shall cease to accrue, said Bonds (or portions thereof) shall cease to be entitled to any benefit or security under this Indenture, and the Owners of said Bonds shall have no rights in respect thereof except to receive payment of said Redemption Price and accrued interest to the date fixed for redemption.

All Bonds redeemed pursuant to the provisions of this Article shall be canceled upon surrender thereof and delivered to or upon the Order of the Authority.

## ARTICLE V

### REVENUES

#### Section 5.01. Pledge and Assignment.

(a) Subject only to the provisions of this Indenture permitting the application thereof for the purposes and on the terms and conditions set forth herein, there are hereby pledged to secure the payment of the principal of, Redemption Price and interest on the Bonds in accordance with their terms and the provisions of this Indenture, all of the Revenues and any other amounts (including proceeds of the sale of Bonds), held in any fund or account established pursuant to this Indenture (other than the Rebate Fund). Said pledge shall constitute a lien on and security interest in such assets and shall attach, be perfected and be valid and binding from and after delivery by the Trustee of the Bonds, without any physical delivery thereof or further act.

(b) The Authority hereby transfers in trust, grants a security interest in and assigns to the Trustee, for the benefit of the Owners from time to time of the Bonds, all of the Revenues and other assets pledged in subsection (a) of this Section 5.01 and all of the right, title and interest of the Authority in the Loan Agreement (except for (i) its rights to give consent or approval hereunder, (ii) the right to receive, in all cases to the extent payable to the Authority or the Trustee, any amounts paid by the Corporation pursuant to Sections 4.2, 7.2, 7.3 and 8.4 of the Loan Agreement, and (iii) the right of the Authority to indemnification, to receive notices, to consent to amendments and to receive the Certificate of the Corporation required by Section 5.10 of the Loan Agreement). The Trustee shall be entitled to and shall collect and receive all of the Revenues, and any Revenues collected or received by the Authority shall be deemed to be held, and to have been collected or received, by the Authority as the agent of the Trustee and shall forthwith be paid by the Authority to the Trustee. The Trustee also shall be entitled to, subject to the provisions of this Indenture, take all steps, actions and proceedings reasonably necessary in its judgment to enforce all of the rights of the Authority and all of the obligations of the Corporation under the Loan Agreement, the Deed of Trust, the Contract of Insurance and the Regulatory Agreement.

(c) All 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, except as otherwise provided in Sections 5.05 and 5.07 and except that all moneys received by the Trustee and required by Section 4.6 of the Loan Agreement to be deposited in the Redemption Fund shall be promptly deposited in the Redemption Fund, which the Trustee shall establish, maintain and hold in trust, and that all moneys received by the Trustee and required by the Loan Agreement to be deposited in the Debt Service Reserve Account shall be promptly deposited in such account. All Revenues deposited with the Trustee shall be held, disbursed, allocated and applied by the Trustee only as provided in this Indenture.

(d) If by the fifth (5th) Business Day of any month the Trustee has not received Revenues sufficient to make the transfers required in such month by Section 5.02, the Trustee shall

immediately notify the Corporation and the Office of such insufficiency by telephone or facsimile and confirm such notification by written notice.

(e) If thirty (30) calendar days prior to an Interest Payment Date or maturity date there are insufficient amounts in the Revenue Fund, other than the Debt Service Reserve Account, to pay the interest or principal becoming due on such date, the Trustee shall immediately notify the Office by telephone or telegram and in writing. Such notice shall state:

(i) that available moneys held by the Trustee (other than in the Debt Service Reserve Account) will be insufficient to pay in full the next succeeding payment of principal and/or interest on the Bonds; and

(ii) the amount by which the obligation to make such payment exceeds the amount available therefor (the "Shortfall").

Said notice shall request the Office to deposit an amount equal to the Shortfall into the Principal Account and/or Interest Account at least three (3) Business Days prior to the date on which said payment is due. Said deposit may be made from the Debt Service Reserve Account upon notice to the Trustee by the Office by telegram or telex or other telecommunication device producing a written notice, or from the Health Facility Construction Loan Insurance Fund maintained by the Office, as provided in Section XXI.C. of the Regulatory Agreement.

(f) If the Office is required to make any payment by reason of nonpayment by the Corporation, the Office shall have the right to direct the investment of any such payments. Any amounts received from the investment of payments made by the Office or from payments subsequently made by the Corporation shall be remitted to the Office.

Other than with respect to enforcement of the provision of and the Corporation's obligations set forth in Sections 4.2, 5.10, 5.12, 7.2, 7.3, 8.2, 8.4, 9.3 and 9.9 of the Loan Agreement, and the Authority's right to receive notices and to give consents to amendments and approvals hereunder, the Authority retains no right of enforcement under the Loan Agreement nor shall any such right revert to the Authority.

Section 5.02. Allocation of Revenues. On or before the twenty-fifth (25th) day of each month, commencing August 25, 2011, the Trustee shall transfer from the Revenue Fund and deposit into the following respective accounts (each of which the Trustee shall establish and maintain within the Revenue Fund), the following amounts, in the following order of priority, the requirements of each such account or fund (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 or fund subsequent in priority:

*First:* to the Interest Account, one-sixth of the aggregate amount of interest becoming due and payable during the next succeeding six months on all Bonds then Outstanding, until the balance in said account is equal to said aggregate amount of interest; *provided, however,* that from the date of delivery of the Bonds until the first interest payment date with respect to the Bonds (if less than six months), transfers to the

Interest Account shall be sufficient on a monthly pro rata basis to pay the interest becoming due and payable on said interest payment date;

*Second:* to the Principal Account, one-twelfth of the aggregate amount of principal becoming due and payable on the Outstanding Serial Bonds plus one-twelfth of the aggregate amount of Mandatory Sinking Account Payments required to be paid into the respective Sinking Accounts for Outstanding Term Bonds, in each case during the next ensuing twelve months, until the balance in said Principal Account is equal to said aggregate amount of such principal and Mandatory Sinking Account Payments; *provided, however,* that from the date of delivery of the Bonds until the first principal payment date with respect to the Bonds (if less than twelve months), transfers to the Principal Account shall be sufficient on a monthly pro rata basis to pay the principal becoming due and payable on said principal payment date;

*Third:* to the Debt Service Reserve Account, (i) one-twelfth of the aggregate amount of each prior withdrawal from the Debt Service Reserve Account for the purpose of making up a deficiency in the Interest Account or Principal Account (until deposits on account of such withdrawal are sufficient to fully restore the amount withdrawn), provided that no deposit need be made into the Debt Service Reserve Account if the balance in said account is at least equal to the Debt Service Reserve Account Requirement, and (ii) in the event the balance in said account shall be less than the Debt Service Reserve Account Requirement due to valuation of the Investment Securities deposited therein in accordance with Section 5.08, the amount necessary to increase the balance in said account to an amount at least equal to the Debt Service Reserve Account Requirement (until deposits on account of such valuation deficiency are sufficient to increase the balance in said account to said amount); and

*Fourth:* to the Rebate Fund, such amounts as are required to be deposited therein by this Indenture (including the Tax Agreement).

Any moneys remaining in the Revenue Fund after the foregoing transfers shall be transferred first to the Office to the extent necessary to repay insurance advances made by the Office, including interest thereon as specified in the Regulatory Agreement, as certified to the Trustee by the Office, and thereafter to the Corporation.

Section 5.03. Application of Interest Account. All amounts in the Interest Account shall be used and withdrawn by the Trustee solely for the purpose of paying interest on the Bonds as it shall become due and payable (including accrued interest on any Bonds purchased or redeemed prior to maturity pursuant to this Indenture).

Section 5.04. Application of Principal Account. All amounts in the Principal Account shall be used and withdrawn by the Trustee solely for the purpose of paying the principal of the Bonds when due and payable, as provided herein.

