
INDENTURE OF TRUST

by and between

**WELLS FARGO BANK, NATIONAL ASSOCIATION,
as Trustee**

and

CITY OF OXNARD FINANCING AUTHORITY

Dated as of August 1, 2012

Relating to:

**[\$[SERIES A PRINCIPAL]
City of Oxnard Financing Authority
Local Obligation Revenue Bonds
(2012 Special District Bond Refinancings)
Series A Senior Lien Bonds**

and

**[\$[SERIES B PRINCIPAL]
City of Oxnard Financing Authority
Local Obligation Revenue Bonds
(2012 Special District Bond Refinancings)
Series B Subordinate Lien Bonds**

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INDENTURE OF TRUST

THIS INDENTURE OF TRUST dated as of August 1, 2012 (this “Indenture”), is by and between the City of Oxnard Financing Authority, a joint exercise of powers authority organized and existing under and by virtue of the laws of the State of California (the “Authority”), and Wells Fargo Bank, National Association, a national banking association organized and existing under and by virtue of the laws of the United States and having a corporate trust office in Los Angeles, California, as trustee (the “Trustee”).

WITNESSETH:

WHEREAS, the Authority is a joint exercise of powers authority duly organized and existing under and pursuant to that certain Joint Exercise of Powers Agreement, dated October 9, 1991, by and among the City of Oxnard, California (the “City”), the Redevelopment Agency of the City of Oxnard, and the Housing Authority of the City of Oxnard, and under the provisions of Articles 1 through 4 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the “Act”), and the Authority is authorized pursuant to Article 4 of the Act (the “Bond Law”) to incur indebtedness for the purpose of acquiring obligations issued by the City to refinance certain public capital improvements originally financed by the City through (i) City of Oxnard Assessment District No. 2001-1 (Rice Avenue/Highway 101 Interchange) (the “Assessment District”), (ii) Community Facilities District No. 1 (Westport at Mandalay Bay) of the City of Oxnard (“CFD No. 1”), and (iii) City of Oxnard Community Facilities District No. 2000-3 (Oxnard Boulevard/Highway 101 Interchange) (“CFD No. 2000-3”);

WHEREAS, for the purpose of acquiring the (i) the \$_____ City of Oxnard Assessment District No. 2001-1 (Rice Avenue/Highway 101 Interchange) Limited Obligation Improvement Refunding Bonds, Series 2012 (the “AD Bonds”), (ii) the \$_____ Community Facilities District No. 1 (Westport at Mandalay Bay) of the City of Oxnard 2012 Special Tax Refunding Bonds (the “CFD No. 1 Bonds”), and (iii) the \$_____ City of Oxnard Community Facilities District No. 2000-3 (Oxnard Boulevard/Highway 101 Interchange) Special Tax Refunding Bonds, Series 2012 (the “CFD No. 2000-3 Bonds” and, together with the AD Bonds and the CFD No. 1 Bonds, the “Acquired Obligations”) issued to refund certain Assessment District, CFD No. 1, and CFD No. 2000-3 bond issues, the Authority has determined to issue its Local Obligation Revenue Bonds (2012 Special District Bond Refinancings), Series A Senior Lien Bonds, in the aggregate principal amount of \$[SERIES A PRINCIPAL] (the “Series A Bonds”), and its Local Obligation Revenue Bonds (2012 Special District Bond Refinancings), Series B Subordinate Lien Bonds, in the aggregate principal amount of \$[SERIES B PRINCIPAL] (the “Series B Bonds”), which Series A Bonds and Series B Bonds, together, are referred to herein as the “Bonds,” all pursuant to and secured by this Indenture in the manner provided herein;

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

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

NOW, THEREFORE, in consideration of the premises and the mutual covenants contained herein, the parties hereto hereby grant and agree as follows:

GRANTING CLAUSES

The Authority, in consideration of the premises and the acceptance by the Trustee of the trusts hereby created and of the purchase and acceptance of the Bonds by the registered owners thereof, and for other good and valuable consideration, the receipt of which is hereby acknowledged, in order to secure the payment of the principal of, premium, if any, and interest on the Bonds according to their tenor and effect and to secure the performance and observance by the Authority of all of the covenants expressed or implied herein and in the Bonds, does hereby grant, bargain, sell, convey, mortgage, assign, and pledge the following to Wells Fargo Bank, National Association, as Trustee, and its successors in trust and assigns forever, for the securing of the performance of the obligations of the Authority hereinafter set forth:

GRANTING CLAUSE FIRST

All right, title, and interest of the Authority in and to the Revenues and the Acquired Obligations, including all extensions and renewals of its terms, if any, including, but without limiting the generality of the foregoing, the present and continuing right to make claim for, collect, receive, and receipt for any income, revenues, issues, profits, insurance proceeds, and other sums of money payable to or receivable by the Authority under the Acquired Obligations or any other document delivered pursuant to the terms of the Acquired Obligations, whether payable pursuant to the Acquired Obligations or otherwise, to bring actions and proceedings under the Acquired Obligations or for the enforcement thereof, and to do any and all things which the Authority is or may become entitled to do under the Acquired Obligations, including all proceeds of the foregoing and any investment income thereon;

GRANTING CLAUSE SECOND

All moneys, securities, investments, and funds from time to time held by the Trustee under this Indenture, including all Revenues, moneys, and securities held by the Trustee in all funds and accounts under this Indenture (except the Rebate Fund and the Expense Fund), and all other rights and property of every name and nature from time to time hereafter by delivery or by writing of any kind, tangible or intangible, assigned, pledged, or transferred as and for additional security hereunder to the Trustee by the Authority or the City, or by anyone in either's behalf, or with its written consent, and to hold and apply the same, subject to the terms hereof, including all proceeds of the foregoing and all investment income thereon;

TO HAVE AND TO HOLD all and singular the trust estate above granted (the “Trust Estate”), whether now owned or hereafter acquired, unto the Trustee and its respective successors in trust and assigns forever;

IN TRUST NEVERTHELESS, upon the terms and trusts herein set forth for the equal and proportionate benefit, security, and protection of all present and future registered owners of the Bonds executed and delivered under and secured by this Indenture without privilege, priority, or distinction as to the lien or otherwise of any of the Bonds over any of the other Bonds (except the priority of the Series A Bonds over the Series B Bonds and as otherwise expressly provided herein);

PROVIDED, HOWEVER, that if the Authority, or its respective successors or assigns, shall well and truly pay, or cause to be paid, the principal of, premium, if any, and interest on the Bonds due or to become due thereon, on the dates and in the manner mentioned in the Bonds according to the true intent and meaning thereof, and shall cause the payments to be made as required under Article V hereof, and shall pay, or shall provide, as permitted hereby, for the payment thereof by depositing with the Trustee the entire amount due or to become due thereon, and shall well and truly keep, perform, and observe all the covenants and conditions pursuant to the terms of this Indenture to be kept, performed, and observed by them, and shall pay or cause to be paid to the Trustee all sums of money due or to become due in accordance with the terms and provisions hereof, then upon such final payment under this Indenture, the rights hereby granted shall cease, determine, and be void; otherwise this Indenture to be and remain in full force and effect;

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

ARTICLE I

DEFINITIONS; INTERPRETATION; EQUAL SECURITY

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

“Acquired Obligations” means, collectively, the AD Bonds, the CFD No. 1 Bonds, and the CFD No. 2000-3 Bonds.

