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INDENTURE OF TRUST

By and Between

CARSON PUBLIC FINANCING AUTHORITY

and

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

Dated as of June 1, 2019

Relating to:

\$ \_\_\_\_\_

Carson Public Financing Authority  
Reassessment Revenue Refunding Bonds, Series 2019

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Exhibit A-1 FORM OF BOND

## INDENTURE OF TRUST

THIS INDENTURE OF TRUST (the “Indenture”) dated as of June 1, 2019, by and between the CARSON PUBLIC FINANCING 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 THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., a national banking association, organized and existing under the laws of United States of America and having a corporate trust office in Los Angeles, California, as trustee (the “Trustee”).

### WITNESSETH:

WHEREAS, the Authority is a joint exercise of powers authority duly organized and existing under and pursuant to that certain Amended and Restated Joint Exercise of Powers Agreement, dated October 6, 2015, between the City of Carson (the “City”) and the Carson Housing Authority, and under the provisions of Articles 1 through 4 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the “Act”), and is authorized pursuant to Article 4 of the Act (the “Bond Law”) to borrow money for the purpose of financing the acquisition of bonds, notes and other obligations to provide financing and refinancing for capital improvements of member entities of the Authority and other local agencies; and

WHEREAS, the Authority, for the purpose of acquiring certain local obligation bonds and financing certain public capital improvements (the “Facilities”), has determined to issue its Carson Public Financing Authority Reassessment Revenue Refunding Bonds, Series 2019 in the aggregate principal amount of \$\_\_\_\_\_ (the “Bonds”) pursuant to and secured by this Indenture, all in the manner provided herein; and

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

WHEREAS, the Authority hereby certifies that all acts and proceedings required by law necessary to make the Bonds, when executed by the Authority, authenticated and delivered by the Trustee, and duly issued, the valid, binding and legal special obligations of the Authority, and to constitute this Indenture a valid and binding agreement for the uses and purposes herein set forth in accordance with its terms, have been done and taken, and the execution and delivery of 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 and the interest and premium (if any) on all Bonds at any time issued and outstanding under this Indenture, according to their tenor, and to secure the performance and observance of all the covenants and conditions therein and herein set forth, and to declare the terms and conditions upon and subject to which the Bonds are to be issued and 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 and sufficiency of which are hereby acknowledged, the Authority does hereby covenant

and agree with the Trustee, for the benefit of the respective Owners from time to time of the Bonds, as follows:

**ARTICLE I**  
**DEFINITIONS; AUTHORIZATION AND PURPOSE OF BONDS;**  
**EQUAL SECURITY**

**Section 1.01. Definitions.** Unless the context otherwise requires, the terms defined in this Section 1.01 shall, for all purposes of this Indenture and of any certificate, opinion or other document herein mentioned, have the meanings herein specified, to be equally applicable to both the singular and plural forms of any of the terms herein defined.

“**Act**” means Articles 1 through 4 (commencing with Section 6500) of Chapter 5, Division 7, Title 1 of the Government Code of the State.

“**Administrative Expense Account**” means the fund by that name established under the Fiscal Agent Agreement.

“**Agreement**” means that certain Amended and Restated Joint Exercise of Powers Agreement, dated October 6, 2015, by and between the City and the Carson Housing Authority as executed by the parties thereto, and as thereafter amended and supplemented from time to time, creating the Authority for the purposes, among other things, of assisting the City and Carson Housing Authority in the financing and refinancing of Public Capital Improvements, as such term is defined in the Bond Law.

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

“**Assessment District**” means the area within the City designated “Reassessment District No. 2001-1 (Dominguez Technology Center West)” formed by the City.

“**Authority**” means the Carson Public Financing Authority, a joint powers authority organized and existing under the Agreement the laws of the State.

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

“**Authorized Representative**” means: (a) with respect to the Authority, its President, Vice President, Chief Administrative Officer, Secretary or Finance Director, or any other person designated as an Authorized Representative of the Authority by a certificate of the Authority signed by its President and filed with the City and the Trustee; (b) with respect to the City, its Mayor, Mayor Pro Tempore, City Manager, Acting City Manager, Assistant City Manager, Director of Finance or Treasurer, or any other person designated as an Authorized Representative of the City by a certificate signed on behalf of the City by its City Manager and filed with the Authority and the Trustee; and (c) with respect to the Trustee, the President, any Vice President, any Assistant Vice President, any Senior Authorized Officer or any Trust Officer of the Trustee, and when used with reference to any act or document also means any other person authorized to perform such act or sign any document by or pursuant to a resolution of the Board of Directors of

the Trustee or the by-laws of the Trustee. An Authorized Representative may by written instrument designate any person to act on his or her behalf.

**“Bond Counsel”** means the law firm of Aleshire & Wynder, LLP, or any successor firm or any other firm of nationally recognized bond counsel acceptable to the Authority.

**“Bond Law”** means the Marks-Roos Local Bond Pooling Act of 1985, constituting Article 4 of the Act (commencing with Section 6584), as amended from time to time.

**“Bond Purchase Contract”** means an agreement to purchase the Bonds by and between the Authority and the Original Purchaser.

**“Bond Year”** means each twelve-month period beginning on September 3 of each year and ending on September 2 of the following year. With respect to the Bonds, the first such Bond Year shall begin on the Closing Date and end on September 2, 2019.

**“Bonds”** means the Series 2019 Bonds.

**“Business Day”** means a day which is not a Saturday, Sunday or legal holiday on which banking institutions in the State, or in any state in which the Principal Office of the Trustee is located, or the New York Stock Exchange are closed. If any payment hereunder is due on a day which is not a Business Day, such payment shall be made on the next succeeding Business Day with the same effect as if made on such previous day.

**“City”** means the City of Carson, California, a municipal corporation organized and existing under the laws of the State.

**“Closing Date”** means, with respect to the Bonds, the date on which the Bonds are delivered to the Original Purchaser in exchange for the purchase price thereof pursuant to the Bond Purchase Contract.

**“Costs of Issuance”** means all items of expense directly or indirectly payable by or reimbursable to the Authority relating to the authorization, issuance, sale and delivery of the Bonds and the Local Obligation Bonds, including but not limited to underwriter’s discount, printing expenses, rating agency fees, filing and recording fees, initial fees, expenses and charges and first annual administrative fee of the Trustee and fees of its counsel, fees, charges and disbursements of attorneys, municipal advisors, accounting firms, consultants and other professionals, fees and charges for preparation, execution and safekeeping of the Bonds and the Local Obligation Bonds, and any other cost, charge or fee in connection with the original issuance of the Bonds and the Local Obligation Bonds.

**“Defeasance Obligations”** means (i) cash, (ii) Federal Securities and (iii) Permitted Investments listed under subsection (b) of the definition thereof.

**“Event of Bankruptcy”** means, with respect to any Person, the filing of a petition in bankruptcy or the commencement of a proceeding under the United States Bankruptcy Code or any other applicable law concerning insolvency, reorganization or bankruptcy by or against such

Person as debtor, other than any involuntary proceeding which has been finally dismissed without entry of an order for relief or similar order as to which all appeal periods have expired.

**“Facilities”** means public capital improvements to be financed with funds in the Improvement Fund consistent with the provisions of the Bond Law, as determined from time to time by the City.

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

**“Fair Market Value”** means the price at which a willing buyer would purchase the investment from a willing seller in a bona fide, arm’s length transaction (determined as of the date the contract to purchase or sell the investment becomes binding) if the investment is traded on an established securities market (within the meaning of section 1273 of the Code) and, otherwise, the term “Fair Market Value” means the acquisition price in a bona fide arm’s length transaction (as referenced above) if (i) the investment is a certificate of deposit that is acquired in accordance with applicable regulations under the Code, (ii) the investment is an agreement with specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate (for example, a guaranteed investment contract, a forward supply contract or other investment agreement) that is acquired in accordance with applicable regulations under the Code, (iii) the investment is a United States Treasury Security—State and Local Government Series that is acquired in accordance with applicable regulations of the United States Bureau of Public Debt, or (iv) any commingled investment fund in which the Authority and related parties do not own more than a ten percent (10%) beneficial interest therein if the return paid by the fund is without regard to the source of the investment.

**“Federal Securities”** means any direct, noncallable general 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 and CATS and TGRS), or obligations the payment of principal of and interest on which are unconditionally guaranteed by the United States of America.

**“Fiscal Agent”** means The Bank of New York Mellon Trust Company, N.A., or its successor, acting as Fiscal Agent under the Fiscal Agent Agreement.

**“Fiscal Agent Agreement”** means the Fiscal Agent Agreement, dated as of June 1, 2019, between the City and the Fiscal Agent, as originally executed or as it or they may from time to time be supplemented, modified or amended, pertaining to the Local Obligation Bonds.

**“Fiscal Year”** means the period beginning on July 1 of each year and ending on the next succeeding June 30, or any other twelve-month period hereafter selected and designated as the official fiscal year period of the Authority and certified to the Trustee in writing by an Authorized Representative of the Authority.

**“Indenture”** means this Indenture of Trust, as originally executed or as it may from time to time be supplemented, modified or amended by a Supplemental Indenture.

**“Independent Accountant”** means any nationally recognized firm of certified public accountants or firm of such accountants duly licensed or registered or entitled to practice and

practicing as such under the laws of the State, appointed by the Authority, and who, or each of whom:

(a) is in fact independent and not under domination of the Authority or the City;

(b) does not have any substantial interest, direct or indirect, in the Authority or the City; and

(c) is not an officer or employee of the Authority or the City, but who may be regularly retained to make reports to the Authority or the City.

**“Independent Financial Consultant”** means any financial consultant or firm of such financial consultants appointed by the Authority and who, or each of whom:

(a) is in fact independent and not under the domination of the Authority or the City;

(b) does not have any substantial interest, direct or indirect, in the Authority or the City; and

(c) is not an officer or employee of the Authority or the City, but who may be regularly retained to make reports to the Authority or the City. It is expressly acknowledged that the City’s administrator for the annual levy of reassessments in the Assessment District, as of the Closing Date, is an Independent Financial Consultant.

**“Information Services”** means “EMMA” or the “Electronic Municipal Market Access” system of the Municipal Securities Rulemaking Board; or, in accordance with then-current guidelines of the Securities and Exchange Commission, such other services providing information with respect to called bonds as the City may designate in a Written Certificate of the City delivered to the Trustee.

**“Interest Account”** means the account by that name established with the Trustee with respect to the Bonds pursuant to this Indenture and to be administered as prescribed in Section 5.03.

**“Interest Payment Date”** means March 2 and September 2, commencing September 2, 2019.

**“Local Obligation Bonds”** means those refunding bonds designated as City of Carson Reassessment District No. 2001-1 (Dominguez Technology Center West) Limited Obligation Refunding Improvement Bonds, Series 2019 at any time outstanding under the Fiscal Agent Agreement.

**“Maximum Annual Debt Service”** means, as of any date of calculation, the largest Annual Debt Service during the current or any future Bond Year.

**“Original Purchaser”** means Stifel Nicolaus and Company, Incorporated.

**“Outstanding”** when used as of any particular time with reference to Bonds, means (subject to the provisions of Section 12.11) all Bonds theretofore, or thereupon being, authenticated and delivered by the Trustee under this Indenture, except (a) Bonds theretofore cancelled by the Trustee or surrendered to the Trustee for cancellation in accordance with Section 2.08; (b) Bonds with respect to which all liability of the Authority shall have been discharged in accordance with Section 10.02, including particular Bonds (or portions of Bonds) described in Section 12.09; 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 **“Bond Owner,”** whenever used herein with respect to a Bond, means the Person in whose name the ownership of such Bond is registered in the Registration Books.