Section 5.05. Application of Redemption Fund. The Trustee shall establish and maintain within the Redemption Fund a separate Optional Redemption Account and a separate Special Redemption Account. The Trustee shall accept all moneys deposited for redemption and shall

deposit such moneys into the Optional Redemption Account or the Special Redemption Account, as applicable. All amounts deposited in the Optional Redemption Account and in the Special Redemption Account shall be accepted and used and withdrawn by the Trustee solely for the purpose of redeeming Bonds, in the manner and upon the terms and conditions specified in Article IV, at the next succeeding date of redemption for which notice has been given and at the Redemption Prices then applicable to redemptions from the Optional Redemption Account and the Special Redemption Account, respectively; provided that, at any time prior to giving such notice of redemption, the Trustee shall, upon written direction of the Corporation with the consent of the Office, apply such amounts to the purchase of Bonds at public or private sale, as and when and at such prices (including brokerage and other charges, but excluding accrued interest, which is payable from the Interest Account) as the Corporation may direct, except that the purchase price (exclusive of accrued interest) may not exceed the Redemption Price then applicable to such Bonds (or, if such Bonds are not then subject to redemption, the par value of such Bonds); and provided further that in the case of the Optional Redemption Account in lieu of redemption at such next succeeding date of redemption, or in combination therewith, amounts in such account may be transferred to the Revenue Fund and credited against Loan Repayments in order of their due date as set forth in a Request of the Corporation. All Term Bonds purchased or redeemed from the Redemption Fund shall be allocated to applicable Mandatory Sinking Account Payments designated in a Certificate of the Corporation (or if the Corporation fails to deliver such a Certificate to the Trustee, in inverse order of their payment dates).

Section 5.06. Funding and Application of Debt Service Reserve Account.

(a) The Trustee shall keep the Debt Service Reserve Account separate and apart from all other funds and accounts held by it and shall be applied in accordance with this Section 5.06.

(b) All amounts in the Debt Service Reserve Account shall be used and withdrawn by the Trustee solely for the purpose of making up any deficiency in the Interest Account or Principal Account (but, in each case, only with the consent of the Office, provided the Office is not in default of its obligations under the Contract of Insurance) or (together with any other moneys available therefor) for the payment or redemption of all Bonds then Outstanding. Within five (5) days of any drawing on the Debt Service Reserve Account which causes the balance therein to be less than the Debt Service Reserve Account Requirement, the Trustee shall so notify the Authority in writing.

(c) All Investment Securities in the Debt Service Reserve Account shall be valued by the Trustee on or before each January 1 and July 1, commencing January 1, 2012. On the fifth day of the month in which a valuation is made pursuant to this Section 5.06(b), any amount in the Debt Service Reserve Account in excess of the Debt Service Reserve Account Requirement shall be transferred to the Revenue Fund. To the extent that amounts in the Debt Service Reserve Account are less than 100% of the Debt Service Reserve Account Requirement, the Corporation shall pay to the Trustee amounts required by Section 5.02. The Trustee may engage an independent consultant, at the expense of the Corporation, to make this valuation.

Section 5.07. Rebate Fund.

(a) The Trustee shall establish and maintain, when required, a fund separate from any other fund established and maintained hereunder designated as the Rebate Fund. Within the Rebate Fund, the Trustee shall maintain such accounts as shall be necessary to comply with instructions of the Corporation given pursuant to the terms and conditions of the Tax Agreement. Subject to the transfer provisions provided in paragraph (e) below, all money at any time deposited in the Rebate Fund shall be held by the Trustee in trust, to the extent required to satisfy the Rebate Requirement (as defined in the Tax Agreement), for payment to the federal government of the United States of America. Neither the Authority, the Corporation nor the Owner of any Bonds shall have any rights in or claim to such money. All amounts deposited into or on deposit in the Rebate Fund shall be governed by this Section 5.07, by Section 6.07 and by the Tax Agreement (which is incorporated herein by reference, but the provisions of which the Trustee shall not be deemed to have knowledge). The Trustee shall be deemed conclusively to have complied with such provisions if it follows the directions of the Corporation including supplying all necessary information in the manner requested by the Corporation, and shall have no liability or responsibility to enforce compliance by the Corporation or the Authority with the terms of the Tax Agreement or any other tax covenants contained herein. 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 have no independent duty to review such calculations or enforce the compliance by the Corporation with such rebate requirements. The Trustee shall have no duty or obligation to determine the applicability of the Code and shall only be obligated to act in accordance with written instructions provided by the Corporation.

(b) Upon the Corporation's written direction, an amount shall be deposited to the Rebate Fund by the Trustee from deposits by the Corporation, if and to the extent required, so that the balance in the Rebate Fund shall equal the Rebate Requirement. Computations of the Rebate Requirement shall be furnished by or on behalf of the Corporation in accordance with the Tax Agreement. The Trustee shall supply to the Corporation and/or the Authority all necessary information in the manner requested to the extent such information is reasonably available to the Trustee.

(c) The Trustee shall have no obligation to rebate any amounts required to be rebated pursuant to this Section 5.07, other than from moneys held in the funds and accounts created under this Indenture or from other moneys provided to it by the Corporation.

(d) At the written direction of the Corporation, the Trustee shall invest all amounts held in the Rebate Fund in Investment Securities, which direction of the Corporation shall take into account the restrictions set forth in the Tax Agreement. Moneys shall not be transferred from the Rebate Fund except as provided in paragraph (e) below. The Trustee shall not be liable for any consequences arising from such investment.

(e) Upon receipt of the Corporation's written directions, the Trustee shall remit part or all of the balances in the Rebate Fund to the United States, as so directed. In addition, if the Corporation so directs, the Trustee will deposit money into or transfer money out of the Rebate Fund from or into such accounts or funds as directed by the Corporation's written directions; provided, however, only moneys in excess of the Rebate Requirement may, at the written

direction of the Corporation or the Authority, be transferred out of the Rebate Fund to such other accounts or funds or to anyone other than the United States in satisfaction of the arbitrage rebate obligation. Any funds remaining in the Rebate Fund after each five year remission to the United States of America, redemption and payment of all of the Bonds and payment and satisfaction of any Rebate Requirement, or provision made therefor satisfactory to the Trustee, shall be withdrawn and remitted to the Corporation.

(f) Notwithstanding any other provision of this Indenture, including in particular Article X, the obligation to remit the Rebate Requirement to the United States and to comply with all other requirements of this Section 5.07, Section 6.07 and the Tax Agreement shall survive the defeasance or payment in full of the Bonds.

Section 5.08. Investment of Moneys in Funds and Accounts. All moneys in any of the funds and accounts established pursuant to this Indenture shall be invested by, and in the name of, the Trustee, upon the written direction of the Corporation, solely in Investment Securities. The Trustee shall acquire such Investment Securities upon the written direction of the Corporation at such prices and on such terms as directed by the Corporation. In the absence of written investment directions from the Corporation, the Trustee shall hold funds hereunder uninvested. All Investment Securities shall be acquired subject to the limitations set forth in Section 6.07, the limitations as to maturities hereinafter in this Section 5.08 set forth and such additional limitations or requirements consistent with the foregoing as may be established by Request of the Corporation. The Corporation shall not direct the Trustee to invest in anything other than Investment Securities.

Moneys in all funds and accounts (other than the Debt Service Reserve Account and the Rebate Fund) shall be invested in Investment Securities maturing not later than the date on which it is estimated by the Corporation that such moneys will be required for the purposes specified in this Indenture. Moneys in the Debt Service Reserve Account shall be invested in Investment Securities maturing prior to the final maturity of the Bonds but in no event longer than five (5) years from the date of investment therein; *provided, however,* moneys in the Debt Service Reserve Account may be invested in Investment Securities with a nominal maturity date which is greater than five (5) years as long as said Investment Securities by their terms allow the Trustee to obtain (at any time the Trustee is required to draw on the Debt Service Reserve Account hereunder) the corpus thereto at no less than the purchase price thereof without any loss in value. Investment Securities purchased under a repurchase agreement may be deemed to mature on the date or dates on which the Trustee may deliver such Investment Securities for repurchase under such agreement.

All interest, profits and other income received from the investment of moneys in the Revenue Fund, the Costs of Issuance Fund, the Rebate Fund, the Interest Account and the Principal Account, shall be transferred to the Interest Account. All interest, profits and other income received from the investment of moneys in the Debt Service Reserve Account shall be retained therein. If the balance in the Debt Service Reserve Account exceeds the maximum annual debt service on the Bonds, such excess may, upon consent of the Office, be transferred to the Interest Account. Notwithstanding anything to the contrary contained in this paragraph, an amount of interest received with respect to any Investment Security equal to the amount of

accrued interest, if any, paid as part of the purchase price of such Investment Security shall be credited to the fund or account for the credit of which such Investment Security was acquired.