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

“AD Bonds” means the City of Oxnard Assessment District No. 2001-1 (Rice Avenue/Highway 101 Interchange) Limited Obligation Improvement Refunding Bonds, Series 2012, dated as of the date of their delivery to the Authority as the initial purchaser thereof and issued in the aggregate principal amount of \$_____ by the City under and pursuant to the Refunding Act.

“AD Bonds Fiscal Agent Agreement” means that certain Fiscal Agent Agreement, dated as of August 1, 2012, by and between the City and Wells Fargo Bank, National Association, as fiscal agent, establishing the terms and conditions pertaining to the issuance and administration of the AD Bonds.

“Administrative Costs” means the annual costs of administering the Bonds, including, without limitation, the annual fees and expenses pertaining to the servicing of the Bonds and the provision of continuing disclosure pertaining to the Bonds or the Authority as required by Rule 15c2-12 of the Securities and Exchange Commission and any applicable continuing disclosure agreement pertaining to the Bonds. Such fees and expenses shall include, but not be limited to, any or all of the following: the fees and expenses of the Trustee (including any fees and expenses of its counsel) and the expenses of the Authority in carrying out its duties hereunder, which expenses include, but are not limited to, calculating the rebate obligation, if any, for the Bonds, undertaking any annual audits of the Bonds, and undertaking any annual or event continuing disclosure requirement. In addition to the costs of consultants and attorneys incurred in undertaking such duties, the expenses of the Authority shall also include an allocable share of the salaries of staff of the Authority or the City directly related thereto and a proportionate amount of general administrative overhead related thereto, any rebate obligation due and owing the United States government, and all other costs and expenses of the Authority or the Trustee incurred in connection with the discharge of their respective duties hereunder and, in the case of the Authority, in any way related to the administration of the Authority. Administrative Costs also includes any Unfunded Special District Administrative Expenses.

“AD Prepayment Account” means the Prepayment Account of the Redemption Fund established by the Fiscal Agent pursuant to the provisions of the AD Bonds Fiscal Agent Agreement.

“Agreement” means that certain Joint Exercise of Powers Agreement, dated as of October 9, 1991, by and among the City, the Redevelopment Agency of the City of Oxnard, and the Housing Authority of the City of Oxnard, as duly amended and supplemented from time to time.

“Assessment District” means City of Oxnard Assessment District No. 2001-1 (Rice Avenue/Highway 101 Interchange).

“Authority” means the City of Oxnard Financing Authority, a joint powers authority organized and existing under the Agreement and under and by virtue of the laws of the State of California.

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

“Authorized Representative” means: (a) with respect to the Authority, its Chairman, Vice Chairman, Controller, Assistant Controller, Executive Director, or Secretary, or any other Person designated as an Authorized Representative of the Authority by a Written Certificate of the Authority signed by its Chairman, Executive Director, or Controller and filed with the City and the Trustee; (b) with respect to the City, CFD No. 1, and CFD No. 2000-3, the City Manager, the Assistant City Manager, the Chief Financial Officer, the Financial Services Manager, or any other Person designated as an Authorized Representative of the City, CFD No. 1, or CFD No. 2000-3 by a Written Certificate signed on behalf of the City, CFD No. 1, or CFD No. 2000-3 by the City Manager, the Assistant City Manager, the Chief Financial Officer, or the Financial Services Manager and filed with the Authority and the Trustee; (c) with respect to the Trustee, the Senior Vice President, any Vice President, any Assistant Vice President, or any Trust Officer of the Trustee, and when used with reference to any act or document also means any other Person authorized to perform such act or sign any document by or pursuant to a resolution of the Board of Directors of the Trustee or the by-laws of the Trustee.

“Available Amount” means an amount calculated by adding, as of the date of such calculation, (i) the Senior Reserve Fund Cash Deposit on deposit in the Senior Reserve Fund, (ii) the Subordinate Reserve Fund, and (iii) the amount on deposit in the Residual Account, less (a) the CFD No. 1 Residual Amount, (b) the CFD No. 2000-3 Residual Amount, and (c) any amounts determined by the Authority, in consultation with the City, to be needed to pay for debt service on the Bonds on [CONFIRM:] [September 2, 2032], or to be used for the payment of rebate or other expenses).

“Average Annual Debt Service” means the average annual debt service on the Series A Bonds or the Series B Bonds, as the case may be, based upon a Bond Year during the term of such Bonds.

“Bond Counsel” means Goodwin Procter LLP, or any law firm that is a firm of nationally recognized attorneys experienced in the issuance of obligations the interest on which is excluded from gross income for purposes of Section 103 of the Code, which firm is selected by the Authority, the City, CFD No. 1, or CFD No. 2000-3 and which acts as bond counsel to the Authority, the City, CFD No. 1, or CFD No. 2000-3 in connection with the issuance of the Bonds or the respective Acquired Obligations.

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

“Bond Year” means, with respect to the Bonds or the Acquired Obligations, the period beginning on the Closing Date and ending on September 2, 2012, and each successive 12-month period thereafter until there are no longer any Bonds Outstanding.

“Bonds” means, collectively, the Series A Bonds and the Series B Bonds.

“Business Day” means a day that is not a Saturday, Sunday, or legal holiday on which banking institutions in the State of California, or in any state in which the Office of the Trustee

or the Series A Bond Insurer is located, are closed, or a day on which the New York Stock Exchange is authorized or obligated by law or executive order to be closed.

“Cash Flow Certificate” means a certificate prepared by an Independent Special District Administrator which, as to a redemption of Bonds pursuant to Section 4.01 hereof, (i) directs the redemption of Series A Bonds among maturities of the Series A Bonds or of Series A Bonds among maturities of the Series A Bonds, as applicable, as necessary, after giving effect to such redemption, so as to maintain as close as practicable the level of Revenue coverage that existed for the Series A Bonds and the Series B Bonds as of the Date of Delivery, and (ii) certifies that after such redemption the Revenues scheduled to be received from the Acquired Obligations will be sufficient in time and amount (together with funds then held under this Indenture representing payments made pursuant to the Acquired Obligations and available to pay debt service on the Bonds, but excluding amounts, if any, on deposit in the Senior Reserve Fund and the Subordinate Reserve Fund) to make all remaining scheduled payments of principal of and interest on the Outstanding Bonds.

