

**SECOND SUPPLEMENT TO
INDENTURE OF TRUST**

by and between the

**PORT COMMISSION OF THE
CITY AND COUNTY OF SAN FRANCISCO**

and

**U.S. BANK NATIONAL ASSOCIATION,
as trustee**

Dated as of ____ 1, 2014

**PORT COMMISSION OF THE
CITY AND COUNTY OF SAN FRANCISCO
REVENUE BONDS,
SERIES 2014A (AMT Tax-Exempt)**

and

**PORT COMMISSION OF THE
CITY AND COUNTY OF SAN FRANCISCO
REVENUE BONDS,
SERIES 2014B (Federally Taxable)**

TABLE OF CONTENTS

	<u>Page</u>
ARTICLE I DEFINITIONS	
Section 1.01. Definitions	2
ARTICLE II TERMS OF SERIES 2014 BONDS	
Section 2.01. Authorization and Purpose of Series 2014 Bonds	65
Section 2.02. Terms of the Series 2014 Bonds	65
Section 2.03. Forms of Series 2014 Bonds	9
Section 2.04. Application of Proceeds of Sale of the Series 2014A Bonds; Establishment of Series 2014A Project Costs Fund and Series 2014A Delivery Costs Fund	109
Section 2.05. Application of Proceeds of Sale of the Series 2014B Bonds; Establishment of Series 2014B Project Costs Fund and Series 2014B Delivery Costs Fund	114
Section 2.06. Book-Entry Provisions.....	124
ARTICLE III SERIES 2014 INTEREST AND PRINCIPAL ACCOUNTS; RESERVE FUND; SERIES 2014 REBATE FUND; EARNINGS ON DEBT SERVICE FUND AND RESERVE FUND	
Section 3.01. Series 2014 Interest and Principal Accounts	144
Section 3.02. Reserve Fund	154
Section 3.03. Rebate Fund	164
ARTICLE IV MISCELLANEOUS	
Section 4.01. Continuing Disclosure	181
Section 4.02. Tax Matters	181
Section 4.03. Effective Date of Second Supplemental Indenture	214
Section 4.04. Existing Indenture to Remain in Effect.....	212
Section 4.05. Execution in Counterparts.....	212

EXHIBIT A: FORM OF SERIES 2014 BOND

SECOND SUPPLEMENT TO INDENTURE OF TRUST

This SECOND SUPPLEMENT TO INDENTURE OF TRUST, dated as of ____ 1, 2014 (the "**Second Supplemental Indenture**"), by and between the PORT COMMISSION OF THE CITY AND COUNTY OF SAN FRANCISCO (the "**Commission**"), duly constituted and established under Sections 4.100 et seq. of the Charter of the City and County of San Francisco and U.S. BANK NATIONAL ASSOCIATION, a national trust company duly organized under the laws of the United States of America, as successor trustee to Deutsche Bank National Trust Company (the "**Trustee**");

WITNESSETH:

WHEREAS, the Commission has entered into an agreement dated as of January 24, 1969 (the "**State Agreement**") pursuant to which the State of California (the "**State**") has transferred ownership of the Port of San Francisco to the City and County of San Francisco (the "**City**"); and

WHEREAS, under Section 4.114 of the Charter of the City and County of San Francisco (the "**Charter**"), the Commission has under its management, supervision, operation and control all real and personal property transferred under State of California Statutes 1968, Chapter 1333, and of all other properties wherever situated as it may acquire or which may be placed under its management, supervision or control (the "**Port Area**"); and

WHEREAS, under Section 9.107 of the Charter and Ordinance No. 258-09, adopted by the Board of Supervisors of the City on December 8, 2009 and signed by Mayor Gavin Newsom on December 18, 2009, and codified as Chapter 43, Article XII of the San Francisco Administrative Code, the Commission has the authority to issue port revenue bonds for the purpose of acquiring, constructing, improving or developing ports or port facilities under its jurisdiction and port revenue bonds under such terms and conditions as the Commission may authorize by resolution; and

WHEREAS, the Commission has authorized and issued the Series 2014 Bonds pursuant to Resolution No. _____ of the Commission, adopted on December 12, 2013 (the "**Port Commission Resolution**") and the Board of Supervisors of the City has approved the Series 2014 Bonds pursuant to Resolution No. _____, adopted on February 11, 2014 and signed by Mayor Edwin M. Lee on _____, 2014 (the "**City Resolution**"); and

WHEREAS, the Commission previously entered into an Indenture of Trust, dated as of February 1, 2010 (the "**Master Indenture**"), by and between the Commission and the Trustee, which provides for the security and issuance of one or more series of port revenue bonds (the "**Bonds**"); and

WHEREAS, the Commission previously entered into a First Supplement to Indenture of Trust, dated as of February 1, 2010, by and between the Commission and the Trustee (the "**First Supplemental Indenture**"); together with the Master Indenture, the "**Existing Indenture**") in order to provide for issuance of two series of Bonds designated as "Revenue Bonds, Series 2010A (Non-AMT Tax-Exempt)" (the "**Series 2010A Bonds**") and "Revenue Bonds, Series 2010B (Federally Taxable)" (the "**Series 2010B Bonds**"); together with the Series 2010A Bonds, the "**Series 2010 Bonds**"; and

WHEREAS, the Commission wishes to enter into this Second Supplemental Indenture in order to provide for the terms of two series of Bonds to be designated as “Revenue Bonds, Series 2014A (AMT Tax-Exempt)” (the “**Series 2014A Bonds**”) and “Revenue Bonds, Series 2014B (Federally Taxable)” (the “**Series 2014B Bonds**”; together with the Series 2014A Bonds, the “**Series 2014 Bonds**”), which will be issued under and in accordance with the Charter and the Act (as defined in the Existing Indenture) and pursuant to the terms and conditions set forth in the Master Indenture and herein, and for the purpose of financing the Series 2014 Projects; and

WHEREAS, the Commission further wishes to enter into this Second Supplemental Indenture to amend Section 5.05 of the Master Indenture to clarify the flow of funds to pay any Subordinate Bonds and, pursuant to Section 9.01 of the Master Indenture, such amendment may be made, without the consent of or notice to any of the Holders (as defined in the Master Indenture), to address matters or questions arising under the Master Indenture that will not have a material adverse effect on the interests of the Holders, and the Trustee has received an Opinion of Bond Counsel (as defined in the Master Indenture) stating that this Second Supplemental Indenture (i) is authorized by the Master Indenture, the Act and other applicable law, (ii) will, upon the execution and delivery thereof, be a valid and binding agreement of the Commission in accordance with its terms and (iii) will not adversely affect the tax-exempt status of interest on any tax-exempt Bonds.

NOW, THEREFORE, THIS FIRST SUPPLEMENTAL INDENTURE WITNESSETH that in order to amend certain provisions of the Master Indenture, as set forth herein, to secure the payment of the Principal Amount of, premium, if any, and the interest on the Series 2014 Bonds delivered under the Master Indenture and hereunder and to secure the performance of the terms, conditions, covenants, agreements, trusts, uses and purposes hereinafter expressed, and in consideration of the premises and covenants herein contained and of the purchase and acceptance of the Series 2014 Bonds by the Owners thereof, and for other valuable consideration, the receipt of which is hereby acknowledged, the Commission does hereby agree and covenant with the Trustee for the benefit of the respective Owners, from time to time, of the Series 2014 Bonds, as follows:

ARTICLE I

DEFINITIONS

Section 1.01. Definitions. The capitalized terms used in this Second Supplemental Indenture shall have the meanings assigned to such terms in the Existing Indenture, unless otherwise defined below or elsewhere in this Second Supplemental Indenture or unless a different meaning clearly applies from the context in which such term is used herein:

“Depository” shall mean (a) initially, DTC, and (b) any other securities depository acting as Depository pursuant to Section 2.06 hereof.

“Depository System Participant” shall mean any participant in the Depository’s book-entry system.

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

“Existing Indenture” means the Master Indenture, as amended and supplemented by the First Supplemental Indenture.

“First Supplemental Indenture” shall mean the First Supplement to Indenture of Trust, dated as of February 1, 2010, by and between the Commission and the Trustee.

“Master Indenture” shall mean the Indenture of Trust, dated as of February 1, 2010, by and between the Commission and the Trustee.

“Nominee” shall mean “CEDE & CO.” or any successor nominee designated by the Depository pursuant to the terms of the Indenture.

“Qualified Facility” means a dock or wharf and property that is functionally related and subordinate to a dock or wharf, including storage or training facilities directly related to the dock or wharf and physically located on or adjacent to the dock or wharf as described in Treasury Regulation section 1.103-8(3).