Investment Securities acquired as an investment of moneys in any fund or account established under this Indenture shall be credited to such fund or account. The Trustee may commingle any of the funds or accounts established pursuant to this Indenture (other than the Rebate Fund) into a separate fund or funds for investment purposes only, provided that all funds or accounts held by the Trustee hereunder shall be accounted for separately as required by this Indenture. The Trustee or any of its affiliates may act as principal or agent in the making or disposing of any investment. The Trustee may sell in any commercially reasonable manner, or present for redemption, any Investment Securities so purchased whenever it shall be necessary to provide moneys to meet any required payment, transfer, withdrawal or disbursement from the fund or account to which such Investment Security is credited, and, subject to the provisions of Section 8.03, the Trustee shall not be liable or responsible for any loss resulting from any investment made in accordance with provisions of this Section 5.08. The Trustee shall be entitled to assume, absent receipt by the Trustee of written notice to the contrary, that any investment which at the time of purchase is an Investment Security remains an Investment Security.

The Authority and the Corporation (by their signing of the Loan Agreement) acknowledge that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the Authority and the Corporation the right to receive brokerage confirmations of security transactions as they occur, at no additional cost, the Authority and the Corporation specifically waive receipt of such confirmations to the extent permitted by law. The Trustee will furnish the Authority and the Corporation with periodic account statements as provided herein which include detail for all investment transactions made by the Trustee hereunder.

For the purpose of determining the amount in any fund, all Investment Securities credited to such fund shall be valued at fair market value determined by the Trustee based on accepted industry standards and from accepted industry providers (including as set forth in the last sentence of Section 5.06(b) and/or Section 5.10 hereof), as to certificates of deposit and bankers' acceptances, the face amount thereof plus accrued interest thereon.

Section 5.09. Prohibition of Forward Purchase Agreements. Notwithstanding any other provision in this Indenture, the Corporation shall not enter into or instruct the Trustee to enter into any agreement, including, without limitation, any investment or sale agreement involving the sale of future interest income or forward delivery agreement or forward purchase contract or forward purchase supply contract, which provides for an upfront payment to the Corporation, in connection with the investment of any of the funds or accounts established under this Indenture and held by the Trustee.

Section 5.10. Acquisition, Disposition and Valuation of Investments. Notwithstanding anything to the contrary herein, in determining the value of any investments held by it hereunder, the Trustee may utilize and rely upon pricing services as may be available to it, including those within its regular accounting system. Investments shall be valued by the Trustee not less often than quarterly, at the market value thereof, exclusive of accrued interest.

Deficiencies in the amount on deposit in any fund or account resulting from a decline in market value shall be restored by the Corporation not later than the succeeding valuation date.

## ARTICLE VI

### PARTICULAR COVENANTS

Section 6.01. Punctual Payment. The Authority shall punctually pay or cause to be paid the principal or Redemption Price and interest 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 6.02. Extension of Payment of Bonds. Absent the consent of the Owners in accordance with Section 9.01, 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 of the claims for interest by the purchase or funding of such Bonds or claims for interest or by any other arrangement and in case the maturity of any of the Bonds or the time of payment of any such claims for interest shall be extended, such Bonds or claims for interest shall not be entitled, in case of any default hereunder, to the benefits of this Indenture, except subject to the prior payment in full of the principal of all of the Bonds then Outstanding and of all claims for interest thereon which shall not have been so extended. Nothing in this Section 6.02 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 Bonds.

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

Section 6.04. Power to Issue Bonds and Make Pledge and Assignment. The Authority is duly authorized pursuant to law to issue the Bonds and to enter into this Indenture and to pledge and assign the Revenues and other assets purported to be pledged and assigned under this Indenture in the manner and to the extent provided in this Indenture. The Authority has duly authorized the execution and delivery of the Bonds and the Indenture under the terms and provisions of the Act and a resolution adopted by its Board of Directors and further represents, covenants and warrants that all requirements have been met and procedures have occurred in order to ensure the enforceability against the Authority of the Bonds and the Indenture. The Authority has taken all necessary action and has complied with all provisions of the Act required to make the Bonds and the Indenture the valid, legal and binding limited obligations of the Authority.

Section 6.05. Accounting Records and Financial Statements.

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

(b) The Trustee shall file and furnish to the Authority (upon request of the Authority), the Corporation and the Office on or before the 15th day of each month, a complete financial accounting statement (which need not be audited and may be in the form of its customary account statements) covering receipts, disbursements, allocation and application of Revenues and any other moneys (including proceeds of Bonds) in any of the funds and accounts established pursuant to this Indenture for the preceding month. These account statements shall reference the State Project No. \_\_\_\_ and the State Project's name on the cover page thereof.

Section 6.06. Other Covenants.

(a) The Trustee shall promptly collect all amounts due from the Corporation pursuant to the Loan Agreement, and subject to the provisions of this Indenture, shall exercise all rights assigned to it pursuant to the Loan Agreement and shall enforce, and take all steps, actions and proceedings reasonably necessary, as directed by the Authority, for the enforcement of all of the rights of the Authority and all of the obligations of the Corporation.

(b) The Authority shall not amend, modify or terminate any of the terms of the Loan Agreement, or consent to any such amendment, modification or termination, without the written consent of the Office. The Authority shall not amend, modify or terminate the Loan Agreement in any manner adverse to the interests of the Trustee without the written consent of the Trustee.

(c) The Trustee shall take all actions required by the terms of the Contract of Insurance to maintain, and, subject to the provisions of this Indenture, may enforce by appropriate legal action, for the benefit of the Owners, the Contract of Insurance.

(d) If (i) a Loan Default Event has occurred and is continuing under the Loan Agreement or (ii) debentures have been issued by the Treasurer of the State in satisfaction of the Office's obligations under the Contract of Insurance, and the Office is not in default of its obligations under the Contract of Insurance, the Trustee shall, within three Business Days of receipt of a Request of the Office, transfer to the Office all of the Trustee's right, title and interest in the Loan Agreement and the Regulatory Agreement other than the right of the Trustee to receive payments under Section 4.2 and the indemnity under Section 7.2 and 7.3 of the Loan Agreement.

Section 6.07. Tax Covenants.

(a) *Federal Guarantee Prohibition.* The Authority shall not take any action or knowingly permit or suffer any action to be taken if the result of the same would be to cause any of the Bonds to be “federally guaranteed” within the meaning of section 149(b) of the Code.

(b) *No Arbitrage.* The Authority shall not take, or knowingly permit or suffer to be taken by the Trustee or otherwise, any action with respect to the proceeds of the Bonds which, if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the date of issuance of the Bonds would have caused the Bonds to be “arbitrage bonds” within the meaning of section 148 of the Code.

(c) *Prohibited Facilities.* No portion of the proceeds of the Bonds shall be used to provide any airplane, skybox or other private luxury box, health club facility, facility primarily used for gambling, or store the principal business of which is the sale of alcoholic beverages for consumption off premises. No portion of the proceeds of the Bonds shall be used for an office unless the office is located on the premises of the facilities constituting the Corporation’s facilities and unless not more than a *de minimis* amount of the functions to be performed at such office is not related to the day-to-day operations of the Corporation’s facilities.

(d) *Use Covenant.* The Authority shall not use or knowingly permit the use of any proceeds of Bonds or any other funds of the Authority, directly or indirectly, in any manner, and shall not take or knowingly permit to be taken any other action or actions, which would result in any of the Bonds being treated as an obligation not described in section 145 of the Code by reason of such Bond not meeting the requirements of section 145 of the Code.

(e) *Maintenance of Tax-Exemption.* The Authority shall take all actions necessary to assure the exclusion of interest on the Bonds from the gross income of the Owners of the Bonds to the same extent as such interest is permitted to be excluded from gross income under the Code as in effect on the date of issuance of the Bonds.

(f) *Limitation on Costs of Issuance.* The Authority shall assure that, from the proceeds of the Bonds received from the original purchaser thereof on the Closing Date and investment earnings thereon, an amount not in excess of two percent (2%) of the face amount of the Bonds shall be used to pay for, or provide for the payment of, Costs of Issuance. For this purpose, if the fees of such original purchaser are retained as a discount on the purchase of the Bonds, such retention shall be deemed to be an expenditure of proceeds of the Bonds for said fees.

(g) *Limitation of Expenditure of Proceeds.* The Authority shall assure that not less than 97 percent of the face amount of the Bonds, plus premium (if any) paid on the purchase of the Bonds by the original purchaser thereof from the Authority, less original discount, are used for uses other than costs of issuance.

(h) *Rebate of Excess Investment Earnings to United States.* The Authority hereby covenants to cause the Corporation to calculate or cause to be calculated excess investment earnings to the extent required by section 148(f) of the Code and the Corporation shall cause payment of an

amount equal to excess investment earnings to the United States in accordance with the Regulations, in each case at the sole expense of the Corporation.

