

**INDENTURE OF TRUST**

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

by and between the

**CITY AND COUNTY OF SAN FRANCISCO INFRASTRUCTURE FINANCING  
DISTRICT NO. 2 (PORT OF SAN FRANCISCO)**

and

**[CORPORATE TRUSTEE],  
as Trustee**

Relating to

**[\$[Principal Amount]  
City and County of San Francisco Infrastructure Financing District No. 2 (Port of  
San Francisco)  
Project Area I (Mission Rock)  
Tax Increment Revenue Bond, Series \_\_\_\_\_**

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## INDENTURE OF TRUST

THIS INDENTURE OF TRUST (this "Indenture") is made and entered into as of \_\_\_\_ 1, 20\_\_, by and between the CITY AND COUNTY OF SAN FRANCISCO INFRASTRUCTURE FINANCING DISTRICT NO. 2 (PORT OF SAN FRANCISCO), an infrastructure financing district and a legally constituted governmental entity established pursuant to the laws of the State of California (the "IFD"), and [CORPORATE TRUSTEE], a national banking association duly organized and existing under the laws of the United States of America, as trustee (the "Trustee");

### WITNESSETH:

**WHEREAS**, the IFD is an infrastructure financing district and a legally constituted governmental entity established pursuant to the laws of the State of California, with the legal authority to exercise powers under and pursuant to the provisions of Chapter 2.8 of Division 2 of Part 1 of Title 5 of the California Government Code (the "Law"), including the power to issue bonds;

**WHEREAS**, an Infrastructure Financing Plan (as defined herein) for the IFD, including Appendix I with respect to Project Area I (Mission Rock), Sub-Project Area I-1 (Mission Rock), Sub-Project Area I-2 (Mission Rock), Sub-Project Area I-3 (Mission Rock), Sub-Project Area I-4 (Mission Rock), Sub-Project Area I-5 (Mission Rock), Sub-Project Area I-6 (Mission Rock), Sub-Project Area I-7 (Mission Rock), Sub-Project Area I-8 (Mission Rock), Sub-Project Area I-9 (Mission Rock), Sub-Project Area I-10 (Mission Rock), Sub-Project Area I-11 (Mission Rock), Sub-Project Area I-12 (Mission Rock), and Sub-Project Area I-13 (Mission Rock), has been adopted in compliance with all requirements of the Law;

**WHEREAS**, the IFD wishes to issue bonds (the "Series 20\_\_ Bonds") for the purpose of financing **[to come]**;

**WHEREAS**, the Bonds will be payable from Tax Revenues (as hereinafter defined);

**WHEREAS**, in order to provide for the authentication and delivery of the Series 20\_\_ Bonds, to establish and declare the terms and conditions upon which the Series 20\_\_ Bonds are to be issued and secured and to secure the payment of the principal thereof and interest and redemption premium (if any) thereon, the IFD and the Trustee have duly authorized the execution and delivery of this Indenture; and

**WHEREAS**, the IFD has determined that all acts and proceedings required by law necessary to make the Series 20\_\_ Bonds when executed by the IFD, and authenticated and delivered by the Trustee, the valid, binding and legal special obligations of the IFD, and to constitute this Indenture a legal, valid and binding agreement for the uses and purposes herein set forth in accordance with its terms, have been done or taken;

**NOW, THEREFORE, THIS INDENTURE WITNESSETH**, that in order to secure the payment of the principal of and the interest and redemption premium (if any) on all the Bonds, including the Series 20\_\_ Bonds, 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, including the Series 20\_\_ 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, including the Series 20\_\_ Bonds, by the Owners thereof, and for other valuable considerations, the receipt of which is hereby acknowledged, the IFD and the Trustee do hereby covenant and agree with one another, for the benefit of the respective Owners from time to time of the Bonds, including the Series 20\_\_ Bonds, as follows:

## ARTICLE I

### DETERMINATIONS; DEFINITIONS

**Section 1.01. Findings and Determinations.** The IFD has reviewed all proceedings heretofore taken and has found, as a result of such review, and hereby finds and determines that all things, conditions and acts required by law to exist, happen or be performed precedent to and in connection with the issuance of the Series 20\_\_ Bonds do exist, have happened and have been performed in due time, form and manner as required by law, and the IFD is now duly empowered, pursuant to each and every requirement of law, to issue the Series 20\_\_ Bonds in the manner and form provided in this Indenture.

**Section 1.02. Definitions.** Unless the context otherwise requires, the terms defined in this Section 1.02 shall, for all purposes of this Indenture, of any Supplemental Indenture, and of any certificate, opinion or other document herein mentioned, have the meanings herein specified.

**"Annual Debt Service"** means, for each Bond Year, the sum of (a) the interest payable on the Outstanding Bonds and other Parity Debt in such Bond Year, assuming that the Outstanding Serial Bonds are retired as scheduled and that the Outstanding Term Bonds are redeemed from mandatory sinking account payments as scheduled, (b) the principal amount of the Outstanding Serial Bonds and other Parity Debt payable by their terms in such Bond Year, and (c) the principal amount of the Outstanding Term Bonds scheduled to be paid or redeemed from mandatory sinking account payments in such Bond Year.

For purposes of the calculation of Annual Debt Service, there shall be excluded the principal of and interest on any Parity Debt to the extent the proceeds thereof are then deposited in a fully self-supporting escrow fund (the fully self-supporting nature of which is evidenced by a report prepared by an Independent Financial Consultant and delivered to the Trustee) from which amounts may not be released to the IFD unless the amount of Tax Revenues, calculated as set forth in Section 3.06(b), and Additional Revenues are then calculated to be not less than the percentage of Maximum Annual Debt Service required by the terms of Section 3.06(b).

**"Bonds"** means the Series 20\_\_ Bonds and any Parity Debt issued as bonds pursuant to a Supplemental Indenture.

**"Bond Counsel"** means an attorney or firm of attorneys appointed by or acceptable to the IFD, of nationally-recognized experience in the issuance of obligations the interest on which is excludable from gross income for federal income tax purposes under the Code.

**"Bond Year"** means any twelve-month period beginning on September 2 in any year and ending on the next succeeding September 1, both dates inclusive, except that the first Bond Year shall begin on the Closing Date with respect to the Series 20\_\_ Bonds and end on September 1, 2-\_\_.

**"Business Day"** means a day of the year on which banks in the State of California, are not required or permitted to be closed and on which the New York Stock Exchange is not closed.

**"City"** means the City and County of San Francisco, California, a municipal corporation and chartered city duly organized and existing under the Constitution and laws of the State.

"Closing Date" means the date on which a series of Bonds is delivered by the IFD to the original purchaser thereof.

"Code" means the Internal Revenue Code of 1986 as in effect on the date of issuance of the Series 20\_\_ Bonds or (except as otherwise referenced herein) as it may be amended to apply to obligations issued on the date of issuance of the Series 20\_\_ Bonds, together with applicable temporary and final regulations promulgated, and applicable official public guidance published, under the Code.

"Continuing Disclosure Certificate" means that certain Continuing Disclosure Certificate with respect to the Series 20\_\_ Bonds executed by the IFD, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

"Costs of Issuance" means all items of expense directly or indirectly payable by or reimbursable to the IFD relating to the authorization, issuance, sale and delivery of the Bonds, including but not limited to printing expenses, bond insurance premiums, rating agency fees, filing and recording fees, initial fees and charges and first annual administrative fee of the Trustee and fees and expenses of its counsel, fees, charges and disbursements of attorneys, financial advisors, accounting firms, consultants and other professionals, fees and charges for preparation, execution and safekeeping of the Bonds, administrative costs of the IFD and City incurred in connection with the issuance of the Bonds, and any other cost, charge or fee in connection with the original issuance of the Bonds.

"Costs of Issuance Fund" means the fund by that name established and held by the Trustee pursuant to Section 3.03.

"Debt Service Fund" means the fund by that name established and held by the Trustee pursuant to Section 4.03.

"Defeasance Obligations" means any of the following which, at the time of investment, are in compliance with the City's investment policies then in effect (provided that the Trustee shall be entitled to rely upon any investment direction from the IFD as conclusive certification to the Trustee that investments described therein are in compliance with the City's investment policies then in effect):

- (a) Cash;
- (b) Federal Securities;
- (c) The interest component of Resolution Funding Corporation strips which have been stripped by request to the Federal Reserve Bank of New York in book entry form;
- (d) Pre-refunded municipal bonds rated "Aaa" by Moody's or "AAA" by S&P;
- (e) 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 IFD 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) Federal

Housing Administration debentures; (iv) participation certificates of the General Services Administration; (v) Federal Financing Bank bonds and debentures; (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; and

(f) 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 only as stripped by the IFD 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 Fannie Mae; (iv) senior debt obligations of the Student Loan Marketing Association; (v) obligations of the Resolution Funding Corporation; and (vi) consolidated system-wide bonds and notes of the Farm Credit System.

"Depository" means (a) initially, DTC, and (b) any other Securities Depository acting as Depository pursuant to Section 2.11.

"Depository System Participant" means any participant in the Depository's book-entry system.

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

"Event of Default" means any of the events described in Section 8.01.

"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 IFD 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 directly or indirectly guaranteed by the United States of America.



"Fiscal Year" means any twelve-month period beginning on July 1 in any year and extending to the next succeeding June 30, both dates inclusive, or any other twelve month period selected and designated by the IFD to the Trustee in writing as its official fiscal year period.

"IFD" means the City and County of San Francisco Infrastructure Financing District No. 2 (Port of San Francisco), an infrastructure financing district and a legally constituted governmental entity established pursuant to the laws of the State of California.

"Indenture" means this Indenture of Trust by and between the IFD and the Trustee, as originally entered into or as it may be amended or supplemented by any Supplemental Indenture entered into pursuant to the provisions hereof.

"Independent Accountant" means any accountant or firm of such accountants duly licensed or registered or entitled to practice as such under the laws of the State, appointed by the IFD, and who, or each of whom:

- (a) is in fact independent and not under domination of the IFD;
- (b) does not have any substantial interest, direct or indirect, with the IFD; and
- (c) is not connected with the IFD as an officer or employee of the IFD, but who may be regularly retained to make reports to the IFD.

"Independent Economic Consultant" means any consultant or firm of such consultants appointed by the IFD (who may be an underwriter of bonds of the IFD or the City), and who, or each of whom:

- (a) is judged by the IFD to have experience in matters relating to the collection of Tax Revenues or otherwise with respect to infrastructure financing districts;
- (b) is in fact independent and not under domination of the IFD;
- (c) does not have any substantial interest, direct or indirect, with the IFD; and
- (d) is not connected with the IFD as an officer or employee of the IFD, but who may be regularly retained to make reports to the IFD.

"Information Services" means the Municipal Securities Rulemaking Board's Electronic Municipal Market Access system or such other information repositories identified by the Securities and Exchange Commission.

"Infrastructure Financing Plan" means the Infrastructure Financing Plan for the IFD and the Project Area, adopted and approved by the Board of Supervisors of the City and County of San Francisco by Ordinance No. \_\_\_\_, adopted on \_\_\_\_, 2015, as heretofore amended and as may hereafter be amended in accordance with the law.

"Interest Account" means the account by that name established and held by the Trustee pursuant to Section 4.03(a).

"Interest Payment Date" means each March 1 and September 1, commencing March 1, 2-\_\_, for so long as any of the Bonds remain Outstanding hereunder.

"Law" means Chapter 2.8 of Division 2 of Part 1 of Title 5 of the California Government Code, and the acts amendatory thereof and supplemental thereto.

"Maximum Annual Debt Service" means, as of the date of calculation, the largest Annual Debt Service for the current or any future Bond Year, including payments on any Parity Debt, as certified in writing by the IFD to the Trustee.

"Moody's" means Moody's Investors Service and its successors.

"Nominee" means (a) initially, Cede & Co., as nominee of DTC, and (b) any other nominee of the Depository designated pursuant to Section 2.11(a).

"Outstanding" when used as of any particular time with reference to Bonds, means (subject to the provisions of Section 9.05) all Bonds except:

(a) Bonds theretofore canceled by the Trustee or surrendered to the Trustee for cancellation;

(b) Bonds paid or deemed to have been paid within the meaning of Section 9.03; and

(c) Bonds in lieu of or in substitution for which other Bonds shall have been authorized, executed, issued and delivered by the IFD pursuant hereto.

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

"Parity Debt" means any additional bonds, loans, advances or indebtedness issued or incurred by the IFD on a parity with the Bonds pursuant to Section 3.06.

"Parity Debt Instrument" means any Supplemental Indenture or other instrument providing for the issuance or incurrence of Parity Debt.

"Participating Underwriter" has the meaning ascribed thereto in the Continuing Disclosure Certificate.