“Qualified Project Costs” means costs paid with respect to the portion of the Series 2014 Project financed with proceeds of the Series 2014A Bonds that meet each of the following requirements: (i) the costs are properly chargeable to capital account (or would be so chargeable with a proper election by the Commission or but for a proper election by the Commission to deduct such costs) in accordance with general federal income tax principles and in accordance with United States Treasury Regulations §1.103-8(a)(1), provided, however, that only such portion of interest accrued during rehabilitation or construction of the portion of the Series 2014 Project financed with proceeds of the Series 2014A Bonds shall be eligible to be a Qualified Project Cost as bears the same ratio to all such interest as the Qualified Project Costs bear to all costs of the portion of the Series 2014 Project financed with proceeds of the Series 2014A Bonds; and provided further that interest accruing after the date of completion of the portion of the Series 2014 Project financed with proceeds of the Series 2014A Bonds shall not be a Qualified Project Cost. Qualified Project Costs shall include only (A) the actual out-of-pocket costs incurred by the Commission in constructing or rehabilitating the portion of the Series 2014 Project financed with proceeds of the Series 2014A Bonds (or any portion thereof), (B) any reasonable fees for supervisory services actually rendered by the Commission; (ii) the costs are paid with respect to a qualified facility or facilities within the meaning of Section 142(c) of the Code, (iii) the costs are paid after the earlier of 60 days prior to the date of a declaration of “official intent” to reimburse costs paid with respect to the portion of the Series 2014 Project financed with proceeds of the Series 2014A Bonds (within the meaning of §1.150-2 of the United States Treasury Regulations) or the date of issue of the Series 2014A Bonds, and (iv) if the costs relating to the portion of the Series 2014 Project financed with proceeds of the Series 2014A Bonds were previously paid and are to be reimbursed with proceeds of the Series 2014A Bonds such costs were (A) costs of issuance of the Series 2014A Bonds, (B) preliminary capital expenditures (within the meaning of United States Treasury Regulations §1.150-2(f)(2)) with respect to the portion of the Series 2014 Project financed with proceeds of the Series 2014A Bonds (such as architectural, engineering and soil testing services) incurred before commencement of acquisition or construction of the portion of the Series 2014 Project financed with proceeds of the Series 2014A Bonds that do not exceed twenty percent (20%) of the issue price of the Series 2014A Bonds (as defined in United States Treasury Regulations §1.148-1), or (C) were capital expenditures with respect to the portion of the Series 2014 Project financed with proceeds of the Series 2014A Bonds that are reimbursed no later than eighteen (18) months after the later of the date the expenditure was paid or the date the portion of the Series 2014 Project financed with proceeds of the Series 2014A Bonds is placed in service (but no later than three (3) years after the expenditure is paid).

“Qualified Reimbursable Costs” means (i) expenditures paid for costs of issuance of the Series 2014A Bonds, (ii) preliminary capital expenditures (within the meaning of Treasury Regulation section 1.150-2(f)(2)) with respect to the Series 2014 Project, such as architectural, engineering and soil testing services) incurred before commencement of acquisition or construction of the Series 2014 Project that do not exceed 20% of the issue price of the Series 2014A Bonds, and (iii) capital expenditures that (A) were paid no earlier than 60 days before the date of the adoption (being _____, 20__) by the Commission of a declaration of intent to reimburse such expenditures from the proceeds of obligations, and (B) are reimbursed no later than 18 months after the later of the date the expenditure was paid or the date the Series 2014 Project is placed in service (but no later than 3 years after the expenditure is paid).

“Second Supplemental Indenture” shall mean this Second Supplement to Indenture of Trust, dated as of ____ 1, 2014, by and between the Commission and the Trustee.

“Series 2014 Bonds” shall mean, collectively, the Series 2014A Bonds and the Series 2014B Bonds.

“Series 2014 Continuing Disclosure Certificate” means the Continuing Disclosure Certificate executed by the Commission, dated the closing date of the Series 2014 Bonds, as originally executed and as each may be amended from time to time.

“Series 2014 Interest Payment Date” shall mean March 1 and September 1 of each year, commencing September 1, 2014.

“Series 2014 Payment Date” means each Series 2014 Interest Payment Date and Series 2014 Principal Payment Date.

“Series 2014 Principal Payment Date” shall mean March 1 of each year, commencing March 1, ____.

“Series 2014 Projects” shall mean the design, construction, reconstruction, repair and/or improvement of various facilities of the Port of San Francisco.

“Series 2014 Record Date” shall mean the close of business on the fifteenth day of the month preceding each Series 2014 Interest Payment Date, whether or not such fifteenth day is a Business Day.

“Series 2014A Bonds” shall mean the \$_____ aggregate principal amount of Port Commission of the City and County of San Francisco Revenue Bonds, Series 2014A (AMT Tax-Exempt).

“Series 2014A Delivery Costs Fund” shall mean the fund by that name established pursuant to Section 2.04(c) hereof.

“Series 2014A Project Costs Fund” shall mean that certain fund established pursuant to section 2.04(b) hereof.

“Series 2014A Reimbursement Fund” shall mean the fund by that name established pursuant to Section 2.04(d) hereof.

“Series 2014A Reserve Account” shall mean the Series 2014A Reserve Account in the Reserve Fund established pursuant to Section 3.02 hereof.

“Series 2014A Reserve Requirement” shall mean, as of any date of calculation, the least of (i) an amount equal to Maximum Annual Debt Service with respect to the Series 2014A Bonds, (ii) 125% of average annual debt service on the Series 2014A Bonds, (iii) 10% of the initial Principal Amount of Series 2014A Bonds and (iv) the sum of (A) \$[991,206.00] which is the initial deposit to the Series 2014A Reserve Account established pursuant to Section 3.02(a), plus (B) any amounts available to be transferred from the Series 2014B Reserve Account pursuant to Section 3.02(b). To the extent a future Series of Bonds is designated in a Supplemental Indenture to benefit from the Series 2014A Reserve Account, the foregoing definition shall be revised in such Supplemental Indenture to take into account such Series of Bonds and the requirements of the Code.

“Series 2014B Bonds” shall mean the \$_____ aggregate principal amount of Port Commission of the City and County of San Francisco Revenue Bonds, Series 2014B (Federally Taxable).

“Series 2014B Delivery Costs Fund” shall mean the fund by that name established pursuant to Section 2.05(c) hereof.

“Series 2014B Project Costs Fund” shall mean that certain fund established pursuant to section 2.05(b) hereof.

“Series 2014B Reimbursement Fund” shall mean the fund by that name established pursuant to Section 2.05(d) hereof.

“Series 2014B Reserve Account” shall mean the Series 2014B Reserve Account in the Reserve Fund established pursuant to Section 3.02 hereof.

“Series 2014B Reserve Requirement” shall mean, as of any date of calculation, Maximum Annual Debt Service on the Series 2014B Bonds. To the extent a future Series of Bonds is designated in a Supplemental Indenture to benefit from the Series 2014B Reserve Account, the foregoing definition shall be revised in such Supplemental Indenture to take into account such Series of Bonds and the requirements of the Code.

“Series 2010 Bonds” shall mean collectively the Series 2010A Bonds and the Series 2010B Bonds.

“Series 2010A Bonds” shall mean the \$14,220,000 aggregate principal amount of Port Commission of the City and County of San Francisco Revenue Bonds, Series 2010A (Non-AMT Tax-Exempt).

“Series 2010B Bonds” shall mean the \$22,430,000 aggregate principal amount of Port Commission of the City and County of San Francisco Revenue Bonds, Series 2010B (Federally Taxable).

“Tax-Exempt Commercial Paper Notes” means the City and County of San Francisco Tax-Exempt Lease Revenue Commercial Paper Certificates of Participation, Series ___.

“Tax-Exempt Commercial Paper Trust Agreement” means the Trust Agreement, dated as of June 1, 2010, between the City and County of San Francisco and U.S. Bank National Association.

ARTICLE II

TERMS OF SERIES 2014 BONDS

Section 2.01. Authorization and Purpose of Series 2014 Bonds. The Commission hereby authorizes the issuance of the Series 2014 Bonds for the purpose of providing moneys to finance the Series 2014 Projects. The parties hereto hereby acknowledge and agree that the Series 2014 Bonds constitute “Bonds” as defined in the Master Indenture, that the Commission has delivered to the Trustee those items described in Section 2.09(a) and (b) of the Master Indenture and that the Series 2014 Bonds are secured on a parity with the Series 2010 Bonds and any additional Series of Bonds which may hereafter be issued under the Indenture.