“CFD No. 1” means Community Facilities District No. 1 (Westport at Mandalay Bay) of the City of Oxnard.

“CFD No. 1 Bonds” means the Community Facilities District No. 1 (Westport at Mandalay Bay) of the City of Oxnard 2012 Special Tax Refunding Bonds, dated as of the date of their delivery to the Authority as the initial purchaser thereof and issued in the aggregate principal amount of \$_____ by CFD No. 1 under and pursuant to the Mello-Roos Act.

“CFD No. 1 Bonds Fiscal Agent Agreement” means that certain Fiscal Agent Agreement dated as of August 1, 2012, by and between CFD No. 1 and Wells Fargo Bank, National Association, as fiscal agent, establishing the terms and conditions pertaining to the issuance and administration of the CFD No. 1 Bonds.

“CFD No. 1 Prepayment Account” means the Prepayment Account of the Bond Service Fund established by the Fiscal Agent pursuant to the provisions of the CFD No. 1 Bonds Fiscal Agent Agreement.

“CFD No. 1 Residual Amount” means the amount of \$_____, which is the approximate amount of the Senior Reserve Fund Cash Deposit and the Subordinate Reserve Fund allocable to the CFD No. 1 Bonds.

“CFD No. 2000-3” means City of Oxnard Community Facilities District No. 2000-3 (Oxnard Boulevard/Highway 101 Interchange).

“CFD No. 2000-3 Bonds” means the City of Oxnard Community Facilities District No. 2000-3 (Oxnard Boulevard/Highway 101 Interchange) Special Tax Refunding Bonds, Series 2012, dated as of the date of their delivery to the Authority as the initial purchaser thereof and issued in the aggregate principal amount of \$_____ by CFD No. 2000-3 under and pursuant to the Mello-Roos Act.

“CFD No. 2000-3 Bonds Fiscal Agent Agreement” means that certain Fiscal Agent Agreement dated as of August 1, 2012, by and between CFD No. 2000-3 and Wells Fargo Bank,

National Association, as fiscal agent, establishing the terms and conditions pertaining to the issuance and administration of the CFD No. 2000-3 Bonds.

“CFD No. 2000-3 Prepayment Account” means the Prepayment Account of the Bond Service Fund established by the Fiscal Agent pursuant to the provisions of the CFD No. 2000-3 Bonds Fiscal Agent Agreement.

“CFD No. 2000-3 Residual Amount” means the amount of \$_____, which is the approximate amount of the Senior Reserve Fund Cash Deposit and the Subordinate Reserve Fund allocable to the CFD No. 2000-3 Bonds.

“City” means the City of Oxnard, California.

“Closing Date” means the date on which the Bonds are delivered to the Original Purchaser, being the Date of Delivery or, as to the Acquired Obligations, the date such Acquired Obligations are delivered to the Authority.

“Code” means the Internal Revenue Code of 1986, as amended, and any regulations, rulings, judicial decisions, and notices, announcements, and other releases of the United States Treasury Department or Internal Revenue Service interpreting and construing it.

“Costs of Issuance” means all expenses incurred in connection with the authorization, issuance, sale, and delivery of the Bonds, the acquisition of the Acquired Obligations, and the refunding of the improvement bonds and special tax bonds refunded through the sale and delivery of the Acquired Obligations, including, but not limited to, compensation, fees, and expenses of the City, CFD No. 1, CFD No. 2000-3, the Authority, the Trustee, and their respective counsel, compensation to any financial consultants, certified public accountants, market economists, or the Original Purchaser, other legal fees and expenses, filing and recording fees and costs, costs of preparation and reproduction of documents, costs of printing, and the cost of the premium for the Series A Bonds Insurance Policy and the Senior Reserve Fund Surety.

“Credit Facility” has the meaning given to such term in Section 3.03(a)(7).

“Date of Delivery” means the date the Bonds are delivered to the Original Purchaser thereof.

“Depository” or “Securities Depositories” means The Depository Trust Company, 55 Water Street, 22nd Floor, New York, New York 10041-0099, Attn. Call Notification Department, Facsimile transmission: (212) 855-7232, or, in accordance with the then current guidelines of the Securities and Exchange Commission, such other depositories, or no such depositories, as the Authority may indicate in a certificate of the Authority to the Trustee.

“Event of Bankruptcy” means, with respect to any Person, the filing of a petition in bankruptcy or the commencement of a proceeding under the United States Bankruptcy Code or any other applicable law concerning insolvency, reorganization or bankruptcy by or against such Person as debtor, other than any involuntary proceeding which has been finally dismissed without entry of an order for relief or similar order as to which all appeal periods have expired.

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

“Expense Fund” means the fund by that name established with the Trustee pursuant to Section 3.04.

“Extraordinary Redemption Proceeds” means the proceeds of the extraordinary redemption, in whole or in part, of (a) the principal of, premium (if any) on, and interest on the AD Bonds with funds attributable to the prepayment of any reassessment lien securing such AD Bonds, (b) the principal of, premium (if any) on, and interest on the CFD No. 1 Bonds with funds attributable to the prepayment of any special tax lien securing such CFD No. 1 Bonds, or (c) the principal of, premium (if any) on, and interest on the CFD No. 2000-3 Bonds with funds attributable to the prepayment of any special tax lien securing such CFD No. 2000-3 Bonds.

“Federal Securities” means any of the following which are non-callable and which at the time of investment are legal investments under the laws of the State of California for the moneys proposed to be invested therein:

(a) direct general obligations of (including obligations issued or held in book entry form on the books of the Department of the Treasury of the United States of America), or obligations the payment of principal of and interest on which are directly or indirectly unconditionally guaranteed by, the United States of America; and

(b) direct obligations of any department, agency, or instrumentality of the United States of America the timely payment of principal of and interest on which are fully guaranteed by the United States of America.

“Fiscal Year” means the period beginning on July 1 of each year and ending on the next succeeding June 30, or any other 12-month period hereafter selected and designated as the official fiscal year period of the Authority and certified to the Trustee in writing by an Authorized Representative of the Authority.

“Indenture” means this Indenture of Trust, dated as of August 1, 2012, by and between the Authority and the Trustee, as originally executed or as it may from time to time be supplemented, modified or amended by any Supplemental Indenture.

“Independent Certified Public Accountant” means a nationally recognized certified public accountant or nationally recognized firm of certified public accountants appointed by the Authority, and who, or each of whom: (a) is judged by the Authority to have extensive experience with respect to the preparation of financial statements; (b) is in fact independent and not under the domination of the Authority, the City, CFD No. 1, or CFD No. 2000-3; (c) does not have any substantial interest, direct or indirect, with the Authority, the City, CFD No. 1, or CFD No. 2000-3; and (d) is not connected with the Authority, the City, CFD No. 1, or CFD No. 2000-3 as an officer or employee thereof, but who may be regularly retained by either the Authority, the City, CFD No. 1, or CFD No. 2000-3 to make reports to such client.