"Permitted Investments" means any of the following which at the time of investment are in compliance with the City's investment policies then in effect (provided that the Trustee shall be entitled to rely upon any investment direction from the IFD as conclusive certification to the Trustee that the investments described therein are in compliance with the City's investment policies then in effect), but only to the extent that the same are acquired at Fair Market Value:

(a) Federal Securities;

(b) obligations of any of the following federal agencies which obligations represent full faith and credit of the United States of America, including: Export-Import Bank, Farmers Home Administration, General Services Administration, U.S. Maritime Administration, Small Business Administration, Government National Mortgage Association, U.S. Department of Housing & Urban Development, and Federal Housing Administration;

- (c) bonds, notes or other evidences of indebtedness rated AAA by S&P and Aaa by Moody's issued by Fannie Mae or Freddie Mac with remaining maturities not exceeding three years;
- (d) U.S. dollar denominated deposit accounts (including those with the Trustee or with any affiliate of the Trustee), federal funds and banker's acceptances with domestic commercial banks which have a rating on their short term certificates of deposit on the date of purchase of A-1 or A-1+ by S&P and P-1 by Moody's, and maturing no more than 360 days after the date of purchase;
- (e) commercial paper which is rated at the time of purchase in the single highest classification, A-1+ by S&P and P-1 by Moody's and which matures not more than 270 days after the date of purchase;
- (f) investments in a money market fund rated AAAM or AAAM-G or better by S&P, which may include funds for which the Trustee or its affiliates provide investment advisory or other management services;
- (g) any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice; and (i) which are rated, based on the escrow, in the highest rating category of S&P and Moody's or (ii)(A) which are fully secured as to principal and interest and redemption premium (if any) by a fund consisting only of cash or Federal Securities, which fund may be applied only to the payment of such principal of and interest and redemption premium (if any) in such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates under such irrevocable instructions, as appropriate, and (B) which fund is sufficient, as verified by an independent accountant, to pay principal of and interest and redemption premium (if any) on the bonds or other obligations described in this paragraph on the maturity date or dates thereof or on the redemption date or dates specified in the irrevocable instructions referred to above, as appropriate;
- (h) investment agreements with a provider that is rated in one of the two highest rating categories by S&P and Moody's;
- (i) the Local Agency Investment Fund which is administered by the California Treasurer for the investment of funds belonging to local agencies within the State of California, provided for investment of funds held by the Trustee, the Trustee is entitled to make investments and withdrawals in its own name as Trustee;
- (j) shares in a California common law trust established pursuant to Title 1, Division 7, Chapter 5 of the California Government Code which invests exclusively in investments permitted by Section 53635 of Title 5, Division 2, Chapter 4 of the California Government Code, as it may be amended, including but not limited to the California Asset Management Program (CAMP).

"Plan Limit" means the limitation, if any, contained in the Infrastructure Financing Plan on the number of dollars of taxes which may be divided and allocated to the IFD with respect to the Project Area pursuant to the Infrastructure Financing Plan and the Law.

"Principal Account" means the account by that name established and held by the Trustee pursuant to Section 4.03(b).

"Principal Corporate Trust Office" means such principal corporate trust office of the Trustee as may be designated from time to time by written notice from the Trustee to the IFD, initially being \_\_\_\_\_ Attention: Corporate Trust Department.

"Project Area" means, collectively, (i) "Project Area I (Mission Rock)," and (ii) "Sub-Project Area I-1 (Mission Rock)," (iii) "Sub-Project Area I-2 (Mission Rock)," (iv) "Sub-Project Area I-3 (Mission Rock)," (v) "Sub-Project Area I-4 (Mission Rock)," (vi) "Sub-Project Area I-5 (Mission Rock)," (vii) "Sub-Project Area I-6 (Mission Rock)," (viii) "Sub-Project Area I-7 (Mission Rock)," (ix) "Sub-Project Area I-8 (Mission Rock)," (x) "Sub-Project Area I-9 (Mission Rock)," (xi) "Sub-Project Area I-10 (Mission Rock)," (xii) "Sub-Project Area I-11 (Mission Rock)," (xiii) "Sub-Project Area I-12 (Mission Rock)," and (xiv) "Sub-Project Area I-13 (Mission Rock)" therein.

"Project Fund" means the fund by that name established and held by the Trustee pursuant to Section 3.04.

"Qualified Reserve Account Credit Instrument" means an irrevocable standby or direct-pay letter of credit, insurance policy surety bond issued by a commercial bank or insurance company and deposited with the Trustee, provided that all of the following requirements are met at the time of acceptance thereof by the Trustee: (a) in the case of a commercial bank, the long-term credit rating of such bank is at least "AA" from S&P or "Aa" from Moody's and, in the case of an insurance company, the claims paying ability of such insurance company is "AAA" from S&P or "Aaa" Moody's or, if rated by A.M. Best & Company, is rated in the highest rating category by A.M. Best & Company; (b) such letter of credit or surety bond has a term of at least 12 months; (c) such letter of credit or surety bond has a stated amount at least equal to the portion of the Reserve Requirement with respect to which funds are proposed to be released; and (d) the Trustee is authorized pursuant to the terms of such letter of credit or surety bond to draw thereunder an amount equal to any deficiencies which may exist from time to time in the Interest Account or the Principal Account for the purpose of making payments required pursuant to Sections 4.03(a) or 4.03(b) of this Indenture.

"Record Date" means, with respect to any Interest Payment Date, the close of business on the fifteenth (15th) calendar day of the month preceding such Interest Payment Date, whether or not such fifteenth (15th) calendar day is a Business Day.

"Redemption Account" means the account by that name established and held by the Trustee pursuant to Section 4.03(d).

"Registration Books" means the records maintained by the Trustee pursuant to Section 2.08 for the registration and transfer of ownership of the Bonds.

"Report" means a document in writing signed by an Independent Economic Consultant and including:

(a) a statement that the person or firm making or giving such Report has read the pertinent provisions of this Indenture to which such Report relates;

(b) a brief statement as to the nature and scope of the examination or investigation upon which the Report is based; and

(c) a statement that, in the opinion of such person or firm, sufficient examination or investigation was made as is necessary to enable said consultant to express an informed opinion with respect to the subject matter referred to in the Report.

"Reserve Account" means the account by that name established and held by the Trustee pursuant to Section 4.03(c).

"Reserve Requirement" means the lesser of (i) the amount of Maximum Annual Debt Service on the Bonds (excluding from the calculation thereof Parity Debt other than Bonds), (ii) ten percent (10%) of the total of the proceeds of the Bonds (excluding from the calculation thereof Parity Debt other than Bonds), and (iii) one hundred and twenty five percent (125%) of average Annual Debt Service on the Bonds (excluding from the calculation thereof Parity Debt other than Bonds).

"S&P" means Standard & Poor's Rating Services, a division of The McGraw-Hill Companies, and its successors.

"Securities Depositories" means The Depository Trust Company, 711 Stewart Avenue, Garden City, New York 11530, Fax-(516) 227-4039 or 4190; and, in accordance with then current guidelines of the Securities and Exchange Commission, such other addresses and/or such other securities depositories as the IFD may designate in a Written Request of the IFD delivered to the Trustee.

"Series 20 Bonds" means, collectively, the Series 20\_\_ Bonds.

"Serial Bonds" means all Bonds other than Term Bonds.

"Special Fund" means the fund held by the IFD established pursuant to Section 4.02.

"State" means the State of California.

"Subordinate Debt" means any loans, advances or indebtedness issued or incurred by the IFD pursuant to Section 3.07, which are either: (a) payable from, but not secured by a pledge of or lien upon, the Tax Revenues; or (b) secured by a pledge of or lien upon the Tax Revenues which is expressly subordinate to the pledge of and lien upon the Tax Revenues hereunder for the security of the Bonds.

"Subordinate Debt Instrument" means any instrument providing for the issuance of Subordinate Debt.

"Supplemental Indenture" means any resolution, agreement or other instrument which has been duly adopted or entered into by the IFD, but only if and to the extent that such Supplemental Indenture is specifically authorized hereunder.

"Tax Revenues" means all taxes annually allocated within the Plan Limit and paid to the IFD with respect to the Project Area pursuant to the Law, and as provided in the Infrastructure Financing Plan.

"Term Bonds" means that portion of any Bonds payable from mandatory sinking account payments.

"Trustee" means [Corporate Trustee], as trustee hereunder, or any successor thereto appointed as trustee hereunder in accordance with the provisions of Article VI.

"Written Request of the IFD" or "Written Certificate of the IFD" means a request or certificate, in writing signed by the Treasurer of the IFD or her or his designee, or by any other officer of the IFD duly authorized by the IFD for that purpose.

**Section 1.03. Rules of Construction.** All references herein to "Articles," "Sections" and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Indenture, and the words "herein," "hereof," "hereunder" and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or subdivision hereof.

## ARTICLE II

### AUTHORIZATION AND TERMS

**Section 2.01. Authorization of Series 20\_\_ Bonds.** The Bonds are hereby authorized to be issued by the IFD under and subject to the terms of this Indenture, and the Law. This Indenture constitutes a continuing agreement with the Owners of all of the Bonds issued or to be issued hereunder and then Outstanding to secure the full and final payment of principal and redemption premiums (if any) and the interest on all Bonds which may from time to time be executed and delivered hereunder, subject to the covenants, agreements, provisions and conditions herein contained.

An initial series of Bonds shall be designated the "City and County of San Francisco Infrastructure Financing District No. 2 (Port of San Francisco) Project Area I (Mission Rock) Tax Increment Revenue Bonds, Series 2-\_\_" and shall be in the initial aggregate principal amounts of \$[Principal Amount].

**Section 2.02. Terms of Series 20\_\_ Bonds.** The Series 20\_\_ Bonds shall be issued in fully registered form without coupons. The Series 20\_\_ Bonds shall be issued in denominations of \$5,000 or any integral multiple thereof, so long as no Series 20\_\_ Bond shall have more than one maturity date. The Series 20\_\_ Bonds shall be dated as of their Closing Date. The Series 20\_\_ Bonds shall be lettered and numbered as the Trustee shall prescribe.

The Series 20\_\_ Bonds shall mature and shall bear interest (calculated on the basis of a 360-day year of twelve 30-day months) at the rates per annum as follows:

#### Series 20\_\_ Bonds

Maturity Date (September 1)	Principal Amount	Interest Rate
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Each Series 20\_\_ Bond shall bear interest from the Interest Payment Date next preceding the date of authentication thereof, unless (a) it is authenticated after a Record Date and on or before the following Interest Payment Date, in which event it shall bear interest from such Interest Payment Date; or (b) it is authenticated on or before February 15, 2007, in which event it shall bear interest from its Closing Date; provided, however, that if, as of the date of authentication of any Series 20\_\_ Bond, interest thereon is in default, such Series 20\_\_ Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon.

Interest on the Series 20\_\_ Bonds (including the final interest payment upon maturity or redemption) is payable when due by check or draft of the Trustee mailed to the Owner thereof at such Owner's address as it appears on the Registration Books at the close of business on the preceding Record Date; provided that at the written request of the Owner of at least \$1,000,000 aggregate principal amount of Series 20\_\_ Bonds, which written request is on file with the Trustee as of any Record Date, interest on such Series 20\_\_ Bonds shall be paid on the succeeding Interest Payment Date to such account in the United States as shall be specified in such written request. The principal of the Series 20\_\_ Bonds and any premium upon redemption, are payable in lawful money of the United States of America upon presentation and surrender thereof at the Principal Corporate Trust Office of the Trustee.

**Section 2.03. Redemption of Series 20\_\_ Bonds.**

(a) Optional Redemption – Series 20\_\_ Bonds. The Series 20\_\_ Bonds maturing on or before September 1, 2016 are not subject to optional redemption prior to their respective stated maturities. The Series 20\_\_ Bonds maturing on and after September 1, 2017, are subject to redemption, at the option of the IFD on any date on or after September 1, 2016, as a whole or in part, by such maturities as shall be determined by the IFD, and by lot within a maturity, from any available source of funds, at the principal amount of the Series 20\_\_ Bonds to be redeemed, together with accrued interest thereon to the date fixed for redemption without premium, without premium.

(b) Mandatory Sinking Fund Redemption – Series 20\_\_ Bonds. The Series 20\_\_ Bonds that are Term Bonds and maturing September 1, 2026, September 1, 2031 and September 1, \_\_ shall also be subject to mandatory redemption in whole, or in part by lot, on September 1 in each year, commencing September 1, \_\_, as set forth below, from sinking fund payments made by the IFD to the Principal Account pursuant to Section 4.03(b), at a redemption price equal to the principal amount thereof to be redeemed, without premium, in the aggregate respective principal amounts and on September 1 in the respective years as set forth in the following tables; provided however, that (x) in lieu of redemption thereof such Term Bonds may be purchased by the IFD pursuant to Section 2.03(h) hereof, and (y) if some but not all of such Term Bonds have been redeemed pursuant to subsection (a) above, the total amount of all future sinking fund payments shall be reduced by the aggregate principal amount of such Term Bonds so redeemed, to be allocated among such sinking fund payments in integral multiples of \$5,000 as determined by the IFD (notice of which determination shall be given by the IFD to the Trustee).