Section 2.02. Terms of the Series 2014 Bonds. (a) General. The Series 2014 Bonds authorized to be issued by the Commission under and subject to the terms of the Indenture and the Charter and the Act shall be issued in two Series in the aggregate principal amount of \$_____:

Series 2014A Bonds: “Port Commission of the City and County of San Francisco Revenue Bonds, Series 2014A (AMT Tax Exempt),” which shall be issued in the aggregate principal amount of \$_____.

Series 2014B Bonds: “Port Commission of the City and County of San Francisco Revenue Bonds, Series 2014B (Federally Taxable),” which shall be issued in the aggregate principal amount of \$_____.

As further provided herein, the Series 2014A Bonds shall be issued as qualified private activity bonds and the Series 2014B Bonds shall be issued as taxable obligations.

The Series 2014 Bonds shall be dated their date of issuance, shall bear interest at the rates set forth herein (calculated on the basis of a 360-day year comprised of 12 30-day months), shall be issued as fully registered bonds in authorized denominations of \$5,000 or any integral multiple thereof, shall be numbered in such manner as the Trustee may deem appropriate so long as each Series 2014 Bond receives a distinctive number and shall mature, subject to the right of prior redemption in whole or in part, as described herein, and become payable in the amounts and on the dates as provided herein.

(b) Maturity Schedule of Series 2014A Bonds. The Series 2014A Bonds shall bear interest at the rates per annum, payable on each Series 2014 Interest Payment Date, and be payable as to principal on each Series 2014 Principal Payment Date in each of the years and in the amounts indicated as follows:

	<u>Series 2014A Bonds</u>	
<u>Year</u> <u>(March 1)</u>	<u>Principal</u>	<u>Interest Rate</u>

(c) Maturity Schedule of Series 2014B Bonds. The Series 2014B Bonds shall bear interest at the rates per annum, payable on each Series 2014 Interest Payment Date, and be payable as to principal on each Series 2014 Principal Payment Date in each of the years and in the amounts indicated as follows:

<u>Series 2014B Bonds</u>		
<u>Year</u> <u>(March 1)</u>	<u>Principal</u>	<u>Interest Rate</u>

(d) Payment of Series 2014 Bonds. The Series 2014 Bonds shall bear interest from the Series 2014 Interest Payment Date immediately preceding the date of authentication thereof unless (i) the date of authentication thereof is prior to the first regular Series 2014 Record Date in which event from the dated date of such Series 2014 Bond, or (ii) the date of authentication thereof is a Series 2014 Interest Payment Date, in which event from that Series 2014 Interest Payment Date, or (iii) the date of authentication thereof is after a regular Series 2014 Record Date but before the following Series 2014 Interest Payment Date, in which event it shall bear interest from such Series 2014 Interest Payment Date.

Payment of interest on the Series 2014 Bonds shall be paid by check or draft mailed by the Trustee on the Series 2014 Interest Payment Date via first class mail to the Holders at their addresses shown on the registration books of the Trustee as of the close of business on the Series 2014 Record Date with respect to such Series 2014 Interest Payment Date; provided that payment of interest may be paid by federal wire transfer to an account in the United States designated by any Holder of Series 2014 Bonds in the aggregate principal amount of \$1,000,000 or more, upon provision of a written notice received by the Trustee prior to the applicable Series 2014 Record Date. Any such written notice shall remain in effect until terminated or changed by subsequent written notice of the Holder.

Interest shall be paid notwithstanding the cancellation of any Series 2014 Bonds upon any exchange or registration of transfer thereof subsequent to the Series 2014 Record Date and prior to such Series 2014 Interest Payment Date.

The Principal Amount of and redemption premiums, if any, on the Series 2014 Bonds and payments of interest due at maturity or earlier redemption of the Series 2014 Bonds, shall be payable upon the surrender thereof at the Corporate Trust Office of the Trustee. The Principal Amount of and redemption premiums, if any, and interest on the Series 2014 Bonds shall be paid in lawful money of the United States of America.

(e) Limitations on Transfer and Exchange of Series 2014 Bonds. The Commission and the Trustee shall not be required to issue, register the transfer of, or exchange (i) any

Series 2014 Bond during the period beginning on the fifteenth day of the month preceding each Series 2014 Interest Payment Date and ending on such Series 2014 Interest Payment Date, during the fifteen (15) days preceding the selection of Series 2014 Bonds for redemption, on any date on which notice of redemption is scheduled to be mailed, on any redemption date, or (ii) any Series 2014 Bond selected for redemption.

(f) Redemption of the Series 2014 Bonds. The Series 2014 Bonds scheduled to mature on or before March 1, _____ are not subject to optional redemption prior to maturity. The Series 2014 Bonds maturing on or after March 1, _____ shall be subject to redemption as a whole or in part among such maturities as designated by the Commission (and by lot within any one maturity) prior to their respective maturity dates, at the option of the Commission, on any date on or after March 1, _____, from funds derived by the Commission from any legally available source, at redemption prices (expressed as a percentage of the principal amount of the Series 2014 Bonds called for redemption) together with interest accrued thereon to the date of redemption.

(g) Mandatory Sinking Fund Payments for Series 2014 Bonds. (i) The Series 2014A Bonds (the "**Series 2014A Term Bonds**") shall also be subject to mandatory redemption in part by lot prior to their maturity date, on March 1, commencing March 1, _____ solely from money which has been deposited into the Series 2014 Principal Account in amounts and upon the dates hereby established for such Series 2014A Term Bonds, as follows:

<u>Series 2014A Term Bonds Maturing on March 1, _____</u>	
<u>Year</u> <u>(March 1)</u>	<u>Mandatory</u> <u>Sinking Fund Payments</u>

*Maturity

(ii) The Series 2014B Bonds maturing on March 1, ____ (the “**Series 2014B ____ Term Bonds**”) shall also be subject to mandatory redemption in part by lot prior to their maturity date, on March 1, commencing March 1, ____ solely from money which has been deposited into the Series 2014 Principal Account in amounts and upon the dates hereby established for such Series 2014B ____ Term Bonds, as follows:

<u>Series 2014B Term Bonds Maturing on March 1, ____</u>	
Year <u>(March 1)</u>	Mandatory <u>Sinking Fund Payments</u>

*Maturity

(iii) The Series 2014B Bonds maturing on March 1, ____ (the “**Series 2014B ____ Term Bonds**”) shall also be subject to mandatory redemption in part by lot prior to their maturity date, on March 1, commencing March 1, ____ solely from money which has been deposited into the Series 2014 Principal Account in amounts and upon the dates hereby established for such Series 2014B ____ Term Bonds, as follows:

<u>Series 2014B Term Bonds Maturing on March 1, ____</u>	
Year <u>(March 1)</u>	Mandatory <u>Sinking Fund Payments</u>

*Maturity

(h) Partial Redemption of the Series 2014B Bonds. Notwithstanding Section 3.04 of the Master Indenture, if less than all of the Series 2014B Bonds of a maturity are to be redeemed, the Trustee will effect a pro rata reduction of principal of all outstanding Series 2014B Bonds of such maturity. In the event of any such pro rata reduction of principal, the Trustee will send DTC written notice of the dollar amount per \$5,000 principal amount payable on account of principal, premium, if any, and accrued interest not less than two Business Days prior to the payment date. DTC will be responsible for distributing the principal, premium, if any, and accrued interest among the DTC participants, pro rata (subject to minimum authorized denomination restrictions) according to the beneficial interest in the Series 2014B Bonds of such maturity that DTC records list as owned by each DTC participant as of the record date for such payment. In the event the Series 2014B Bonds are designated for optional redemption, the Commission may designate the sinking fund payments, or portions thereof, that are to be reduced as allocated to such redemption.

Section 2.03. Forms of Series 2014 Bonds. The Series 2014 Bonds and the forms of authentication and registration endorsement and the assignment to appear thereon shall be substantially in the forms attached hereto as Exhibit A, with necessary or appropriate variations, omission and insertions as permitted or required by the Indenture.

Section 2.04. Application of Proceeds of Sale of the Series 2014A Bonds; Establishment of Series 2014A Project Costs Fund and Series 2014A Delivery Costs Fund.

(a) Application of Proceeds. Upon receipt of payment of the purchase price for the Series 2014A Bonds in the amount of \$_____ (representing \$_____ principal amount, less an original issue discount in the amount of \$_____ and less an Underwriter's discount in the amount of \$_____) from the original purchaser thereof, the Trustee shall set aside and deposit such amount as follows:

(1) The Trustee shall transfer to the Commission for deposit in the Series 2014A Project Costs Fund established pursuant to Section 2.04(b) hereof the sum equal to \$_____;

(2) The Trustee shall transfer to the Commission for deposit in the Series 2014A Reimbursement Fund established pursuant to Section 2.04(d) hereof the sum equal to \$_____;

(3) The Trustee shall deposit in the Series 2014A Reserve Account the sum equal to \$_____, which is equal to the initial Series 2014A Reserve Requirement with respect to the Series 2014A Bonds; and

(4) The Trustee shall deposit in the Series 2014A Delivery Costs Fund established pursuant to Section 2.04(c) hereof such moneys to be used to pay Delivery Costs with respect to the Series 2014A Bonds as directed by a certificate of an Authorized Commission Representative.