**“Permitted Investments”** means any of the following, but only to the extent that the same are acquired at Fair Market Value and only to the extent that the same are permitted by the Authority’s investment policies, provided that the Trustee is entitled to rely upon any investment direction from an Authorized Representative of the Authority received by it hereunder as a certification that such investment constitutes a Permitted Investment hereunder:

(a) Federal Securities;

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

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

(d) money market mutual funds (including funds of the Trustee or its affiliates) registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, and having a rating by S&P of “AAAm-G”, “AAAm”, or “AAm”, including funds for which the Trustee, its affiliates or subsidiaries receives and retains a fee for services provided to the fund, whether as a custodian, transfer agent, investment advisor or otherwise;

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

(f) trust accounts, trust funds, other deposit, overnight banking deposit, interest-bearing demand or time deposits including certificates of deposit, savings accounts, deposit accounts or money market deposits (including those of the Trustee and its affiliates) which are fully insured by the Federal Deposit Insurance Corporation;

(g) investment agreements, including guaranteed investment contracts, which, are general obligations of an entity whose long term debt obligations, or claims paying ability, respectively, which are rated in one of the two highest rating categories by S&P or which are collateralized so as to be rated in one of the two highest rating categories by S&P;

(h) commercial paper rated, at the time of purchase, ““A-1” or better by S&P;

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

(j) money-market deposits, federal funds or bankers acceptances with a maximum term of one year of any bank which has an unsecured, uninsured and unguaranteed obligation rating of “A-1” or “A” or better by S&P;

(k) repurchase agreements for thirty (30) days or less (more than thirty (30) days which provide for the transfer of securities from a dealer bank or securities firm (seller/borrower) to the Trustee and the transfer of cash from the Trustee to the dealer bank or securities firm with an agreement that the dealer bank or securities firm will repay the cash plus a yield to the Trustee in exchange for the securities at a specified date, which satisfy the following criteria:

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

(ii) the written repurchase agreement contract must include the following: (A) securities acceptable for transfer, which may be direct U.S. government obligations, or federal agency obligations backed by the full faith and credit of the U.S. government; (B) the term of the repurchase agreement may be up to 30 days; (C) the collateral must be delivered to the Trustee or a third party acting as agent for the Trustee simultaneous with payment (perfection by possession of certificated securities); (D) the Trustee must have a perfected first priority security interest in the collateral; (E) the collateral must be free and clear of third-party liens and, in the case of a broker which falls under the jurisdiction of the Securities Investors Protection Corporation, are not subject to a repurchase agreement or a reverse repurchase agreement; (F) failure to maintain the requisite collateral percentage, after a two day restoration period, will require the Trustee to liquidate the collateral; and (G) the securities must be valued weekly, marked-to-market at current market price plus accrued interest and the value of collateral must be equal to 104% of the amount of cash transferred by the Trustee to the dealer bank or securities firm under the repurchase agreement plus accrued interest (unless the securities used as collateral are obligations of the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation, in which case the collateral must be equal to 105% of the amount of cash transferred by the Trustee to the dealer bank or securities firm under the repurchase agreement plus accrued interest); provided that, if the value of securities held as collateral falls below 104% of the value of the cash transferred by the Trustee, then additional cash and/or acceptable securities must be transferred; and

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

(l) pre-refunded municipal bonds rated “AAA” by S&P; and

(m) the Local Agency Investment Fund of the State of California, created pursuant to Section 16429.1 of the California Government Code, to the extent the Trustee is authorized to deposit and withdraw from such investment directly in its own name.

**“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 established with the Trustee with respect to the Bonds pursuant to this Indenture and to be administered as provided in Section 5.04.

**“Principal Office”** means such corporate trust office of the Trustee as may be designated from time to time by written notice from the Trustee to the Authority and the City, initially being at the location listed in Section 12.06, except that with respect to presentation of Bonds for payment or for registration of transfer or exchange or maintenance

of the Registration Books, such term shall mean the office of the Trustee at which its corporate agency business shall be conducted.

**“Principal Repayments”** means any amounts received by the Trustee representing a repayment of principal of the Local Obligation Bonds, whether at maturity of the Local Obligation Bonds or upon the prior redemption or acceleration thereof.

**“Proceeds”** when used with respect to the Bonds, means the face amount of the Bonds, plus accrued interest and original issue premium, if any, less original issue discount, if any.

**“Reassessments”** has the meaning given to such term in the Fiscal Agent Agreement.

**“Record Date”** means, with respect to any Interest Payment Date, the fifteenth (15th) day of the month (whether or not such day is a Business Day) preceding the month in which such Interest Payment Date occurs, whether or not such day is a Business Day.

**“Redemption Account”** means the account by that name established with the Trustee with respect to the Bonds pursuant to the Indenture and to be administered as provided in Section 5.06.

**“Registration Books”** means the records maintained by the Trustee for the registration of ownership and registration of transfer of the Bonds pursuant to Section 2.05.

**“Requisition”** means a written requisition signed in the name of the Authority by an Authorized Representative of the Authority.

**“Reserve Fund”** means the fund by that name established and held by the Trustee with respect to the Bonds pursuant to this Indenture and to be administered as provided in Section 5.07.

**“Reserve Requirement”** means, as of any date of calculation, an amount equal to the least of (a) ten percent (10%) of the initial principal amount of the Bonds, (b) 75% of the Maximum Annual Debt Service for the then Outstanding Bonds, and (c) one hundred twenty-five percent (125%) of the Annual Debt Service for the then Outstanding Bonds.

**“Residual Fund”** means the fund by that name established and held by the Trustee pursuant to this Indenture and to be administered as provided in Section 5.05.

**“Revenue Fund”** means the fund by that name established and held by the Trustee with respect to the Bonds pursuant to this Indenture and to be administered as provided in Section 5.02.

**“Revenues”** means, with respect to the Bonds: (a) all amounts derived from the Local Obligation Bonds, and (b) investment income with respect to the funds and accounts established hereunder except for investment earnings on the Reserve Fund which will be allocated as provided in Section 5.07.

**“S&P”** means S&P Global Ratings, and its successors and assigns.

**“Securities Depositories”** means The Depository Trust Company; and, in accordance with then current guidelines of the Securities and Exchange Commission, such other addresses and/or such other securities depositories as an Authorized Representative of the Authority may designate in writing to the Trustee.

**“Series 2019 Bonds”** means the Carson Public Financing Authority Reassessment Revenue Refunding Bonds, Series 2019 at any time Outstanding pursuant to this Indenture.

**“Special Record Date”** means the date established by the Trustee pursuant to Section 2.02(c)(iii) as a record date for the payment of defaulted interest on the Bonds, if any.

**“State”** means the State of California.

**“Supplemental Indenture”** means a Supplemental Indenture of Trust providing for any matter herein authorized, entered into by and between the Authority and the Trustee pursuant to the provisions of Section 9.01 of this Indenture.

**“Tax Code”** means the Internal Revenue Code of 1986, as amended from time to time. Any reference to a provision of the Tax Code shall include the applicable Tax Regulations promulgated with respect to such provision.

**“Tax Regulations”** means temporary and permanent regulations promulgated by the Internal Revenue Service under Section 103 and related sections of the Tax Code.

**“Trustee”** means The Bank of New York Mellon Trust Company, N.A., or its successor, as Trustee hereunder as provided in Section 8.01, or such other trustee as shall be substituted in its place as provided in Article VIII hereof.

**“Written Certificate”** and **“Written Request”** of the Authority or the City, mean, respectively, a written certificate or written request signed in the name of the Authority by its Authorized Representative or in the name of the City by its Authorized Representative. Any such certificate or request may, but need not, be combined in a single instrument with any other instrument, opinion or representation, and the two or more so combined shall be read and construed as a single instrument. If and to the extent required by Section 1.02, each such certificate or request shall include the statements provided for in Section 1.02.

**Section 1.02. Content of Certificates and Opinions.** Other than those certificates and opinions delivered on the Closing Date and those opinions delivered or approved by Bond Counsel, every certificate of the Authority or the City or opinion provided for in this Indenture with respect to compliance with any provision hereof shall include (a) a statement that the Person making or giving such certificate or opinion has read such provision and the definitions herein relating thereto; (b) a brief statement as to the nature and scope of the examination or investigation upon which the certificate or opinion is based; (c) 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; (d) a statement of the assumptions upon which such certificate or opinion is based, and that such assumptions are reasonable; and (e) a statement as to whether, 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 or the City may be based, insofar as it relates to legal or accounting matters, upon a certificate or opinion of or representation by counsel, an accountant or a financial 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 financial consultant may be based, insofar as it relates to factual matters (with respect to which information is in the possession of the Authority or the City, as the case may be) upon a certificate or opinion of or representation by an officer of the Authority or the City, unless such counsel, accountant or financial 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 City, or the same counsel, accountant or financial 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 financial consultants may certify to different matters, respectively.

**Section 1.03. Interpretation.** 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 include the neuter, masculine or feminine gender, as appropriate.

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

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.

**Section 1.04. Indenture Constitutes Contract.** In consideration of the purchase and acceptance of any and all of the Bonds issued hereunder by those who shall hold the same from time to time, this Indenture shall be deemed to be and shall constitute a contract among the Authority, the Trustee and the Owners of the Bonds. All of the Bonds, without regard to the time or times of their issuance or maturity, shall be of equal rank without preference, priority or distinction of any of the Bonds over any other thereof.

## **ARTICLE II THE BONDS**

**Section 2.01. Authorization of Bonds.** The Authority hereby authorizes the issuance of the Bonds hereunder and under the Bond Law, the Bonds to constitute special obligations of the Authority, for the purpose of providing moneys to exchange and/or purchase by the Authority of the Local Obligation Bonds. Such Bonds are hereby designated the "Carson Public Financing Authority Reassessment Revenue Refunding Bonds, Series 2019". The aggregate principal amount of Bonds which may be issued hereunder and Outstanding shall not

exceed \$\_\_\_\_\_. No additional Bonds or bonds secured by the Revenues shall be issued hereunder. This Indenture constitutes a continuing agreement with the Owners from time to time of the Bonds to secure the full and timely payment of the principal of and interest on all such Bonds, subject to the covenants, provisions and conditions herein.

**Section 2.02. Terms of the Bonds.**

(a) Bonds. The Bonds shall be issued in fully registered form without coupons in Authorized Denominations. The Bonds shall be dated the Closing Date, shall mature (subject to prior redemption) and shall bear interest at the rates per annum, calculated on the basis of a 360-day year of twelve 30-day months, as follows:

<u>Maturity Date</u> <u>(September 2)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest Rate</u> <u>Per Annum</u>
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(b) Reserved.

(c) the Bonds shall be payable from the Interest Payment Date next preceding the date of authentication thereof unless (i) a Bond is authenticated on or before an Interest Payment Date and after the close of business on the preceding Record Date, in which event it shall bear interest from such Interest Payment Date, (ii) a Bond is authenticated on or before the first Record Date, in which event interest thereon shall be payable from the Closing Date, or (iii) interest on any Bond is in default as of the date of authentication thereof, in which event interest thereon shall be payable from the date to which interest has been paid in full, payable on each Interest Payment Date. Interest shall be paid on each Interest Payment Date to the Persons in whose names the ownership of the Bonds is registered on the Registration Books at the close of business on the immediately preceding Record Date, except as provided below. Interest on any Bond which is not punctually paid or duly provided for on any Interest Payment Date shall be payable to the Person in whose name the ownership of such Bond is registered on the Registration Books at the close of business on a Special Record Date for the payment of such defaulted interest to be fixed by the Trustee, notice of which shall be given to such Owner not less than fifteen (15) days prior to such Special Record Date. Interest shall be paid by check of

the Trustee mailed by first class mail, postage prepaid, on each Interest Payment Date to the Bond Owners at their respective addresses shown on the Registration Books as of the close of business on the preceding Record Date; or by wire transfer made on such Interest Payment Date to any Owner of \$1,000,000 or more in aggregate principal amount of Bonds who shall have requested such transfer pursuant to written notice filed with the Trustee on or before five Business Days before the Record Date for such Interest Payment Date.

(d) The principal of the Bonds shall be payable in lawful money of the United States of America upon presentation and surrender thereof at the Principal Office of the Trustee. Payment of principal on any Bond shall be made only upon presentation and surrender of such Bond at the Principal Office of the Trustee.

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

**Section 2.03. Transfer of Bonds.** Any Bond may, in accordance with its terms, be transferred upon the Registration Books by the Person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Bond for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form approved by the Trustee. The Trustee shall not be obligated to make any transfer of Bonds during the period selected by the Trustee for the selection of Bonds for redemption, or with respect to any Bonds selected for redemption.

Whenever any Bond or Bonds shall be surrendered for transfer, the Authority shall execute and the Trustee shall authenticate and shall deliver a new Bond or Bonds for a like aggregate principal amount. The Trustee shall require the Bond 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 the Bonds and any services rendered or expenses incurred by the Trustee in connection with any transfer or exchange shall be paid by the Authority.

The transferor shall also provide or cause to be provided to the Trustee all information necessary to allow the Trustee to comply with any applicable tax reporting obligations, including without limitation any cost basis reporting obligations under Internal Revenue Code Section 6045. The Trustee may rely on the information provided to it and shall have no responsibility to verify or ensure the accuracy of such information.