“Independent Special District Administrator” means a consultant or firm of consultants appointed by the Authority, and who, or each of whom: (a) is judged by the Authority to have experience (i) advising public agencies as a financial consultant or assessment engineer with

respect to the issuance of bonds for assessment districts and community facilities districts or (ii) administering bonds issued for assessment districts and community facilities districts on behalf of the issuers of such bonds; (b) is in fact independent and not under the domination of the Authority; (c) does not have any substantial interest, direct or indirect, with the Authority, other than as Original Purchaser; and (d) is not connected with the Authority as an officer or employee of the Authority, but who may be regularly retained to make reports to the Authority. A consultant or firm engaged by the City to administer the AD Bonds, by CFD No. 1 to administer the CFD No. 1 Bonds, or by CFD No. 2000-3 to administer the CFD No. 2000-3 Bonds may be an Independent Special District Administrator.

“Information Services” means Financial Information, Inc.’s “Financial Daily Called Bond Service,” 30 Montgomery Street, 10th Floor, Jersey City, New Jersey 07302, Attention: Editor; Kenny Information Services’ “Called Bond Service,” 55 Broad Street, 28th Floor, New York, New York 10004; Moody’s Investors Service “Municipal and Government,” 77 Center Drive, Suite 150, Charlotte, North Carolina 28217, Attention: Called Bonds Department; and Standard & Poor’s “Called Bond Record,” 25 Broadway, 3rd Floor, New York, New York 10004; or, in accordance with then current guidelines of the Securities and Exchange Commission, such other addressees providing information with respect to called bonds as the Authority may designate in writing to the Trustee.

“Interest Payment Date” means March 2 and September 2 in each year, commencing March 2, 2013, so long as any Bonds remain Outstanding.

“Late Payment Rate” has the meaning given to such term in Section 3.03(a)(4).

“Maximum Annual Debt Service” means, as of the date of any calculation, the largest Annual Debt Service for the Series A Bonds or the Series B Bonds, as the case may be, during the current or any future Bond Year.

“Mello-Roos Act” means the Mello-Roos Community Facilities Act of 1982, as amended, set forth in Chapter 2.5 of Division 2 of Title 5 of the Government Code of the State of California (commencing with Section 53311).

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

“Nominee” has the meaning given to such term in Section 2.09.

“Office” means the principal corporate trust office or agency of the Trustee in Los Angeles, California, or such other offices as may be specified to the Authority by the Trustee in writing, and the principal corporate trust office of any successor trustee.

“Original Purchaser” means Stifel, Nicolaus & Company, Incorporated, dba Stone & Youngberg, a Division of Stifel Nicolaus, as original purchaser of the Bonds.

“Outstanding,” when used as of any particular time with reference to Bonds, means (subject to the provisions of Section 11.09) all Bonds theretofore or thereupon being authenticated and delivered by the Trustee under this Indenture except (a) Bonds theretofore canceled by the Trustee or surrendered to the Trustee for cancellation; (b) Bonds with respect to

which all liability of the Authority shall have been discharged in accordance with Section 10.02, including Bonds referred to under Section 11.10; and (c) Bonds for the transfer or exchange of or in lieu of or in substitution for which other Bonds shall have been authenticated and delivered by the Trustee pursuant to this Indenture.

“Owner” or “Bond Owner,” whenever used herein with respect to a Bond, means the Person in whose name the ownership of such Bond is registered on the Registration Books.

“Participant” has the meaning given to such term in Section 2.09.

“Permitted Investments” means any of the investments listed in Exhibit C attached hereto and incorporated herein by this reference, provided at the time of investment the investment is a legal investment under the laws of the State of California for the moneys proposed to be invested therein.

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

“Prime Rate” has the meaning given to such term in Section 3.03(a)(4).

“Program Fund” means the fund by that name established with the Trustee pursuant to Section 3.05.

“Rebatable Arbitrage” has the meaning given to such term in Section 6.08(b)(i).

“Rebate Fund” means the account by that name established pursuant to Section 6.08(a).

“Rebate Regulations” means the Proposed and Temporary Treasury Regulations issued under Section 148 of the Code.

“Record Date” means the fifteenth (15th) day (whether or not such day is a Business Day) of the calendar month preceding each Interest Payment Date.

“Redemption Account” means the account of the Revenue Fund by that name established with the Trustee pursuant to Section 5.01(c).

“Refunding Act” means the Refunding Act of 1984 for 1915 Improvement Act Bonds, being Division 11.5 (commencing with Section 9500) of the Streets and Highways Code of the State of California.

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

“Related Documents” means, collectively, this Indenture, the AD Bonds Fiscal Agent Agreement, the CFD No. 1 Bonds Fiscal Agent Agreement, the CFD No. 2000-3 Bonds Fiscal Agent Agreement, the AD Bonds, the CFD No. 1 Bonds, and the CFD No. 2000-3 Bonds.

“Residual Account” means the account of the Revenue Fund by that name established with the Trustee pursuant to Section 5.01(c).

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

“Revenues” means (a) all amounts derived from or with respect to the Acquired Obligations and (b) investment income with respect to any moneys held by the Trustee in the funds and accounts established hereunder, excepting therefrom the Rebate Fund.

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

“Same Series” means, with respect to the Series A Bonds, only a Series A Bond, and, with respect to the Series B Bonds, only a Series B Bond.

“Senior Interest Account” means the account of the Revenue Fund by that name established with the Trustee pursuant to Section 5.01(c).

“Senior Principal Account” means the account of the Revenue Fund by that name established with the Trustee pursuant to Section 5.01(c).

“Senior Reserve Fund” means the fund by that name established with the Trustee pursuant to Section 3.03(a).

[**CONFIRM GLOBALLY:**] “Senior Reserve Fund Cash Deposit” means, as of the Closing Date, an amount equal to fifty percent (50%) of the Senior Reserve Requirement deposited in the Senior Reserve Fund on the Closing Date.

[**CONFIRM GLOBALLY:**] “Senior Reserve Fund Surety” means a surety bond or insurance policy in an amount equal to fifty percent (50%) of the Senior Reserve Requirement issued to the Trustee by the Series A Bond Insurer or another company licensed to issue such a bond or policy if the claims paying ability of such company shall be rated “__” by S&P.

[**CONFIRM GLOBALLY:**] “Senior Reserve Fund Surety Costs” has the meaning given to such term in Section 3.03(a)(5).