In order to provide for the administration of this Section 6.07(h), the Authority may provide, at the Corporation's expense, for the employment of independent attorneys (including Bond Counsel), accountants and consultants compensated on such reasonable basis as the Authority may deem appropriate, and in addition to and without limitation of the provisions of Section 8.02, the Trustee may rely conclusively upon and shall be fully protected from all liability in relying upon the opinions, calculations, determinations, directions and advice of such attorneys, accountants and consultants employed by the Authority under this Section 6.07(h).

The Authority acknowledges that the Corporation has, pursuant to the Loan Agreement, assumed all obligations of the Authority in this Section 6.07.

In making the representations and covenants in this Section 6.07, the Authority is relying on the representations and covenants of the Corporation in Section 5.11 of the Loan Agreement and in the Tax Agreement. Default by the Corporation thereunder shall not constitute a default by the Authority hereunder.

Section 6.08. Waiver of Laws. The Authority shall not at any time insist upon or plead in any manner whatsoever, or claim or take the benefit or advantage of, any stay or extension law now or at any time hereafter in force that may affect the covenants and agreements contained in this Indenture or in the Bonds, and all benefit or advantage of any such law or laws is hereby expressly waived by the Authority to the extent permitted by law.

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

Section 6.10. Continuing Disclosure. Pursuant to Section 5.13 of the Loan Agreement, the Corporation has undertaken all responsibility for compliance with continuing disclosure requirements, and none of the Authority, the Trustee or the Dissemination Agent shall have any liability to the Owners of the Bonds or any other person with respect to S.E.C Rule 15c2-12. The Trustee hereby covenants and agrees that it will comply with and carry out all of the provisions of Section 5.13 of the Loan Agreement applicable to it. Notwithstanding any other provision of this Indenture, failure of the Corporation or the Dissemination Agent to comply with the Continuing Disclosure Certificate shall not be considered an Event of Default; however, the Trustee shall at the request of the Owners of at least 25% aggregate principal amount of Outstanding Bonds, to the extent indemnified to its satisfaction from any liability, cost or expense, including fees and expenses of its attorneys, or any Owner or Beneficial Owner may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Corporation to comply with its obligations under Section 5.13 of the Loan Agreement or to cause the Trustee to comply with its obligations under this Section 6.10. For purposes of this Section 6.10, "Beneficial Owner" means any person which

has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries).

## ARTICLE VII

### EVENTS OF DEFAULT AND REMEDIES OF OWNERS

Section 7.01. Events of Default. The following events shall be Events of Default:

(a) default in the due and punctual payment of the principal or Redemption Price of any Bond when and as the same shall become due and payable, whether at maturity as therein expressed, by proceedings for redemption, by declaration 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) default by the Authority in the observance of any of the other covenants, agreements or conditions on its part in this Indenture or in the Bonds contained, if such default shall have continued for a period of sixty (60) days after written notice thereof, specifying such default and requiring the same to be remedied, shall have been given to the Authority and the Corporation by the Trustee or the Office, or to the Authority, the Corporation and the Trustee by the Owners of not less than twenty-five percent (25%) in aggregate principal amount of the Bonds at the time Outstanding; or

(d) a Loan Default Event.

Section 7.02. Acceleration of Maturities. If an Event of Default shall occur, then, and in each and every such case during the continuance of such Event of Default, the Trustee may and, upon receipt of instructions from the Owners of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding or the Office, shall, upon notice in writing to the Authority, the Office and the Corporation, declare the principal of all of the Bonds then Outstanding, and the interest accrued thereon, to be due and payable immediately, and upon any such declaration the same shall become and shall be immediately due and payable, anything in this Indenture or in the Bonds contained to the contrary notwithstanding; *provided, however,* that no such declaration may be made unless (i) the Trustee is required to make such declaration pursuant to Section 7.03 hereof or (ii) the Office consents to such acceleration and agrees to pay an amount equal to the full principal amount of Bonds then Outstanding and interest thereon at the stated interest rates on the Bonds to the date of acceleration.

Any such declaration, however, is subject to the condition that if, at any time after such declaration and before any judgment or decree for the payment of the moneys due shall have been obtained or entered, the Authority, the Office or the Corporation shall deposit with the Trustee a sum sufficient to pay all the principal or Redemption Price of and installments of interest on the Bonds payment of which is overdue, with interest on such overdue principal at the rate borne by the respective Bonds, and the reasonable fees, charges and expenses of the Trustee, and any and all other defaults actually known to the Trustee (other than in the payment of principal of and interest on the Bonds due and payable solely by reason of such declaration) shall have been made good or cured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall have been made therefor, then, and in every such

case, the Trustee may, if such declaration was made by the Trustee without instruction from the Owners, and the Trustee shall, upon receipt of written notice by the Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding, which written notice shall also be delivered to the Authority, the Office and the Corporation, on behalf of the Owners of all of the Bonds, rescind and annul such declaration and its consequences and waive such default; but no such rescission and annulment shall extend to or shall affect any subsequent default, or shall impair or exhaust any right or power consequent thereon. Notwithstanding the foregoing, the Trustee shall waive any Event of Default which is caused solely by a default under the Regulatory Agreement if the Office waives such default in writing.

Section 7.03. Collection Upon Insurance. Upon the occurrence and continuance of an Event of Default, the Trustee shall proceed to take such steps as are necessary, in the reasonable judgment of the Trustee, to collect upon the insurance required by the Insurance Law. If the Office and the Treasurer of the State have notified the Trustee in writing that they elect to pay such insurance by means of debentures of the Office's Health Facility Construction Loan Insurance Fund, the Trustee shall as soon as practicable provide notice to each Owner of the exchange of such debentures for the Bonds then Outstanding in the same manner as for notice of redemption pursuant to Article IV, and shall deliver to each Owner, as soon as practicable after surrender of such Owner's Bonds, debentures received from the Office in a principal amount equal to the principal amount of such Bonds plus accrued interest thereon and having maturities the same as such Bonds, bearing interest at such rate or rates equal to the rates on the respective Bonds. Bonds not delivered for exchange are no longer entitled to payment and become evidence of only the right to receive the related debenture, Bonds shall be delivered to the Office as required by the Act, and upon redelivery to the Trustee by the Office in accordance with the provisions of the Contract of Insurance, Bonds shall be cancelled and destroyed by the Trustee.

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

(a) To the payment of the principal or Redemption Price of and interest then due on the Bonds (upon presentation of the Bonds to be paid, and stamping thereon of the payment if only partially paid, or surrender thereof if fully paid) subject to the provisions of this Indenture (including Section 6.02), as follows:

(i) Unless the principal of all of the Bonds shall have become or have been declared due and payable,

*First:* To the payment to the persons entitled thereto of all installments of interest then due in the order of the maturity of such installments, and, if the amount available shall not be sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon, to the persons entitled thereto, without any discrimination or preference;

*Second:* To the payment to the persons entitled thereto of the unpaid principal or Redemption Price of any Bonds which shall have become due, whether at maturity or by call for redemption, in the order of their due dates, with interest on the overdue principal at the rate borne by the respective Bonds, and, if the amount available shall not be sufficient to pay in full all the Bonds due on any date, together with such interest, then to the payment thereof ratably, according to the amounts of principal or Redemption Price due on such date to the persons entitled thereto, without any discrimination or preference.

(ii) If the principal of all of the Bonds shall have become or have been declared due and payable, to the payment of the principal or Redemption Price and interest then due and unpaid upon the Bonds, with interest on the overdue principal at the rate borne by the respective Bonds, and, if the amount available shall not be sufficient to pay in full the whole amount so due and unpaid, then to the payment thereof ratably, without preference or priority of principal over interest or Redemption Price, or of interest over principal or Redemption Price, or of Redemption Price over principal or interest, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, according to the amounts due respectively for principal, Redemption Price, and interest, to the persons entitled thereto without any discrimination or preference;

(b) To the payment of any expenses necessary in the opinion of the Trustee to protect the interests of the Owners of the Bonds hereunder and payment of reasonable fees, charges and expenses of the Trustee (including reasonable fees and disbursements of its counsel) incurred, with the consent of the Office, in and about the performance of its powers and duties under this Indenture; and

(c) To the Office to the extent necessary to repay insurance advances, if any, made by the Office as such amounts are certified to the Trustee.