**Section 2.04. Exchange of Bonds.** The Bonds may be exchanged at the Principal Office of the Trustee for a like aggregate principal amount of Bonds of Authorized Denominations and of the same maturity. The Authority shall be responsible for a reasonable charge by the Trustee for each new Bond issued upon any exchange (except in the case of any exchange of temporary Bonds for definitive Bonds and except in the case of the first exchange of any definitive Bond in the form in which it is originally issued) and shall require the payment by the Bond Owner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange. The Trustee shall not be obligated to make any exchange of Bonds during the period selected by the Trustee for the selection of Bonds for redemption, or with respect to any Bonds selected for redemption.

The Owner requesting such exchange shall also provide or cause to be provided to the Trustee all information necessary to allow the Trustee to comply with any applicable tax reporting obligations, including without limitation any cost basis reporting obligations under Internal Revenue Code Section 6045. The Trustee may rely on the information provided to it and shall have no responsibility to verify or ensure the accuracy of such information.

**Section 2.05. Registration Books/Book-Entry.** The Trustee will keep or cause to be kept, at the Principal Office, sufficient records for the registration and transfer of ownership of the Bonds, which shall be open to inspection during regular business hours and upon reasonable notice by the Authority and the City; 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 records, the ownership of the Bonds as hereinbefore provided.

The Bonds shall be initially executed and delivered in the form of a single, fully registered Bond for each maturity of the Bonds (which may be typewritten). Upon initial execution and delivery, the ownership of such Bond shall be registered in the Registration Books in the name of the Nominee identified below as nominee of the Depository Trust Company, New York, New York and its successors and assigns (the “Depository” or “DTC”). Except as hereinafter provided, all of the Outstanding Bonds shall be registered in the Registration Books in the name of the nominee of the Depository, which may be the Depository, as determined from time to time pursuant to this Section (the “Nominee”).

With respect to the Bonds registered in the Registration Books in the name of the Nominee, neither the Authority nor the Trustee shall have any responsibility or obligation to any broker-dealers, banks and other financial institutions from time to time for which the Depository holds Bonds as securities depository (the “Participant”) or to any person on behalf of which such a Participant holds an interest in the Bonds. Without limiting the immediately preceding sentence, neither the Authority nor the Trustee shall have any responsibility or obligation (unless the Authority is at such time the Depository) with respect to (i) the accuracy of the records of the Depository, the Nominee, or any Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any Participant or any other person, other than an Owner of a Bond as shown in the Registration Books, of any notice with respect to the Bonds, including any notice of prepayment, (iii) the selection by the Depository and its Participants of the beneficial interests in the Bonds to be redeemed in the event the Authority redeems the Bonds in part, or (iv) the payment to any Participant or any other person, other than an Owner of a Bond as shown in the Registration Books, of any amount with respect to principal of or interest on the Bonds. The Authority and the Trustee may treat and consider the person in whose name each Bond is registered in the Registration Books as the absolute Owner of such Bond for the purpose of payment of principal and interest with respect to such Bond, for the purpose of giving notices of redemption, if applicable, and other matters with respect to such Bond, for the purpose of registering transfers with respect to such Bond, and for all other purposes whatsoever. The Authority shall pay all principal of and interest on the Bonds only to or upon the order of the respective Owner of a Bond, as shown in the Registration Books, or his respective attorney duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the Authority’s obligations with respect to payment of principal of and interest on the Bonds to the extent of the sum or sums so paid. No person other than an Owner of a Bond, as

shown in the Registration Books, shall receive a Bond evidencing the obligation of the Authority to make payments of principal and interest pursuant to this Indenture. Upon delivery by the Depository to the Owners of the Bonds, and the Authority of written notice to the effect that the Depository has determined to substitute a new nominee in place of the Nominee, and subject to the provisions herein with respect to Record Date, the word “Nominee” in this Indenture shall refer to such nominee of the Depository.

In order to qualify the Bonds for the Depository’s book-entry system, the Authority is executing and delivering to the Depository a Representation Letter in the form prescribed by Depository. The execution and delivery of the Representation Letter shall not in any other way limit the provisions of this Section or in any other way impose upon the Authority any obligation whatsoever with respect to persons having interests in the Bonds other than the owners of the Bonds, as shown on the Registration Books. In addition to the execution and delivery of the Representation Letter, the Authority shall take such other actions, not inconsistent with this Indenture, as are reasonably necessary to qualify the Bonds for the Depository’s book-entry program.

In the event (i) the Depository determines not to continue to act as securities depository for the Bonds, or (ii) the Depository shall no longer so act and gives notice to the Authority of such determination, then the Authority will discontinue the book-entry system with the Depository. If the Authority determines to replace the Depository with another qualified securities depository, the Authority shall prepare or direct the preparation of a new single, separate, fully registered Bond, per maturity, registered in the name of such successor or substitute qualified securities depository or its nominee. If the Authority fails to identify another qualified securities depository to replace the Depository then the Bonds shall no longer be restricted to being registered in the Registration Books in the name of the Nominee, but shall be registered in whatever name or names owners of the Bonds transferring or exchanging Bonds shall designate, in accordance with provisions of Sections 2.03 or 2.04, hereof, and the Authority shall prepare and deliver Bonds to the Owners thereof for such purpose.

Notwithstanding any other provisions of this Indenture to the contrary, so long as any Bond is registered in the name of the Nominee, all payments with respect to principal of, and interest on such Bond and all notices with respect to such Bond shall be made and given, respectively, as provided in the Representation Letter or as otherwise instructed by the Depository and acceptable to the Authority.

In connection with any proposed transfer outside the book-entry system, the Authority shall provide or cause to be provided to the Trustee all information necessary to allow the Trustee to comply with any applicable tax reporting obligations, including without limitation any costs basis reporting obligations under Internal Revenue Code Section 6045. The Trustee may rely on the information provided to it and shall have no responsibility to verify or ensure the accuracy of such information.

The initial Depository under this Article shall be DTC. The initial Nominee shall be Cede & Co., as Nominee of DTC.

**Section 2.06. Form and Execution of the Bonds.** The Bonds shall be in the form set forth in Exhibit A with necessary or appropriate variations, omissions and insertions, as permitted or required by this Indenture, and shall otherwise comply with the requirements of this Indenture. Each Bond shall be executed in the name and on behalf of the Authority with the manual or facsimile signature of its President (or any duly authorized deputy to the President) attested by the manual or facsimile signature of its Secretary. 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 or attested 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 Bonds may be signed and attested on behalf of the Authority by such Persons as at the actual date of execution of such Bonds shall be the proper officers of the Authority although at the nominal date of such Bonds any such Person shall not have been such officer of the Authority.

Only such Bonds as shall bear thereon a Certificate of Authentication, substantially in the form set forth in Exhibit A, manually executed by the Trustee, shall be valid or obligatory for any purpose or entitled to the benefits of this Indenture, and such Certificate of Authentication executed by 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 2.07. Temporary Bonds.** The Bonds may be issued in temporary form exchangeable for definitive Bonds when ready for delivery. Any temporary Bonds may be printed, lithographed or typewritten, shall be of such Authorized Denominations 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. Every temporary Bond shall be executed by the Authority and 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 shall be surrendered for cancellation at the Principal Office of the Trustee and the Trustee shall authenticate and deliver in exchange for such temporary Bonds an equal aggregate principal amount or maturity amount, as applicable, of definitive Bonds of Authorized Denominations. Until so exchanged, the temporary Bonds shall be entitled to the same benefits under this Indenture as definitive Bonds authenticated and delivered hereunder.

**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 lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Trustee and, if such evidence be satisfactory to the Trustee and indemnity for the Trustee and the Authority satisfactory to the Trustee 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 replacement for the Bond so lost, destroyed or stolen (or if any such Bond shall have matured or shall have been called for redemption, instead of issuing a replacement Bond, the, Trustee may pay the same without surrender thereof upon receipt of the above-mentioned indemnity). The Authority may require payment by the Owner of a sum not exceeding the actual cost of preparing each replacement Bond issued under this Section and of the expenses which may be incurred by the Authority and the Trustee. Any Bond issued under the provisions of this Section 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 at any time enforceable by anyone, and shall be entitled to the benefits of this Indenture with all other Bonds secured by this Indenture.

### **ARTICLE III ISSUANCE OF THE BONDS; APPLICATION OF PROCEEDS**

**Section 3.01. Issuance of the Bonds.** Upon execution and delivery of this Indenture, the Authority shall execute and deliver the Bonds to the Trustee for authentication and delivery to the Original Purchaser thereof upon the written request of an Authorized Representative of the Authority.

**Section 3.02. Application of Proceeds of the Bonds; Establishment of Program Fund.**

(a) Upon the receipt of payment for the Bonds on the Closing Date, the Trustee shall deposit \$\_\_\_ of the proceeds of sale of the Bonds into the Program Fund.

(b) In addition, the Trustee shall deposit the following amounts received by the Trustee from the proceeds of the Bonds to the following funds and accounts:

(i) In the Costs of Issuance Fund \$\_\_\_, to be used to pay the Costs of Issuance.

(ii) In the Reserve Fund \$\_\_\_, being an amount representing a portion of the Reserve Requirement as of the Closing Date.

(iii) Transfer to the Treasurer of the Authority for deposit in the Improvement Fund \$\_\_\_, representing a portion of the expected cost of the Facilities.

**Section 3.03. Program Fund.** The Trustee shall establish and maintain a separate fund to be held by the Trustee known as the "Program Fund" into which shall be deposited a portion of the proceeds of the sale of the Bonds pursuant to Section 3.02(a). The Trustee shall use the proceeds of the Bonds in the Program Fund to purchase the Local Obligation Bonds on the Closing Date as directed in writing by an Authorized Representative of the Authority; provided, however, that such Local Obligation Bonds may be purchased only if the Trustee has received a certificate of the Original Purchaser of the Bonds or an Independent Financial Consultant stating that the Revenues to be available to the Trustee, assuming timely payment of the Local Obligation Bonds, will be sufficient to permit the timely payment of the principal of

and interest on all Outstanding Bonds. The Local Obligation Bonds shall be held by the Trustee in the Program Fund.

**Section 3.04. Costs of Issuance Fund.** The Trustee shall establish and maintain a separate fund to be held by the Trustee known as the “Costs of Issuance Fund” into which shall be deposited the amount set forth in Section 3.02 (b)(i). The moneys in the Costs of Issuance Fund shall be used to pay Costs of Issuance from time to time upon receipt of a Requisition of the Authority. On the date which is one hundred eighty (180) days following the Closing Date, or upon the earlier receipt by the Trustee of a Written Requisition of the Authority stating that all Costs of Issuance have been paid, the Trustee shall transfer all remaining amounts in the Costs of Issuance Fund to the Treasurer of the Authority for deposit by the Treasurer to the Improvement Fund.

**Section 3.05. Improvement Fund.**

(a) There shall be established and maintained a separate fund to be held by the Treasurer of the Authority known as the “Improvement Fund,” to the credit of which a deposit shall be made as required by Section 3.02(b)(iii) hereof. Moneys in the Improvement Fund shall be held by the Authority for the benefit of the City and the Authority and shall be disbursed, except as otherwise provided in subsection (d) of this Section 3.05, for the payment of costs of the Facilities.

(b) Disbursements from the Improvement Fund shall be made by the Treasurer of the Authority upon receipt of a Written Requisition from an Authorized Representative of the City, which shall:

(i) set forth the amount required to be disbursed, the purpose for which the disbursement is to be made, the person to which the disbursement is to be paid and state that such disbursement is for a Facility cost; and

(ii) certify that no portion of the amount then being requested to be disbursed was set forth in any Written Certificate previously filed requesting disbursement.

Upon receipt of a Written Certificate of the City, the Treasurer of the Authority is authorized to act thereon without further inquiry and shall not be responsible for the contents of such Written Certificate.

(c) Moneys in the Improvement Fund shall be invested in Permitted Investments accordance with Section 5.08 hereof. Interest earnings and profits from such investment and deposit shall be retained in the Improvement Fund to be used for the purposes of such fund.

(d) Upon the filing of a Written Certificate of the City stating that all costs of the Facilities have been paid or are not required to be paid from the Improvement Fund, the Treasurer of the Authority shall transfer the amount, if any, remaining in the Improvement Fund to the Trustee for deposit by the Trustee in the Revenue Fund for application to the payment of Bonds, and the Improvement Fund shall be closed.

**Section 3.06. 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 acquisition of the Local Obligation Bonds. The recital contained in the Bonds that the same are issued pursuant to the Constitution and laws of the State of California shall be conclusive evidence of their validity and of compliance with the provisions of the Bond Law in their issuance.