Term Bonds of 20

September 1

Principal Amount

(c) Notice of Redemption; Rescission. The Trustee on behalf and at the expense of the IFD shall mail (by first class mail, postage prepaid) notice of any redemption at least thirty (30) but not more than sixty (60) days prior to the redemption date, to (i) to the Owners of any Bonds designated for redemption at their respective addresses appearing on the Registration Books, and (ii) the Securities Depositories and to one or more Information Services designated in a Written Request of the IFD filed with the Trustee; but such mailing shall not be a condition precedent to such redemption and neither failure to receive any such notice nor any defect therein shall affect the validity of the proceedings for the redemption of such Bonds or the cessation of the accrual of interest thereon. Such notice shall state the redemption date and the redemption price, shall state that such redemption is conditioned upon the timely delivery of the redemption price by the IFD to the Trustee for deposit in the Redemption Account, shall designate the CUSIP number of the Bonds to be redeemed, shall state the individual number of each Bond to be redeemed or shall state that all Bonds between two stated numbers (both inclusive) or all of the Bonds Outstanding are to be redeemed, and shall require that such Bonds be then surrendered at the Principal Corporate Trust Office of the Trustee for redemption at the redemption price,



giving notice also that further interest on such Bonds will not accrue from and after the redemption date.

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

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

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

(e) Effect of Redemption. From and after the date fixed for redemption, if funds available for the payment of the redemption price of and interest on the Bonds so called for redemption shall have been duly deposited with the Trustee, such Bonds so called shall cease to be entitled to any benefit under this Indenture other than the right to receive payment of the redemption price and accrued interest to the redemption date, and no interest shall accrue thereon from and after the redemption date specified in such notice.

(f) Manner of Redemption. Unless otherwise specified in a Supplemental Indenture, whenever any Bonds or portions thereof are to be selected for redemption by lot, the Trustee shall make such selection, in such manner as the Trustee shall deem appropriate, and shall notify the IFD thereof to the extent Bonds are no longer held in book-entry form. In the event of redemption by lot of Bonds, the Trustee shall assign to each Bond then Outstanding a distinctive number for each \$5,000 of the principal amount of each such Bond. The Bonds to be redeemed shall be the Bonds to which were assigned numbers so selected, but only so much of the principal amount of each such Bond of a denomination of more than \$5,000 shall be redeemed as shall equal \$5,000 for each number assigned to it and so selected. All Bonds redeemed or purchased pursuant to this Section 2.03 shall be cancelled and destroyed.

(g) Purchase in Lieu of Redemption. In lieu of redemption of the Term Bonds pursuant to a Supplemental Indenture, amounts on deposit in the Special Fund or in the Principal Account may also be used and withdrawn by the IFD and the Trustee, respectively, at any time, upon the Written Request of the IFD, for the purchase of the Term Bonds at public or private sale as and when and at such prices (including brokerage and other charges, but excluding accrued interest, which is payable from the Interest Account) as the IFD may in its discretion determine. The par amount of any Term Bonds so purchased by the IFD in any twelve-month period ending on July 1 in any year shall be credited towards and shall reduce the par amount of the Term Bonds required to be redeemed pursuant; provided that evidence satisfactory to the Trustee of such purchase has been delivered to the Trustee by said July 1.

**Section 2.04. Form of Series 20\_\_ Bonds.** The Series 20\_\_ Bonds, the form of Trustee's Certificate of Authentication, and the form of Assignment to appear thereon, shall be substantially in the form set forth in Exhibit A, which is attached hereto and by this reference incorporated herein, with necessary or appropriate variations, omissions and insertions, as permitted or required by this Indenture.

**Section 2.05. Execution of Bonds.** The Bonds shall be executed on behalf of the IFD by the signature of its Administrator or its Treasurer or a designee of either, and the signature of its Secretary who are in office on the date of execution and delivery of this Indenture or at any time thereafter. Either or both of such signatures may be made manually or may be affixed by facsimile thereof. If any officer whose signature appears on any Bond ceases to be such officer before delivery of the Bonds to the purchaser, such signature shall nevertheless be as effective as if the officer had remained in office until the delivery of the Bonds to the purchaser. Any Bond may be signed and attested on behalf of the IFD by such persons as at the actual date of the execution of such Bond shall be the proper officers of the IFD although on the date of such Bond any such person shall not have been such officer of the IFD.

Only such of the Bonds as shall bear thereon a Certificate of Authentication in the form hereinbefore set forth, manually executed and dated by the Trustee, shall be valid or obligatory for any purpose or entitled to the benefits of this Indenture, and such Certificate shall be conclusive evidence that such Bonds have been duly authenticated and delivered hereunder and are entitled to the benefits of this Indenture. In the event temporary Bonds are issued pursuant to Section 2.09 hereof, the temporary Bonds may bear thereon a Certificate of Authentication executed and dated by the Trustee, may be initially registered by the Trustee, and, until so exchanged as provided under Section 2.09 hereof, the temporary Bonds shall be entitled to the same benefits pursuant to this Indenture as definitive Bonds authenticated and delivered hereunder.

**Section 2.06. 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 a duly authorized attorney of such person, upon surrender of such Bond to the Trustee at its Principal Corporate Trust Office for cancellation, accompanied by delivery of a written instrument of transfer in a form acceptable to the Trustee, duly executed. Whenever any Bond shall be surrendered for transfer, the IFD shall execute and the Trustee shall thereupon authenticate and deliver to the transferee a new Bond or Bonds of like tenor, maturity and aggregate principal amount of authorized denominations. The Trustee shall collect from the Owner any tax or other governmental charge on the transfer of any Bonds pursuant to this Section 2.06. The cost of printing Bonds and any services rendered or expenses incurred by the Trustee in connection with any transfer shall be paid by the IFD.

The Trustee may refuse to transfer, under the provisions of this Section 2.06, either (a) any Bonds during the period fifteen (15) days prior to the date established by the Trustee for the selection of Bonds for redemption, or (b) any Bonds selected by the Trustee for redemption.

**Section 2.07. Exchange of Bonds.** Bonds may be exchanged at the Principal Corporate Trust Office of the Trustee for Bonds of the same tenor and maturity and of other authorized denominations. The Trustee shall collect any tax or other governmental charge on the exchange of any Bonds pursuant to this Section 2.07. The cost of printing Bonds and any services rendered or expenses incurred by the Trustee in connection with any exchange shall be paid by the IFD.

The Trustee may refuse to exchange, under the provisions of this Section 2.07, either (a) any Bonds during the fifteen (15) days prior to the date established by the Trustee for the selection of Bonds for redemption or (b) any Bonds selected by the Trustee for redemption.

**Section 2.08. Registration of Bonds.** The Trustee will keep or cause to be kept, at its Principal Corporate Trust Office, sufficient records for the registration and registration of transfer of the Bonds, which shall at all times during normal business hours be open to inspection and copying by the IFD, upon reasonable prior notice to the Trustee; 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 the Registration Books Bonds as hereinbefore provided.

**Section 2.09. Temporary Bonds.** The Bonds may be initially issued in temporary form exchangeable for definitive Bonds when ready for delivery. The temporary Bonds may be printed, lithographed or typewritten, shall be of such denominations as may be determined by the IFD, 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 IFD upon the same conditions and in substantially the same manner as the definitive Bonds. If the IFD issues temporary Bonds, it will execute and furnish definitive Bonds without delay, and thereupon the temporary Bonds shall be surrendered, for cancellation, in exchange therefor at the Principal Corporate Trust Office of the Trustee, and the Trustee shall authenticate and deliver in exchange for such temporary Bonds an equal aggregate principal amount of definitive Bonds of authorized denominations, interest rates and like maturities. Until so exchanged, the temporary Bonds shall be entitled to the same benefits pursuant to this Indenture as definitive Bonds authenticated and delivered hereunder.

**Section 2.10. Bonds Mutilated, Lost, Destroyed or Stolen.** If any Bond shall become mutilated, the IFD, at the expense of the Owner of such Bond, shall execute, and the Trustee shall thereupon authenticate and deliver, a new Bond of like tenor and amount 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. 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 it and indemnity satisfactory to it shall be given, the IFD, at the expense of the Owner, shall execute, and the Trustee shall thereupon authenticate and deliver, a new Bond of like tenor and amount in lieu of and in substitution for the Bond so lost, destroyed or stolen (or if any such Bond has matured or has been called for redemption, instead of issuing a substitute Bond, the Trustee may pay the same without surrender thereof upon receipt of indemnity satisfactory to the Trustee and the IFD). The IFD may require payment by the Owner of a sum not exceeding the actual cost of preparing each new Bond issued under this Section 2.10 and of the expenses which may be incurred by the IFD and the Trustee in the premises. 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 IFD whether or not the Bond so alleged to be lost, destroyed or stolen be at any time enforceable by anyone, and shall be equally and proportionately entitled to the benefits of this Indenture with all other Bonds issued pursuant to this Indenture.

## **Section 2.11. Book-Entry System.**

(a) Original Delivery. The Bonds shall be initially delivered in the form of a separate single fully registered Bond without coupons (which may be typewritten) for each maturity of the Bonds. Upon initial delivery, the ownership of each such Bond shall be registered on the Registration Books in the name of the Nominee. Except as provided in subsection (c), the ownership of all of the Outstanding Bonds shall be registered in the name of the Nominee on the Registration Books.

With respect to Bonds the ownership of which shall be registered in the name of the Nominee, neither the IFD nor the Trustee shall have any responsibility or obligation to any Depository System Participant or to any person on behalf of which the Depository System Participant holds an interest in the Bonds. Without limiting the generality of the immediately preceding sentence, neither the IFD nor the Trustee shall have any responsibility or obligation with respect to (i) the accuracy of the records of the Depository, the Nominee or any Depository System Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any Depository System Participant or any other person, other than a Bond Owner as shown in the Registration Books, of any notice with respect to the Bonds, including any notice of redemption, (iii) the selection by the Depository of the beneficial interests in the Bonds to be redeemed in the event the IFD elects to redeem the Bonds in part, (iv) the payment to any Depository System Participant or any other person, other than a Bond Owner as shown in the Registration Books, of any amount with respect to principal, premium, if any, or interest on the Bonds or (v) any consent given or other action taken by the Depository as Owner of the Bonds. The IFD and the Trustee may treat and consider the person in whose name each Bond is registered as the absolute owner of such Bond for the purpose of payment of principal, premium and interest on such Bond, for the purpose of giving notices of redemption and other matters with respect to such Bond, for the purpose of registering transfers of ownership of such Bond, and for all other purposes whatsoever. The Trustee shall pay the principal of and interest and premium, if any, on the Bonds only to the respective Owners or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge all obligations with respect to payment of principal of and interest and premium, if any, on the Bonds to the extent of the sum or sums so paid. No person other than a Bond Owner shall receive a Bond evidencing the obligation of the IFD to make payments of principal, interest and premium, if any, pursuant to this Indenture. Upon delivery by the Depository to the Nominee of written notice to the effect that the Depository has determined to substitute a new nominee in its place, and subject to the provisions herein with respect to Record Dates, such new nominee shall become the Nominee hereunder for all purposes; and upon receipt of such a notice the IFD shall promptly deliver a copy of the same to the Trustee.

(b) Representation Letter. In order to qualify the Bonds for the Depository's book-entry system, the IFD and the Trustee shall execute and deliver to such Depository a letter representing such matters as shall be necessary to so qualify the Bonds. The execution and delivery of such letter shall not in any way limit the provisions of subsection (a) above or in any other way impose upon the IFD or the Trustee any obligation whatsoever with respect to persons having interests in the Bonds other than the Bond Owners. The Trustee agrees to comply with all provisions in such letter with respect to the giving of notices thereunder by the Trustee. In addition to the execution and delivery of such letter, upon written request of the Depository or the Trustee, the IFD may take any other actions, not inconsistent with this Indenture, to qualify the Bonds for the Depository's book-entry program.

(c) Transfers Outside Book-Entry System. In the event that either (i) the Depository determines not to continue to act as Depository for the Bonds, or (ii) the IFD determines to terminate the Depository as such, then the IFD shall thereupon discontinue the book-entry system with such Depository. In such event, the Depository shall cooperate with the IFD and the Trustee in the issuance of replacement Bonds by providing the Trustee with a list showing the interests of the Depository System Participants in the Bonds, and by surrendering the Bonds, registered in the name of the Nominee, to the Trustee on or before the date such replacement Bonds are to be issued. The Depository, by accepting delivery of the Bonds, agrees to be bound by the provisions of this subsection (c). If, prior to the termination of the Depository acting as such, the IFD fails to identify another Securities Depository to replace the Depository, then the Bonds shall no longer be required to be registered in the Registration Books in the name of the Nominee, but shall be registered in whatever name or names the Owners transferring or exchanging Bonds shall designate, in accordance with the provisions of this Article II. Prior to its termination, the Depository shall furnish the Trustee with the names and addresses of the Depository System Participants and respective ownership interests thereof.