“Senior Reserve Requirement” means, as of any date of calculation, an amount equal to the least of (i) Maximum Annual Debt Service for the Series A Bonds, (ii) one hundred twenty-five percent (125%) of Average Annual Debt Service for the Series A Bonds, or (iii) ten percent (10%) of the original principal amount of the Series A Bonds; provided, however, that the Senior Reserve Requirement as of any such date of calculation shall not exceed the Senior Reserve Requirement calculated as of the Closing Date. As of the Closing Date, the Senior Reserve Requirement is \$_____.

[**CONFIRM GLOBALLY:**] “Series A Bond Insurance Policy” means the insurance policy issued by the Series A Bond Insurer guaranteeing the scheduled payment of principal of and interest on the Series A Bonds when due.

[CONFIRM GLOBALLY:] “Series A Bond Insurer” means _____, a New York stock insurance company, or any successor thereto or assignee thereof.

[CONFIRM GLOBALLY:] “Series A Bond Insurer’s Fiscal Agent” has the meaning given to such term in Section 5.08(a).

“Series A Bonds” means the \$[SERIES A PRINCIPAL] City of Oxnard Public Financing Authority Local Obligation Revenue Bonds (2012 Special District Bond Refinancings), Series A Senior Lien Bonds, authorized by, and at any time Outstanding pursuant to, this Indenture.

“Series B Bonds” means the \$[SERIES B PRINCIPAL] City of Oxnard Financing Authority Local Obligation Revenue Bonds (2012 Special District Bond Refinancings), Series B Subordinate Lien Bonds, authorized by, and at any time Outstanding pursuant to, this Indenture.

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

“State” means the State of California.

“Subordinate Interest Account” means the account of the Revenue Fund by that name established with the Trustee pursuant to Section 5.01(c).

“Subordinate Principal Account” means the account of the Revenue Fund by that name established with the Trustee pursuant to Section 5.01(c).

“Subordinate Reserve Fund” means the fund by that name established with the Trustee pursuant to Section 3.03(b).

“Subordinate Reserve Requirement” means, as of any date of calculation, an amount equal to the least of (i) Maximum Annual Debt Service for the Series B Bonds, (ii) one hundred twenty-five percent (125%) of Average Annual Debt Service for the Series B Bonds, or (iii) ten percent (10%) of the original principal amount of the Series B Bonds; provided, however, that the Subordinate Reserve Requirement as of any such date of calculation shall not exceed the Subordinate Reserve Requirement calculated as of the Closing Date. As of the Closing Date, the Subordinate Reserve Requirement is \$_____.

“Senior Reserve Requirement” means, as of any date of calculation, an amount equal to the least of (i) Maximum Annual Debt Service for the Series A Bonds, (ii) one hundred twenty-five percent (125%) of Average Annual Debt Service for the Series A Bonds, or (iii) ten percent (10%) of the original principal amount of the Series A Bonds. As of the Closing Date, the Senior Reserve Requirement is \$_____.

“Supplemental Indenture” means any indenture then in full force and effect which has been duly executed and delivered by the Authority and the Trustee amendatory hereof or supplemental hereto; but only if and to the extent that such Supplemental Indenture is specifically authorized hereunder.

“Tax Certificate” means that certain certificate of the Authority by that name delivered on the Closing Date.

“Trustee” means Wells Fargo Bank, National Association, a national banking association organized and existing under the laws of the United States of America, or its successor, as Trustee hereunder as provided in Section 8.01.

“Unfunded Special District Administrative Expenses” means those annual costs of the administration of the AD Bonds, the CFD No. 1 Bonds, the CFD No. 2000-3 Bonds, the AD Bonds Fiscal Agent Agreement, the CFD No. 1 Bonds Fiscal Agent Agreement, and the CFD No. 2000-3 Bonds Fiscal Agent Agreement in excess of the proceeds of the annual assessments or special taxes for administrative costs and surcharges for collection costs and registration costs which may be collected for the Assessment District, CFD No. 1, or CFD No. 2000-3 on the tax roll by the City, CFD No. 1, or CFD No. 2000-3, as applicable.

“Verification Report” has the meaning given to such term in Section 10.05(a).

“Written Certificate,” “Written Order,” or “Written Request” of the Authority, the City, CFD No. 1, or CFD No. 2000-3 means, respectively, a written certificate, written order, or written request signed in the name of the Authority by any Authorized Representative thereof, in the name of the City by any Authorized Representative thereof, in the name of CFD No. 1 by any Authorized Representative thereof, or in the name of CFD No. 2000-3 by any Authorized Representative thereof. Any such certificate, order or request may, but need not, be combined in a single instrument with any other instrument, opinion, or representation, and the two or more so combined shall be read and construed as a single instrument. If and to the extent required by Section 1.02, each such certificate, order or request shall include the statements provided for in Section 1.02.

“Yield” shall have the meaning given to such term as set forth in the Tax Certificate for the Bonds.

Section 1.02 Content of Certificates and Opinions. Every certificate or opinion provided for in this Indenture, except any certification of destruction pursuant to Section 11.05 hereof, with respect to compliance with any provision hereof shall include (a) a statement that the Person making or giving such certificate or opinion has read such provision and the definitions herein relating thereto; (b) a brief statement as to the nature and scope of the examination or investigation upon which the certificate or opinion is based; (c) a statement that, in the opinion of such Person, he has made or caused to be made such examination or investigation as is necessary to enable him to express an informed opinion with respect to the subject matter referred to in the instrument to which his signature is affixed; (d) a statement of the assumptions upon which such certificate or opinion is based, and that such assumptions are reasonable; and (e) a statement as to whether, in the opinion of such Person, such provision has been complied with.

Any such certificate or opinion made or given by an officer of the Authority, the City, CFD No. 1, or CFD No. 2000-3 may be based, insofar as it relates to legal or accounting matters, upon a certificate or opinion of or representation by counsel or an accountant, unless such officer

knows, or in the exercise of reasonable care should have known, that the certificate, opinion, or representation with respect to the matters upon which such certificate or statement may be based, as aforesaid, is erroneous. Any such certificate or opinion made or given by counsel or an accountant may be based, insofar as it relates to factual matters (with respect to which information is in the possession of the Authority, the City, CFD No. 1, or CFD No. 2000-3, as the case may be) upon a certificate or opinion of or representation by an officer of the Authority, the City, CFD No. 1, or CFD No. 2000-3, unless such counsel or accountant knows, or in the exercise of reasonable care should have known, that the certificate or opinion or representation with respect to the matters upon which such Person's certificate or opinion or representation may be based, as aforesaid, is erroneous. The same officer of the Authority, the City, CFD No. 1, or CFD No. 2000-3, or the same counsel or accountant, as the case may be, need not certify to all of the matters required to be certified under any provision of this Indenture, but different officers, counsel or accountants may certify to different matters, respectively.

Section 1.03 Interpretation.