**ARTICLE IV  
REDEMPTION OF BONDS**

**Section 4.01. Redemption; Special Mandatory Redemption.**

The Bonds are subject to redemption on any Interest Payment Date, prior to maturity, as a whole or in part from such maturities as are selected by the Authority in accordance with the provisions of Section 4.02, from the mandatory redemption of Local Obligation Bonds as a result of the prepayment of Reassessments, in each case at the following redemption prices (expressed as percentages of the principal amount of the Bonds to be redeemed), together with accrued interest thereon to the date of redemption:

<u>Redemption Date</u>	<u>Redemption Price</u>
September 2, 2019 and any Interest Payment Date to and including September 2, ____	%
March 2, ____ and September 2, ____	
March 2, ____ and any Interest Payment Date thereafter	

**Section 4.02. Selection of Bonds for Redemption.**

(a) Whenever provision is made in this Indenture for the redemption of less than all of the Bonds of a maturity, the Trustee shall select the Bonds to be redeemed from all Bonds of such maturity not previously called for redemption, by lot in any manner which the Trustee in its sole discretion shall deem appropriate and fair. For purposes of such selection, all Bonds of a maturity shall be deemed to be comprised of separate \$5,000 Authorized Denominations and such separate Authorized Denominations shall be treated as separate Bonds which may be separately redeemed.

(b) For purposes of the selection by the Authority of Bonds among maturities for redemption pursuant to Section 4.01, the Bonds shall be selected for redemption among maturities by the Authority (evidenced pursuant to a Certificate of the Authority delivered to the Trustee at least forty-five (45) days prior to the redemption date or such later date as shall be acceptable to the Trustee in its sole discretion specifying the Bonds to be redeemed) on such basis that the remaining scheduled payments of principal and interest on the Local Obligation Bonds will be sufficient on a timely basis to pay the remaining scheduled debt service on the Bonds, as shall be demonstrated in a report of an Independent Financial Consultant filed with the Trustee. It is acknowledged that Section 2.03 of the Fiscal Agent Agreement requires that a certificate of an Independent Financial Consultant be delivered in connection with any redemption of the Local Obligation Bonds, and any such certificate will satisfy the foregoing

requirement in connection with the related redemption of Bonds pursuant to Section 4.01 hereof. The Trustee may rely upon a Certificate of the Authority (which, in turn, relies upon the report of the Independent Financial Consultant) required by this Section 4.02(b), and the Trustee is not responsible for reviewing any report of the Independent Financial Consultant.

**Section 4.03. Notice of Redemption.**

(a) Contents of Notice. Notice of redemption shall be mailed by the Trustee, by first class mail, postage prepaid, to the respective Owners of any Bonds designated for redemption at their addresses appearing on the Registration Books and to the Securities Depositories and the Information Services at least 30 days but not more than 60 days prior to the redemption date by such means as is acceptable to such agencies. Neither the failure to receive such notice nor any defect in the notice so mailed will affect the sufficiency of the proceedings for redemption of such Bonds or the cessation of accrual of interest on the redemption date. Each notice of redemption shall state the redemption date, the place or places of redemption, the CUSIP numbers and the Bond numbers of the Bonds to be redeemed, and in the case of Bonds to be redeemed in part only, the respective Authorized Denominations 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 principal amount relating thereto or of said specified portion of the principal thereof in the case of a Bond to be redeemed in part only, plus accrued interest, if any, and through which date such interest will accrue, and that from and after such date interest thereon shall cease to accrue, and in the event that funds required to pay the redemption price are not on deposit under the Indenture at the time the notice of redemption is sent, a statement to the effect that the redemption is conditioned upon the receipt of the appropriate funds required to pay the redemption price by the Trustee on or prior to the redemption date, and shall in any event require that such Bonds be then surrendered at the Principal Office of the Trustee.

(b) Given On Behalf of Authority. Notice of redemption of Bonds shall be given by the Trustee, at the expense of the Authority, for and on behalf of the Authority.

**Section 4.04. Partial Redemption of Bonds.** Upon surrender of any Bonds redeemed in part only, the Authority shall execute and the Trustee shall authenticate and deliver to the Owner thereof, at the expense of the Authority, a new Bond or Bonds of Authorized Denominations equal in aggregate principal amount representing the unredeemed portion of the Bonds surrendered.

**Section 4.05. Effect of Notice of Redemption.** Notice having been given as aforesaid, and moneys for the redemption (including the interest to the applicable date of redemption and including any applicable premium), having been set aside in the Redemption Fund or any of the accounts therein, the Bonds shall become due and payable on said date of redemption, and, upon presentation and surrender thereof at the Principal Office of the Trustee, said Bonds shall be paid at the redemption price thereof, together with interest accrued and unpaid to said date of redemption and premium, if any.

If, on said date of redemption, moneys for the redemption of the Bonds to be redeemed, together with interest to said date of redemption, shall be held by the Trustee so as to

be available therefor on such date of redemption, and, if notice of redemption thereof shall have been given as aforesaid and not cancelled, then, from and after said date of redemption, interest represented by such Bonds shall cease to accrue and become payable. All moneys held by or on behalf of the Trustee for the redemption of Bonds shall be held in trust for the account of the Owners of the Bonds so to be redeemed without liability for interest thereon.

All Bonds paid at maturity or redeemed prior to maturity pursuant to the provisions of this Article IV shall be cancelled upon surrender thereof and destroyed by the Trustee.

## **ARTICLE V REVENUES; FUNDS AND ACCOUNTS**

### **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, all of the Revenues and any other amounts (including proceeds of the sale of the Bonds) held in the Revenue Fund, including the Principal Account, the Interest Account and the Redemption Account therein, and the Reserve Fund, established pursuant to this Indenture are hereby pledged by the Authority to secure the full and timely payment of the principal of and interest and premium, if any, of the Bonds in accordance with their terms and the provisions of this Indenture. 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 issuance of the Bonds on the Closing Date and the Revenues and other items pledged hereunder shall immediately be subject to the lien of such pledge without any physical delivery thereof or further act. The pledge securing the Bonds is subject in all events to the priority for the disposition of amounts in the Revenue Fund for the payment of debt service due on the Bonds and to replenish the Reserve Fund to the amount of the then Reserve Requirement. Amounts in the Costs of Issuance Fund, the Program Fund, the Residual Fund and the Improvement Fund are not pledged to the repayment of the Bonds.

(b) Subject to the provisions of this Indenture, the Authority hereby pledges and assigns to the Trustee, for the benefit of the Owners from time to time of the Bonds, all of the amounts pledged in paragraph (a) above and all of the right, title and interest of the Authority in the Local Obligation Bonds. The Authority shall collect and receive, or cause to be collected and received by the Trustee, all of the Revenues, and any Revenues collected or received by the Authority, or collected and received by the Trustee on behalf of the Authority, shall be deemed to be held, and to have been collected or received, by the Authority, in trust, and shall be paid to the Trustee as set forth herein. The Trustee also shall be entitled to and may take all steps, actions and proceedings reasonably necessary in its judgment to enforce, either jointly with the Authority or separately, by itself, all of the rights of the Authority and all of the obligations of the City under and with respect to the Local Obligation Bonds.

**Section 5.02. Establishment of Revenue Fund; Allocation of Revenues.** The Trustee shall establish a special fund designated the "Revenue Fund" which the Trustee shall maintain and hold in trust. Within the Revenue Fund the Trustee shall establish special accounts designated as the "Principal Account," the "Interest Account" and the "Redemption Account."

Such fund and accounts shall be held and maintained by the Trustee as separate and distinct funds and accounts. All Revenues, except for investment earnings on the Reserve Fund which shall be applied according to Section 5.07 shall be promptly transferred to the Trustee by the Authority and deposited by the Trustee upon receipt thereof in the Revenue Fund.

All Revenues deposited with the Trustee shall be held, disbursed, allocated and applied by the Trustee only as provided in this Indenture. No later than three (3) Business Days prior to each Interest Payment Date, the Trustee shall transfer all Revenues then in the Revenue Fund, except for any Revenues constituting Principal Repayments arising from mandatory redemptions of Local Obligation Bonds arising from prepayments of Reassessments, which shall be deposited to the Redemption Fund, into the following funds and accounts based upon the following deposit requirements and in the following order of priority, the requirements of each such account (including the making up of any deficiencies in any such account resulting from lack of Revenues sufficient to make any earlier required deposit) at the time of deposit to be satisfied before any deposit is made to any account subsequent in priority:

(a) The Trustee shall deposit in the Interest Account an amount which, together with the amounts then on deposit therein, including amounts, if any, transferred by the Trustee from the Reserve Fund pursuant to Section 5.07, is sufficient to cause the aggregate amount on deposit in the Interest Account to equal the amount of interest coming due and payable on the Bonds on such Interest Payment Date and any amount of interest previously due and unpaid.

(b) The Trustee shall deposit in the Principal Account, if necessary, an amount which, together with the amounts then on deposit therein, including amounts, if any, transferred from the Reserve Fund pursuant to Section 5.07, is sufficient to cause the aggregate amount on deposit in the Principal Account to equal the amount of principal coming due and payable on the Bonds on such Interest Payment Date and any amount of principal previously due and unpaid; and

(c) The Trustee shall transfer to the Reserve Fund an amount, taking into account amounts then on deposit in the Reserve Fund such that the amount in the Reserve Fund is equal to the Reserve Requirement.

On September 3 of each year, after making the deposits required under subsections (a), (b) and (c) above for the preceding September 2, the Trustee shall transfer all amounts remaining on deposit in the Revenue Fund to the Residual Fund.

**Section 5.03. Application of Interest Account.** Subject to the provisions of this Indenture, 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 or, at the Written Request of the Authority filed with the Trustee, to apply to the payment of accrued interest on any Bonds purchased by the Authority pursuant to Section 5.06 in lieu of redemption pursuant to Article IV.

**Section 5.04. Application of Principal Account.** Subject to the provisions of this Indenture, all amounts in the Principal Account shall be used and withdrawn by the Trustee solely to pay the principal, of the Bonds upon the stated maturity thereof.

**Section 5.05. Application of Residual Fund.** The Trustee shall establish a special fund designated the “Residual Fund” which the Trustee shall maintain and hold in trust for the benefit of the Authority. On September 3 of each year, the Trustee shall transfer all funds in the Residual Fund to the Fiscal Agent for deposit by the Fiscal Agent in the Redemption Fund established under the Fiscal Agent Agreement, to be applied by the City as a credit against future Reassessments levied in the Assessment District.

**Section 5.06. Establishment and Application of Redemption Account.** The Trustee shall establish a special account within the Revenue Fund designated as the “Redemption Account,” which account the Trustee shall maintain and hold in trust as a separate and distinct account within such fund. The Trustee shall deposit in the Redemption Account any Principal Repayments arising from mandatory redemptions of Local Obligation Bonds as a result of prepayment of Reassessments, or amounts required or permitted to be applied to the redemption of Bonds pursuant to Section 4.01 of this Indenture.

Subject to the provisions of this Indenture, all amounts deposited in the Redemption Account shall be used and withdrawn by the Trustee solely for the purpose of redeeming the 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. At any time prior to selection of Bonds for such notice of redemption, the Trustee may, at the Written Request of the Authority, apply amounts on deposit in the Redemption Account to the purchase of the Bonds, for cancellation, at public or private sale, as and when and at prices not exceeding the par amount thereof (including brokerage and other charges, but excluding accrued interest, which is payable from the Interest Account).

**Section 5.07. Establishment and Application of Reserve Fund.** The Trustee shall establish a special fund which fund the Trustee shall maintain and hold in trust as a separate and distinct fund designated as the “Reserve Fund,” amounts in which fund shall be subject to a lien in favor of the Owners of the Bonds. Amounts in the Reserve Fund shall be used and applied solely as provided in this Section 5.07.

In the event that on any Interest Payment Date, the full amount of the interest, principal or redemption price required to be deposited on such Interest Payment Date pursuant to Sections 5.02 or 5.06, as applicable, is not on deposit therein, the Trustee shall withdraw from the Reserve Fund an amount equal to any such deficiency and shall notify the Authority and the City in writing of any such withdrawal.

In the event Reassessments are paid in cash in advance of the Local Obligation Bonds final maturity date, the Authority and the City shall credit such prepaid Reassessment obligation with a proportionate share of the amount in the Reserve Fund thus reducing the total amount of the Reserve Fund. The amount to be so credited is the pro-rata share of the amount then on deposit in the Reserve Fund based on a fraction the numerator of which is the principal of the Local Obligation Bonds being redeemed with proceeds of Reassessments being prepaid and the

denominator of which is the then outstanding principal amount of the Local Obligation Bonds, all as verified by an Independent Financial Consultant. The Authority shall direct the Trustee in writing to transfer the amount representing such credit from the Reserve Fund to the Fiscal Agent for deposit by the Fiscal Agent in the Redemption Fund under the Fiscal Agent Agreement.