(d) Payments to the Nominee. Notwithstanding any other provision of this Indenture to the contrary, so long as any Bond is registered in the name of the Nominee, all payments with respect to principal of and interest and premium, if any, on such Bond and all notices with respect to such Bond shall be made and given, respectively, as provided in the letter described in subsection (b) of this Section or as otherwise instructed by the Depository.

#### **Section 2.12. Applicability of Provisions to Additional Bonds.**

Unless otherwise provided in a Supplemental Indenture, the provisions of Sections 2.03(c) through (g) and 2.05 through 2.11 shall apply to additional Bonds.

## ARTICLE III

### DEPOSIT AND APPLICATION OF PROCEEDS OF SERIES 20\_\_ BONDS; ISSUANCE OF PARITY DEBT

**Section 3.01. Issuance of Bonds.** Upon the execution and delivery of this Indenture, the IFD shall execute and deliver to the Trustee the Series 20\_\_ Bonds in the aggregate principal amount of \_\_\_\_\_ Dollars (\$[Principal Amount]), and the and the Trustee shall authenticate and deliver the Series 20\_\_ Bonds upon the Written Request of the IFD.

#### **Section 3.02. Application of Proceeds of Sale and Certain Other Amounts.**

On the Closing Date, the proceeds of sale of the Series 20\_\_ Bonds, (being \$\_\_\_\_\_, representing the par amount of the Series 20\_\_ Bonds, plus original issue premium of \$\_\_\_\_\_, less an underwriters' discount of \$\_\_\_\_\_), shall be paid to the Trustee and applied as follows:

- (i) The Trustee shall deposit the amount of \$\_\_\_\_\_ in the Costs of Issuance Fund.
- (ii) The Trustee shall deposit the amount of \$\_\_\_\_\_ in the Project Fund.
- (iii) The Trustee shall deposit \$\_\_\_\_\_, being the remaining amount of proceeds of the Series 20\_\_ Bonds, in the Reserve Account.

**Section 3.03. Costs of Issuance Fund.** There is hereby established a separate fund to be known as the "Costs of Issuance Fund", which shall be held by the Trustee in trust. The moneys in the Costs of Issuance Fund shall be used and withdrawn by the Trustee from time to time to pay the Costs of Issuance with respect to the Series 20\_\_ Bonds upon submission of a Written Request of the IFD stating the person to whom payment is to be made, the amount to be paid, the purpose for which the obligation was incurred and that such payment is a proper charge against said fund. On the date which is six (6) months following the Closing Date with respect to the Series 20\_\_ Bonds, or upon the earlier Written Request of the IFD, all amounts (if any) remaining in the Costs of Issuance Fund shall be withdrawn therefrom by the Trustee and transferred to the Project Fund. At such time, the Costs of Issuance shall be closed, provided that it may be re-opened in connection with the issuance of an additional series of Bonds issued pursuant to a Supplemental Indenture.

#### **Section 3.04. Project Fund.**

(a) There shall be established with respect to the Project Area a separate and segregated fund to be known as the "Project Area I (Mission Rock) Project Fund (the "Project Fund")," which the Trustee shall hold in trust for the benefit of the IFD. The moneys in the Project Fund shall be maintained separate and apart from other moneys of the IFD. The moneys on deposit in the Project Fund shall be used in the manner provided by the Law. The IFD covenants that no funds on deposit in the Project Fund shall be applied for any purpose not authorized by the Law.

(b) The Trustee shall disburse the amounts on deposit in the Project Fund and the accounts therein upon receipt of a disbursement request of the IFD substantially in the form attached hereto as Exhibit B. In no event shall the Trustee be responsible for the manner in which the IFD applies the moneys disbursed to it by the Trustee in accordance with any such

disbursement request. Such requisition shall be executed by the Treasurer of the IFD or her or his designee.

**Section 3.05. Reserved.**

**Section 3.06. Issuance of Parity Debt.** In addition to the Series 20\_\_ Bonds, the IFD may, by Supplemental Indenture, issue additional bonds or incur other loans, advances or indebtedness payable from Tax Revenues on a parity with the Series 20\_\_ Bonds to finance and/or refinance activities that are permitted to be financed by the IFD with respect to the Project Area in such principal amount as shall be determined by the IFD. The IFD may issue and deliver any such Parity Debt subject to the following specific conditions all of which are hereby made conditions precedent to the issuance and delivery of such Parity Debt:

(a) No event of default hereunder, under any Parity Debt Instrument or under any Subordinate Debt Instrument shall have occurred and be continuing, unless the event of default shall be cured by the issuance of the Parity Debt, and the IFD shall otherwise be in compliance with all covenants set forth in this Indenture;

(b) Except as provided in (g) below, the Tax Revenues received or estimated to be received for the then current Fiscal Year (i) calculated using a tax rate of (1%) and (ii) based on the most recent taxable valuation of property in the Project Area as evidenced by the records of the IFD, plus an assumed increase in Tax Revenues of two percent (2%), shall be at least equal to one hundred twenty five percent (125%) of Maximum Annual Debt Service, including within such Maximum Annual Debt Service, the amount of annual debt service on the Parity Debt then proposed to be issued or incurred;

(c) In the case of Parity Debt issued as additional Bonds under a Supplemental Indenture, the amount on deposit in the Reserve Account (and any subaccounts therein) shall be increased to the Reserve Requirement taking into account the additional Bonds to be issued;

(d) Principal with respect to such Parity Debt will be required to be paid on September 1 in any year in which such principal is payable;

(e) The aggregate amount of the principal of and interest on all Outstanding Bonds, other outstanding Parity Debt and Subordinate Debt coming due and payable following the issuance of such Parity Debt shall not exceed the maximum amount of Tax Revenues, if any, permitted under the Plan Limit to be allocated and paid to the IFD following the issuance of such Parity Debt;

(f) The IFD shall deliver to the Trustee a Written Certificate of the IFD certifying that the conditions precedent to the issuance of such Parity Debt set forth in subsections (a), (b) and (e) above have been satisfied.

(g) Section 3.06(b) shall not apply to the issuance or incurrence of any Parity Debt the net proceeds of which will be used solely to refund all or any portion of the Series 20\_\_ Bonds or any other outstanding Parity Debt, provided that debt service payable in each year with respect to the proposed Parity Debt is less than the debt service otherwise payable in each year with respect to the Series 20\_\_ Bonds or Parity Debt, or portion thereof, proposed to be refunded.

**Section 3.07. Issuance of Subordinate Debt.** The IFD may issue or incur Subordinate Debt in such principal amount as shall be determined by the IFD. The IFD may issue or incur such Subordinate Debt subject to the following specific conditions precedent:

(a) If, and to the extent, such Subordinate Debt is payable from Tax Revenues within the then existing limitation, if any, on the amount of Tax Revenues allocable and payable to the IFD under the Infrastructure Financing Plan, then the aggregate amount of the principal of and interest to accrue on all Outstanding Bonds, Parity Debt and Subordinate Debt coming due and payable following the issuance of such Subordinate Debt shall not exceed the maximum amount of Tax Revenues permitted under the Plan Limit to be allocated and paid to the IFD following the issuance of such Subordinate Debt; and

(b) The IFD shall deliver to the Trustee a Written Certificate of the IFD certifying that the conditions precedent to the issuance of such Subordinate Debt set forth in paragraph (a) above have been satisfied.

**Section 3.08. Validity of Bonds.** The validity of the authorization and issuance of the Bonds shall not be dependent upon the completion of the uses to which the proceeds of the Bonds are put or upon the performance by any person of his obligation with respect to the IFD or the Project Area.



## ARTICLE IV

### SECURITY OF BONDS; FLOW OF FUNDS

**Section 4.01. Security of Bonds; Equal Security.** Except as provided in Section 6.06, the Series 20\_\_ Bonds and any Parity Debt shall be equally secured by a pledge of, security interest in and lien on all of the Tax Revenues and the moneys in the Special Fund, and the Series 20\_\_ Bonds and, any additional Bonds shall also be secured by a first and exclusive pledge of, security interest in and lien upon all of the moneys in the Debt Service Fund, the Interest Account, the Principal Account and the Redemption Account without preference or priority for series, issue, number, dated date, sale date, date of execution or date of delivery. Except for the Tax Revenues and such moneys, no funds or properties of the IFD shall be pledged to, or otherwise liable for, the payment of principal of or interest or redemption premium (if any) on the Bonds.

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

**Section 4.02. Special Fund; Deposit of Tax Revenues.** There is hereby established a special fund which is to be held by the IFD and which shall be known as the "Special Fund". The IFD shall transfer all of the Tax Revenues received in any Bond Year to the Special Fund promptly upon receipt thereof by the IFD, until such time during such Bond Year as the amounts on deposit in the Special Fund equal the aggregate amounts required to be transferred for deposit in such Bond Year (i) for deposit into the Interest Account, the Principal Account, the Reserve Account and the Redemption Account in such Bond Year pursuant to Section 4.03 hereof and, if applicable, (ii) with respect to any Parity Debt other than additional Bonds pursuant to the applicable Parity Debt Instrument.

All Tax Revenues received by the IFD during any Bond Year in excess of the amount required to be deposited in the Special Fund during such Bond Year pursuant to the preceding paragraph of this Section 4.02 shall be released from the pledge, security interest and lien hereunder for the security of the Bonds and any additional Parity Debt and may be applied by the IFD for any lawful purpose of the IFD, including but not limited to the payment of Subordinate Debt, or the payment of any amounts due and owing to the United States of America pursuant to Article 5. Additionally, no later than January 5 of each year, the IFD shall release from the Special Fund amounts on deposit therein that are in excess of the amounts needed to pay interest on any outstanding Bonds or Parity Debt through the last Interest Payment Date prior to the date the IFD anticipates receiving its first installment of Tax Revenues for the current Fiscal Year. Prior to the payment in full of the principal of and interest and redemption premium (if any) on the Bonds and the payment in full of all other amounts payable hereunder and under any Supplemental Indenture or Parity Debt Instrument, the IFD shall not have any beneficial right or interest in the moneys on deposit in the Special Fund, except as may be provided in this Indenture and in any Supplemental Indenture or Parity Debt Instrument.

**Section 4.03. Deposit of Amounts by Trustee.** There is hereby established a trust fund to be known as the Debt Service Fund, which shall be held by the Trustee hereunder in trust.

Moneys in the Special Fund shall be transferred by the IFD to the Trustee in the following amounts, at the following times, and deposited by the Trustee in the following respective special accounts, which are hereby established in the Debt Service Fund, and in the following order of priority (provided further that, if on the fifth (5th) Business Day prior to the date the IFD is required to transfer amounts on deposit in the Special Fund to the Trustee there are not amounts on deposit therein sufficient to make the following deposits, taking into account amounts required to be transferred with respect to Parity Debt other than Bonds, the IFD shall immediately notify the Trustee of the amount of any such insufficiency):

(a) Interest Account. On or before the third (3rd) Business Day preceding each Interest Payment Date, the IFD shall withdraw from the Special Fund and transfer to the Trustee, for deposit in the Interest Account an amount which when added to the amount contained in the Interest Account on that date, will be equal to the aggregate amount of the interest becoming due and payable on the Outstanding Bonds on such Interest Payment Date. No such transfer and deposit need be made to the Interest Account if the amount contained therein is at least equal to the interest to become due on the next succeeding Interest Payment Date upon all of the Outstanding Bonds. All moneys in the Interest Account shall be used and withdrawn by the Trustee solely for the purpose of paying the interest on the Bonds as it shall become due and payable (including accrued interest on any Bonds redeemed prior to maturity pursuant to this Indenture).

(b) Principal Account. On or before the third (3rd) Business Day preceding September 1 in each year beginning September 1, 200\_, the IFD shall withdraw from the Special Fund and transfer to the Trustee for deposit in the Principal Account an amount which, when added to the amount then contained in the Principal Account, will be equal to the principal becoming due and payable on the Outstanding Serial Bonds and Outstanding Term Bonds, including pursuant to mandatory sinking account redemption, on the next September 1. No such transfer and deposit need be made to the Principal Account if the amount contained therein is at least equal to the principal to become due on the next September 1 on all of the Outstanding Serial Bonds and Term Bonds. All moneys in the Principal Account shall be used and withdrawn by the Trustee solely for the purpose of paying the principal of the Serial Bonds and the Term Bonds, including by mandatory sinking account redemption, as the same shall become due and payable.