(b) Series 2014A Project Costs Fund. The Commission shall establish a Series 2014A Project Costs Fund for the deposit and retention of a portion of the Series 2014A Bond proceeds held pending disbursement thereof.

The Commission shall disburse amounts in the Series 2014A Project Costs Fund for costs of the Series 2014 Projects. Amounts on deposit in the Series 2014A Project Costs Fund may be used for Delivery Costs and upon completion of the Series 2014A Project any remaining amounts may be transferred for such purposes as comply with applicable law and the Tax Certificate for the Series 2014A Bonds. Earnings on the Series 2014A Project Costs Fund may be transferred by the Commission to the Series 2014 Interest Account and used to pay interest on the Series 2014A Bonds.

(c) Series 2014A Delivery Costs Fund. The Trustee shall establish a Series 2014A Delivery Costs Fund for the deposit and retention of a portion of the Series 2014A Bond proceeds held pending disbursement thereof. The Trustee shall disburse amounts in the Series 2014A Delivery Costs Fund upon receipt from an Authorized Commission Representative of a requisition setting out the payee, the amount of such disbursement and the purpose of such disbursement, including a statement that said disbursement was incurred for Delivery Costs. Upon the earlier of 180 days after initial delivery of the Series 2014A Bonds or receipt by the Trustee of a certificate of an Authorized Commission Representative that all Delivery Costs with respect to Series 2014A Bonds have been paid, the Trustee shall transfer remaining amounts in the Series 2014A Delivery Costs Fund to the Series 2014 Interest Account to pay interest on the Series 2014A Bonds.

The Trustee shall have no duty or liability to monitor the application of any moneys disbursed hereunder. The Trustee shall be absolutely protected in making any disbursement from the Series 2014A Delivery Costs Fund in reliance upon a requisition of an Authorized Commission Representative. Each such requisition shall be sufficient evidence to the Trustee of the facts stated therein and the Trustee shall have no duty to confirm the accuracy of such facts.

(d) The Series 2014A Reimbursement Fund. The Trustee shall establish and maintain a Series 2014A Reimbursement Fund and shall close the Fund when there are no moneys left in the Fund. The moneys in the Series 2014A Reimbursement Fund shall be held by the Trustee in trust and transferred, on the closing date of the Series 2014A Bonds, to U.S. Bank National Association, as issuing and paying agent of the Tax-Exempt Commercial Paper Notes, for deposit in the [Series ___ Subaccount of the Bank Reimbursement Account] established pursuant to Section 3.05 of the Tax-Exempt Commercial Paper Trust Agreement in order to pay off \$_____ of Tax-Exempt Commercial Paper Notes on [specify date less than 90 days from closing date of Series 2014A Bonds] (plus interest). The payment instructions to U.S. Bank National Association are as follows: **[to come]**

Section 2.05. Application of Proceeds of Sale of the Series 2014B Bonds; Establishment of Series 2014B Project Costs Fund and Series 2014B Delivery Costs Fund.

(a) Application of Proceeds. Upon receipt of payment of the purchase price for the Series 2014B Bonds in the amount of \$_____ (representing \$_____ principal amount, less an Underwriter's discount in the amount of \$_____) from the original purchaser thereof, the Trustee shall set aside and deposit such amount as follows:

(1) The Trustee shall transfer to the Commission for deposit in the Series 2014B Project Costs Fund established pursuant to Section 2.05(b) hereof the sum equal to \$_____;

(2) The Trustee shall transfer to the Commission for deposit in the Series 2014B Reimbursement Fund established pursuant to Section 2.04(d) hereof the sum equal to \$_____;

(3) The Trustee shall deposit in the Series 2014B Reserve Account the sum equal to \$_____, which is equal to the initial Series 2014B Reserve Requirement with respect to the Series 2014B Bonds;

(4) The Trustee shall deposit in the Series 2014B Delivery Costs Fund established pursuant to Section 2.05(c) hereof such moneys to be used to pay Delivery Costs with respect to the Series 2014B Bonds as directed by a certificate of an Authorized Commission Representative.

(b) Series 2014B Project Costs Fund. The Commission shall establish a Series 2014B Project Costs Fund for the deposit and retention of a portion of the Series 2014B Bond proceeds held pending disbursement thereof. The Commission shall disburse amounts in the Series 2014B Project Costs Fund for costs of the Series 2014 Projects. Amounts on deposit in the Series 2014B Project Costs Fund may be used for Delivery Costs and upon completion of the Series 2014B Project any remaining amounts may be transferred for such purposes as permitted by law. Earnings on the Series 2014B Project Costs Fund may be transferred by the Commission to the Series 2014 Interest Account.

(c) Series 2014B Delivery Costs Fund. The Trustee shall establish a Series 2014B Delivery Costs Fund for the deposit and retention of a portion of the Series 2014B Bond proceeds held pending disbursement thereof. The Trustee shall disburse amounts in the Series 2014B Delivery Costs Fund upon receipt from an Authorized Commission Representative of a requisition setting out the payee, the amount of such disbursement and the purpose of such disbursement, including a statement that said disbursement was incurred for Delivery Costs. Upon the earlier of 180 days after initial delivery of the Series 2014B Bonds or receipt by the Trustee of a certificate of an Authorized Commission Representative that all Delivery Costs with respect to Series 2014B Bonds have been paid, the Trustee shall transfer remaining amounts in the Series 2014B Delivery Costs Fund to the Series 2014 Interest Account.

The Trustee shall have no duty or liability to monitor the application of any moneys disbursed hereunder. The Trustee shall be absolutely protected in making any disbursement from the Series 2014B Delivery Costs Fund in reliance upon a requisition of the Commission. Each such requisition shall be sufficient evidence to the Trustee of the facts stated therein and the Trustee shall have no duty to confirm the accuracy of such facts.

(d) The Series 2014B Reimbursement Fund. The Trustee shall establish and maintain a Series 2014B Reimbursement Fund and shall close the Fund when there are no moneys left in the Fund. The moneys in the Series 2014B Reimbursement Fund shall be held by the Trustee in trust and transferred, on the closing date of the Series 2014B Bonds, to U.S. Bank National Association, as issuing and paying agent of the Tax-Exempt Commercial Paper Notes, for deposit in the [Series ___ Subaccount of the Bank Reimbursement Account] established pursuant to Section 3.05 of the Tax-Exempt Commercial Paper Trust Agreement in order to pay off \$_____ of Tax-Exempt Commercial Paper Notes on [specify date] (plus interest). The payment instructions to U.S. Bank National Association are as follows: [to come]

Section 2.06. Book-Entry Provisions.

(a) Original Delivery. The Commission may provide prior to the date of delivery of the Series 2014 Bonds, that the Series 2014 Bonds may be initially delivered in book-entry form pursuant to this Section 2.06.

The Series 2014 Bonds initially delivered in book-entry form shall be initially delivered in the form of a separate single fully registered Series 2014 Bond without coupons (which may be typewritten) for each maturity of the Series 2014 Bonds. Upon initial delivery, the ownership of each such Series 2014 Bond shall be registered by the Trustee in the name of the Nominee. Except as provided in subsection (c) below, the ownership of all such Outstanding Series 2014 Bonds shall be registered in the name of the Nominee on the registration books of the Registrar.

With respect to Series 2014 Bonds the ownership of which shall be registered in the name of the Nominee, the Commission and the Trustee shall have no responsibility or obligation to any Depository System Participant or to any person on behalf of which the Commission holds an interest in the Series 2014 Bonds. Without limiting the generality of the immediately preceding sentence, the Commission and the Trustee shall have no 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 Series 2014 Bonds, (ii) the delivery to any Depository System Participant or any other person, other than a Series 2014 Bondholder as shown in the Registration Books, of any notice with respect to the Series 2014 Bonds, including any notice of redemption, (iii) the selection by the Depository of the beneficial interests in the Series 2014 Bonds to be redeemed in the event the Commission elects to redeem the Series 2014 Bonds in part, (iv) the payment to any Depository System Participant or

any other person, other than a Series 2014 Bondholder as shown in the Registration Books, of any amount with respect to principal, premium, if any, or interest on the Series 2014 Bonds or (v) any consent given or other action taken by the Depository as Holder of the Series 2014 Bonds. The Commission and the Trustee may treat and consider the person in whose name each Series 2014 Bond is registered as the absolute owner of such Series 2014 Bond for the purpose of payment of principal, premium and interest on such Series 2014 Bond, for the purpose of giving notices of prepayment and other matters with respect to such Series 2014 Bond, for the purpose of registering transfers of ownership of such Series 2014 Bond, and for all other purposes whatsoever. The Trustee shall pay the principal of and interest and premium, if any, on the Series 2014 Bonds only to the respective Holders 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 Series 2014 Bonds to the extent of the sum or sums so paid. No person other than a Series 2014 Bondholder shall receive a Series 2014 Bond evidencing the obligation of the Commission 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 Commission shall promptly deliver a copy of the same to the Trustee.