So long as the Authority is not in default under this Indenture, and the amount on deposit in the Reserve Fund is in excess of the Reserve Requirement, the amount in the Reserve Fund in excess of the Reserve Requirement shall be withdrawn by the Trustee from the Reserve Fund semiannually at least five (5) Business Days prior to each Interest Payment Date and transferred to the Fiscal Agent for deposit in the Redemption Fund under the Fiscal Agent Agreement and used by the City as a credit against future Reassessments. The Trustee shall notify the Authority of the amount of any such transfer not later than the third (3) Business Day prior to the applicable Interest Payment Date.

On August 15, 2031, or on such earlier date as the City or the Authority advises the Trustee in writing that the amount then in the Reserve Fund equals or exceeds the then outstanding principal amount of the Local Obligation Bonds and interest thereon to the next Interest Payment Date, the Trustee shall transfer to the Fiscal Agent all funds remaining in the Reserve Fund. The City shall credit such amount to any then unpaid Reassessments. Such amount shall be deposited by the Fiscal Agent to the Redemption Fund established under the Fiscal Agent Agreement to make principal and interest payments on the Local Obligation Bonds.

**Section 5.08. Investment of Moneys.** Except as otherwise provided herein, all moneys in any funds or accounts established pursuant to the Indenture and held by the Authority shall be invested by the Authority solely in Permitted Investments, and all moneys in any fund or account held by the Trustee shall be invested solely in Permitted Investments as directed in writing by the Authority two (2) Business Days prior to the making of such investment. All Permitted Investments shall be acquired subject to any restrictive instructions given to the Trustee pursuant to Section 6.07 and such additional limitations or requirements consistent with the foregoing as may be established by the Written Request of the Authority. Moneys in any funds and accounts shall be invested in Permitted Investments maturing not later than the date on which it is estimated that such moneys will be required for the purposes specified in this Indenture. Absent timely written direction from the Authority, the Trustee shall hold such moneys uninvested. The Trustee shall have no duty in connection with the determination of Fair Market Value other than to follow its normal practice in determining the value of Permitted Investments, which may include utilizing computerized securities pricing services that may be available to it, including those available through its regular accounting system.

Except as provided in Section 3.05 with respect to the Improvement Fund and in Section 5.07 with respect to the Reserve Fund, all interest, profits and other income received from the investment of moneys in any fund or account established pursuant to this Indenture shall be deposited in the Revenue Fund. Notwithstanding anything to the contrary contained in this paragraph, an amount of interest received with respect to any Permitted Investments equal to the amount of accrued interest, if any, paid as part of the purchase price of such Permitted Investments shall be credited to the fund from which such accrued interest was paid.

Permitted Investments acquired as an investment of moneys in any fund established under this Indenture shall be credited to such fund. For the purpose of determining the amount in any fund, all Permitted Investments credited to such fund shall be valued at the lesser of cost or market value exclusive of accrued interest, if any, paid as part of the purchase price of the investment. In determining the market value of Permitted Investments, the Trustee may use or rely conclusively and without liability upon any generally recognized pricing information service (including broker and dealers in securities) available to the Trustee.

The Trustee or an affiliate may act as principal or agent in the making or disposing of any investment and shall be entitled to its customary fee therefor. Upon the Written Request of the Authority, or as required for the purposes of the provisions of this Indenture, the Trustee shall sell or present for redemption, any Permitted Investments 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 Permitted Investments is credited, and the Trustee shall not be liable or responsible for any loss resulting from any investment made or sold pursuant to this Section 5.08. The Trustee may rely conclusively upon the investment direction of the Authority as to the suitability and legality of the directed investments.

The Authority acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the Authority the right to receive brokerage confirmations of security transactions as they occur, the Authority specifically waives receipt of such confirmations to the extent permitted by law. The Trustee at no additional cost will furnish the Authority periodic cash transaction statements which include detail for all investment transactions made by the Trustee under this Indenture.

## **ARTICLE VI PARTICULAR COVENANTS**

**Section 6.01. Punctual Payment.** The Authority shall punctually pay or cause to be paid the principal, premium, if any, and interest to become due on 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.** The Authority shall not directly or indirectly extend or assent to the extension of the maturity of any of the Bonds or the time of payment of any claims for interest by the purchase of such Bonds or by any other arrangement, and in case the maturity of any of the Bonds or the time of payment of any such claims for interest shall be extended, such Bonds or claims for interest shall not be entitled, in case of any default hereunder, to the benefits of this Indenture, except subject to the prior payment in full of the principal of all of the Bonds then Outstanding and of all claims for interest thereon which shall not have been so extended. Nothing in this Section shall be deemed to limit the right of the Authority to issue bonds for the purpose of refunding any Outstanding Bonds, and such issuance shall not be deemed to constitute an extension of maturity of the Bonds.

**Section 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 Bond Law, and reserves the right to issue other obligations for such purposes.

The Authority represents and warrants that it has not made a pledge of, granted a security interest in, or made an assignment or sale of the Revenues that ranks on a parity with or prior to the pledge granted hereunder to secure the repayment of the Bonds.

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

**Section 6.05. Accounting Records and Financial Statement.** The Trustee shall at all times keep, or cause to be kept, proper books of record and account, prepared in accordance with corporate trust industry standards, in which complete and accurate entries shall be made of all transactions made by it relating to the Bond proceeds, the Revenues, the Local Obligation Bonds and all funds and accounts established with the Trustee pursuant to this Indenture. Such books of record and account shall be available for inspection by the Authority and the City during regular business hours and upon reasonable notice and under reasonable circumstances as agreed to by the Trustee.

The Authority shall at all times keep, or cause to be kept, proper books of record and account, prepared in accordance with generally accepted accounting principles as applicable to public agencies, in which complete and accurate entries shall be made of all transactions relating to the Bond proceeds, the Revenues, the expenditure of amounts in the Improvement Fund, the Local Obligation Bonds and all funds and accounts established and held by the Authority pursuant to this Indenture. Such books of record and account shall be available for inspection by the Trustee and the City during regular business hours and upon such notice and under such reasonable circumstances as agreed to by the Authority.

**Section 6.06. 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 6.07. Tax Covenants.**

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

“*Code*” means the Internal Revenue Code of 1986.

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

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

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

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

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

“*Tax Regulations*” means the United States Treasury Regulations promulgated pursuant to sections 103 and 141 through 150 of the Code.

“*Yield*” (i) of any Investment has the meaning set forth in section 1.148-5 of the Tax Regulations; and (ii) with respect to any Bonds has the meaning set forth in section 1.148-4 of the Tax Regulations.

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

(c) Private Use and Private Payments; Qualification of Original Bonds. Except as would not cause any Bond to become a “private activity bond” within the meaning of section 141 of the Code and the Tax Regulations, the Authority shall assure that the City at all times previously did and shall prior to the final payment in full of the Bonds:

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

general public) or any property acquired, constructed or improved with such Gross Proceeds (whether through the conveyance of an ownership or leasehold interest in such property (or by the holding of special legal entitlements similar to those of an owner or lessee), or of a contractual right to provide services with respect to any function of such property, or of a contractual right to receive services provided through the use of, or output from the operation of, such property, or otherwise) in any activity carried on by any person or entity (including the United States or any agency, department and instrumentality thereof) other than a state or local government, unless such use is solely by such person as a member of the general public; and

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

(d) No Private Loan. Except as would not cause any Bond to become a “private activity bond” within the meaning of section 141 of the Code and the Tax Regulations and rulings thereunder, neither the City nor the Authority has used or will use Gross Proceeds of the Bonds to make or finance loans to any person or entity other than a state or local government. For purposes of the foregoing covenant, such Gross Proceeds are considered to be “loaned” to a person or entity if: (a) property acquired, constructed or improved with such Gross Proceeds is sold or leased to such person or entity in a transaction that creates a debt for federal income tax purposes; (b) capacity in or service from such property is committed to such person or entity under a take-or-pay, output or similar contract or arrangement; or (c) indirect benefits of such Gross Proceeds, or burdens and benefits of ownership of any property acquired, constructed or improved with such Gross Proceeds, are otherwise transferred in a transaction that is the economic equivalent of a loan.

(e) Not to Invest at Higher Yield. Except as would not cause the Bonds to become “arbitrage bonds” within the meaning of section 148 of the Code and the Tax Regulations and rulings thereunder, neither the City nor the Authority did or shall, at any time prior to the payment in full of the Bonds, directly or indirectly invest Gross Proceeds in any Investment, if as a result of such investment the Yield of any Investment acquired with Gross Proceeds, whether then held or previously disposed of, would materially exceed the Yield of the Bonds within the meaning of said section 148.

(f) Not Federally Guaranteed. Except to the extent permitted by section 149(b) of the Code and the Tax Regulations and rulings thereunder, neither the City nor the Authority has taken, omitted to take, or shall take or omit to take, any action that would cause any Bond to be “federally guaranteed” within the meaning of section 149(b) of the Code and the Tax Regulations and rulings thereunder.

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

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

(i) The Authority shall account for all Gross Proceeds of the Bonds (including all receipts, expenditures and investments thereof) on its books of account separately and apart from all other funds (and receipts, expenditures and investments thereof) and shall retain all records of accounting for at least six years after the day on which the Bonds are paid in full. However, to the extent permitted by law and not otherwise restricted by covenant, each the City and the Authority may commingle Gross Proceeds of Bonds with its other monies, provided that it separately accounts for each receipt and expenditure of Gross Proceeds and the obligations acquired therewith. The Trustee may rely conclusively upon the City's determinations, calculations and certifications required by this Section. The Trustee shall have no responsibility to independently make any calculation or determination or to review the City's calculations hereunder.

(ii) Not less frequently than each Computation Date with respect to the Bonds, the City shall calculate the Rebate Amount in accordance with rules set forth in section 148(f) of the Code and the Tax Regulations and rulings thereunder. The City promptly shall report to the Authority the results of such calculation, including the basis therefor, in sufficient detail and on a timely basis in order that the Authority be able to comply with its covenants herein. The Authority shall maintain a copy of the calculation with its official transcript of proceedings relating to the issuance of the Bonds until six years after the final Computation Date.

(iii) In order to assure the excludability pursuant to section 103(a) of the Code of the interest on the Bonds from the gross income of the owners thereof for federal income tax purposes, the Authority timely shall make such payments to the United States as are required under section 148(f). In order to facilitate the ability of the Authority to make such payments, the City shall pay to the Authority monies in amounts and at times sufficient to permit the Authority timely to pay to the United States the amount that when added to the future value of previous rebate payments made for the Bonds equals (i) in the case of a Final Computation Date as defined in section 1.148-3(e)(2) of the Tax Regulations, one hundred percent (100%) of the Rebate Amount on such date; and (ii) in the case of any other Computation Date, ninety percent (90%) of the Rebate Amount on such date. In all cases, such rebate payments shall be made by the Authority at the times and in the amounts as are or may be required by section 148(f) of the Code and the Tax Regulations and rulings thereunder, and shall be accompanied by Form 8038-T prepared by the City or such other forms and information as is or may be required by section 148(f) of the Code and the Tax Regulations and rulings thereunder for execution and filing by the Authority.

(iv) The City shall exercise reasonable diligence to assure that no errors are made in the calculations and payments required by paragraphs (ii) and (iii), and if an error is made, to discover, report to the Authority and promptly correct such error within a reasonable amount of time thereafter (and in all events within one hundred eighty (180) days after discovery of the error), including payment to the United States of any additional Rebate Amount owed to it, interest thereon, and any penalty imposed under section 1.148-3(h) or other provision of the Tax Regulations.

(i) Not to Divert Arbitrage Profits. Except to the extent permitted by section 148 of the Code and the Tax Regulations and rulings thereunder, neither the City nor the Authority did or shall, at any time prior to the payment in full of the Bonds, enter into any transaction that reduces the amount required to be paid to the United States with respect to such Bonds pursuant to subsection (h) of this Section because such transaction resulted or results in a smaller profit or a larger loss than would have resulted if the transaction had been at arm's length and had the Yield on the Bonds not been relevant to either party.

(j) Bonds Not Hedge Bonds.

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

(ii) Also without limitation of the foregoing, (a) the Authority reasonably expects and believes (upon appropriate investigation) that the City expects that at least 85% of the spendable proceeds of the Bonds will be expended within the three-year period commencing on the date of issuance of the Bonds, and (b) no more than 50% of the proceeds of the Bonds were invested in Nonpurpose Investments having a substantially guaranteed yield for a period of four years or more.