(c) Reserve Account. In the event that the amount on deposit in the Reserve Account at any time becomes less than the Reserve Requirement, the Trustee shall promptly notify the IFD of such fact. Promptly upon receipt of any such notice, the IFD shall transfer to the Trustee an amount sufficient to maintain the Reserve Requirement on deposit in the Reserve Account. If there shall then not be sufficient Tax Revenues to transfer an amount sufficient to maintain the Reserve Requirement on deposit in the Reserve Account, the IFD shall be obligated to continue making transfers as Tax Revenues become available in the Special Fund until there is an amount sufficient to maintain the Reserve Requirement on deposit in the Reserve Account. No such transfer and deposit need be made to the Reserve Account so long as there shall be on deposit therein a sum at least equal to the Reserve Requirement. All money in the Reserve Account shall be used and withdrawn by the Trustee solely for the purpose of making transfers to the Interest Account and the Principal Account in such order of priority, in the event of any deficiency at any time in any of such accounts or for the retirement of all the Bonds then Outstanding, except that so long as the IFD is not in default hereunder, any amount in the Reserve Account in excess of the Reserve Requirement shall be withdrawn from the Reserve Account semiannually on or before the fifth (5th) Business Days

preceding each March 1 and September 1 by the Trustee and deposited in the Interest Account. All amounts in the Reserve Account on the Business Day preceding the final Interest Payment Date shall be withdrawn from the Reserve Account and shall be transferred either (i) to the Interest Account and the Principal Account, in such order, to the extent required to make the deposits then required to be made pursuant to this Section 4.03 or, (ii) if the IFD shall have caused to be transferred to the Trustee an amount sufficient to make the deposits required by this Section 4.03, then, at the Written Request of the IFD, to the Project Fund.

The IFD shall have the right at any time to direct the Trustee to release funds from the Reserve Account, in whole or in part, by tendering to the Trustee: (i) a Qualified Reserve Account Credit Instrument, and (ii) an opinion of Bond Counsel stating that neither the release of such funds nor the acceptance of such Qualified Reserve Account Credit Instrument will cause interest on the Series 20\_\_ Bonds or any other Bond the interest on which is excluded from gross income of the owners thereof for federal income tax purposes to become includable in gross income for purposes of federal income taxation. Upon tender of such items to the Trustee, and upon delivery by the IFD to the Trustee of written calculation of the amount permitted to be released from the Reserve Account (upon which calculation the Trustee may conclusively rely), the Trustee shall transfer such funds from the Reserve Account to the Project Fund and used for the purposes thereof. The Trustee shall comply with all documentation relating to a Qualified Reserve Account Credit Instrument as shall be required to maintain such Qualified Reserve Account Credit Instrument in full force and effect and as shall be required to receive payments thereunder in the event and to the extent required to make any payment when and as required under this subsection (d). Upon the expiration of any Qualified Reserve Account Credit Instrument, the IFD shall either (i) replace such Qualified Reserve Account Credit Instrument with a new Qualified Reserve Account Credit Instrument, or (ii) deposit or cause to be deposited with the Trustee an amount of funds equal to the Reserve Requirement, to be derived from the first available Tax Revenues. If the Qualified Reserve Account Credit Instrument is in the form of a letter of credit and the IFD has not renewed or replaced such letter of credit two weeks prior to its expiration or termination, the Trustee shall draw on such letter of credit in full and deposit the proceeds of such draw in the Reserve Account. If the Reserve Requirement is being maintained partially in cash and partially with a Qualified Reserve Account Credit Instrument, the cash shall be first used to meet any deficiency which may exist from time to time in the Interest Account or the Principal Account for the purpose of making payments required pursuant to Sections 4.03(a) or 4.03(b) of this Indenture. If the Reserve Requirement is being maintained with two or more Qualified Reserve Account Credit Instruments, any draw to meet a deficiency which may exist from time to time in the Interest Account or the Principal Account for the purpose of making payments required pursuant to Sections 4.03(a) or 4.03(b) of this Indenture shall be pro-rata with respect to each such instrument.

In the event that a Qualified Reserve Account Credit Instrument is available to be drawn upon for only one or more particular series of Bonds, a separate subaccount in the Reserve Account may be established for such series and the calculation of the Reserve Requirement with respect to all other Bonds shall exclude the debt service on such series of Bonds.

There is hereby created such a Subaccount designated the "Series 20\_\_ Subaccount of the Reserve Account" to which proceeds of the Series \_\_ Bonds in an amount equal to the Reserve Requirement shall be deposited.

(d) Redemption Account. On or before the Business Day preceding any date on which Bonds are to be redeemed pursuant to Section 2.03(a), the Trustee shall

withdraw from the Debt Service Fund any amount transferred by the IFD pursuant to Section 2.03(a) for deposit in the Redemption Account, such amount being the amount required to pay the principal of and premium, if any, on the Series 20\_\_ Bonds and on other Bonds to be redeemed on such date pursuant to Section 2.03(a) or a similar provision of a Supplemental Indenture. All moneys in the Redemption Account shall be used and withdrawn by the Trustee solely for the purpose of paying the principal of and premium, if any, on the Series 20\_\_ Bonds and on such other Bonds to be redeemed pursuant to Section 2.03(a) or a similar provision of a Supplemental Indenture on the date set for such redemption. Interest due on the Series 20\_\_ Bonds or such other Bonds to be redeemed on the date set for redemption shall, if applicable, be paid from funds available therefor in the Interest Account. Notwithstanding the foregoing, at any time prior to giving notice of redemption of any such Series 20\_\_ Bonds or such other Bonds, the Trustee may, at the direction of the IFD, apply amounts deposited or otherwise to be deposited in the Redemption Account to the purchase of the Series 20\_\_ Bonds or such other Bonds at public or private sale, as and when and at such prices (including brokerage and other charges, but excluding accrued interest on such Series 20\_\_ Bonds or such other Bonds, which is payable from the Interest Account) as shall be directed by the IFD.

## ARTICLE V

### OTHER COVENANTS OF THE IFD

**Section 5.01. Punctual Payment.** The IFD shall punctually pay or cause to be paid the principal and interest to become due in respect of all the Bonds together with the premium thereon, if any, in strict conformity with the terms of the Bonds and of this Indenture. The IFD shall faithfully observe and perform all of the conditions, covenants and requirements of this Indenture, all Supplemental Indentures and the Bonds. Nothing herein contained shall prevent the IFD from making advances of its own moneys howsoever derived to any of the uses or purposes referred to herein.

**Section 5.02. Limitation on Additional Indebtedness; Against Encumbrances.** The IFD hereby covenants that, so long as the Bonds are Outstanding, the IFD shall not issue any bonds, notes or other obligations, enter into any agreement or otherwise incur any indebtedness, which is in any case payable from all or any part of the Tax Revenues, excepting only (i) the Series 20\_\_ Bonds, (ii) any Parity Debt and (iii) any Subordinate Debt. The IFD will not otherwise encumber, pledge or place any charge or lien upon any of the Tax Revenues or other amounts pledged to the Bonds superior or equal to the pledge and lien herein created for the benefit of the Bonds.

**Section 5.03. Extension of Payment.** The IFD will not, directly or indirectly, extend or consent to the extension of the time for the payment of any Bond or claim for interest on any of the Bonds and will not, directly or indirectly, be a party to or approve any such arrangement by purchasing or funding the Bonds or claims for interest in any other manner. In case the maturity of any such Bond or claim for interest shall be extended or funded, whether or not with the consent of the IFD, such Bond or claim for interest so extended or funded shall not be entitled, in case of 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 which shall not have been so extended or funded.

**Section 5.04. Payment of Claims.** The IFD shall promptly pay and discharge, or cause to be paid and discharged, any and all lawful claims for labor, materials or supplies which, if unpaid, might become a lien or charge upon the properties owned by the IFD or upon the Tax Revenues or other amounts pledged to the payment of the Bonds, or any part thereof, or upon any funds in the hands of the Trustee, or which might impair the security of the Bonds. Nothing herein contained shall require the IFD to make any such payment so long as the IFD in good faith shall contest the validity of said claims.

**Section 5.05. Books and Accounts; Financial Statements.** The IFD shall keep, or cause to be kept, proper books of record and accounts, separate from all other records and accounts of the IFD and the City and County of San Francisco, in which complete and correct entries shall be made of all transactions relating to the IFD, the Project Area, the Tax Revenues, the Project Fund and the Special Fund. Such books of record and accounts shall at all times during business hours be subject to the Owners of not less than ten percent (10%) in aggregate principal amount of the Bonds then Outstanding, or their representatives authorized in writing.

**Section 5.06. Protection of Security and Rights of Owners.** The IFD will preserve and protect the security of the Bonds and the rights of the Owners. From and after the Closing Date with respect to the Series 20\_\_ Bonds, the Bonds shall be incontestable by the IFD.

**Section 5.07. Maintenance of Tax Revenues.** The IFD shall comply with all requirements of the Law to insure the allocation and payment to it of the Tax Revenues, including without limitation the timely filing of any necessary statements of indebtedness and, in the case of amounts payable by the State, appropriate officials of the State. The IFD shall not undertake proceedings for amendment of the Infrastructure Financing Plan if such amendments will adversely impair the IFD's ability to pay debt service on the Bonds or, in and of itself, cause the amount of Tax Revenues available to the IFD for application hereunder in any succeeding Fiscal Year to fall below \_\_\_\_\_% of Maximum Annual Debt Service.

**Section 5.08. Maintenance of Tax-Exemption.** The IFD shall take all actions necessary to assure the exclusion of interest on the Series 20\_\_ Bonds from the gross income of the Owners of the Series 20\_\_ Bonds to the same extent as such interest is permitted to be excluded from gross income under the Code as in effect on the date of issuance of the Series 20\_\_ Bonds.

**Section 5.09. Compliance with the Law.** The IFD shall ensure that all activities undertaken by the IFD with respect to the Project Area are undertaken and accomplished in conformity with all applicable requirements of the Infrastructure Financing Plan and the Law.

**Section 5.10. Plan Limit.** The IFD shall manage its fiscal affairs in a manner which ensures that it will have sufficient Tax Revenues available under the Plan Limit in the amounts and at the times required to enable the IFD to pay the principal of and interest and premium (if any) on the outstanding Bonds and any outstanding Parity Debt when due.

**Section 5.11. Continuing Disclosure.** The IFD hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate. Notwithstanding any other provision of this Indenture, failure of the IFD to comply with the Continuing Disclosure Certificate shall not be an Event of Default hereunder. However, any Participating Underwriter or any holder or beneficial owner of the Bonds may take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause the IFD to comply with its obligations under this Section.

**Section 5.12. Further Assurances.** The IFD will adopt, make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of this Indenture, and for the better assuring and confirming unto the Owners of the Bonds the rights and benefits provided in this Indenture.

## ARTICLE VI

### THE TRUSTEE

#### **Section 6.01. Duties, Immunities and Liabilities of Trustee.**

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

(b) The IFD may remove the Trustee at any time, unless an Event of Default shall have occurred and then be continuing, and shall remove the Trustee (i) if at any time requested to do so by an instrument or concurrent instruments in writing signed by the Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding (or their attorneys duly authorized in writing) or (ii) if at any time the IFD has knowledge that 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 such removal shall be accomplished by the giving of written notice of such removal by the IFD to the Trustee, whereupon the IFD 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 to the IFD and by giving the Owners notice of such resignation by first class mail, postage prepaid, at their respective addresses shown on the Registration Books. Upon receiving such notice of resignation, the IFD shall promptly appoint a successor Trustee by an instrument in writing.

(d) Any removal or resignation of the Trustee and appointment of a successor Trustee shall become effective only upon acceptance of appointment by the successor Trustee. If no successor Trustee shall have been appointed and have accepted appointment within forty-five (45) days of giving notice of removal or notice of resignation as aforesaid, the resigning Trustee or any Owner (on behalf of such Owner and all other Owners) may petition any court of competent jurisdiction at the expense of the IFD 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, acknowledging and delivering to the IFD and to its predecessor Trustee a written acceptance thereof, and thereupon such successor Trustee, without any further act, deed or conveyance, shall become vested with all the moneys, estates, properties, rights, powers, trusts, duties and obligations of such predecessor Trustee, with like effect as if originally named Trustee herein; but, nevertheless at the Written Request of the IFD 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 IFD shall execute and deliver any and all instruments as may be reasonably required for more fully and certainly vesting in and confirming to such successor Trustee all such moneys, estates, properties, rights, powers, trusts, duties and obligations. Upon acceptance of appointment by a successor Trustee as provided in this subsection, the IFD shall cause either the predecessor Trustee or the successor Trustee to mail a notice of the succession of such Trustee to the trusts hereunder to each rating agency which then has a current rating on the Bonds and to the Owners at their respective addresses shown on the Registration Books.

(e) If an Event of Default hereunder occurs with respect to any Bonds of which the Trustee has been given or is deemed to have notice, as provided in Section 6.03(e) hereof, then the Trustee shall immediately give written notice thereof, by first-class mail to the Owner of each such Bond, unless such Event of Default shall have been cured before the giving of such notice.

(f) The IFD agrees that, so long as any Bonds or any Parity Debt are Outstanding, the Trustee shall be a financial institution having a trust office in the State, having (or in the case of a corporation or trust company included in a bank holding company system, the related bank holding company shall have) a combined capital and surplus of at least \$75,000,000, and subject to supervision or examination by federal or state authority. If such financial institution publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purpose of this subsection the combined capital and surplus of such financial institution 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 (f), the Trustee shall resign immediately in the manner and with the effect specified in this Section.