(b) Representation Letter. In order to qualify the Series 2014 Bonds for the Depository's book-entry system, the Commission and the Trustee shall execute and deliver to such Depository a letter representing such matters as shall be necessary to so qualify the Series 2014 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 Commission or the Trustee any obligation whatsoever with respect to persons having interests in the Series 2014 Bonds other than the Series 2014 Bondholders. 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, the Commission may take any other actions, not inconsistent with this Indenture, to qualify the Series 2014 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 Series 2014 Bonds, or (ii) the Commission determines to terminate the Depository as such, then the Commission shall thereupon discontinue the book-entry system with such Depository. In such event, the Depository shall cooperate with the Commission and the Trustee in the issuance of replacement Series 2014 Bonds by providing the Trustee with a list showing the interests of the Depository System Participants in the Series 2014 Bonds, and by surrendering the Series 2014 Bonds, registered in the name of the Nominee, to the Trustee on or before the date such replacement Series 2014 Bonds are to be issued. The Depository, by accepting delivery of the Series 2014 Bonds, agrees to be bound by the provisions of this subsection (c). If, prior to the termination of the Depository acting as such, the Commission fails to identify another Securities Depository to replace the Depository, then the Series 2014 Bonds shall no longer be required to be registered in the name of the Nominee, but shall be registered in whatever name or names the Holders transferring or exchanging Series 2014 Bonds shall designate, in accordance with the provisions of Article II of the Master Indenture. 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 the Indenture to the contrary, so long as any Series 2014 Bond is registered in the name of the Nominee, all payments with respect to principal of and interest and premium, if any, on such Series 2014 Bond and all notices with respect to such Series 2014 Bond shall be made and given, respectively, as provided in the letter described in subsection (b) of this Section 2.06 or as otherwise instructed by the Depository.

ARTICLE III

SERIES 2014 INTEREST AND PRINCIPAL ACCOUNTS; RESERVE FUND; SERIES 2014 REBATE FUND; EARNINGS ON DEBT SERVICE FUND AND RESERVE FUND

Section 3.01. Series 2014 Interest and Principal Accounts. Moneys accumulated in the Enterprise Fund shall be transferred by the Commission to the Trustee for deposit in the Debt Service Fund as provided in Section 5.05 of the Master Indenture and this Section 3.01; provided, that the following accounts are created in the Debt Service Fund held by the Trustee with respect to the Series 2014 Bonds; provided further, however, that to the extent that deposits have been made in any of the accounts referred to below from the proceeds of the sale of the Series 2014 Bonds or otherwise, the deposits below need not be made:

(a) Series 2014 Interest Account. On or before the Business Day prior to each Series 2014 Interest Payment Date, the Commission shall transfer from the Enterprise Fund to the Trustee for deposit in the Series 2014 Interest Account within the Debt Service Fund (which account is hereby created), the interest to become due on the Series 2014 Bonds on such Series 2014 Interest Payment Date; provided that the Commission need not transfer any moneys at such time as the balance in said Series 2014 Interest Account shall be equal to the aggregate amount of interest becoming due and payable on the then Outstanding Series 2014 Bonds on the next succeeding Series 2014 Interest Payment Date. The obligation to make the foregoing transfers shall be on a parity with the obligation to fund interest on the Series 2010 Bonds pursuant to the First Supplemental Indenture and any interest accounts henceforth created under the Indenture with respect to any additional Series of Bonds which may hereafter be issued under the Indenture, without preference or priority, and in the event of any insufficiency of such moneys ratably without any discrimination or preference.

(b) Series 2014 Principal Account. On or before the Business Day prior to each Series 2014 Principal Payment Date, the Commission shall transfer from the Enterprise Fund to the Trustee for deposit in the Series 2014 Principal Account within the Debt Service Fund (which account is hereby created), the Principal Amount to become due on the Series 2014 Bonds on such Series 2014 Principal Payment Date; provided that the Commission need not transfer any moneys at such time as the balance in said Series 2014 Principal Account shall be equal to the aggregate Principal Amount becoming due and payable on the then Outstanding Series 2014 Bonds on the next succeeding Series 2014 Principal Payment Date. The obligation to make the foregoing transfers shall be on a parity with the obligation to fund the principal account for the Series 2010 Bonds pursuant to the First Supplemental Indenture and any principal accounts henceforth created under the Indenture with respect to any additional Series of Bonds which may hereafter be issued under the Indenture, without preference or priority, and in the event of any insufficiency of such moneys ratably without any discrimination or preference.

(c) Reserve Fund. Immediately after making the transfers described in paragraphs (a) and (b) above, transfers shall be made by the Commission to the Trustee from the Enterprise Fund to the Series 2014A Reserve Account and the Series 2014B Reserve Account, on or before the first Business Day of each month, commencing _____, 20__ in an amount equal to that sum, if any, necessary to restore the Series 2014A Reserve Account to an amount equal to the Series 2014A Reserve Requirement and the Series 2014B Reserve Account to an amount equal to the Series 2014B Reserve Requirement.

The obligation to make the foregoing transfers to the Series 2014A Reserve Account and the obligation to make the foregoing transfers to the Series 2014B Reserve Account shall be on a parity with each other without preference or priority, and in the event of any insufficiency of such moneys ratably without any discrimination or preference. The obligation to make the foregoing transfers to the Series 2014A Reserve Account and the Series 2014B Reserve Account shall be on a parity with the obligation to make similar transfers to the Series 2010A Reserve Account and the Series 2010B Reserve Account without preference or priority, and in the event of any insufficiency of such moneys ratably without any discrimination or preference. If provided for in a Supplemental Indenture, the obligation to make the foregoing transfers and those to the Series 2010A Reserve Account and the Series 2010B Reserve Account shall be on a parity with the obligation to fund any separate reserve accounts within the Reserve Fund henceforth created under the Indenture with respect to any additional Series of Bonds which may hereafter be issued under the Indenture, without preference or priority, and in the event of any insufficiency of such moneys ratably without any discrimination or preference.

Section 3.02. Reserve Fund. (a) The Series 2014A Reserve Account in the Reserve Fund is hereby established with the Trustee. The Reserve Requirement for the Series 2014A Bonds shall be the Series 2014A Reserve Requirement. The Series 2014A Reserve Account shall benefit only the Series 2014A Bonds and any additional Series of Bonds to the extent so designated in a Supplemental Indenture. The amounts on deposit in the Series 2014A Reserve Account shall secure on a parity basis the Series 2014A Bonds and any additional Series of Bonds to the extent so designated in a Supplemental Indenture. If on any Series 2014 Payment Date the amount on deposit in the Debt Service Fund is not sufficient to pay interest on and principal to become due on the Series 2014A Bonds on such Series 2014 Payment Date (or any Series of Bonds designated in a Supplemental Indenture on its Payment Dates), then the Trustee shall withdraw the amount of any such deficiency from the Series 2014A Reserve Account and deposit such amount in the Debt Service Fund. All money on deposit in the Series 2014A Reserve Account in excess of the Series 2014A Reserve Requirement shall be transferred to the Commission or to such account as the Commission may designate; and for this purpose all investments in the Series 2014A Reserve Account shall be valued monthly, at the lower of purchase price or the current market value of such investments (inclusive of accrued interest).