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

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

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

Section 1.04 Indenture Constitutes Contract. In consideration of the purchase and acceptance of any and all of the Bonds issued hereunder by those who shall hold the same from time to time, this Indenture shall be deemed to be and shall constitute a contract among the Authority, the Trustee, and the Owners of the Bonds. The pledge made in this Indenture and the provisions, covenants, and agreements herein set forth to be performed by or on behalf of the Authority shall be for the equal and proportionate benefit, protection, and security of all present and future Owners of the Series A Bonds issued under and secured by this Indenture without privilege, priority, or distinction as to the lien or otherwise of any of the Series A Bonds over any other Series A Bonds and, second, for the equal and proportionate benefit, protection, and security of all present and future Owners of the Series B Bonds issued under and secured by this Indenture without privilege, priority, or distinction as to the lien or otherwise of any of the Series B Bonds over any other Series B Bonds.

ARTICLE II

THE BONDS

Section 2.01 Authorization of Bonds. The Authority hereby authorizes the issuance of two (2) series of Bonds hereunder and under the Bond Law, which shall constitute special obligations of the Authority, for the purpose of providing moneys to finance the acquisition by the Authority of the Acquired Obligations. Such Bonds are hereby designated the City of Oxnard Financing Authority Local Obligation Revenue Bonds (2012 Special District Bond Refinancings), Series A Senior Lien Bonds, and the City of Oxnard Financing Authority Local Obligation Revenue Bonds (2012 Special District Bond Refinancings), Series B Subordinate Lien Bonds. The maximum aggregate principal amount of Series A Bonds authorized to be issued and Outstanding under this Indenture shall equal \$[SERIES A PRINCIPAL]. The maximum aggregate principal amount of Series B Bonds authorized to be issued and Outstanding under this Indenture shall equal \$[SERIES B PRINCIPAL]. This Indenture constitutes a continuing agreement with the Owners from time to time of the Bonds to secure the full payment of the principal of and interest on all such Bonds, subject to the covenants, provisions, and conditions herein contained.

As more particularly provided in Sections 1.04, 5.02, and 7.04 hereof, the Series A Bonds shall be prior and superior to the Series B Bonds.

Section 2.02 Terms of the Bonds.

(a) (1) **Series A Bonds**. The Series A Bonds shall be issued in fully registered form without coupons in any Authorized Denomination. The Series A Bonds shall be dated as of the Date of Delivery, shall mature (subject to prior redemption, as herein provided) in the principal amounts maturing or payable and bear interest as follows:

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

(2) **Series B Bonds**. The Series B Bonds shall be issued in fully registered form without coupons in any Authorized Denomination. The Series B Bonds shall be

dated as of the Date of Delivery, and shall mature (subject to prior redemption, as herein provided) in the principal amounts maturing or payable and bear interest as follows:

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

(b) Interest on the Bonds shall be payable from the Interest Payment Date next preceding the date of authentication thereof unless (i) a Bond is authenticated on or before an Interest Payment Date and after the close of business on the preceding Record Date, in which event it shall bear interest from such Interest Payment Date, (ii) a Bond is authenticated on or before the first Record Date, in which event interest thereon shall be payable from the Date of Delivery, or (iii) interest on any Bond is in default as of the date of authentication thereof, in which event interest thereon shall be payable from the date to which interest has been paid in full, payable on each Interest Payment Date. Interest with respect to the Bonds shall be calculated on the basis of 360 days per year, comprised of twelve 30-day months. Interest shall be paid on each Interest Payment Date to the Persons in whose names the ownership of the Bonds is registered on the Registration Books at the close of business on the immediately preceding Record Date, except as provided below. Interest on any Bond which is not punctually paid or duly provided for on any Interest Payment Date shall be payable to the Person in whose name the ownership of such Bond is registered on the Registration Books at the close of business on a Special Record Date for the payment of such defaulted interest to be fixed by the Trustee, notice of which shall be given to such Owner not less than ten (10) calendar days prior to such Special Record Date. Interest shall be paid by check of the Trustee mailed by first class mail, postage prepaid, on each Interest Payment Date to the Bond Owners at their respective addresses shown on the Registration Books as of the close of business on the preceding Record Date; or by wire transfer made on such Interest Payment Date to any Owner of \$1,000,000 or more in aggregate principal amount of Bonds who shall have requested such transfer pursuant to written notice filed with the Trustee on or before the preceding Record Date.

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

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

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

Whenever any Bond or Bonds shall be surrendered for transfer, the Authority shall execute and the Trustee shall authenticate and shall deliver a new Bond or Bonds of the Same Series for a like aggregate principal amount in an Authorized Denomination. The Trustee shall require the Bond Owner requesting such transfer to pay any tax or other governmental charge required to be paid with respect to such transfer.

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

Section 2.05 Registration Books. The Trustee will keep or cause to be kept, at the Office of the Trustee, sufficient records for the registration and transfer of ownership of the Bonds (the "Registration Books"), which Registration Books shall be open to inspection during regular business hours and upon reasonable prior notice by the Series A Bond Insurer, the Authority, the City, CFD No. 1, and CFD No. 2000-3 and, upon presentation for such purpose, the Trustee shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on such Registration Books, the ownership of the Bonds as hereinbefore provided.

Section 2.06 Form and Execution of Bonds. The Series A Bonds shall be in substantially the form set forth in Exhibit A hereto and the Series B Bonds shall be in substantially the form set forth in Exhibit B hereto. The Bonds shall be executed in the name and on behalf of the Authority with the facsimile signature of its Chair (or any duly authorized deputy to the Chair) attested by the manual or facsimile signature of its Secretary. The Bonds shall then be delivered to the Trustee for authentication by it. In case any of the officers who shall have signed or attested any of the Bonds shall cease to be such officer or officers of the Authority before the Bonds so signed or attested shall have been authenticated or delivered by the Trustee, or issued by the Authority, such Bonds may nevertheless be authenticated, delivered and issued and, upon such authentication, delivery and issue, shall be as binding upon the Authority as though those who signed and attested the same had continued to be such officers of the Authority, and also any Bonds may be signed and attested on behalf of the Authority by such Persons as at the actual date of execution of such Bonds shall be the proper officers of the

Authority although at the nominal date of such Bonds any such Person shall not have been such officer of the Authority.

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

Section 2.07 Temporary Bonds. The Bonds may be issued in temporary form exchangeable for definitive Bonds when ready for delivery. Any temporary Bonds may be printed, lithographed, or typewritten, shall be of such Authorized Denominations as may be determined by the Authority, shall be in fully registered form without coupons and may contain such reference to any of the provisions of this Indenture as may be appropriate. Every temporary Bond shall be executed by the Authority and authenticated by the Trustee upon the same conditions and in substantially the same manner as the definitive Bonds. If the Authority issues temporary Bonds it will execute and deliver definitive Bonds as promptly thereafter as practicable, and thereupon the temporary Bonds may be surrendered, for cancellation, at the 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 the Same Series in Authorized Denominations. Until so exchanged, the temporary Bonds shall be entitled to the same benefits under this Indenture as definitive Bonds authenticated and delivered hereunder.