**Section 6.02. Merger or Consolidation.** Any bank or trust company into which the Trustee may be merged or converted or with which 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 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 6.01, 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 6.03. Liability of Trustee.**

(a) The recitals of facts herein and in the Bonds contained shall be taken as statements of the IFD, and the Trustee shall not assume responsibility for the correctness of the same, nor make any representations as to the validity or sufficiency of this Indenture or of the security for the Bonds or the tax status of interest thereon nor shall incur any responsibility in respect thereof, other than as expressly stated herein. The Trustee shall, however, be responsible for its representations contained in its certificate of authentication on the Bonds. The Trustee shall not be liable in connection with the performance of its duties hereunder, except for its own negligence or willful misconduct. The Trustee shall not be liable for the acts of any agents of the Trustee selected by it with due care. The Trustee and its officers and employees may become the Owner of any Bonds with the same rights it would have if they 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 the 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 with respect to any action taken or omitted to be taken by it in accordance with the direction of the Owners of not less than a majority in aggregate principal amount of the Bonds 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.

(c) The Trustee shall not be liable for any action taken by it and believed by it to be authorized or within the discretion or rights or powers conferred upon it by this Indenture, except for actions arising from the negligence or willful misconduct of the Trustee. Where the Trustee is given the permissive right to do things enumerated in this Indenture, such right shall not be construed as a mandatory duty.

(d) The Trustee shall not be deemed to have knowledge of any Event of Default hereunder unless and until a responsible officer shall have actual knowledge thereof, or shall have received written notice thereof from the IFD at its Principal Corporate Trust Office. In the absence of such actual knowledge or notice, the Trustee may conclusively assume that no Event of Default has occurred and is continuing under this Indenture. Except as otherwise expressly provided herein, the Trustee shall not be bound to ascertain or inquire as to the performance or observance by any other party 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. Without limiting the generality of the foregoing, the Trustee may rely conclusively on the IFD's certificates to establish the IFD's compliance with its financial covenants hereunder, including, without limitation, its covenants regarding the deposit of Tax Revenues into the Special Fund and the investment and application of moneys on deposit in the Special Fund (other than its covenants to transfer such moneys to the Trustee when due hereunder).

(e) The Trustee shall have no liability or obligation to the Bondowners with respect to the payment of debt service on the Bonds by the IFD or with respect to the observance or performance by the IFD of the other conditions, covenants and terms contained in this Indenture, or with respect to the investment of any moneys in any fund

or account established, held or maintained by the IFD pursuant to this Indenture or otherwise.

(f) No provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers. The Trustee shall be entitled to interest on all amounts advanced by it at the maximum rate permitted by law.

(g) The Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents, attorneys or receivers and the Trustee shall not be responsible for any intentional misconduct or negligence on the part of any agent, attorney or receiver appointed with due care by it hereunder.

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

(i) Before taking any action under Article VIII or this Article at the request of the Owners, the Trustee may require that a satisfactory indemnity bond be furnished by the Owners for the reimbursement of all expenses to which it may be put and to protect it against all liability, except liability which is adjudicated to have resulted from its negligence or willful misconduct in connection with any action so taken.

**Section 6.04. Right to Rely on Documents and Opinions.** The Trustee shall have no liability in acting upon any notice, resolution, request, consent, order, certificate, report, opinion, facsimile transmission, electronic mail, or other paper or document reasonably believed by it to be genuine and to have been signed or prescribed by the proper party or parties, and shall not be required to make any investigation into the facts or matters contained thereon. The Trustee may consult with counsel, including, without limitation, counsel of or to the IFD, with regard to legal questions, and, in the absence of negligence or intentional misconduct by the Trustee, the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by the Trustee hereunder in accordance therewith.

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 established to the satisfaction of the Trustee.

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 IFD, which shall be full warrant to the Trustee for any action taken or suffered under the provisions of this Indenture in reliance upon such Written Certificate, but in its discretion the Trustee may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may deem reasonable. The Trustee may conclusively rely on any certificate or report of any Independent Accountant or Independent Economic Consultant appointed by the IFD.

**Section 6.05. Preservation and Inspection of Documents.** All documents received by the Trustee under the provisions of this Indenture shall be retained in its possession and shall be subject at all reasonable times upon reasonable notice to the inspection of and copying by the

IFD and any Owner, and their agents and representatives duly authorized in writing, during regular business hours and under reasonable conditions.

**Section 6.06. Compensation and Indemnification.** The IFD shall pay to the Trustee from time to time reasonable compensation for all services rendered under this Indenture in accordance with the letter proposal from the Trustee approved by the IFD and also all reasonable expenses, charges, legal and consulting fees and other disbursements and those of its attorneys (including the allocated costs and disbursement of in-house counsel to the extent such services are not redundant with those provided by outside counsel), agents and employees, incurred in and about the performance of its powers and duties under this Indenture. The Trustee shall have a lien on the Tax Revenues and all funds and accounts held by the Trustee hereunder to secure the payment to the Trustee of all fees, costs and expenses, including reasonable compensation to its experts, attorneys and counsel (including the allocated costs and disbursement of in-house counsel to the extent such services are not redundant with those provided by outside counsel).

The IFD further covenants and agrees to indemnify, defend and save the Trustee and its officers, directors, agents and employees, harmless against any loss, expense and liabilities which it may incur to the extent arising out of or in connection with the exercise and performance of its powers and duties hereunder, including the costs and expenses of defending against any claim of liability, but excluding any and all losses, expenses and liabilities which are due to the negligence misconduct of the Trustee, its officers, directors, agents or employees. The obligations of the IFD and the rights of the Trustee under this Section 6.06 shall survive resignation or removal of the Trustee under this Indenture and payment of the Bonds and discharge of this Indenture.

**Section 6.07. Deposit and Investment of Moneys in Funds.** Moneys in the Project Fund, the Debt Service Fund, the Interest Account, the Principal Account, the Reserve Account, the Redemption Account and the Costs of Issuance Fund shall be invested by the Trustee in Permitted Investments as directed by the IFD in the Written Request of the IFD filed with the Trustee, except that moneys in the Reserve Account shall not be invested in Permitted Investments having a maturity of more than five (5) years, unless any such Permitted Investment is described in clause (h) of the definition thereof. In the absence of any such Written Request of the IFD, the Trustee shall invest any such moneys in Permitted Investments described in clause (f) of the definition thereof, which by their terms mature prior to the date on which such moneys are required to be paid out hereunder. The Trustee shall be entitled to rely conclusively upon the written instructions of the IFD directing investments in Permitted Investments as to the fact that each such investment is permitted by the laws of the State, and shall not be required to make further investigation with respect thereto. With respect to any restrictions set forth in the above list which embody legal conclusions (e.g., the existence, validity and perfection of security interests in collateral), the Trustee shall be entitled to rely conclusively on an opinion of counsel or upon a representation of the provider of such Permitted Investment obtained at the IFD's expense. Moneys in the Special Fund may be invested by the IFD in any obligations in which the IFD is legally authorized to invest its funds. Obligations purchased as an investment of moneys in any fund shall be deemed to be part of such fund or account. All interest or gain derived from the investment of amounts in any of the funds or accounts held by the Trustee hereunder shall be deposited in the Interest Account; *provided, however*, that all interest or gain from the investment of amounts in the Reserve Account shall be deposited by the Trustee in the Interest Account only to the extent not required to cause the balance in the Reserve Account to equal the Reserve Requirement. The Trustee may act as principal or agent in the acquisition or disposition of any investment and may impose its customary charges therefor. The Trustee shall incur no liability for losses arising from any investments made at the direction of the IFD or otherwise made in

accordance with this Section. For investment purposes only, the Trustee may commingle the funds and accounts established hereunder, but shall account for each separately.

The IFD acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the IFD the right to receive brokerage confirmations of security transactions as they occur, the IFD specifically waives receipt of such confirmations to the extent permitted by law. The Trustee will furnish the IFD monthly cash transaction statements which include detail for all investment transactions made by the Trustee hereunder.

All moneys held by the Trustee shall be held in trust, but need not be segregated from other funds unless specifically required by this Indenture. Except as specifically provided in this Indenture, the Trustee shall not be liable to pay interest on any moneys received by it, but shall be liable only to account to the IFD for earnings derived from funds that have been invested.

The IFD covenants that all investments of amounts deposited in any fund or account created by or pursuant to this Indenture, or otherwise containing gross proceeds of the Bonds (within the meaning of section 148 of the Code) shall be acquired, disposed of, and valued (as of the date that valuation is required by this Indenture or the Code) at Fair Market Value.

Investments in funds or accounts (or portions thereof) that are subject to a yield restriction under applicable provisions of the Code shall be valued by the IFD at their present value (within the meaning of section 148 of the Code). Investments on deposit in the Reserve Account shall be valued on June 30 of each year at their market value.

**Section 6.08. Accounting Records and Financial Statements.** The Trustee shall at all times keep, or cause to be kept, proper books of record and account, prepared in accordance with corporate trust industry standards, in which complete and accurate entries shall be made of all transactions relating to the proceeds of the Bonds made by it and all funds and accounts held by the Trustee established pursuant to this Indenture. Such books of record and account shall be available for inspection by the IFD upon reasonable prior notice, at reasonable hours and under reasonable circumstances. The Trustee shall furnish to the IFD, on a monthly basis, an accounting of all transactions in the form of its customary statements relating to the proceeds of the Bonds and all funds and accounts held by the Trustee pursuant to this Indenture.

## ARTICLE VII

### MODIFICATION OR AMENDMENT OF THIS INDENTURE

**Section 7.01. Amendment With And Without Consent of Owners.** This Indenture and the rights and obligations of the IFD and of the Owners may be modified or amended at any time by a Supplemental Indenture which shall become binding upon adoption without the consent of any Owners, to the extent permitted by law, but only for any one or more of the following purposes

(a) to add to the covenants and agreements of the IFD in this Indenture contained, other covenants and agreements thereafter to be observed, or to limit or surrender any rights or powers herein reserved to or conferred upon the IFD; or

(b) to make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision contained in this Indenture, or in any other respect whatsoever as the IFD may deem necessary or desirable, provided under any circumstances that such modifications or amendments shall not, in the reasonable determination of the IFD, materially adversely affect the interests of the Owners; or

(c) to provide for the issuance of Parity Debt in accordance with Section 3.06; or

(d) to amend any provision hereof relating to the requirements of or compliance with the Code, to any extent whatsoever but only if and to the extent such amendment will not adversely affect the exemption from federal income taxation of interest on any of the Bonds the interest on which is intended to be excluded from gross income for federal income tax purposes, in the opinion of Bond Counsel; or

(e) to comply with the requirements of a provider of a Qualified Reserve Account Credit Instrument.

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

**Section 7.02. Effect of Supplemental Indenture.** From and after the time any Supplemental Indenture becomes effective pursuant to this Article VII, this Indenture shall be deemed to be modified and amended in accordance therewith, the respective rights, duties and obligations of the parties hereto or thereto and all Owners, as the case may be, shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modification and

amendment, and all the terms and conditions of any Supplemental Indenture shall be deemed to be part of the terms and conditions of this Indenture for any and all purposes.

**Section 7.03. Endorsement or Replacement of Bonds After Amendment.** After the effective date of any amendment or modification hereof pursuant to this Article VII, the IFD may determine that any or all of the Bonds shall bear a notation, by endorsement in form approved by the IFD, as to such amendment or modification and in that case upon demand of the IFD the Owners of such Bonds shall present such Bonds for that purpose at the Principal Corporate Trust Office of the Trustee, and thereupon a suitable notation as to such action shall be made on such Bonds. In lieu of such notation, the IFD may determine that new Bonds shall be prepared at the expense of the IFD and executed in exchange for any or all of the Bonds, and in that case, upon demand of the IFD, the Owners of the Bonds shall present such Bonds for exchange at the Principal Corporate Trust Office of the Trustee, without cost to such Owners.

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

**Section 7.05. Opinion of Counsel.** Prior to executing any Supplemental Indenture, the Trustee shall be furnished an opinion of counsel, upon which it may conclusively rely to the effect that all conditions precedent to the execution of such Supplemental Indenture under this Indenture have been satisfied and such Supplemental Indenture is authorized and permitted under this Indenture and does not adversely affect the exclusion of interest on the Bonds from gross income for federal income tax purposes or adversely affect the exemption of interest on the Bonds from personal income taxation by the State.

**Section 7.06. Copy of Supplemental Indenture to S&P and Moody's.** The IFD shall provide to S&P and Moody's, for so long as S&P and Moody's, as the case may be, maintain a rating on any of the Bonds (without regard to any municipal bond or financial guaranty insurance), a copy of any Supplemental Indenture at least 15 days prior to its proposed effective date.