Section 7.05. Trustee to Represent Owners. The Trustee is hereby irrevocably appointed (and the successive respective Owners of the Bonds by taking and holding the same, shall be conclusively deemed to have so appointed the Trustee) as trustee and true and lawful attorney-in-fact of the Owners of the Bonds for the purpose of exercising and prosecuting on their behalf such rights and remedies as may be available to such Owners under the provisions of the Bonds, this Indenture, the Loan Agreement, the Regulatory Agreement, the Contract of Insurance, the Deed of Trust, the Act and applicable provisions of any other law. Upon the occurrence and continuance of an Event of Default or other occasion giving rise to a right in the Trustee to represent the Owners, the Trustee in its discretion may, and upon the written request of the Office or the Holders of not less than 25% in aggregate principal amount of the Bonds then Outstanding (*provided, however*, that if more than one such request is received by the Trustee from the Owners, the Trustee shall follow the request executed by the Owners of the greater percentage of Bonds then Outstanding in excess of 25%), and upon being indemnified to its satisfaction therefor, shall, with the written consent of the Office and, except in the case of an Event of Default arising under Section 7.01 hereof or a Loan Default Event arising under Section 8.1 of the Loan Agreement, proceed to protect or enforce its rights or the rights of such Owners by such appropriate action, suit, mandamus or other proceedings as it shall deem most effectual

to protect and enforce any such right, at law or in equity, either for the specific performance of any covenant or agreement contained in the Indenture, or in aid of the execution of any power granted in this Indenture, or for the enforcement of any other appropriate legal or equitable right or remedy vested in the Trustee or in such Owners under this Indenture, the Loan Agreement, the Regulatory Agreement, the Contract of Insurance, the Deed of Trust, the Act or any other law; and upon instituting such proceeding, the Trustee shall be entitled, as a matter of right, to the appointment of a receiver of the Revenues and other assets pledged under this Indenture, pending such proceedings. All rights of action under this Indenture or the Bonds or otherwise may be prosecuted and enforced by the Trustee without the possession of any of the Bonds or the production thereof in any proceeding relating thereto, and any such suit, action or proceeding instituted by the Trustee shall be brought in the name of the Trustee for the benefit and protection of all the Holders of such Bonds, subject to the provisions of this Indenture (including Section 6.02). Nothing herein shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Owner any plan of reorganization, arrangement, adjustment, or composition affecting the Bonds or the rights of any Owner thereof, or to authorize the Trustee to vote in respect of the claim of any Owner in any such proceeding without the approval of the Owners so affected.

Notwithstanding anything contained herein or in the Deed of Trust to the contrary, upon the occurrence and continuance of an Event of Default, before taking any foreclosure action or any action which may subject the Trustee to liability under any Environmental Regulation, the Trustee may require that a satisfactory indemnity bond, indemnity or environmental impairment insurance be furnished for the payment or reimbursement of all expenses to which it may be put and to protect it against all liability resulting from any claims, judgments, damages, losses, penalties, fines, liabilities (including strict liability) and expenses which may result from such foreclosure or other action. The Trustee shall not be required to take any foreclosure action if the approval of a government regulator shall be a condition precedent to taking such action, and such approval cannot be obtained.

Section 7.06. Office and Owners' Direction of Proceedings. Anything in this Indenture to the contrary notwithstanding, the Office, or the Owners of a majority in aggregate principal amount of the Bonds then Outstanding, in each case where the Owners seek to direct proceedings with the written consent of the Office shall have the right, by an instrument or concurrent instruments in writing executed and delivered to the Trustee, to direct the method of conducting all remedial proceedings taken by the Trustee under the Indenture, provided that such direction shall not be otherwise than in accordance with law and the provisions of the Indenture, and that, unless the Office is the Owner of all Bonds or has caused all Bonds to be paid in full, the Trustee shall have the right to decline to follow any such direction (i) that in the opinion of the Trustee would be unjustly prejudicial to Owners not parties to such direction, it being understood that the Trustee shall have no duty to ascertain whether or not such actions are unduly prejudicial to such Owners, (ii) if the party tendering such direction to the Trustee has not furnished the Trustee with indemnity reasonably satisfactory to the Trustee against any and all liability, damage, loss, cost or expense (including reasonable attorneys' fees and expenses) arising directly or indirectly from the Trustee's compliance with such direction (collectively, "Indemnified Liabilities") or (iii) if it may involve the Trustee in personal liability.

Anything in this Indenture to the contrary notwithstanding, in the event that any of the following has occurred and is continuing:

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

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

(c) 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 Corporation or of the whole or any substantial part of the Facilities, and such custody or control shall not be terminated within sixty (60) days from the date of assumption of such custody or control;

then, the Office shall have the right to vote in the place and stead of all Owners with respect to any plan of reorganization, on any agreement for composition of creditors, and on any assignment for the benefit of the creditors and any reorganization or liquidation plan with respect to the Corporation, must be acceptable to the Office.

The Office shall represent Bondholders in all bankruptcy proceedings and may take such action or consent to any agreement on behalf of Bondholders, provided that any such action or consent shall in no way impair the rights and benefits due Bondholders under the Contract of Insurance.

Section 7.07. Limitation on Owners' Right to Sue. No Owner of any Bond shall have the right to institute any suit, action or proceeding at law or in equity, for the protection or enforcement of any right or remedy under this Indenture, the Loan Agreement, the Regulatory Agreement, the Contract of Insurance, the Deed of Trust, the Act or any other applicable law with respect to such Bond, unless (1) such Owner shall have given to the Trustee written notice of the occurrence of an Event of Default; (2) the Owners of not less than 25% in aggregate principal amount of the Bonds then Outstanding (or if more than one such request is received, the written request executed by the Owners of the greatest percentage of Bonds then Outstanding in excess of 25%) shall have made written request upon the Trustee to exercise the powers granted by this Indenture or to institute such suit, action or proceeding in its own name; (3) such Owner or said Owners shall have tendered to the Trustee reasonable indemnity against the costs, expenses and liabilities to be incurred in compliance with such request; (4) the Trustee shall have refused or omitted to comply with such request for a period of sixty (60) days after such written request shall have been received by, and said tender of indemnity shall have been made to, the Trustee; and (5) the Office consents in writing.

Such notification, request, tender of indemnity and refusal or omission are declared, in every case, to be conditions precedent to the exercise by any Owner of Bonds of any remedy under this Indenture or under law; it being understood and intended that no one or more Owners of Bonds shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security of this Indenture or the rights of any other Owners of Bonds, or to enforce any right under this Indenture, the Loan Agreement, the Regulatory Agreement, the Contract of Insurance, the Deed of Trust, the Act or any other applicable law with respect to the Bonds, except in the manner provided in this Indenture, and that all proceedings at law or in equity to enforce any such right shall be instituted, had and maintained in the manner provided in this Indenture and for the benefit and protection of all Owners of the Outstanding Bonds, subject to the provisions of this Indenture.

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

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

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

Section 7.11. No Waiver of Default. No delay or omission of the Trustee or of any Owner of the Bonds to exercise any right or power arising upon the occurrence of any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein; and every power and remedy given by this Indenture to the Trustee or to the Owners of the Bonds may be exercised from time to time and as often as may be deemed expedient.

Section 7.12. Control Rights of Office. Notwithstanding anything herein to the contrary, so long as the Contract of Insurance is in effect and the Office is not in default thereunder:

(a) The Office shall be deemed to be the Owner of all of the Bonds for purposes of (i) exercising all remedies and directing the Trustee to take actions or for any other purposes following an Event of Default, and (ii) granting any consent, direction or approval or taking any action permitted by or required under this Indenture or the Loan Agreement, as the case may be, to be granted or taken by the Owners of such Bonds.

(b) Anything in this Indenture or the Loan Agreement to the contrary notwithstanding, upon the occurrence and continuance of an Event of Default, the Office shall be entitled to control and direct the enforcement of all rights and remedies granted to the Owners or the Trustee for the benefit of the Owners.

(c) The rights granted to the Office under this Indenture and/or the Loan Agreement to request, consent to or direct any action are rights granted to the Office in consideration of its issuance of its insurance for the Bonds. Any exercise by the Office of such rights is merely an exercise of the Office's contractual rights and shall not be construed or deemed to be taken for the benefit, or on behalf, of the Owners and such action does not evidence any position of the Office, affirmative or negative, as to whether the consent of the Owners or any other person is required in addition to the consent of the Office.