(b) The Series 2014B Reserve Account in the Reserve Fund is hereby established with the Trustee. The Reserve Requirement for the Series 2014B Bonds shall be the Series 2014B Reserve Requirement. The Series 2014B Reserve Account shall benefit only the Series 2014B Bonds and any additional Series of Bonds to the extent so designated in a Supplemental Indenture. The amounts on deposit in the Series 2014B Reserve Account shall secure on a parity basis the Series 2014B Bonds and any additional Series of Bonds to the extent so designated in a Supplemental Indenture. If on any Series 2014 Payment Date the amount on deposit in the Debt Service Fund is not sufficient to pay interest on and principal to become due on the Series 2014B Bonds on such Series 2014 Payment Date (or any Series of Bonds designated in a Supplemental Indenture on its Payment Dates), then the Trustee shall withdraw

the amount of any such deficiency from the Series 2014B Reserve Account and deposit such amount in the Debt Service Fund. All money on deposit in the Series 2014B Reserve Account in excess of the Series 2014B Reserve Requirement shall be transferred to the Commission or to such account as the Commission may designate; and for this purpose all investments in the Series 2014B Reserve Account shall be valued monthly, at the lower of purchase price or the current market value of such investments (inclusive of accrued interest); provided that such amounts released upon redemption or maturity of the Series 2014B Bonds shall first be transferred to the Series 2014A Reserve Account to the extent needed to satisfy the Series 2014A Reserve Requirement.

Section 3.03. Rebate Fund.

(a) General. The Trustee shall establish a special fund designated the “Series 2014A Bonds Rebate Fund” (the “Rebate Fund”). All amounts at any time on deposit in the Rebate Fund shall be held by the Trustee in trust, to the extent required to satisfy the requirement to make rebate payments to the United States (the “**Rebate Requirement**”) with respect to the Series 2014A Bonds, pursuant to Section 148 of the Code and the Treasury Regulations promulgated thereunder (the “**Treasury Regulations**”). The Commission may by Supplemental Indenture establish additional funds or accounts for purposes of satisfying the Rebate Requirement with respect to any other Outstanding Bonds. Amounts on deposit in the Rebate Fund shall be free and clear of any lien under the Indenture and shall be governed by this Section 3.03 and Section 6.07 of the Master Indenture and by the Tax Certificate relating to the Series 2014A Bonds. The Trustee shall be deemed conclusively to have complied with the Rebate Requirement if it follows the directions of the Commission, and shall have no independent responsibility to, or liability resulting from its failure to, enforce compliance by the Commission with the Rebate Requirement.

(b) Deposits.

(i) Within 45 days of the end of each Bond Year (as such term is defined in the Tax Certificate), (1) the Commission shall calculate or cause to be calculated with respect to the Series 2014A Bonds the amount that would be considered the “rebate amount” within the meaning of Section 1.148-3 of the Treasury Regulations, using as the “computation date” for this purpose the end of such Bond Year, and (2) upon the Commission’s written direction, the Trustee shall deposit to the Rebate Fund from deposits from the Commission, if and to the extent required, amounts sufficient to cause the balance in the Rebate Fund to be equal to the “rebate amount” so calculated.

(ii) The Trustee shall not be required to deposit any amount to the Rebate Fund in accordance with the preceding sentence if the amount on deposit in the Rebate Fund prior to the deposit required to be made under this subsection (b) equals or exceeds the “rebate amount” calculated in accordance with the preceding sentence. Such excess may be withdrawn from the Rebate Fund to the extent permitted under subsection (g) of this Section 3.03.

(iii) The Commission shall not be required to calculate the “rebate amount,” and the Trustee shall not be required to make deposit of any amount to the Rebate Fund in accordance with this subsection (b), with respect to all or a portion of the proceeds of the Series 2014A Bonds (including amounts treated as proceeds of the Series 2014A Bonds) (1) to the extent such proceeds satisfy the expenditure requirements of Section 148(f)(4)(B) or Section 148(f)(4)(C) of the Code, whichever is applicable, and otherwise qualify for the exception to the Rebate Requirement pursuant to whichever of said

sections is applicable, (2) to the extent such proceeds are subject to an election by the Commission under Section 148(f)(4)(C)(vii) of the Code to pay a 1½% penalty in lieu of arbitrage rebate in the event any of the percentage expenditure requirements of Section 148(f)(4)(C) are not satisfied, or (3) to the extent such proceeds qualify for the exception to arbitrage rebate under Section 148(f)(4)(A)(ii) of the Code for amounts in a “bona fide debt service fund.” In such event, and with respect to such amounts, the Commission shall provide written direction to the Trustee that the Trustee shall not be required to deposit any amount to the Rebate Fund in accordance with this subsection (b).

(c) Withdrawal Following Payment of Bonds. Any funds remaining in the Rebate Fund after payment of all the Series 2014 Bonds and any amounts described in paragraph (2) of subsection (d) of this Section 3.03, or provision made therefor satisfactory to the Trustee, including accrued interest and payment of any applicable fees to the Trustee, shall be withdrawn by the Trustee and remitted to the Commission.

(d) Withdrawal for Payment of Rebate. Upon the Commission’s written direction, but subject to the exceptions contained in subsection (b) of this Section 3.03 to the requirement to calculate the “rebate amount” and make deposits to the Rebate Fund, the Trustee shall pay to the United States, from amounts on deposit in the Rebate Fund,

(1) not later than 60 days after the end of (i) the fifth Bond Year, and (ii) each fifth Bond Year thereafter, an amount that, together with all previous rebate payments, is equal to at least 90% of the “rebate amount” calculated as of the end of such Bond Year in accordance with Section 1.148 3 of the Treasury Regulations; and

(2) not later than 60 days after the payment of all Series 2014A Bonds, an amount equal to 100% of the “rebate amount” calculated as of the date of such payment (and any income attributable to the “rebate amount” determined to be due and payable) in accordance with Section 1.148 3 of the Treasury Regulations.

(e) Rebate Payments. Each payment required to be made pursuant to subsection (d) of this Section 3.03 shall be made to the Internal Revenue Service Center, Ogden, Utah 84201 on or before the date on which such payment is due, and shall be accompanied by Internal Revenue Service Form 8038-T, which shall be completed by the arbitrage rebate consultant for execution by the Commission and provided to the Trustee.

(f) Deficiencies in the Rebate Fund. In the event that, prior to the time any payment is required to be made from the Rebate Fund, the amount in the Rebate Fund is not sufficient to make such payment when such payment is due, the Commission shall calculate the amount of such deficiency and direct the Trustee to deposit an amount received from the Commission equal to such deficiency into the Rebate Fund prior to the time such payment is due.

(g) Withdrawals of Excess Amounts. In the event that immediately following the calculation required by subsection (b) of this Section 3.03, but prior to any deposit made under said subsection, the amount on deposit in the Rebate Fund exceeds the “rebate amount” calculated in accordance with said subsection (b), upon written instructions from the Commission, the Trustee shall withdraw the excess from the Rebate Fund and credit such excess to the Debt Service Fund.

(h) Record Keeping. The Commission shall retain records of all determinations made hereunder until six years after the complete retirement of the Series 2014 Bonds.

(i) Survival of Defeasance. Notwithstanding anything in the Indenture to the contrary, the Rebate Requirement shall survive the payment in full or defeasance of the Series 2014A Bonds.

ARTICLE IV

COVENANTS RELATING TO THE 2014 BONDS

Section 4.01. Continuing Disclosure. The Commission hereby covenants and agrees that it will comply with the provisions of the Series 2014 Continuing Disclosure Certificate. Notwithstanding any other provision of the Indenture, failure of the Commission to comply with the Series 2014 Continuing Disclosure Certificate shall not be considered an event of default hereunder; however, the Trustee may (and, at the request of the Participating Underwriter (as defined in the Series 2014 Continuing Disclosure Certificate) or the Owners of at least twenty-five percent (25%) of the aggregate principal amount of the Outstanding Series 2014 Bonds, shall) or any holder or Beneficial Owner (as defined in the Series 2014 Continuing Disclosure Certificate), may take such actions as may be necessary and appropriate to cause the Commission to comply with the provisions of the Series 2014 Continuing Disclosure Certificate.

Section 4.02. Tax Matters.

(a) Federal Guarantee Prohibition. The Commission will not take any action or permit or suffer any action to be taken if the result of such action would be to cause the Series 2014A Bonds to be “federally guaranteed” within the meaning of section 149(b) of the Code.

(b) Rebate Requirement. The Commission will take any and all actions necessary to assure compliance with section 148(f) of the Code, relating to the rebate of excess investment earnings, if any, to the federal government, to the extent that such section is applicable to the Series 2014A Bonds.

(c) No Arbitrage. The Commission will not take, or permit or suffer to be taken by the Trustee or otherwise, any action with respect to the proceeds of the Series 2014A Bonds which, if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the date of issuance of the Series 2014A Bonds would have caused the Series 2014A Bonds to be “arbitrage bonds” within the meaning of section 148 of the Code.

(d) Maintenance of Tax-Exemption. The Commission will take all actions necessary to assure the exclusion of interest on the Series 2014A Bonds from the gross income of the Owners of the Series 2014A 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 delivery of the Series 2014A Bonds.