## ARTICLE VIII

### EVENTS OF DEFAULT AND REMEDIES OF OWNERS

**Section 8.01. Events of Default and Acceleration of Maturities.** The following events shall constitute Events of Default hereunder:

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

(b) if default shall be made by the IFD in the observance of any of the covenants, agreements or conditions on its part in this Indenture or in the Bonds contained, other than a default described in the preceding clause (a), and such default shall have continued for a period of thirty (30) days following receipt by the IFD of written notice from the Trustee, or written notice from any Owner (with a copy of said notice delivered to the Trustee) of the occurrence of such default, provided that if in the reasonable opinion of the IFD the failure stated in the notice can be corrected, but not within such thirty (30) day period, such failure will not constitute an event of default if corrective action is instituted by the IFD within such thirty (30) day period and the IFD thereafter diligently and in good faith cures such failure in a reasonable period of time; or

(c) If the IFD files a petition seeking reorganization or arrangement under the federal bankruptcy laws or any other applicable law of the United States of America, or if a court of competent jurisdiction will approve a petition by the IFD seeking reorganization under the federal bankruptcy laws or any other applicable law of the United States of America, or, if under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction will approve a petition by the IFD, seeking reorganization under the federal bankruptcy laws or any other applicable law of the United States of America, or, if under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction will assume custody or control of the IFD or of the whole or any substantial part of its property.

If an Event of Default has occurred under this Section and is continuing, the Trustee, may, and, if requested in writing by the Owners of a majority in aggregate principal amount of the Bonds then Outstanding the Trustee shall, (a) declare the principal of the Bonds, together with the accrued interest thereon, to be due and payable immediately, and upon any such declaration the same shall become immediately due and payable, anything in this Indenture or in the Bonds to the contrary notwithstanding, and (b) subject to the provisions of Section 8.06, exercise any other remedies available to the Trustee and the Bond Owners in law or at equity.

Immediately upon receiving notice or actual knowledge of the occurrence of an Event of Default, the Trustee shall give notice of such Event of Default to the IFD by telephone promptly confirmed in writing. Such notice shall also state whether the principal of the Bonds shall have been declared to be or have immediately become due and payable. With respect to any Event of Default described in clauses (a) or (c) above the Trustee shall, and with respect to any Event of Default described in clause (b) above the Trustee in its sole discretion may, also give such notice to the Owners by mail, which shall include the statement that interest on the Bonds shall cease to accrue from and after the date, if any, on which the Trustee shall have declared the Bonds to

become due and payable pursuant to the preceding paragraph (but only to the extent that principal and any accrued, but unpaid, interest on the Bonds is actually paid on such date).

This provision, however, is subject to the condition that if, at any time after the principal of the Bonds shall have been so declared due and payable, and before any judgment or decree for the payment of the moneys due shall have been obtained or entered, the IFD shall, with the written consent of a majority in aggregate principal amount of the Owners of the Bonds, deposit with the Trustee a sum sufficient to pay all principal on the Bonds matured prior to such declaration and all matured installments of interest (if any) upon all the Bonds, with interest on such overdue installments of principal and interest (to the extent permitted by law), and the reasonable fees and expenses of the Trustee, (including the allocated costs and disbursements of its in-house counsel to the extent such services are not redundant with those provided by outside counsel) and any and all other defaults known to the Trustee (other than in the payment of principal of and interest on the Bonds due and payable solely by reason of such declaration) shall have been made good or cured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall have been made therefor, then, and in every such case, the Trustee shall promptly give written notice of the foregoing to the Owners of all Bonds then Outstanding, and with the prior written approval of the Owners of at least a majority in aggregate principal amount of the Bonds then Outstanding, by written notice to the IFD and to the Trustee, may, on behalf of the Owners of all of the Bonds, rescind and annul such declaration and its consequences. However, no such rescission and annulment shall extend to or shall affect any subsequent default or shall impair or exhaust any right or power consequent thereon.

**Section 8.02. Application of Funds Upon Acceleration.** All of the Tax Revenues and all sums in the funds and accounts established and held by the Trustee hereunder upon the date of the declaration of acceleration as provided in Section 8.01, and all sums thereafter received by the Trustee hereunder, shall be applied by the Trustee in the following order upon presentation of the several Bonds, and the stamping thereon of the payment if only partially paid, or upon the surrender thereof if fully paid:

First, to the payment of the fees, costs and expenses of the Trustee in declaring such Event of Default and in exercising the rights and remedies set forth in this Article VIII, including reasonable compensation to its agents, attorneys (including the allocated costs and disbursements of its in-house counsel to the extent such services are not redundant with those provided by outside counsel) and counsel and any outstanding fees, expenses of the Trustee; and

Second, to the payment of the whole amount then owing and unpaid upon the Bonds for principal and interest, as applicable, with interest on the overdue principal, and installments of interest at the net effective rate then borne by the Outstanding Bonds (to the extent that such interest on overdue installments of principal and interest shall have been collected), and in case such moneys shall be insufficient to pay in full the whole amount so owing and unpaid upon the Bonds, then to the payment of such principal and interest without preference or priority, ratably to the aggregate of such principal and interest.

**Section 8.03. Power of Trustee to Control Proceedings.** In the event that the Trustee, upon the happening of an Event of Default, shall have taken any action, by judicial proceedings or otherwise, pursuant to its duties hereunder, whether upon its own discretion or upon the request of the Owners of a majority in principal amount of the Bonds then Outstanding, it shall have full power, in the exercise of its discretion for the best interests of the Owners of the Bonds, with



respect to the continuance, discontinuance, withdrawal, compromise, settlement or other disposal of such action; *provided, however*, that the Trustee shall not, unless there no longer continues an Event of Default, discontinue, withdraw, compromise or settle, or otherwise dispose of any litigation pending at law or in equity, if at the time there has been filed with it a written request signed by the Owners of a majority in principal amount of the Outstanding Bonds hereunder opposing such discontinuance, withdrawal, compromise, settlement or other disposal of such litigation.

**Section 8.04. Limitation on Owner's Right to Sue.** No Owner of any Bond issued hereunder shall have the right to institute any suit, action or proceeding at law or in equity, for any remedy under or upon this Indenture, unless (a) such Owner shall have previously given to the IFD and the Trustee written notice of the occurrence of an Event of Default; (b) the Owners of a majority in aggregate principal amount of all the Bonds then Outstanding shall have made written request upon the Trustee to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name; (c) said Owners shall have tendered to the Trustee indemnity reasonably acceptable to the Trustee against the costs, expenses and liabilities to be incurred in compliance with such request; 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 any remedy hereunder; it being understood and intended that no one or more Owners shall have any right in any manner whatever by his or their action to enforce any right under this Indenture, except in the manner herein provided, and that all proceedings at law or in equity to enforce any provision of this Indenture shall be instituted, had and maintained in the manner herein provided and for the equal benefit of all Owners of the Outstanding Bonds.

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

**Section 8.05. Non-Waiver.** Nothing in this Article VIII or in any other provision of this Indenture or in the Bonds, shall affect or impair the obligation of the IFD, which is absolute and unconditional, to pay from the Tax Revenues and other amounts pledged hereunder, the principal of and interest and redemption premium (if any) on the Bonds to the respective Owners on the respective Interest Payment Dates, as herein provided, or affect or impair the right of action, which is also absolute and unconditional, of the Owners or the Trustee to institute suit to enforce such payment by virtue of the contract embodied in the Bonds.

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

If a suit, action or proceeding to enforce any right or exercise any remedy shall be abandoned or determined adversely to the Owners or the Trustee, the IFD, the Trustee and the

Owners shall be restored to their former positions, rights and remedies as if such suit, action or proceeding had not been brought or taken.

**Section 8.06. Actions by Trustee as Attorney-in-Fact.** Any suit, action or proceeding which any Owner shall have the right to bring to enforce any right or remedy hereunder may be brought by the Trustee for the equal benefit and protection of all Owners similarly situated and the Trustee is hereby appointed (and the successive respective Owners by taking and holding the Bonds or Parity Debt shall be conclusively deemed so to have appointed it) the true and lawful attorney-in-fact of the respective Owners for the purpose of bringing any such suit, action or proceeding and to do and perform any and all acts and things for and on behalf of the respective Owners as a class or classes, as may be necessary or advisable in the opinion of the Trustee as such attorney-in-fact, *provided, however,* the Trustee shall have no duty or obligation to exercise any such right or remedy unless it has been indemnified to its satisfaction from any loss, liability or expense (including fees and expenses of its outside counsel and the allocated costs and disbursements of its in-house counsel to the extent such services are not redundant with those provided by outside counsel).

**Section 8.07. Remedies Not Exclusive.** No remedy herein conferred upon or reserved to the Owners is intended to be exclusive of any other remedy. Every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing, at law or in equity or by statute or otherwise, and may be exercised without exhausting and without regard to any other remedy conferred by the Law or any other law.

**Section 8.08. 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 Outstanding Bonds (including by the Owners of a majority in aggregate principal amount of the Outstanding Bonds), such percentage shall be calculated on the basis of the principal amount of the Outstanding Bonds determined as of the next succeeding Interest Payment Date.

## ARTICLE IX

### MISCELLANEOUS

**Section 9.01. Benefits Limited to Parties.** Nothing in this Indenture, expressed or implied, is intended to give to any person other than the IFD, the Trustee and the Owners, any right, remedy or claim under or by reason of this Indenture. Any covenants, stipulations, promises or agreements in this Indenture contained by and on behalf of the IFD shall be for the sole and exclusive benefit of the Trustee and the Owners.

**Section 9.02. Successor is Deemed Included in All References to Predecessor.** Whenever in this Indenture or any Supplemental Indenture either the IFD 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 IFD or the Trustee shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

**Section 9.03. Discharge of Indenture.** If the IFD shall pay and discharge the entire indebtedness on all Bonds or any portion thereof in any one or more of the following ways:

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

(ii) by irrevocably depositing with the Trustee or an escrow agent, in trust, at or before maturity, money which, together with the available amounts then on deposit in the funds and accounts established pursuant to this Indenture, is fully sufficient to pay all or the applicable portion of Outstanding Bonds, including all principal, interest and redemption premiums, or;

(iii) by irrevocably depositing with the Trustee or an escrow agent, in trust, Defeasance Obligations in such amount as an Independent Accountant shall determine will, together with the interest to accrue thereon and available moneys then on deposit in the funds and accounts established pursuant to this Indenture, be fully sufficient to pay and discharge the indebtedness on all Bonds or the applicable portion thereof (including all principal, interest and redemption premiums) at or before maturity;

and, if such Bonds are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given pursuant to Section 2.03(b) or provision satisfactory to the Trustee shall have been made for the giving of such notice, then, at the election of the IFD, and notwithstanding that any Bonds shall not have been surrendered for payment, the pledge of the Tax Revenues and other funds provided for in this Indenture and all other obligations of the Trustee and the IFD under this Indenture shall cease and terminate with respect to all Outstanding Bonds or, if applicable, with respect to that portion of the Bonds which has been paid and discharged, except only (a) the covenants of the IFD hereunder with respect to the Code, (b) the obligation of the Trustee to transfer and exchange Bonds hereunder, (c) the obligations of the IFD under Section 6.06 hereof, and (d) the obligation of the IFD to pay or cause to be paid to the Owners, from the amounts so deposited with the Trustee, all sums due thereon and to pay the Trustee, all fees, expenses and costs of the Trustee. In the event the IFD shall, pursuant to the foregoing provision, pay and discharge any portion or all of the Bonds then Outstanding, the Trustee shall be authorized

to take such actions and execute and deliver to the IFD all such instruments as may be necessary or desirable to evidence such discharge, including, without limitation, selection by lot of Bonds of any maturity of the Bonds that the IFD has determined to pay and discharge in part.

In the case of a defeasance or payment of all of the Bonds Outstanding, any funds thereafter held by the Trustee which are not required for said purpose or for payment of amounts due the Trustee pursuant to Section 6.06 shall be paid over to the IFD.

**Section 9.04. Execution of Documents and Proof of Ownership by Owners.** Any request, consent, declaration or other instrument which this Indenture may require or permit to be executed by any Owner may be in one or more instruments of similar tenor, and shall be executed by such Owner in person or by such Owner's attorneys appointed in writing.

Except as otherwise herein expressly provided, the fact and date of the execution by any Owner or his attorney of such request, declaration or other instrument, or of such writing appointing such attorney, may be proved by the certificate of any notary public or other officer authorized to take acknowledgments of deeds to be recorded in the state in which he purports to act, that the person signing such request, declaration or other instrument or writing acknowledged to him the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer.

The ownership of Bonds and the amount, maturity, number and date of ownership thereof shall be proved by the Registration Books.

Any demand, request, direction, consent, declaration or other instrument or writing of the Owner of any Bond shall bind all future Owners of such Bond in respect of anything done or suffered to be done by the IFD or the Trustee and in accordance therewith, provided, however, that the Trustee shall not be deemed to have knowledge that any Bond is owned by or for the account of the IFD unless the IFD is the registered Owner or the Trustee has received written notice that any other registered Owner is such an affiliate.

**Section 9.05. Disqualified Bonds.** In determining whether the Owners of the requisite aggregate principal amount of Bonds have concurred in any demand, request, direction, consent or waiver under this Indenture, Bonds which are owned or held by or for the account of the IFD or the City and County of San Francisco (but excluding Bonds held in any employees' retirement fund) shall be disregarded and deemed not to be Outstanding for the purpose of any such determination.