## ARTICLE VIII

### THE TRUSTEE

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

(a) The Trustee shall, prior to an Event of Default, and after the curing or waiver of all Events of Default which may have occurred, perform such duties and only such duties as are specifically set forth in this Indenture, and no implied covenants or obligations shall be read into this Indenture against the Trustee hereunder. The Trustee shall, during the existence of any Event of Default (which has not been cured or waived), exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of his or her own affairs.

(b) The Authority may, and upon the written request of the Corporation, shall, remove the Trustee at any time unless an Event of Default shall have occurred and then be continuing, and shall remove the Trustee if at any time requested to do so by an instrument or concurrent instruments in writing signed by the Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding (or their attorneys duly authorized in writing) or if at any time the Trustee shall cease to be eligible in accordance with subsection (e) of this Section 8.01, or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or a receiver of the Trustee or its property shall be appointed, or any public officer shall take control or charge of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation, in each case by giving written notice of such removal to the Trustee, and thereupon shall appoint a successor Trustee by an instrument in writing subject to the approval of the Office.

(c) The Trustee may at any time resign by giving written notice of such resignation to the Authority and by giving the Owners notice of such resignation by mail at the addresses shown on the registration books maintained by the Trustee. Upon receiving such notice of resignation, the Authority shall promptly appoint a successor Trustee by an instrument in writing subject to the approval of the Office. The Trustee shall not be relieved of its duties until such successor Trustee has accepted appointment.

(d) Any removal or resignation of the Trustee and appointment of a successor Trustee shall become effective upon acceptance of appointment by the successor Trustee. If no successor Trustee shall have been appointed and have accepted appointment within thirty (30) days of giving notice of removal or notice of resignation as aforesaid, the retiring Trustee or any Owner (on behalf of himself and all other Owners) may petition any court of competent jurisdiction for the appointment of a successor Trustee, and such court may thereupon, after such notice (if any) as it may deem proper, appoint such successor Trustee. Any successor Trustee appointed under this Indenture, shall signify its acceptance of such appointment by executing and delivering to the Authority and to its predecessor Trustee a written acceptance thereof, and thereupon such successor Trustee, without any further act, deed or conveyance, shall become vested with all the moneys, estates, properties, rights, powers, trusts, duties and obligations of such predecessor

Trustee, with like effect as if originally named Trustee herein; but, nevertheless at the Request of the Authority or the request of the successor Trustee, such predecessor Trustee shall execute and deliver any and all instruments of conveyance or further assurance and do such other things as may reasonably be required for more fully and certainly vesting in and confirming to such successor Trustee all the right, title and interest of such predecessor Trustee in and to any property held by it under this Indenture and shall pay over, transfer, assign and deliver to the successor Trustee any money or other property subject to the trusts and conditions herein set forth. Upon request of the successor Trustee, the Authority shall execute and deliver any and all instruments as may be reasonably required for more fully and certainly vesting in and confirming to such successor Trustee all such moneys, estates, properties, rights, powers, trusts, duties and obligations. Upon acceptance of appointment by a successor Trustee as provided in this subsection, the Authority shall mail a notice of the succession of such Trustee to the trusts hereunder to each rating agency which is then rating the Bonds and to the Owners at the addresses shown on the registration books maintained by the Trustee. If the Authority fails to mail such notice within fifteen (15) days after acceptance of appointment by the successor Trustee, the successor Trustee shall cause such notice to be mailed at the expense of the Authority.

(e) Any Trustee appointed under the provisions of this Section 8.01 in succession to the Trustee shall be a corporation, trust company or bank having trust powers, having a combined capital and surplus (or the parent holding company of which has a combined capital and surplus) of at least fifty million dollars (\$50,000,000), and subject to supervision or examination by federal or state authority. If such corporation, bank or trust company publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purpose of this subsection the combined capital and surplus of such corporation, bank or trust (or holding) company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. In case at any time the Trustee shall cease to be eligible in accordance with the provisions of this subsection (e), the Trustee shall resign immediately in the manner and with the effect specified in this Section 8.01.

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

Section 8.03. Liability of Trustee.

(a) The recitals of facts herein and in the Bonds contained shall be taken as statements of the Authority, and the Trustee shall assume no responsibility for the correctness of the same, or make any representations as to the legality, validity or sufficiency of this Indenture or of the Bonds or the Loan Agreement, the Regulatory Agreement, the Contract of Insurance or the Deed of Trust, any amendment to any said documents, or insuring the Corporation's facilities or collecting any insurance proceeds, nor shall it incur any responsibility in respect thereof.

Except as required by the provisions of this Indenture, the Trustee shall not incur any responsibility or duty with respect to the delivery of the Bonds for value or the application of any proceeds thereof or any Revenues. The Trustee shall, however, be responsible for its representations contained in its certificate of authentication on the Bonds. The Trustee shall not be liable in connection with the performance of its duties hereunder, except for its own negligence or willful misconduct. The Trustee may become the owner of Bonds with the same rights it would have if it were not Trustee and, to the extent permitted by law, may act as depository for and permit any of 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, whether or not such committee shall represent the Owners of a majority in principal amount of the Bonds then Outstanding.

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

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

(d) The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture, the Loan Agreement or the Regulatory Agreement at the request, order or direction of any of the Owners or the Office pursuant to the provisions of this Indenture unless such Owners or the Office shall have offered to the Trustee security or indemnity reasonably satisfactory to it against the fees, costs, expenses and liabilities (including reasonable attorneys' fees and expenses) which may be incurred therein or thereby. The Trustee has no obligation or liability to the Owners for the payment of principal of, Redemption Price or interest on the Bonds from its own funds; but rather the Trustee's obligations shall be limited to the performance of its duties hereunder.

(e) The Trustee shall not be liable for any action taken by it in good faith and believed by it to be authorized or within the discretion or rights or powers conferred upon it by this Indenture unless it shall be proved that the Trustee was negligent in so acting.

(f) Whether or not therein expressly so provided, every provision of this Indenture, the Loan Agreement, the Deed of Trust, the Regulatory Agreement or other documents relating to the issuance of the Bonds, relating to the conduct or affecting the liability of or affording protection to the Trustee, shall be subject to the provisions of this Article.

(g) Subject to the other provisions of this Section 8.03 and the provisions of Sections 8.01 and 8.04 hereof, the Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, requisition, opinion, report, notice, request, direction, consent, order, bond, debenture, coupon or other paper or document, but the Trustee, in its discretion, may make such further investigation or inquiry into such facts

of matters as it may deem fit, and, if the Trustee shall determine to make such further inquiry or investigation, the Authority shall assure that the Trustee shall be entitled to examine the books, records and premises of the Corporation, personally or by agent or attorney.

(h) The Trustee shall not be deemed to have knowledge of any Event of Default or any Loan Default Event, except pursuant to Section 8.1(a) of the Loan Agreement, unless and until it shall have actual knowledge thereof, or shall have received written notice thereof, at its Principal Corporate Trust Office; as used herein, the term "actual knowledge" means the actual fact or statement of knowing, without any duty to make any investigation with regard thereto. Except as otherwise expressly provided herein, the Trustee shall not be bound to ascertain or inquire as to the performance or observance of any of the terms, conditions, covenants or agreements herein or of any of the documents executed in connection with the Bonds, or as to the existence of a default thereunder.

(i) The Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents, co-trustees or attorneys and shall not be liable for the same if selected with due care.

(j) The Trustee shall have no duty to review, verify or analyze any financial statements furnished to it by the Corporation, and shall hold such financial statements solely as a repository for the Owners. The Trustee shall not be deemed to have notice of any information contained therein or any default or Event of Default that may be disclosed therein in any manner.

(k) The Trustee shall have no responsibility, opinion, liability or duty with respect to any information, statement or recital in any official statement, offering memorandum or any other disclosure material prepared or distributed with respect to the Bonds.

(l) Anything to the contrary notwithstanding, the Trustee shall not be required to enter, take possession of, or take any other action whatsoever with respect to the Corporation's facilities, and shall not be required to initiate foreclosure proceedings with respect to the Corporation's facilities and the Deed of Trust unless the Trustee is satisfied that the Trustee will not be subject to any liability (i) under any Environmental Regulations, or (ii) from any circumstances present at the Corporation's facilities relating to the presence, use, management, disposal of or contamination by any Hazardous Substance.

(m) No provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of its rights or powers, if it has reasonable grounds for believing that repayment of such funds or indemnity satisfactory to it against such risk or liability is not assured to its satisfaction.