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

Section 2.09 Book-Entry. The Bonds shall be initially issued in the form of a single, fully registered Bond for each maturity (which may be typewritten). Upon initial issuance, the ownership of such Bonds shall be registered in the name of the Nominee identified below as nominee of the Depository. Except as hereinafter provided, all of the Outstanding Bonds shall

be registered in the name of the nominee of the Depository, which may be the Depository, as determined from time to time pursuant to this Section (the "Nominee"). The initial Nominee shall be Cede & Co., as Nominee of the Depository.

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

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

In the event of a reduction in aggregate principal amount of Bonds Outstanding or an advance refunding of part of the Bonds outstanding, the Depository, in its discretion, (a) may request the Authority to prepare and issue a new Bond or (b) may make an appropriate notation on the Bond indicating the date and amounts of such reduction in principal, but in such event the Authority records maintained by the Trustee shall be conclusive as to what amounts are Outstanding on the Bond, except in the case of final maturity, in which case the Bond must be presented to the Trustee prior to payment.

Notwithstanding any other provision of this Indenture to the contrary, so long as any Bond is registered in the name of the Nominee, all payments of principal and interest with respect to such Bond and all notice with respect to such Bonds shall be made and given respectively, as instructed by the Depository and acceptable to the Authority.

ARTICLE III

ISSUANCE OF BONDS; APPLICATION OF PROCEEDS AND TRANSFERS FROM THE FISCAL AGENT; ACQUISITION OF ACQUIRED OBLIGATIONS

Section 3.01 Issuance of the Bonds. At any time after the execution of this Indenture, the Authority may execute, and upon the Written Request of the Authority, the Trustee shall authenticate and deliver, Series A Bonds in the aggregate principal amount of \$[SERIES A PRINCIPAL] and Series B Bonds in the aggregate principal amount of \$[SERIES B PRINCIPAL].

Section 3.02 Application of Proceeds of the Bonds and Transfers from the Fiscal Agent.

(a) The proceeds in the amount of \$_____ (representing the aggregate principal amount of the Series A Bonds of \$[SERIES A PRINCIPAL].00 (i) [plus/less] the net original issue [premium/discount] of \$_____; (ii) [**CONFIRM:**] [less \$_____ representing the premium for the Series A Bond Insurance Policy and \$_____ representing the premium for the Senior Reserve Fund Surety, which amounts will be wire transferred on the Date of Delivery by the Original Purchaser to the Series A Bond Insurer]; and (iii) less \$_____ representing the Underwriter's discount with respect to the Series A Bonds being retained by the Original Purchaser) received on the Date of Delivery from the sale of the Series A Bonds shall be delivered in trust with the Trustee, and the Trustee shall immediately deposit the proceeds as follows:

(1) \$_____ shall be deposited in the Program Fund;

(2) \$_____ representing [**CONFIRM:**] [the Senior Reserve Fund Cash Deposit] shall be deposited in the Senior Reserve Fund;

(3) \$_____ shall be deposited in the Residual Account of the Revenue Fund [AMOUNT, WHEN ADDED TO PORTION OF SERIES B BONDS DEPOSITED IN RESIDUAL ACCOUNT, TO EQUAL TO APPROXIMATELY 5% OF ANNUAL DEBT SERVICE ON SERIES B BONDS]; and

(4) \$_____ shall be deposited in the Expense Fund.

In addition, the Trustee shall deposit \$_____ (representing a portion of the accrued interest on the CFD No. 1 Bonds) transferred to the Trustee pursuant to the CFD No. 1 Bonds Fiscal Agent Agreement and \$_____ (representing a portion of the accrued interest on the CFD No. 2000-3 Bonds) transferred to the Trustee pursuant to the CFD No. 2000-3 Bonds Fiscal Agent Agreement in the Senior Interest Account of the Revenue Fund.

(b) The proceeds in the amount of \$_____ (representing the aggregate principal amount of the Series B Bonds of \$[SERIES B PRINCIPAL].00 (i) [plus/less] the net original issue [premium/discount] of \$_____; and (ii) less \$_____ representing the Underwriter's discount with respect to the Series B Bonds being retained by the Original Purchaser) received on the Date of Delivery from the sale of the Series B Bonds shall be delivered in trust with the Trustee, and the Trustee shall immediately deposit the proceeds as follows:

- (1) \$_____ shall be deposited in the Program Fund;
- (2) \$_____ shall be deposited in the Subordinate Reserve Fund;
- (3) \$_____ shall be deposited in the Residual Account of the Revenue Fund [AMOUNT, WHEN ADDED TO PORTION OF SERIES A BONDS DEPOSITED IN RESIDUAL ACCOUNT, TO EQUAL TO APPROXIMATELY 5% OF ANNUAL DEBT SERVICE ON SERIES B BONDS]; and
- (4) \$_____ shall be deposited in the Expense Fund.

In addition, the Trustee shall deposit \$_____ (representing a portion of the accrued interest on the CFD No. 1 Bonds) transferred to the Trustee pursuant to the CFD No. 1 Bonds Fiscal Agent Agreement and \$_____ (representing a portion of the accrued interest on the CFD No. 2000-3 Bonds) to the Trustee pursuant to the CFD No. 2000-3 Bonds Fiscal Agent Agreement in the Subordinate Interest Account of the Revenue Fund.

Section 3.03 Reserve Funds.

(a) Senior Reserve Fund. [TO BE REVISED RE SENIOR RESERVE FUND SURETY, IF APPLICABLE.]

(1) The Trustee shall establish and maintain a separate reserve fund to be applied solely to the payment of debt service on the Series A Bonds, designated as the "Senior Reserve Fund." The Trustee shall deposit the Senior Reserve Fund Cash Deposit specified in Section 3.02(a) and the Senior Reserve Fund Surety in the Senior Reserve Fund. The Trustee shall administer the Senior Reserve Fund Surety and the funds in the Senior Reserve Fund as provided in this Section 3.03.