(e) Record Retention. The Commission will retain its records of all accounting and monitoring it carries out with respect to the Series 2014A Bonds for at least 3 years after the Series 2014A Bonds mature or are redeemed (whichever is earlier); however, if the Series 2014A Bonds are redeemed and refunded, the Commission will retain its records of accounting and monitoring at least 3 years after the earlier of the maturity or redemption of the obligations that refunded the Series 2014A Bonds.

(f) Compliance with Tax Certificate. The Commission will comply with the provisions of the Tax Certificate and the Use of Proceeds Certificate with respect to the Series

2014A Bonds, which are incorporated herein as if fully set forth herein. The covenants of this Section will survive payment in full or defeasance of the Series 2014A Bonds.

(g) Qualified Bonds. The Commission will assure that the sale proceeds of the Series 2014A Bonds, plus any investment earnings thereon (the "Series 2014A Proceeds") are used in a manner such that the Series 2014A Bonds will satisfy the requirements of section 142(a)(2) of the Code (including the Treasury Regulations thereunder) relating to qualified docks and wharves, and the Commission will use that portion of the Series 2014 Project financed with the Series 2014A Proceeds in such a manner that it qualifies as a dock or wharf within the meaning of section 142(a)(2) of the Code for so long as the Series 2014A Bonds remain outstanding.

(h) Public Use Requirement. The portion of the Series 2014 Project financed with the Series 2014A Proceeds will satisfy the public use requirement either (a) by being located in a public port or (b) by being available for use by members of the general public.

(i) Governmental Ownership Requirement. The Commission covenants that the portion of the Series 2014 Project financed with proceeds of the Series 2014A Bonds will be owned by the Commission or by a governmental unit within the meaning of section 142(b)(1) of the Code. For this purpose, leased property is treated as owned by a governmental unit only if (A) the lessee irrevocably elects (which election is binding on the lessee and all successors under the lease) not to claim depreciation or investment credits for such property; (B) the lease term does not exceed 80% of the reasonably expected economic life of the property financed; and (C) any option to purchase is at a price equal to the fair market value at the time of exercise of the option.

(j) Prohibited Private Business Uses. The Commission covenants that no proceeds of the Series 2014A Bonds will be used to finance the following facilities if such facilities are used for a private business use:

- (i) lodging facilities;
- (ii) retail facilities (including food and beverage facilities) in excess of a size necessary to serve passengers and employees at the port facility;
- (iii) retail facilities (other than parking) located outside of the port terminal;
- (iv) office buildings for use by individuals other than employees of a governmental unit or of the operating authority; and
- (v) industrial parks or manufacturing facilities.

(k) Costs of Issuance Limitation. The Commission covenants that, from the proceeds of the Series 2014A Bonds and investment earnings thereon, an amount not in excess of two percent (2%) of the proceeds of the Series 2014A Bonds will be used for costs of issuance of the Series 2014A Bonds, all within the meaning of section 147(g)(1) of the Code. For this purpose, if the fees of the original purchaser of the Series 2014A Bonds are retained as a discount on the purchase of the Series 2014A Bonds, such retention shall be deemed to be an expenditure of Proceeds of the Series 2014A Bonds for said fees.

(l) Limitation of Expenditure of Proceeds. The Commission covenants that not less than 95% of the net proceeds of the Series 2014A Bonds (within the meaning of section 150(a)(3) of the Code) will be paid for Qualified Project Costs.

(m) Limitation on Land Acquisition. The Commission covenants that less than 25% of the Series 2014A Proceeds will be used, directly or indirectly, for the acquisition of land.

(n) Existing Facilities Limit. The Commission covenants that no Proceeds of the Series 2014A Bonds will be used for the acquisition of any tangible property or an interest therein, other than land or an interest in land, unless the first use of such property is pursuant to such acquisition; provided, however, that this limitation will not apply with respect to any building (and the equipment therefor) if rehabilitation expenditures (as defined in section 147(d) of the Code) with respect to such building equal or exceed 15% of the portion of the cost of acquiring such building (and equipment) financed with Proceeds of the Series 2014A Bonds; and provided, further, that this limitation will not apply with respect to any structure other than a building if rehabilitation expenditures with respect to such structure equal or exceed 100% of the portion of the cost of acquiring such structure financed with the Series 2014A Proceeds.

(o) Certain Uses Prohibited. The Commission covenants that no Series 2014A Proceeds will be used directly or indirectly to provide any airplane, skybox or other private luxury box, health club facility, facility used for gambling or store the principal business of which is the sale of alcoholic beverages for consumption off premises.

(p) Limitation on Office Space. The Commission covenants that no Proceeds of the Series 2014A Bonds will be used to finance office space unless the office is located on the premises of that portion of the Series 2014 Project financed with the Series 2014A Proceeds and not more than a de minimis amount of the functions to be performed at such office is not directly related to the day-to-day operations at that portion of the Series 2014 Project financed with the Series 2014A Proceeds.

ARTICLE V

MISCELLANEOUS

Section 5.01. Amendment and Restatement of Section 5.05 of the Master Indenture. Section 5.05 of the Master Indenture is hereby amended and restated in its entirety as follows:

“Section 5.05. Application of Revenue. All Revenue as received shall be set aside and deposited by the Treasurer in the Enterprise Fund. Moneys in the Enterprise Fund shall be applied by the Treasurer for the following purposes in the following amounts and order of priority, each priority to be fully satisfied before the next priority:

(a) Operation and Maintenance Expenses. An amount equal to Operation and Maintenance Expenses as they become due and payable shall be transferred and applied for such purposes. All transfers for payment of Operation and Maintenance Expenses pursuant to this paragraph (a) shall be made in accordance with Section 6.03 hereof.

Moneys applied to pay Operation and Maintenance Expenses shall not be pledged or applied to pay or secure the payment of the Bonds.

(b) Debt Service Fund Transfer. An amount equal to the requirements described below shall be transferred and applied by the Treasurer for such purposes, as applicable:

(i) first, to the Trustee for deposit in the Debt Service Fund, the amount necessary to make all payments and deposits required to be made into the Debt Service Fund and the Reserve Fund and the accounts therein in the amounts and at the times required hereby and by the Supplemental Indentures with respect to the Bonds; and

(ii) second, to pay directly or to make all payments and deposits required to be made into any funds and accounts created to pay or secure the payment of the Principal Amount or purchase price of or interest or redemption premium on any Subordinate Bonds in the amounts and at the times required by the resolutions and other agreements authorizing the issuance and providing the terms and conditions thereof.

(c) General Purposes. Any amounts remaining after the applications pursuant to paragraphs (a) and (b) above shall be used for any lawful purpose of the Commission and in accordance with all relevant provisions of the Charter.

(d) Deficiencies in Funds and Accounts. In the event that Revenue in the Enterprise Fund together with other available moneys are insufficient to make the required payments and deposits pursuant to paragraph (b)(i) of Section 5.05 hereof, after having made the payments and deposits required pursuant to paragraph (a) of Section 5.05 hereof, the Treasurer shall allocate available Net Revenue to make all payments or deposits then required, first, with respect to interest on Bonds; second, with respect to Principal Amount, redemption price or purchase price of Bonds; and third, with respect to any reserve requirements for Bonds. Available Net Revenue shall be allocated within each order of priority, to the extent necessary, on a pro rata basis in proportion to the respective amounts of payments or deposits required to be made with respect to Principal Amount or purchase price of, interest on or reserve requirements for Bonds, as the case may be.”

Section 5.02. Effective Date of Second Supplemental Indenture. This Second Supplemental Indenture shall take effect upon its execution and delivery.

Section 5.03. Existing Indenture to Remain in Effect. Except as provided in this Second Supplemental Indenture, the Existing Indenture shall remain in full force and effect. In the event of any conflict between the provisions of this Second Supplemental Indenture and the Existing Indenture, the provisions of this Second Supplemental Indenture shall govern.

Section 5.04. Execution in Counterparts. This Second Supplemental Indenture may be executed in several counterparts, each of which shall be deemed an original, and all of which shall constitute but one and the same instrument.

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

PORT COMMISSION OF THE CITY AND
COUNTY OF SAN FRANCISCO

Executive Director

ATTEST:

Commission Secretary

U.S. BANK NATIONAL ASSOCIATION, as
Trustee

Authorized Officer

Authorized Officer

EXHIBIT A

(FORM OF SERIES 2014 BOND)

No. _____ \$ _____

**PORT COMMISSION OF THE CITY AND COUNTY OF SAN FRANCISCO
REVENUE BONDS
SERIES 2014[A/B]**

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Dated Date</u>	<u>CUSIP</u>
	March 1, 20__	_____, 2014	

PRINCIPAL AMOUNT:

REGISTERED OWNER: CEDE & CO.