(n) The Trustee agrees to accept and act upon instructions or directions pursuant to this Indenture sent by unsecured e-mail, facsimile transmission or other similar unsecured electronic methods, provided, however, that, the Trustee shall have received an incumbency certificate listing persons designated to give such instructions or directions and containing specimen signatures of such designated persons, which such incumbency certificate shall be

amended and replaced whenever a person is to be added or deleted from the listing. If the Authority or the Corporation elects to give the Trustee e-mail or facsimile instructions (or instructions by a similar electronic method) and the Trustee in its discretion elects to act upon such instructions, the Trustee's understanding of such instructions shall be deemed controlling. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such instructions notwithstanding such instructions conflict or are inconsistent with a subsequent written instruction. The Authority and the Corporation agree to assume all risks arising out of the use of such electronic methods to submit instructions and directions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized instructions, and the risk of interception and misuse by third parties.

(o) The Trustee shall be compensated and indemnified by the Corporation as set forth in the Loan Agreement.

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

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

Section 8.05. Preservation and Inspection of Documents. All documents received by the Trustee under the provisions of this Indenture shall be retained in its possession and shall be subject at all reasonable times to the inspection of the Authority, the Corporation, the Office and any Owner, and their agents and representatives duly authorized in writing, at reasonable hours and under reasonable conditions.

## ARTICLE IX

### MODIFICATION OR AMENDMENT OF THE INDENTURE

#### Section 9.01. Amendments Permitted.

(a) This Indenture and the rights and obligations of the Authority and of the Owners of the Bonds and of the Trustee may be modified or amended from time to time and at any time by an indenture or indentures supplemental thereto, which the Authority and the Trustee may enter into when the written consent of the Office and the Owners of a majority in aggregate principal amount of the Bonds then Outstanding shall have been filed with the Trustee; provided that if such modification or amendment will, by its terms, not take effect so long as any Bonds of any particular maturity remain Outstanding, the consent of the Owners of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Bonds Outstanding under this Section 9.01. No such modification or amendment shall (1) extend the fixed maturity of any Bond, or reduce the amount of principal thereof, or extend the time of payment or reduce the amount of any Mandatory Sinking Account Payment provided in this Indenture for the payment of any Bond, or reduce the rate of interest thereon, or extend the time of payment of interest thereon, or reduce any premium payable upon the redemption thereof, without the consent of the Owner of each Bond so affected, or (2) reduce the aforesaid percentage of Bonds the consent of the Owners of which is required to effect any such modification or amendment, or permit the creation of any lien on the Revenues and other assets pledged under this Indenture prior to or on a parity with the lien created by this Indenture, or deprive the Owners of the Bonds of the lien created by this Indenture on such Revenues and other assets (except as expressly provided in this Indenture and the Loan Agreement), without the consent of the Owners of all of the Bonds then Outstanding. It shall not be necessary for the consent of the Owners to approve the particular form of any Supplemental Indenture, but it shall be sufficient if such consent shall approve the substance thereof. Promptly after the execution by the Authority and the Trustee of any Supplemental Indenture pursuant to this subsection (a), the Trustee shall mail a notice, setting forth in general terms the substance of such Supplemental Indenture, to the Owners at the addresses shown on the bond registration books maintained by the Trustee. Any failure to give such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such Supplemental Indenture.

(b) This Indenture and the rights and obligations of the Authority, of the Trustee and of the Owners of the Bonds may also be modified or amended from time to time and at any time by an indenture or indentures supplemental hereto, which the Authority and the Trustee may enter into without the consent of any Owners, but only with the consent of the Corporation and the Office, if the Trustee has been furnished an Opinion of Counsel that the provisions of such Supplemental Indenture shall not materially adversely affect the interests of the Owners, including, without limitation, for any one or more of the following purposes:

(i) to add to the covenants and agreements of the Authority in this Indenture contained other covenants and agreements thereafter to be observed, to pledge or assign

additional security for the Bonds (or any portion thereof), or to surrender any right or power herein reserved to or conferred upon the Authority;

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

(iii) to make such additions, deletions or modifications as may be necessary to assure compliance with sections 145 or 148 of the Code, or otherwise to assure the exclusion from gross income under federal tax law of interest on the Bonds;

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

(v) to modify, amend or supplement the provisions relating to the giving of notices of redemption in such manner as to comply with Securities and Exchange Commission guidelines on the giving of such notices.

The Trustee shall give notice of any such modification or amendment to the Owners of all Bonds then Outstanding at the addresses shown on the registration books maintained by the Trustee provided the Trustee shall incur no liability for failure to do so.

(c) The Trustee may in its discretion, but shall not be obligated to, enter into any such Supplemental Indenture authorized by subsections (a) or (b) of this Section 9.01 which adversely affects the Trustee's own rights, duties or immunities under this Indenture or otherwise.

(d) Prior to entering into any Supplemental Indenture, the Trustee may require the Authority to file with it an opinion of Bond Counsel to the effect that the execution and delivery of such Supplemental Indenture by the Trustee and the Authority (i) is in compliance with the terms and conditions hereof and (ii) will not cause interest on any Bonds Outstanding to become includable in gross income for federal income tax purposes.

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

Section 9.03. Endorsement of Bonds; Preparation of New Bonds. Bonds delivered after the execution of any Supplemental Indenture pursuant to this Article may bear a notation by

endorsement or otherwise in form approved by the Authority and the Trustee as to any modification or amendment provided for in such Supplemental Indenture, and, in that case, upon demand of the Owner of any Bond Outstanding at the time of such execution and presentation of his Bond for the purpose at the Principal Corporate Trust Office or at such additional offices as the Trustee may select and designate for that purpose, a suitable notation shall be made on such Bond. If the Supplemental Indenture shall so provide, new Bonds so modified as to conform, in the opinion of the Authority and the Trustee, to any modification or amendment contained in such Supplemental Indenture, shall be prepared and executed by the Authority and authenticated by the Trustee, and upon demand of the Owners of any Bonds then Outstanding shall be exchanged at the Principal Corporate Trust Office, without cost to any Owner, for Bonds then Outstanding, upon surrender for cancellation of such Bonds, in equal aggregate principal amounts of the same maturity.

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

## ARTICLE X

### DEFEASANCE

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

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

(b) by depositing with the Trustee, in trust, at or before maturity, moneys or securities in the necessary amount (as provided in Section 10.03) to pay or redeem all Bonds then Outstanding; or

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

If the Authority shall pay all Bonds then Outstanding and shall also pay or cause to be paid all other sums payable hereunder by the Authority, then and in that case, at the election of the Authority (evidenced by a Certificate of the Authority, filed with the Trustee, signifying the intention of the Authority to discharge all such indebtedness and this Indenture), and notwithstanding that any Bonds shall not have been surrendered for payment, this Indenture and the pledge of Revenues and other assets made under this Indenture and all covenants, agreements and other obligations of the Authority under this Indenture shall cease, terminate, become void and be completely discharged and satisfied, except only as provided in Section 10.02 and 8.06. In such event, upon Request of the Authority, the Trustee shall cause an accounting for such period or periods as may be requested by the Authority to be prepared and filed with the Authority and shall execute and deliver to the Authority all such instruments as may be necessary or desirable, prepared by or on behalf of the Authority or the Corporation, to evidence such discharge and satisfaction, and the Trustee shall pay over, transfer, assign or deliver to the Corporation all moneys or securities or other property held by it pursuant to this Indenture (other than amounts held in the Rebate Fund) which are not required for the payment or redemption of Bonds not theretofore surrendered for such payment or redemption or for the payment of any fees or expenses owing to the Trustee or the Authority.

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

aforesaid for their payment, provided further, however, that the provisions of Section 10.04 shall apply in all events.