(k) Elections. The Authority has or shall designate an appropriate officer of the Authority to make elections permitted or required pursuant to the provisions of the Code or the Tax Regulations, as such Representative (after consultation with Bond Counsel) deems necessary or appropriate in connection with the Bonds, in the Certificate as to Tax Exemption or similar or other appropriate certificate, form or document.

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

**Section 6.08. Collection of Revenues.** The Authority shall cause to be collected and paid to it all Revenues payable with respect to the Local Obligation Bonds promptly as such Revenues become due and payable, and shall vigorously enforce and cause to be enforced all rights of the Authority and the Trustee under and with respect to the Local Obligation Bonds. Upon any failure of the Authority to perform as required by this Section 6.08, the Trustee shall, subject to the provisions of Article VIII hereof, take appropriate actions to collect and cause the Revenues to be paid to the Trustee.

**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.

**ARTICLE VII**  
**EVENTS OF DEFAULT AND REMEDIES OF BOND OWNERS**

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

(a) if default by the Authority shall be made in the due and punctual payment of the principal of any Bond when and as the same shall become due and payable, whether at maturity as therein expressed, or otherwise;

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

(c) if default shall be made 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 by the Trustee or the Owners of not less than twenty-five percent (25%) in aggregate principal amount of the Bonds at the time Outstanding as determined in Section 12.12 hereof; provided, however, if the failure stated in the notice can be corrected, but not within the applicable period, such default shall not constitute an Event of Default hereunder if the Authority shall commence to cure such default within said sixty (60) day period and thereafter diligently and in good faith shall cure such default within a reasonable period of time; or

(d) the occurrence of an Event of Bankruptcy with respect to the Authority;

**Section 7.02. No Acceleration.** The Bonds are not subject to acceleration.

**Section 7.03. Remedies of Bond Owners.** Subject to the provisions of Section 7.07 hereof, any Bond Owner shall have the right, for the equal benefit and protection of all Bond Owners similarly situated:

(a) by mandamus, suit, action or proceeding, to compel the Authority and its members, officers, agents or employees to perform each and every term, provision and covenant contained in this Indenture and in the Bonds, and to require the carrying out of any or all such covenants and agreements of the Authority and the fulfillment of all duties imposed upon it by the Bond Law;

(b) by suit, action or proceeding in equity, to enjoin any acts or things which are unlawful, or the violation of any of the Bond Owners, rights; or

(c) upon the happening of any Event of Default, by suit, action or proceeding in any court of competent jurisdiction, to require the Authority and its members and employees to account as if it and they were the trustees of an express trust.

**Section 7.04. Application of Revenues and other Funds After Default.** If an Event of Default shall occur and be continuing, all Revenues and any other funds then held or thereafter received by the Authority shall immediately upon receipt by the Authority be transferred by the Authority to the Trustee and be deposited by the Trustee in the Revenue Fund

and all amounts held in the Revenue Fund (and the accounts therein) or the Reserve Fund by the Trustee and all Revenues and any other funds then held or thereafter received by the Trustee under any of the provisions of this Indenture shall be applied by the Trustee as follows and in the following order:

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

(b) To the payment of the principal 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, as follows:

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; and

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

**Section 7.05. Trustee to Represent Bond Owners.** The Trustee is hereby irrevocably appointed (and the 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 the Owners under the provisions of the Bonds, this Indenture, the Bond Law 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 Bond owners, the Trustee in its discretion may, and upon the written request of the Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding, as determined pursuant to Section 12.12 hereof, and upon being indemnified to its satisfaction therefor, shall, proceed to protect or enforce its rights and the rights of such Owners by such appropriate action, suit, mandamus or other proceedings as it shall deem most effectual to protect and enforce any such right, at law or in equity, either for the specific performance of any covenant or agreement contained herein, or in aid of the execution of any power herein granted, or for the enforcement of any other appropriate legal or equitable right or remedy vested in the Trustee and such Owners under the Bonds, this Indenture, the Bond Law 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 the Owners of the Bonds, subject to the provisions of this Indenture.

**Section 7.06. Bond Owners' Direction of Proceedings.** The owners of a majority in aggregate principal amount of the Bonds then Outstanding, as determined pursuant to Section 12.12 hereof, shall have the right, by an instrument or concurrent instruments in writing executed and delivered to the Trustee, and upon indemnification of the Trustee to its reasonable satisfaction, to direct the method of conducting all remedial proceedings taken by the Trustee upon the occurrence of an Event of Default hereunder, provided that such direction shall not be otherwise than in accordance with law and the provisions of this Indenture, and that the Trustee shall have the right to decline to follow any such direction which in the opinion of the Trustee would be unjustly prejudicial to Bond Owners not parties to such direction.

**Section 7.07. Limitation on Bond Owners' Right to Sue.** No owner of any Bonds 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 Fiscal Agent Agreement, the Bond Law or any other applicable law with respect to such Bonds, unless (a) such Owner shall have given to the Trustee written notice of the occurrence of an Event of Default; (b) the owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding, as determined pursuant to Section 12.12 hereof, shall have made written request upon the Trustee to exercise the powers hereinbefore granted or to institute such suit, action or proceeding in its own name; (c) such Owner or said owners shall have tendered to the Trustee indemnity against the costs, expenses and liabilities to be incurred in compliance with such request; and (d) the Trustee shall have refused or omitted to comply with such request for a period of sixty (60) days after such written request shall have been received by, and said tender of indemnity shall have been made to, the Trustee.

Such notification, request, tender of indemnity and refusal or omission are hereby declared, in every case, to be conditions precedent to the exercise by any Owner of Bonds of any remedy hereunder or under law; it being understood and intended that not 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 the Bonds, this Indenture, the Bond Law or other applicable law, with respect to the Bonds, except in the manner herein provided, and that all proceedings at law or in equity to enforce any such right shall be instituted, had and maintained in the manner herein provided and for the benefit and protection of all 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 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 and received by the Authority or the Trustee, 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 Bond 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 Bond Owners, then in every such case the Authority, the Trustee and the Bond 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 Bond 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 Event of Default shall impair any such right or power or shall be construed to be a waiver of any such Event of Default or 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.

## **ARTICLE VIII THE TRUSTEE**

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

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

(b) The Authority may, and upon Written Request of the City shall, remove the Trustee upon thirty (30) day' prior written notice to the Trustee and the City, 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, as determined pursuant to Section 12.12 hereof (or their attorneys duly authorized in writing) or if at any time the Trustee shall cease to be eligible in accordance with subsection (e) of this Section, or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or a receiver of the Trustee or its property shall be appointed, or any public officer shall take control or charge of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation, in each case by giving written notice of such removal to the Trustee and thereupon shall appoint a successor Trustee by an instrument in writing.

(c) The Trustee may at any time resign by giving written notice of such resignation by first class mail, postage prepaid, to the Authority, the City and to the Bond Owners at the respective addresses shown on the Registration Books. Upon receiving such notice of resignation, the Authority shall promptly appoint a successor Trustee by an instrument in writing. The Trustee shall not be relieved of its duties until such successor Trustee has accepted appointment.

(d) Any removal or resignation of the Trustee and appointment of a successor Trustee shall become effective upon acceptance of appointment by the successor Trustee. If no successor Trustee shall have been appointed and have accepted appointment within forty-five (45) days following giving notice of removal or notice of resignation as aforesaid, the resigning Trustee or any Bond Owner (on behalf of himself and all other Bond 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, the City and to its predecessor Trustee a written acceptance thereof, and to the predecessor Trustee an instrument indemnifying the predecessor Trustee for any costs or claims arising during the time the successor Trustee serves as Trustee hereunder, and after payment by the Authority of all unpaid fees and expenses of the predecessor Trustee, the 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 written 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 for in this subsection, the Authority shall mail or cause the successor Trustee to mail, by first class mail postage prepaid, a notice of the succession of such Trustee hereunder to any rating agency which then maintains a rating on the Bonds and to the Bond Owners at the addresses shown on the Registration Books. 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 trust company, national banking association or bank having the powers of a trust company, having a combined capital and surplus of at least fifty million dollars (\$50,000,000), and subject to supervision or examination by federal or state agency. If such bank, national banking association or trust company publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining agency above referred to, then for the purpose of this subsection the combined capital and surplus of such bank, national banking association or trust company shall be deemed to be its combined capital and

surplus as set forth in its most recent report of condition so published. In case at any time the Trustee shall cease to be eligible in accordance with the provisions of this subsection (e), the Trustee shall resign immediately in the manner and with the effect specified in this Section.

**Section 8.02. Merger or Consolidation.** Any bank, national banking association or trust company into which the Trustee may be merged or converted or with which it may be consolidated or any bank or trust company resulting from any merger, conversion or consolidation to which it shall be a party or any bank, national banking association or trust company to which the Trustee may sell or transfer all or substantially all of its corporate trust business, provided such bank or trust 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 not assume responsibility for the correctness of the same, or make any representations as to the validity or sufficiency of this Indenture or of the Bonds or shall incur any responsibility in respect thereof, other than as expressly stated herein in connection with the respective duties or obligations herein or in the Bonds assigned to or imposed upon it. The Trustee shall, however, be responsible for its representations contained in its certificate of authentication on the Bonds. The Trustee makes no representations as to the validity or sufficiency of the Indenture, or of any Bonds, or any Local Obligation Bond or in respect of the security afforded by this Indenture and the Trustee shall incur no responsibility in respect thereof. The Trustee shall be under no responsibility or duty with respect to: (i) the issuance of the Bonds for value; (ii) the application of the proceeds thereof except to the extent that such proceeds are received by it in its capacity as Trustee; or (iii) the application of any moneys paid to the Authority or others in accordance with this Indenture except as the application of any moneys paid to the Trustee in its capacity as Trustee. The Trustee shall not be liable in connection with the performance of its duties hereunder, except for its own negligence or willful misconduct and the negligence and willful misconduct of its agents. Absent negligence or willful misconduct, the Trustee shall not be liable for any action taken or omitted by it in good faith and believed by it to be authorized or within the discretion or rights or powers conferred upon it by the Indenture. 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 Bond 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.

(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 in aggregate principal amount of the Bonds as determined pursuant to Section 12.12

hereof, at the time Outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee under this Indenture.

(d) Absent negligence or willful misconduct, 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.

(e) The Trustee shall not be deemed to have knowledge of any default or Event of Default hereunder unless and until it shall have actual knowledge thereof, or shall have received written notice thereof, at its Principal Office. Except as otherwise 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 an Event of Default thereunder. The Trustee shall not be responsible for the validity or effectiveness of any collateral given to or held by it.

(f) The Trustee shall be under no obligation to institute any suit or take any remedial action under this Indenture, or to enter any appearance in or in any way defend any suit in which it may be made defendant, or to take any steps in the execution of the trust hereby created or in the exercise of any rights or powers hereunder at the request, order, or direction of any Owners of Bonds or otherwise unless it shall be indemnified to its satisfaction against any and all reasonable costs and expenses, outlays and counsel fees and other disbursements, and against all liability not due to its negligence or willful misconduct, provided, however, that if the Trustee intends to rely on this Section 8.03(f) as a basis for non-action it shall so inform the Owners of the Bonds and the Authority in writing as soon as possible.

(g) The Trustee shall have the right to accept and act upon instructions, including funds transfer instructions (“Instructions”) given pursuant to this Indenture and delivered using Electronic Means (“Electronic Means” shall mean the following communications methods: e-mail, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Trustee, or another method or system specified by the Trustee as available for use in connection with its services hereunder); provided, however, that the Authority shall provide to the Trustee an incumbency certificate listing officers with the authority to provide such Instructions (“Authorized Officers”) and containing specimen signatures of such Authorized Officers, which incumbency certificate shall be amended by the Authority whenever a person is to be added or deleted from the listing. If the Authority elects to give the Trustee Instructions using Electronic Means and the Trustee in its discretion elects to act upon such Instructions, the Trustee’s understanding of such Instructions shall be deemed controlling. The Authority understands and agrees that the Trustee cannot determine the identity of the actual sender of such Instructions and that the Trustee shall conclusively presume that directions that purport to have been sent by an Authorized Officer listed on the incumbency certificate provided to the Trustee have been sent by such Authorized Officer. The Authority shall be responsible for ensuring that only Authorized Officers transmit such Instructions to the Trustee and that the Authority and all Authorized Officers are solely responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and/or authentication keys upon receipt by the Authority. 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 directions conflict or are inconsistent with a subsequent written instruction. The Authority agrees: (i) to assume all risks arising out of the use of Electronic Means to submit Instructions 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; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting Instructions to the Trustee and that there may be more secure methods of transmitting Instructions than the method(s) selected by the Authority; (iii) that the security procedures (if any) to be followed in connection with its transmission of Instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) to notify the Trustee immediately upon learning of any compromise or unauthorized use of the security procedures.