The PORT COMMISSION OF THE CITY AND COUNTY OF SAN FRANCISCO (hereinafter sometimes called the "Commission"), a public body, corporate and politic, duly organized and existing under the Constitution and statutes of the State of California and the Charter of the City and County of San Francisco (the "Charter"), for value received, hereby promises to pay (but solely out of the funds hereinafter mentioned) to the registered owner hereof as shown above or registered assigns (herein sometimes referred to as the "Owner" or "Holder"), subject to the right of prior redemption hereinafter mentioned, the Principal Amount specified above, on the maturity date specified above, and to pay such Owner on each March 1 and September 1 of each year commencing on September 1, 2014 (each, a "Series 2014 Interest Payment Date") by check or draft mailed by the Trustee hereinafter referred to on the Series 2014 Interest Payment Date via first class mail to such Owner at such Owner's address shown on the registration books of the Trustee as of the close of business on the fifteenth day of the month preceding each Series 2014 Interest Payment Date (the "Series 2014 Record Date"), or by federal wire transfer to an account in the United States designated by such Owner of Bonds in the aggregate Principal Amount of \$1,000,000 or more, upon provision of a written notice received by the Trustee prior to the applicable Series 2014 Record Date, interest on such Principal Amount from the Series 2014 Interest Payment Date immediately preceding the date of authentication hereof (unless (i) the date of authentication hereof is prior to the first regular Series 2014 Record Date in which event from the dated date specified above, or (ii) the date of authentication hereof is a Series 2014 Interest Payment Date, in which event from that Series 2014 Interest Payment Date, or (iii) the date of authentication hereof is after a regular Series 2014 Record Date but before the following Series 2014 Interest Payment Date, in which event it shall bear interest from such Series 2014 Interest Payment Date) until the Principal Amount hereof shall have been paid or provided for in accordance with the Indenture hereinafter referred to, at the interest rate per annum set forth above payable semiannually on each Series 2014 Interest Payment Date. Interest shall be calculated on the basis of a 360-day year consisting of twelve 30-day months. The Principal Amount of and redemption premiums, if any, and interest on the Series 2014 Bonds shall be paid in lawful money of the United States of America. The Principal Amount of and redemption premiums, if any, on the Series 2014 Bonds and payments of interest due at maturity or earlier redemption of the Series 2014 Bonds, shall be payable upon the surrender thereof at the corporate trust office (the "Corporate Trust Office") of U.S. Bank National Association, as trustee (the "Trustee"), in San Francisco, California. All

capitalized terms which are used herein, unless otherwise defined herein, shall have the meanings ascribed to such terms in the Indenture (as hereinafter defined).

The Bonds (as defined in the Indenture hereinafter referred to) are special, limited obligations of the Commission, and are payable as to Principal Amount, redemption premium, if any, and interest, out of the Net Revenues, and not out of any other funds or moneys of the Commission not pledged thereto, as further provided in the Indenture. No Holder of the Bonds shall have the right to compel any exercise of the taxing power of the Commission, the City, the State of California or any political subdivision thereof to pay the Principal Amount of or the redemption premium, if any, or interest on the Bonds. This Bond is not a lien, charge or liability, as to either the Principal Amount or interest, against the State of California or any political subdivision thereof or against the Commission, the City or the Board of Supervisors of the City, or against the property or funds of any of the foregoing, except to the extent of the pledge of Net Revenue, as provided by the Indenture.

This Bond is one of a duly authorized issue of Bonds of the Commission designated "Port Commission of the City and County of San Francisco Revenue Bonds, Series 2014_" (herein called the "Series 2014_ Bonds"), in an aggregate principal amount of \$_____, all of like tenor and date (except for bond numbers, interest rates, amounts and maturity) and all of which have been issued pursuant to and in full conformity with the Constitution and laws of the State of California and the Charter. The Series 2014_ Bonds are authorized by and issued pursuant to certain resolutions duly adopted by the City and the Commission and under the Indenture of Trust, dated as of February 1, 2010, as amended and supplemented by a First Supplement to Indenture of Trust, dated as of February 1, 2010 (the "First Supplement"), and as further amended and supplemented by a Second Supplement to Indenture of Trust, dated as of ____ 1, 2014 (together, the "Indenture"), each by and between the Commission and the Trustee, a copy of which is on file with the Secretary of the Commission and the Trustee. This Bond will be secured on parity with two outstanding series of Bonds designated as "Revenue Bonds, Series 2010A (Non-AMT Tax-Exempt)" and "Revenue Bonds, Series 2010B (Federally Taxable)" and with any other Outstanding Bonds hereafter issued in accordance with the Indenture.

All of the Bonds are equally secured in accordance with the terms of the Indenture, reference to which is hereby made for a specific description of the security provided for said Bonds, for the nature, extent and manner of enforcement of such security and for the covenants and agreements made for the benefit of the Holders of the Bonds. By the acceptance of this Bond the Owner hereof consents to all of the terms, conditions and provisions of the Indenture. All of the provisions of the Indenture are hereby incorporated by reference into this Bond as if set forth in full herein, and any inconsistency between the provisions of this Bond and the Indenture shall be resolved in favor of the Indenture. In the manner provided in the Indenture, said Indenture and the rights and obligations of the Commission and of the Holders of Bonds may (with certain exceptions as stated in said Indenture) be amended or supplemented with the consent of the Holders of at least fifty-one percent (51%) in aggregate Principal Amount of Outstanding Bonds of all Series affected by such amendment, unless such amendment is for the purpose of, among other things, curing ambiguities or formal defects or omissions, correcting or supplementing any provision which may be inconsistent with any other provision or to make any other change or addition which shall not have a material adverse effect on the interests of the Holders, in which case no Bondholders' consent is required.

The Series 2014_ Bonds shall be subject to optional and mandatory redemption as provided in the Indenture.

This Bond is issued in fully registered form in the denomination of \$5,000 or any integral multiple thereof and is negotiable upon proper transfer of registration. This Bond is transferable by the Owner hereof or by his duly authorized attorney, at the Corporate Trust Office of the Trustee, but only in the manner, subject to the limitations and upon payment of the taxes and charges provided in the Indenture, upon surrender and cancellation of this Bond. Upon such transfer, a new Series 2014_ Bond of any authorized denomination or denominations for the same aggregate principal amount and maturity of the same issue will be issued to the transferee in exchange therefor. This Bond may also be exchanged for a like aggregate principal amount of Series 2014_ Bonds of other authorized denominations of the same maturity and interest rate, but only in the manner, subject to the limitations and upon payment of the taxes and charges provided in the Indenture, upon surrender and cancellation of this Bond.

The Commission and the Trustee shall not be required to issue, register the transfer of, or exchange (i) any Series 2014_ Bond during the period beginning on the fifteenth day of the month preceding each Series 2014 Interest Payment Date and ending on such Series 2014 Interest Payment Date, during the fifteen (15) days preceding the selection of Series 2014_ Bonds for redemption, on any date on which notice of redemption is scheduled to be mailed or on any redemption date, or (ii) any Series 2014_ Bond selected for redemption.

The Commission and the Trustee may treat the Owner hereof as the absolute Owner hereof for all purposes, and the Commission and the Trustee shall not be affected by any notice to the contrary.

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

The Commission by execution of this Bond hereby certifies that any and all acts, conditions and things required to exist, to happen and to be performed, precedent to and in the incurring of the indebtedness evidenced by this Bond, and in the issuing of this Bond, do exist, have happened and have been performed in due time, form and manner, as required by the Constitution and statutes of the State of California and the Charter, and that this Bond, together with all other indebtedness of the Commission pertaining to the Port Area, is within every debt and other limit prescribed by the Constitution and statutes of the State of California and said Charter.

IN WITNESS WHEREOF, the PORT COMMISSION OF THE CITY AND COUNTY OF SAN FRANCISCO has caused this Bond to be signed on its behalf by the signature of its Executive Director, all as of the Dated Date set forth above.

By: _____
Executive Director of the Port

(FORM OF CERTIFICATE OF AUTHENTICATION OF BONDS)

This is one of the Bonds described in the within mentioned Indenture.

Date of Authentication: _____, 2010

U.S. BANK NATIONAL ASSOCIATION, as
Trustee

By:

Authorized Signatory

* * * * *

(FORM OF ASSIGNMENT OF BONDS)

For value received _____ hereby sells, assigns and transfers unto
_____ the within mentioned Bond and hereby irrevocably
constitutes and appoints _____, attorney, to transfer the same on the books of the
Trustee with full power of substitution in the premises.

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

Dated: _____, 20__

Signature Guaranteed By:

NOTE: Signature must be guaranteed by an eligible guarantor institution.