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

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

(a) lawful money of the United States of America in an amount equal to the principal amount of such Bonds and all unpaid interest thereon to maturity, except that, in the case of Bonds which are to be redeemed prior to maturity and in respect of which notice of such redemption shall have been given as in Article IV provided or provision satisfactory to the Trustee shall have been made for the giving of such notice, the amount to be deposited or held shall be the principal amount or Redemption Price of such Bonds and all unpaid interest thereon to the redemption date; or

(b) Investment Securities described in clause (a) of the definition thereof in Section 1.01 (not callable by the issuer thereof prior to maturity) the principal of and interest on which when due will provide money sufficient, as verified by an independent certified public accountant, to pay the principal or Redemption Price of and all unpaid interest to maturity, or to the redemption date, as the case may be, on the Bonds to be paid or redeemed, as such principal or Redemption Price and interest become due, provided that, in the case of Bonds which are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given as in Article IV provided or provision satisfactory to the Trustee shall have been made for the giving of such notice;

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

Section 10.04. Payment of Bonds After Discharge of Indenture. Notwithstanding any provisions of this Indenture, any moneys held by the Trustee in trust for the payment of the principal or Redemption Price of, or interest on, any Bonds and remaining unclaimed for two years after the principal of all of the Bonds has become due and payable (whether at maturity or upon call for redemption or by acceleration as provided in this Indenture), if such moneys were so held at such date, or two years after the date of deposit of such moneys if deposited after said date when all of the Bonds became due and payable, shall be repaid (without liability for interest) to the Corporation or to the Office, if received from the Office, free from the trusts created by this Indenture, and all liability of the Trustee with respect to such moneys shall thereupon cease; *provided, however,* that before the repayment of such moneys, the Trustee may (upon the request of and at the cost of the Corporation) first mail to the Owners of all Bonds

which have not been paid at the addresses shown on the registration books maintained by the Trustee a notice, in such form as may be deemed appropriate by the Trustee, with respect to the Bonds so payable and not presented and with respect to the provisions relating to the repayment to the Corporation or to the Office of the moneys held for the payment thereof. All moneys held by or on behalf of the Trustee for the payment of principal of, Redemption Price or interest on Bonds, whether at redemption, acceleration or maturity, shall be held in trust for the account of the Owners thereof and the Trustee shall not be required to pay Owners, the Authority, the Office or the Corporation any interest on, or be liable to owners or any other person for any interest earned on, moneys so held.

## ARTICLE XI

### MISCELLANEOUS

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

None of the Authority, any Authority member, any member of its Board of Directors, officer, employee, agent or any person executing the Bonds is liable personally on the Bonds or subject to any personal liability or accountability by reason of their issuance. The Bonds are limited obligations of the Authority, payable solely from and secured by the pledge of the Revenues. Neither the Authority, its members, the State, nor any of its political subdivisions shall be directly, indirectly, contingently or morally obligated to use any other moneys or assets to pay all or any portion of the debt service due on the Bonds, to levy or to pledge any form of taxation whatever therefor or to make any appropriation for their payment. The Bonds are not a pledge of the faith and credit of the Authority, its members, the State or any of its political subdivisions nor do they constitute indebtedness within the meaning of any constitutional or statutory debt limitation. The Authority has no taxing power.

The Authority shall not be liable for payment of the principal of, Redemption Price or interest on the Bonds or any other costs, expenses, losses, damages, claims or actions of any conceivable kind on any conceivable theory, under or by reason of or in connection with this Indenture, the Bonds or any other documents, except only to the extent amounts are received for the payment thereof from the Corporation under the Loan Agreement.

Section 11.02. Successor Is Deemed Included in All References to Predecessor. Whenever in this Indenture either the Authority or the Trustee is named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all the covenants and agreements in this Indenture contained by or on behalf of the Authority or the Trustee shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

Section 11.03. Limitation of Rights to Parties, the Corporation, the Office and the Owners. Nothing in this Indenture or in the Bonds expressed or implied is intended or shall be construed to give to any person other than the Authority, the Trustee, the Corporation, the Office and the Owners of the Bonds, any legal or equitable right, remedy or claim under or in respect of this Indenture or any covenant, condition or provision therein or herein contained; and all such covenants, conditions and provisions are and shall be held to be for the sole and exclusive benefit of the Authority, the Trustee, the Corporation, the Office and the Owners of the Bonds.

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

Section 11.05. Destruction of Bonds. Whenever in this Indenture provision is made for the cancellation by the Trustee and the delivery to the Authority of any Bonds, the Trustee shall in lieu of such cancellation and delivery, destroy such Bonds (in the presence of an officer of the Authority, if the Authority shall so require), and deliver a certificate of such destruction to the Authority if requested.

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

Section 11.07. Notices. All notices, requests or communications required or permitted to be given in this Indenture shall be in writing and mailed or delivered to the party whom notice is to be given either (i) by personal delivery (in which case such notice shall be deemed to have been duly given on the date of delivery if delivered was before 4:00 p.m., Pacific time, and if after 4:00 p.m., Pacific time, it shall be deemed to have been duly given on the next business day after delivery of the notice), (ii) by Federal Express or other similar air courier service (in which case notice shall be deemed to have been duly given on the next business day after delivery of the notice to the air courier service), or (iii) by United States mail, first class, postage prepaid, registered or certified (in which case such notice shall be deemed to have been duly given on the third (3rd) business day following the date of mailing), and properly addressed as follows:

If to the Authority: California Municipal Finance Authority  
2111 Palomar Airport Road, Suite 320  
Carlsbad, CA 92011  
Attention: Financial Advisor

If to the Corporation: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Attention: \_\_\_\_\_

If to the Trustee: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Attention: Corporate Trust Department

To the Office: Office of Statewide Health Planning and Development  
400 R Street, Suite 470  
Sacramento, CA 95811  
Attention: Deputy Director, Cal-Mortgage Loan Insurance Division  
cminsure@oshpd.ca.gov

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

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

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

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

Section 11.09. 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 on the registration books of the Trustee by or for the account of the Authority or the Corporation, or by any other obligor on the Bonds, or by any person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the Authority or the Corporation or any other obligor on the Bonds, shall be disregarded and deemed not to be Outstanding for the purpose of any such determination; except that in determining whether the Trustee shall be protected in relying upon any such demand, request, direction, consent or waiver of an Owner, only Bonds which the Trustee actually knows to be so owned or held shall be disregarded unless all Bonds are so owned or held, in which case such Bonds shall be considered outstanding for the purpose of such determination. Bonds so owned which have been pledged in good faith may be regarded as Outstanding for the purposes of this Section 11.09 if the pledgee shall establish to the satisfaction of the Trustee the pledgee's right to vote such Bonds and that the pledgee is not a person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the Authority or the Corporation or any other obligor on the Bonds. In case of a

dispute as to such right, any decision by the Trustee taken upon the advice of counsel shall be full protection to the Trustee. Upon request of the Trustee, the Authority and the Corporation shall specify to the Trustee those Bonds disqualified pursuant to this Section 11.09.

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

Section 11.11. Funds and Accounts. Any fund required by this Indenture to be established and maintained by the Trustee may be established and maintained in the accounting records of the Trustee, either as a fund or an account, and may, for the purposes of such records, any audits thereof and any reports or statements with respect thereto, be treated either as a fund or as an account; but all such records with respect to all such funds shall at all times be maintained in accordance with customary standards of the corporate trust industry, to the extent practicable, and with due regard for the requirements of Section 6.07 and for the protection of the security of the Bonds and the rights of every owner thereof. Notwithstanding any other provision of this Indenture, the Trustee shall only be required to open any fund or account when it receives, or is notified that it will receive, moneys to be deposited and maintained in such fund or account.

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

Section 11.13. Payment of Authority Fees. The Trustee shall transfer the Additional Payments constituting the Authority Annual Fee to or at the direction of the Authority when due, to the extent of amounts received from the Corporation therefor.

Section 11.14. Payments Due on Days Other Than Business Days. If a payment day or the day for performing any act is not a Business Day, then payment may be made or such act performed on the next Business Day and no interest shall accrue for the intervening period.

Section 11.15. Execution in Several Counterparts. This Indenture may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original; and all such counterparts, or as many of them as the Authority and the Trustee shall preserve undestroyed, shall together constitute but one and the same instrument.

Section 11.16. Governing Law; Venue. This Indenture and the Bonds are contracts made under the laws of the State, and shall be governed by and construed in accordance with the Constitution and the laws applicable to contracts made and performed in said State. This Indenture and the Bonds shall be enforceable in the State, and any action arising out of this

Indenture or the Bonds shall be filed and maintained in San Diego County, California, unless the Authority waives this requirement.

Section 11.17. Indenture Represents Complete Agreement. This Indenture represents the entire contract between the parties.

IN WITNESS WHEREOF, the CALIFORNIA MUNICIPAL FINANCE AUTHORITY has caused this Indenture to be signed in its name by a Member of the Board of Directors of the Authority, and \_\_\_\_\_, as Trustee, in token of its acceptance of the trusts created hereunder, has caused this Indenture to be signed in its corporate name by one of its authorized officers, all as of the day and year first above written.

CALIFORNIA MUNICIPAL FINANCE  
AUTHORITY

By \_\_\_\_\_  
Member, Board of Directors

\_\_\_\_\_, as Trustee

By \_\_\_\_\_  
Authorized Signatory