**Section 9.06. Waiver of Personal Liability.** No member, officer, agent or employee of the IFD shall be individually or personally liable for the payment of the principal or interest or any premium on the Bonds; but nothing herein contained shall relieve any such member, officer, agent or employee from the performance of any official duty provided by law.

**Section 9.07. Destruction of Cancelled Bonds.** Whenever in this Indenture provision is made for the surrender to the Trustee of any Bonds which have been paid or cancelled pursuant to the provisions of this Indenture, the Trustee shall destroy such bonds and upon request of the IFD provide the IFD a certificate of destruction. The IFD shall be entitled to rely upon any statement of fact contained in any certificate with respect to the destruction of any such Bonds therein referred to.

**Section 9.08. Notices.** Any notice, request, demand, communication or other paper shall be sufficiently given and shall be deemed given when delivered or upon receipt when mailed by first class, registered or certified mail, postage prepaid, or sent by facsimile, addressed as follows:

If to the IFD:	[to come]
If to the Trustee:	[Corporate Trustee] [to come] Attention: Corporate Trust Department Facsimile

**Section 9.09. Partial Invalidity.** If any Section, paragraph, sentence, clause or phrase of this Indenture shall for any reason be held illegal, invalid or unenforceable, such holding shall not affect the validity of the remaining portions of this Indenture. The IFD hereby declares that it would have adopted this Indenture and each and every other Section, paragraph, sentence, clause or phrase hereof and authorized the issue 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. If, by reason of the judgment of any court, the Trustee is rendered unable to perform its duties hereunder, all such duties and all of the rights and powers of the Trustee hereunder shall, pending appointment of a successor Trustee in accordance with the provisions of Section 6.01 hereof, be assumed by and vest in the Treasurer of the IFD in trust for the benefit of the Owners. The IFD covenants for the direct benefit of the Owners that its Finance Director in such case shall be vested with all of the rights and powers of the Trustee hereunder, and shall assume all of the responsibilities and perform all of the duties of the Trustee hereunder, in trust for the benefit of the Bonds, pending appointment of a successor Trustee in accordance with the provisions of Section 6.01 hereof.

**Section 9.10. Unclaimed Moneys.** Anything contained herein to the contrary notwithstanding, any money held by the Trustee in trust for the payment and discharge of the interest or premium (if any) on or principal of the Bonds which remains unclaimed for two (2) years after the date when the payments of such interest, premium and principal have become payable, if such money was held by the Trustee at such date, or for two (2) years after the date of deposit of such money if deposited with the Trustee after the date when the interest and premium (if any) on and principal of such Bonds have become payable, shall be repaid by the Trustee to the IFD as its absolute property free from trust, and the Trustee shall thereupon be released and discharged with respect thereto and the Bond Owners shall look only to the IFD for the payment of the principal of and interest and redemption premium (if any) on of such Bonds.

**Section 9.11. Execution in Counterparts.** This Indenture may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

**Section 9.12. Governing Law.** This Indenture shall be construed and governed in accordance with the laws of the State.

IN WITNESS WHEREOF, the CITY AND COUNTY OF SAN FRANCISCO INFRASTRUCTURE FINANCING DISTRICT NO. 2 (PORT OF SAN FRANCISCO), has caused this Indenture to be signed in its name by \_\_\_\_\_ and attested by the Clerk of the Board of Supervisors of the City and County of San Francisco, and [CORPORATE TRUSTEE], 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.

CITY AND COUNTY OF SAN FRANCISCO  
INFRASTRUCTURE FINANCING  
DISTRICT NO. 2 (PORT OF SAN  
FRANCISCO)

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

Attest:

\_\_\_\_\_  
Clerk  
Board of Supervisors  
City and County of San Francisco

[CORPORATE TRUSTEE], as Trustee

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

**EXHIBIT A**  
**(FORM OF BOND)**

**FORM OF BOND**

No. \_\_\_\_

\*\*\*\$\_\_\_\_\_\*\*\*

**UNITED STATES OF AMERICA**  
**STATE OF CALIFORNIA**  
**CITY AND COUNTY OF SAN FRANCISCO**

**CITY AND COUNTY OF SAN FRANCISCO**  
**Infrastructure Financing District No. 2**  
**(Port of San Francisco)**  
**Project Area I (Mission Rock)**  
**Tax Increment Revenue Bond, Series \_\_\_\_\_**

**INTEREST RATE**

**MATURITY DATE**

**DATED DATE**

\_\_\_\_\_%

\_\_\_\_ 1, \_\_\_\_\_

\_\_\_\_\_

REGISTERED OWNER:

PRINCIPAL AMOUNT:

\*\*\*\*\*DOLLARS

City and County of San Francisco Infrastructure Financing District No. 2 (Port of San Francisco) (the "IFD") with respect to Project Area I (Mission Rock), for value received, hereby promises to pay solely from the Tax Revenues (as hereinafter defined) to be received by the IFD or amounts in certain funds and accounts held under the Indenture of Trust (as hereinafter defined), to the registered owner named above, or registered assigns, on the maturity date set forth above, unless redeemed prior thereto as hereinafter provided, the principal amount set forth above, and to pay interest on such principal amount, semiannually on each September 1 and March 1 (each an "Interest Payment Date"), commencing as set forth in the Indenture of Trust, at the interest rate set forth above, until the principal amount hereof is paid or made available for payment provided, however, that if at the time of authentication of this Bond, interest is in default on this Bond, this Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment.

Principal of and interest on the Bonds (including the final interest payment upon maturity or earlier redemption), is payable on the applicable Interest Payment Date by check of the Trustee (defined below) mailed by first class mail to the registered Owner thereof at such registered Owner's address as it appears on the registration books maintained by the Trustee at the close of business on the Record Date preceding the Interest Payment Date, or by wire transfer made on such Interest Payment Date upon written instructions of any Owner of \$1,000,000 or more in aggregate principal amount of Bonds delivered to the Trustee prior to the applicable Record Date. The principal of the Bonds and any premium on the Bonds are payable in lawful money of the United States of America upon surrender of the Bonds at the Principal Office of the Trustee or such other place as designated by the Trustee.

This Bond is one of a duly authorized issue of bonds in the aggregate principal amount of \$\_\_\_\_\_ approved by resolution of the Board of Supervisors of the City on \_\_\_\_, 20\_\_ (the "Resolution"), under California Government Code Section 53395 et seq. (the "IFD Law") for the purpose of funding certain facilities for the IFD, and is one of the series of bonds designated "City and County of San Francisco Infrastructure Financing District No. 2 (Port of San Francisco) Project Area I (Mission Rock) Tax Increment Revenue Bonds, Series \_\_\_\_" (the "Bonds"). The issuance of the Bonds and the terms and conditions thereof are provided for by an Indenture of Trust, dated as of \_\_\_\_\_ 1, 20\_\_ (the "Indenture of Trust"), between the IFD and the \_\_\_\_\_ (the "Trustee") and this reference incorporates the Indenture of Trust herein, and by acceptance hereof the owner of this Bond assents to said terms and conditions. The Indenture of Trust is authorized under, this Bond is issued under and both are to be construed in accordance with, the laws of the State of California.

Pursuant to the IFD Law, the Resolution and the Indenture of Trust, the principal of and interest on this Bond are payable solely from certain funds held under the Indenture of Trust and the "Tax Revenues," as defined in the Indenture of Trust. Any revenues for the payment hereof shall be limited to the Tax Revenues, except to the extent that provision for payment has been made by the City, as may be permitted by law.

The Bonds are not a debt of the City or the State of California or of any of its political subdivisions, other than the IFD to the limited extent described herein, and none of those entities, other than the IFD to the limited extent described herein, shall be liable on the Bonds, and the Bonds shall be payable exclusively from the Tax Revenues and the specified funds held under the Indenture of Trust. The Bonds do not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation.

Optional Redemption. All of the Bonds are subject to redemption prior to their stated maturities, on any Interest Payment Date, in whole or in part, at a redemption price (expressed as a percentage of the principal amount of the Bonds to be redeemed) as set forth below, together with accrued interest thereon to the date fixed for redemption:

<u>Redemption Date</u>	<u>Redemption Price</u>
[to come]	

Mandatory Sinking Fund Redemption. The Term Bond maturing on \_\_\_\_\_ 1, \_\_\_\_ is subject to mandatory redemption in part by lot, from sinking fund payments made by the IFD from the Bond Fund, at a redemption price equal to the principal amount thereof to be redeemed, without premium, in the aggregate respective principal amounts all as set forth in the following table:

Sinking Fund Redemption Date	Principal Amount <u>Subject to Redemption</u>
( _____ ) 1	

Provided, however, if some but not all of the Term Bonds of a given maturity have been redeemed as a result of an optional redemption or a mandatory redemption, the total amount of all future Sinking Fund Payments relating to such maturity shall be reduced by the aggregate principal amount of Term Bonds of such maturity so redeemed, to be allocated among such Sinking Fund Payments on a pro rata basis in integral multiples of \$5,000 as determined by the Trustee, notice of which determination shall be given by the Trustee to the City.



Notice of redemption with respect to the Bonds to be redeemed shall be given to the registered owners thereof, in the manner, to the extent and subject to the provisions of the Indenture of Trust.

This Bond shall be registered in the name of the owner hereof, as to both principal and interest. Each registration and transfer of registration of this Bond shall be entered by the Trustee in books kept by it for this purpose and authenticated by its manual signature upon the certificate of authentication endorsed hereon.

No transfer or exchange hereof shall be valid for any purpose unless made by the registered owner, by execution of the form of assignment endorsed hereon, and authenticated as herein provided, and the principal hereof, interest hereon and any redemption premium shall be payable only to the registered owner or to such owner's order. The Trustee shall require the registered owner requesting transfer or exchange to pay any tax or other governmental charge required to be paid with respect to such transfer or exchange. No transfer or exchange hereof shall be required to be made (i) fifteen days prior to the date established by the Trustee for selection of Bonds for redemption or (ii) with respect to a Bond after such Bond has been selected for redemption.

The Indenture of Trust and the rights and obligations of the IFD thereunder may be modified or amended as set forth therein. The principal of the Bonds is not subject to acceleration upon a default under the Indenture of Trust or any other document.

This Bond shall not become valid or obligatory for any purpose until the certificate of authentication and registration hereon endorsed shall have been dated and signed by the Trustee.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED by the IFD that all acts, conditions and things required by law to exist, happen and be performed precedent to and in the issuance of this Bond have existed, happened and been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other indebtedness of the IFD, does not exceed any debt limit prescribed by the laws or Constitution of the State of California.

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

IN WITNESS WHEREOF, City and County of San Francisco Infrastructure Financing District No. 2 (Port of San Francisco), with respect to Project Area I (Mission Rock), has caused this Bond to be to be signed by the facsimile signature of the \_\_\_\_\_ and countersigned by the facsimile signature of the Clerk of the Board of Supervisors with the seal of the City imprinted hereon.

[S E A L]

\_\_\_\_\_  
Clerk of the Board of Supervisors

\_\_\_\_\_  
[to come]

[FORM OF TRUSTEE'S CERTIFICATE OF AUTHENTICATION AND REGISTRATION]

This is one of the Bonds described in the Indenture of Trust which has been authenticated on \_\_\_\_\_, \_\_\_\_\_.

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

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

FORM OF ASSIGNMENT

For value received, the undersigned do(es) hereby sell, assign and transfer unto

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

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

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

Signature Guaranteed:

\_\_\_\_\_  
NOTICE: 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.

NOTICE: 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.

**EXHIBIT B**

**FORM OF PROJECT FUND DISBURSEMENT REQUEST**

**DISBURSEMENT REQUEST NO.:** \_\_\_\_\_

[Corporate Trustee]  
[address to come]  
Attention: Corporate Trust Department

Re:    \$[Principal Amount] City and County of San Francisco Infrastructure Financing  
      District No. 2 (Port of San Francisco) Project Area I (Mission Rock) Tax Increment  
      Revenue Bonds, Series \_\_\_\_\_

Ladies and Gentlemen:

In accordance with the terms of an Indenture of Trust, by and between you and the undersigned, dated as of \_\_\_\_\_ 1, 20\_\_ (the "Indenture"), you are hereby authorized and requested to make immediate disbursement of funds held by you in the Project Fund pursuant to Section 3.04 of the Indenture.

You are hereby requested to pay to the person(s), corporation(s) or other entity(ies) designated on Schedule A attached hereto as Payee(s), the sum set forth on said Schedule.

All of the costs listed on Schedule A are authorized expenditures of the IFD with respect to the Project Area.

Capitalized terms used herein but not defined have the meaning given them in the Indenture.

Dated: \_\_\_\_\_, 20\_\_

CITY AND COUNTY OF SAN FRANCISCO  
INFRASTRUCTURE FINANCING  
DISTRICT NO. 2 (PORT OF SAN  
FRANCISCO)

By: \_\_\_\_\_  
Treasurer

**SCHEDULE A**  
**TO**  
**PROJECT FUND DISBURSEMENT REQUEST**

Payee

Amount

Purposes