(h) The Trustee may execute any of the trusts or powers hereof and perform the duties required of it hereunder by or through attorneys, agents, affiliates, or receivers, and shall be entitled to advice of counsel concerning all matters of trust and its duty hereunder, and the Trustee shall not be answerable for any willful misconduct or negligence on the part of any such attorney, agent, or receiver selected by it with reasonable care.

(i) The permissive right of the Trustee to do things enumerated in this Indenture shall not be construed as a duty and it shall not be answerable for other than its negligence or willful misconduct.

(j) The Trustee shall not be considered in breach of or in default in its obligations hereunder or progress in respect thereto in the event of enforced delay (“unavoidable delay”) in the performance of such obligations due to unforeseeable causes beyond its control and without its fault or negligence, including but not limited to, Acts of God or of the public enemy or terrorists, acts of a government, acts of the other party, fires, floods, epidemics, quarantine restrictions, strikes, freight embargoes, earthquakes, explosion, mob violence, riot, inability to procure or general sabotage or rationing of labor, equipment, facilities, sources of energy, material, supplies in the open market, litigation, arbitration involving a party or others relating to zoning or other government action or inaction pertaining to the Facilities, malicious mischief, condemnation, and unusually severe weather or delays of suppliers or contractors due to such causes or any similar event and/or occurrence beyond the control of the Trustee.

The Trustee shall have no responsibility or liability with respect to any information, statements or recital in any offering memorandum or other disclosure material prepared or distributed with respect to the issuance of these Bonds. The Trustee shall not be liable for any action taken or not taken by attorneys and agents appointed with care. The Trustee shall not be liable in connection with the performance of its duties hereunder except for its own negligence or willful misconduct.

**Section 8.04. Right to Rely on Documents.** The Trustee shall be protected in acting upon any notice, resolution, request, consent, order, certificate, report, opinion, bonds or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. The Trustee may consult with counsel, who may be Bond Counsel or other counsel of or to the Authority, with regard to legal questions, and absent negligence or willful misconduct, 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; provided, however, the Trustee shall in no event delay any payment with respect to the Bonds in anticipation of any such opinion.

Except as otherwise expressly provided in this Indenture, the Trustee shall not be bound to recognize any Person as the Owner of a Bond unless and until such Bond is submitted for inspection, if required, and his title thereto is satisfactorily established, if disputed.

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 Written 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 during business hours, and upon reasonable notice, to the inspection of the Authority, the City and their agents and representatives duly authorized in writing.

**Section 8.06. Compensation; Indemnification.** The Authority shall cause to be paid to the Trustee from time to time all reasonable compensation for all services rendered under this Indenture, and also all reasonable expenses, charges, legal and consulting fees and other disbursements and those of its attorneys, agents and employees, incurred in and about the performance of its powers and duties under this Indenture. However, the Authority shall not be liable for “overhead expenses” except as such expenses may be included as a component of the Trustee’s stated annual fees. The Authority agrees to indemnify and save the Trustee and its officers, directors, agents, and employees harmless against any liabilities which it may incur in the exercise and performance of its powers and duties hereunder, including, but not limited to, claims of the owners arising from the Trustee’s actions pursuant to Section 10.04 hereof, and under any related documents, including the enforcement of any remedies and the defense of any suit, and which are not due to its negligence or its willful misconduct. The duty of the Authority to indemnify the Trustee hereunder shall survive the termination and discharge of this Indenture and the resignation and removal of the Trustee. None of the provisions contained in the Indenture shall require the Trustee to expend or risk its own funds or otherwise incur financial liability in the performance of any of its duties or in the exercise of any of its rights or powers.

**Section 8.07. Right of Trustee to Acquire Bonds.** The Trustee and its officers and directors may acquire and hold, or become the pledgee of, Bonds and otherwise deal with the Authority in the manner and to the same extent and with like effect as if it were not the Trustee hereunder.

**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 hereto, which the Authority and the Trustee may enter into with the written consent of the owners of a majority in aggregate principal amount of all Bonds then Outstanding, as determined pursuant to Section 12.12 hereof, which shall have been filed with the Trustee. No such modification or amendment shall (i) extend the maturity of any Bonds, or reduce the amount of principal thereof, or extend the time of payment thereof, without the consent of the Owner of each Bond so affected, or (ii) reduce the aforesaid percentage of Bonds the consent of the Owners of which is required to effect any such modification or amendment, or (iii) 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 the Revenues and other assets (except as expressly provided in this Indenture), without the consent of the Owners of all of the Bonds then Outstanding. It shall not be necessary for the consent of the Bond 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 cause to be mailed a notice (the form of which shall be furnished to the Trustee by the Authority), by first class mail postage prepaid, setting forth in general terms the substance of such Supplemental Indenture, to the Owners of the Bonds at the respective addresses shown on the Registration Books. 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 any Supplemental Indenture and the rights and obligations of the Authority, of the Trustee and the Owners of the Bonds may also be modified or amended from time to time and at any time by a Supplemental Indenture, which the Authority and the Trustee may enter into without the consent of any Bond Owners, 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 as to any other provisions of the Indenture as the Authority may deem necessary or desirable, in any case which do not have a material and adverse affect on the security for the Bonds granted hereunder;

(iii) to modify, amend or supplement this Indenture in such manner as to permit the qualification hereof under the Trust Indenture Act of 1939, as amended, or any

similar federal statute hereafter in effect, and to add such other terms, conditions and provisions as may be permitted by said act or similar federal statute; and

(iv) to modify, amend or supplement this Indenture in such manner as to cause interest on the Bonds to be excludable, or remain so, from the gross incomes of the Owners for purposes of federal income taxation.

The Trustee may in its discretion, but shall not be obligated to, enter into any such amendment authorized by subsections (a) or (b) of this Section which will adversely affects the Trustee's own rights, duties, or immunities under this Indenture. Prior to the Trustee entering into any Supplemental Indenture hereunder, the Authority shall deliver to the Trustee an opinion of Bond Counsel stating, in substance, that such Supplemental Indenture has been adopted in compliance with the requirements of this Indenture.

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

**Section 9.03. Endorsement of Bonds; Preparation of New Bonds.** Bonds delivered after the execution of any Supplemental Indenture pursuant to this Article may, and if the Authority so determines shall, bear a notation by endorsement or otherwise in form approved by the Authority as to any modification or amendment provided for in such Supplemental Indenture, and, in that case, upon demand on the Owner of any Bonds Outstanding at the time of such execution and presentation of his Bonds for the purpose at the Principal Office of the Trustee a suitable notation shall be made on such Bonds. If the Supplemental Indenture shall so provide, new Bonds so modified as to conform, in the opinion of the Authority, 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 Office of the Trustee, without cost to any Bond Owner, for Bonds then Outstanding, upon surrender for cancellation of such Bonds, in equal aggregate principal amount of the same interest rate and maturity.

**Section 9.04. Amendment of Particular Bonds.** The provisions of this Article shall not prevent any Bond Owner from accepting any amendment as to the particular Bonds held by such Owner.

**Section 9.05. Amendment of Local Obligation Bonds.** Nothing in this Article IX or elsewhere in this Indenture or in any applicable Supplemental Indenture (unless such Supplemental Indenture shall provide expressly to the contrary) shall prohibit the Authority from consenting to the amendment, supplement or other modification of the Local Obligation Bonds, or the proceedings providing for the issuance thereof; provided, however, the Authority shall first deliver to the Trustee a Written Certificate describing such amendment, supplement or other

modification and stating that such amendment, supplement or other modification will not adversely affect the security of the Owners of the Bonds under this Indenture and the applicable Supplemental Indenture, together with (i) a certificate of an Independent Financial Consultant stating that such amendment, supplement or other modification will not adversely impact the Authority's ability to pay principal and interest of the Bonds and (ii) an opinion of Bond Counsel that such amendment, supplement or other modification will not impair the exclusion from gross income of interest on the Bonds for purposes of federal income taxation by the United States of America. The Trustee shall take such actions as shall be directed by the Authority in implementation of such amendment, supplement or other modification, including, without limitation, the acceptance by the Trustee of revised Local Obligation Bonds in exchange for the amended, supplemented or otherwise modified Local Obligation Bonds.

## **ARTICLE X DEFEASANCE**

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

- (a) by paying or causing to be paid the principal of and interest and premium, if any, on the Bonds or any portion thereof as and when the same become due and payable;
- (b) by irrevocably depositing with the Trustee, in trust (pursuant to an escrow agreement), at or before maturity, money or Defeasance Obligations in the necessary amount (as provided in Section 10.03) to pay or redeem all or any portion of the Bonds then Outstanding; or
- (c) by delivering to the Trustee, for cancellation by it, all or any portion of the Bonds then Outstanding.

If the Authority shall also pay or cause to be paid all other sums payable hereunder by the Authority including without limitation any compensation or other amounts due and owing the Trustee hereunder, then and in that case, at the election of the Authority (evidenced by a Written 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 such 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 with respect to such Bonds shall cease, terminate, become void and be completely discharged and satisfied. In such event, upon the Written Request of the Authority, and upon receipt of a Written Certificate of an Authorized Representative of the Authority and an opinion of Bond Counsel acceptable to the Trustee, each to the effect that all conditions precedent herein provided for relating to the discharge and satisfaction of the obligations of the Authority with respect to all Outstanding Bonds have been satisfied, the Trustee shall cause an accounting for such period or periods as may be requested by the Authority to be prepared and filed with the Authority and shall execute and deliver to the Authority all such instruments as may be necessary or desirable to evidence such discharge and satisfaction, and the Trustee shall pay over, transfer, assign or deliver all moneys or securities or other property held by it pursuant to this Indenture and the applicable Supplemental Indenture,

which are not required for the payment or redemption of Bonds not theretofore surrendered for such payment or redemption, to 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 Bonds (whether upon or prior to the maturity or the redemption date of such Bonds), provided that, if such Bonds are to be redeemed prior to maturity, notice of such redemption shall have been given as provided in Article IV 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 Bonds shall cease, terminate and be completely discharged, and the Owners thereof shall thereafter be entitled only to payment out of such money or securities deposited with the Trustee as aforesaid for their payment, subject, however, to the provisions of Section 10.04.

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 so to be deposited or held may include money or securities held by the Trustee in the funds and accounts established pursuant to this Indenture 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 provided in Article IV 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 of such Bonds, premium, if any, and all unpaid interest thereon to the redemption date; or

(b) noncallable Defeasance Obligations the principal of, premium, if any, and interest on which when due will provide money sufficient, as verified by a report of an Independent Accountant, to pay the principal 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 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 provided in Article IV 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 Written Request of the Authority) to apply such funds to the payment of such principal and interest on the 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 of, or interest on, any Bonds and remaining unclaimed for two (2) years after the

principal of all of the Bonds has become due and payable (whether at maturity or upon call for redemption), if such moneys were so held at such date, or two (2) 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 Authority free from the trusts created by this Indenture and any applicable Supplemental Indenture, and all liability of the Trustee, as applicable, with respect to such moneys shall thereupon cease; provided, however, that before the repayment of such moneys to the Authority as aforesaid, the Trustee shall at the Written Request of the Authority and at the cost of the Authority, mail, by first class mail, postage prepaid, to the Owners of Bonds which have not yet been paid, at the respective addresses shown on the Registration Books, 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 Authority of the moneys held for the payment thereof.

## ARTICLE XI

[intentionally omitted]

## ARTICLE XII MISCELLANEOUS

**Section 12.01. Liability of Authority Limited to Revenues.** Notwithstanding anything in this Indenture or in the Bonds contained, neither the Authority, nor any member thereof, shall 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, whether for the payment of the principal 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.

**Section 12.02. 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 12.03. Limitation of Rights to Parties and Bond 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 City 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 City and the Owners of the Bonds.

**Section 12.04. 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 may, in lieu of such cancellation and delivery, destroy such Bonds as may be allowed by law,

and upon the Written Request of the Authority deliver a certificate of such destruction to the Authority.

**Section 12.05. 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 12.06. Notices.** All notices or communications herein required or permitted to be given to the Authority or the Trustee shall be in writing and shall be deemed to have been sufficiently given or served for all purposes by being delivered or sent by facsimile or by being deposited, postage prepaid, in a post office letter box, addressed as follows:

If to the Authority: Carson Public Financing Authority  
701 East Carson Street  
Carson, California 90745  
Attention: City Manager

If to the Trustee: The Bank of New York Mellon Trust Company, N.A.  
400 S. Hope Street, Suite 500  
Los Angeles, California 90071  
Attention: Corporate Trust Department

**Section 12.07. Waiver of Notice: Requirement of Mailed 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. Whenever in this Indenture any notice shall be required to be given by mail, such requirement shall be satisfied by the deposit of such notice in the United States mail, postage prepaid, by first class mail.

**Section 12.08. Evidence of Rights of Bond Owners.** Any request, consent or other instrument required or permitted by this Indenture to be signed and executed by Bond Owners may be in any number of concurrent instruments of substantially similar tenor and shall be signed or executed by such Bond 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 the Authority if made in the manner provided in this Section.

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

The ownership of registered Bonds shall be proved by the Registration Books. 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 12.09. Money Held for Particular Bonds.** The money held by the Trustee for the payment of the interest, principal or premium due on any date with respect to particular Bonds (or portions of Bonds in the case of Bonds redeemed in part only) shall, on and after such date and pending such payment, be set aside on its books and held in trust by it for the Owners of the Bonds entitled thereto, subject, however, to the provisions of Section 10.04 but without any liability for interest thereon.

**Section 12.10. Funds and Accounts.** Any fund or account required by this Indenture to be established and maintained by the Trustee may be established and maintained in the accounting records of the Trustee, either as a fund or an account, and may, for the purposes of such records, any audits thereof and any reports or statements with respect thereto, be treated either as a fund or as an account; but all such records with respect to all such funds and accounts shall at all times be maintained in accordance with industry standards to the extent practicable, and with due regard for the requirements of Section 6.05 and for the protection of the security of the Bonds and the rights of every Owner thereof.

**Section 12.11. 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 actually known by the Trustee to be owned or held by or for the account of the Authority, or by any other obligor on the Bonds, or by any Person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the Authority or any other obligor on the Bonds, shall be disregarded and deemed not to be Outstanding for the purpose of any such determination, unless all Bonds are so owned or held, in which case all such Bonds shall be deemed Outstanding and shall not be disregarded. Bonds so owned which have been pledged in good faith may be regarded as Outstanding for the purposes of this Section if the pledgee shall certify to the Trustee the pledgee's right to vote such Bonds and that the pledgee is not a Person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the Authority or any other obligor on the Bonds. In case of a dispute as to such right, any decision by the Trustee taken upon the advice of counsel shall be full protection to the Trustee. Upon the request of the Trustee, the Authority shall specify in a certificate to the Trustee those Bonds disqualified pursuant to this Section and the Trustee may conclusively rely on such certificate.

**Section 12.12. Determination of Percentage of Bond Owners.** Whenever in this Indenture the consent, direction or other action is required or permitted to be given or taken by a percentage of the owners of an aggregate principal amount of Bonds Outstanding (including the owners of a majority in aggregate principal amount of the Bonds Outstanding), such percentage shall be calculated on the basis of the principal amount of the Outstanding Bonds.

**Section 12.13. Payment on Non-Business Days.** In the event any payment is required to be made hereunder on a day which is not a Business Day, such payment, with no interest accruing for the period after such nominal date, shall be made on the next succeeding Business Day with the same force and effect as if done on the nominal date provided in this Indenture.

**Section 12.14. Waiver of Personal Liability.** No director, officer, agent or employee of the Authority shall be individually or personally liable for the payment of the principal of or premium 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 director, officer, agent or employee from the performance of any official duty provided by law or by this Indenture.

**Section 12.15. 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 12.16. Governing Laws.** This Indenture shall be governed by and construed in accordance with the laws of the State applicable to contracts made and performed in the State.

IN WITNESS WHEREOF, the CARSON PUBLIC FINANCING AUTHORITY has caused this Indenture to be signed in its name by its President, and THE BANK OF NEW YORK MELLON TRUST COMPANY, NA., in token of its acceptance of the trusts created hereunder, has caused this Indenture to be signed in its corporate name by its officer thereunto duly authorized, all as of the day and year first above written.

CARSON PUBLIC FINANCING AUTHORITY

By: \_\_\_\_\_  
President

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

By: \_\_\_\_\_  
Authorized Officer

**EXHIBIT A**  
**FORM OF BOND**

REGISTERED

REGISTERED

R- \_\_\_\_\_

\$ \_\_\_\_\_

UNITED STATES OF AMERICA  
STATE OF CALIFORNIA  
COUNTY OF LOS ANGELES

**CARSON PUBLIC FINANCING AUTHORITY**  
**REASSESSMENT REVENUE BOND**  
**SERIES 2019**

INTEREST RATE	MATURITY DATE	DATED DATE	CUSIP
_____%	September 2, ____	_____, 2019	_____

REGISTERED OWNER: CEDE & CO.

PRINCIPAL SUM: \*\*\* \_\_\_\_\_ DOLLARS \*\*\*

The CARSON PUBLIC FINANCING AUTHORITY (the "Authority"), a joint powers authority created pursuant to the provisions of Articles 1 through 4 (Commencing with Section 6500) of Chapter 5, Division 7, Title 1 of the Government Code of the State of California (the "Law"), for value received, hereby promises to pay (but only out of the Revenues and other assets pledged therefor as hereinafter mentioned) to the Registered Owner stated above or registered assigns (the "Owner"), on the Maturity Date stated above (subject to any right of prior redemption hereinafter mentioned), the Principal Sum stated above, in lawful money of the United States of America; and to pay interest thereon in like lawful money from the Interest Payment Date (as hereinafter defined) next preceding the date of authentication of this Bond (unless this Bond is authenticated after a Record Date (as hereinafter defined) and on or prior to the next succeeding Interest Payment Date, in which event it shall bear interest from such Interest Payment Date, or unless this Bond is authenticated on or before \_\_\_\_\_, in which event it shall bear interest from the Dated Date stated above) until payment of such Principal Sum shall be discharged as provided in the Indenture hereinafter mentioned, at the Interest Rate per annum stated above, payable semiannually on each March 2 and September 2 (each an "Interest Payment Date,"), commencing September 2, 2019. The principal (or redemption price) hereof is payable upon presentation and surrender of this Bond at the corporate trust office of The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"), in Los Angeles, California (or such other office designated by the Trustee, herein called the "Principal Office" of the Trustee). Interest hereon is payable by check of the Trustee mailed by first class mail on each Interest Payment Date to the Owner as of the fifteenth (15th) day of the month preceding the month in which such Interest Payment Date occurs (the "Record Date") at the address shown on

the registration books maintained by the Trustee or, upon written request filed with the Trustee on or before five Business Days before the fifteenth (15th) day of the month preceding the month in which such Interest Payment Date occurs by an Owner of at least \$1,000,000 in aggregate principal amount of Bonds, by wire transfer in immediately available funds to an account in the United States of America designated by such Owner in such written request.

This Bond is one of a duly authorized issue of bonds of the Authority designated as the “Carson Public Financing Authority Reassessment Revenue Refunding Bonds, Series 2019 (the “Bonds”), in the aggregate principal amount of \$ \_\_\_\_\_, all issued pursuant to the provisions of the Marks-Roos Local Bond Pooling Act of 1985, being Article 4 of Chapter 5 of Division 7 of Title 1 of the California Government Code (commencing with Section 6584) (the “Bond Law”), and pursuant to an Indenture of Trust, dated as of June 1, 2019 by and between the Authority and the Trustee (the “Indenture”). The Bonds are issued for the purpose of financing certain public capital improvements and providing funds for the purchase of the Local Obligation Bonds (as defined in the Indenture) issued to refinance the acquisition, construction, improving and equipping of public capital improvements undertaken by the City of Carson (the “City”).

Reference is hereby made to the Indenture (copies of which are on file at said office of the Trustee) and all indentures supplemental thereto and to the Bond Law for a description of the rights thereunder of the owners of the Bonds, of the nature and extent of the security for the Bonds, of the rights, duties and immunities of the Trustee and of the rights and obligations of the Authority thereunder. The Owner of this Bond, by acceptance hereof, assents and agrees to all the provisions of the Indenture.

The Bonds and the interest thereon are payable from Revenues (as that term is defined in the Indenture), derived primarily from payments made by the City with respect to Local Obligation Bonds acquired with the proceeds of the Bonds, and are secured by a pledge and assignment of said Revenues and of amounts held in certain funds and accounts established pursuant to the Indenture, subject only to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in the Indenture.

The Bonds are special obligations of the Authority and are not a lien or charge upon the funds or property of the Authority, except to the extent of the aforesaid pledge and assignment. The Bonds are not a debt of the City or the State of California and neither said State nor the City is liable for the payment thereof. The Authority has no taxing power.

The Bonds are subject to redemption on any Interest Payment Date, prior to maturity, as a whole or in part from such maturities as are selected by the Authority in accordance with the Indenture, from the mandatory redemption of Local Obligation Bonds as a result of prepayment of Reassessments in each case at the following redemption prices (expressed as percentages of the principal amount of the Bonds to be redeemed), together with accrued interest thereon to the date of redemption:

**Redemption Date**

**Redemption Price**

September 2, 2019 and any Interest Payment Date to and including September 2, ____	%
March 2, ____ and September 2, ____	
March 2, ____ and any Interest Payment Date thereafter	

Notice of redemption shall be given as provided in the Indenture.

The Bonds are issuable as fully registered Bonds in the minimum denomination of \$5,000 each or any integral multiple thereof. Subject to the limitations and upon payment of the charges, if any, provided in the Indenture, Bonds may be exchanged, at the Principal Office of the Trustee, for a like aggregate principal amount of Bonds of the same interest rate and of other authorized denominations.

This Bond is transferable by the Owner hereof, in person or by his attorney duly authorized in writing, at the Principal Office of the Trustee, but only in the manner, subject to the limitations and upon payment of the charges, if any, provided in the Indenture, and upon surrender and cancellation of this Bond. Upon such transfer, a new Bond or Bonds, of authorized denomination or denominations, for the same aggregate principal amount, will be issued to the transferee in exchange therefor. The Trustee shall not be required to register the transfer or exchange of any Bond (i) during the period established by the Trustee for selection of Bonds for redemption, or (ii) selected for redemption. The Authority and the Trustee may treat the Owner hereof as the absolute owner hereof for all purposes, and the Authority and the Trustee shall not be affected by any notice to the contrary.

The 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 in the manner, to the extent, and upon the terms provided in the Indenture; provided that no such modification or amendment shall (1) extend the fixed maturity of this Bond, or reduce the amount of principal hereof, or reduce the rate of interest hereon, or extend the time of payment of interest hereon, or reduce any premium payable upon the redemption hereof, without the consent of the owner hereof, or (2) reduce the 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 as security for the Bonds prior to or on a parity with the lien created by the Indenture, or deprive the owners of the Bonds of the lien created by the Indenture on such Revenues and other assets (except as expressly provided in the indentures), without the consent of the owners of all Bonds then outstanding, all as more fully set forth in the Indenture.

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

California, and is not in excess of the amount of Bonds permitted to be issued under the Indenture.

Unless this Bond is presented by an authorized representative of The Depository Trust Company to the Trustee for registration of transfer, exchange or payment, and any Bond issued is registered in the name of Cede & Co. or such other name as requested by an authorized representative of The Depository Trust Company and any payment is made to Cede & Co., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL since the registered owner hereof, Cede & Co., has an interest herein.

This Bond shall not be entitled to any benefit under the Indenture, or become valid or obligatory for any purpose, until the Trustee's Certificate of Authentication hereon endorsed shall have been signed by the Trustee.

CARSON PUBLIC FINANCING AUTHORITY

By: \_\_\_\_\_  
President

ATTEST

By: \_\_\_\_\_  
Secretary

**FORM OF TRUSTEE'S CERTIFICATE OF AUTHENTICATION**

This is one of the Bonds described in the within mentioned Indenture, which has been authenticated on the date set forth below.

Date of Authentication:

THE BANK OF NEW YORK TRUST COMPANY,  
as Trustee:

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

**ASSIGNMENT**

For value received, the undersigned do(es) hereby sell, assign and transfer unto \_\_\_\_\_ the within mentioned registered Bond and hereby irrevocably constitute(s) and appoint(s) \_\_\_\_\_ attorney, to transfer said Bond on the books of \_\_\_\_\_ as Trustee, with full power of substitution in the premises.

Dated: \_\_\_\_\_

Signature Guaranteed:

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NOTE: Signature guarantee shall be made by a guarantor institution participating in the Securities Transfer Agents medallion Program or in such other guarantee program acceptable to the Trustee.

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