(2) If on any Interest Payment Date the amount in the Senior Interest Account shall be less than the amount required for the interest payable with respect to the Series A Bonds on such date, the Trustee shall, with the prior written consent of the Series A Bond Insurer, withdraw from the Senior Reserve Fund and deposit into the Senior Interest Account the amount of such deficiency. In making any such withdrawal from the Senior Reserve Fund for

deposit to the Senior Interest Account pursuant to this paragraph, the Trustee shall first withdraw from the Senior Reserve Fund Cash Deposit then on deposit in the Senior Reserve Fund before making a draw on the Senior Reserve Fund Surety. At least ten (10) Business Days prior to any such Interest Payment Date, the Trustee shall determine if the funds expected to be on deposit in the Senior Reserve Fund on such Interest Payment Date will be insufficient to make up the deficiency in the amount required for the interest payable with respect to the Series A Bonds on such date and if it will be necessary for the Trustee to make a claim upon the Senior Reserve Fund Surety. If the Trustee determines that it will be necessary for the Trustee to make a claim for the payment of such deficiency by the Series A Bond Insurer, the Trustee shall make a claim upon the Senior Reserve Fund Surety pursuant to the provisions thereof at least five (5) Business Days prior to such Interest Payment Date.

(3) If on any Interest Payment Date the amount in the Senior Principal Account shall be less than the amount required for the principal payable with respect to the Series A Bonds on such date, the Trustee shall, with the prior written consent of the Series A Bond Insurer, withdraw from the Senior Reserve Fund and deposit into the Senior Principal Account the amount of such deficiency. In making any such withdrawal from the Senior Reserve Fund for deposit to the Senior Principal Account pursuant to this paragraph, the Trustee shall first withdraw from the Senior Reserve Fund Cash Deposit on deposit in the Senior Reserve Fund before making a draw on the Senior Reserve Fund Surety. At least ten (10) Business Days prior to any such Interest Payment Date, the Trustee shall determine if the funds on deposit in the Senior Reserve Fund will be insufficient to make up the deficiency in the amount required for the principal payable with respect to the Series A Bonds on such date and if it will be necessary for the Trustee to make a claim upon the Senior Reserve Fund Surety. If the Trustee determines that it will be necessary for the Trustee to make a claim for the payment of such deficiency by the Series A Bond Insurer, the Trustee shall make a claim upon the Senior Reserve Fund Surety pursuant to the provisions thereof at least five (5) Business Days prior to such Interest Payment Date. Where deposits are required to be made by the Authority with the Trustee more often than semi-annually, the Trustee shall be instructed to give notice to the Series A Bond Insurer of any failure of the Authority to make timely payment in full of such deposits within two (2) Business Days of the date due.

(4) The Authority shall repay any draws under the Senior Reserve Fund Surety and pay all related expenses incurred by the Series A Bond Insurer. Interest shall accrue and be payable on such draws and expenses from the date of payment by the Series A Bond Insurer at [**CONFIRM:**] [the Late Payment Rate. "Late Payment Rate" means _____. The Late Payment Rate shall be computed on the basis of the actual number of days elapsed over a year of 360 days.]

(5) Repayment of draws and payment of expenses and accrued interest thereon at the Late Payment Rate (collectively, "Senior Reserve Fund Surety Costs") shall be made from the payment of delinquent debt service on the Acquired Obligations when received, and from other amounts legally available to the Authority for such purpose. Payments shall commence in the first month following each draw, and each such monthly payment shall be in an amount at least equal to 1 /12th of the aggregate Senior Reserve Fund Surety Costs related to such draw.

(6) Amounts in respect of Senior Reserve Fund Surety Costs paid to the Series A Bond Insurer shall be credited first to interest due, then to the expenses due, and then to principal due. As and to the extent that payments are made to the Series A Bond Insurer on account of principal due, the coverage under the Senior Reserve Fund Surety will be increased by a like amount, subject to the terms of the Senior Reserve Fund Surety.

(7) All cash and investments in the Senior Reserve Fund shall be transferred to the Senior Interest Account or the Senior Principal Account, as applicable, for the payment of principal of and interest on the Series A Bonds when due and payable before any draw may be made on the Senior Reserve Fund Surety or any other credit facility credited to the Senior Reserve Fund in lieu of cash (“Credit Facility”). Payment of any Senior Reserve Fund Surety Costs shall be made prior to replenishment of any such cash amounts. Draws on all Credit Facilities (including the Senior Reserve Fund Surety) on which there is available coverage shall be made on a *pro rata* basis (calculated by reference to the coverage then available thereunder) after applying all available cash and investments in the Senior Reserve Fund. Payment of Senior Reserve Fund Surety Costs and reimbursement of amounts with respect to other Credit Facilities shall be made on a *pro rata* basis prior to the replenishment of any cash drawn from the Senior Reserve Fund.

(8) If the Authority shall fail to pay any Senior Reserve Fund Surety Costs in accordance with the requirements of this Section 3.03(a), the Series A Bond Insurer shall be entitled to exercise any and all legal and equitable remedies available to it, including those provided under this Indenture other than (i) acceleration of the maturity of the Series A Bonds or (ii) remedies which would adversely affect the Owners of the Bonds.

(9) In order to secure the Authority’s payment obligations with respect to the Senior Reserve Fund Surety Costs, there is hereby created and perfected in favor of the Series A Bond Insurer a security interest (subordinate only to that of the Owners of the Series A Bonds) in all Revenues and collateral pledged as security for the Series A Bonds pursuant to this Indenture.

(10) If on September 3rd of any year the amount of cash on deposit in the Senior Reserve Fund, together with the principal amount of the Senior Reserve Fund Surety, exceeds the Senior Reserve Requirement, the Trustee shall on such date transfer such excess from the cash then on deposit in the Senior Reserve Fund to the Residual Account.

(11) This Indenture shall not be discharged until all Senior Reserve Fund Surety Costs owing to the Series A Bond Insurer have been paid in full. The Authority’s obligation to pay such amounts shall expressly survive payment in full of the Series A Bonds.

(12) Not later than three (3) days following the date that the Series A Bonds are no longer Outstanding and all Senior Reserve Fund Surety Costs and Administrative Costs have been paid in full, then the Trustee shall transfer all monies in the Senior Reserve Fund to the Residual Account.

(b) Subordinate Reserve Fund.

(1) The Trustee shall establish and maintain a separate reserve fund to be applied solely to the payment of debt service on the Series B Bonds, designated as the “Subordinate Reserve Fund.” The Trustee shall deposit certain moneys transferred pursuant to Section 3.02(b) into the Subordinate Reserve Fund. The Trustee shall apply moneys in the Subordinate Reserve Fund as provided in this Subsection 3.03(b).

(2) If on any Interest Payment Date the amount in the Subordinate Interest Account shall be less than the amount required for the interest payable with respect to the Series B Bonds on such date, the Trustee shall withdraw from the Subordinate Reserve Fund and deposit into the Subordinate Interest Account the amount of such deficiency.

(3) If on any Interest Payment Date the amount in the Subordinate Principal Account shall be less than the amount required for the principal payable with respect to the Series B Bonds on such date, the Trustee shall withdraw from the Subordinate Reserve Fund and deposit into the Subordinate Principal Account the amount of such deficiency.

(4) If on September 3rd of any year the amount on deposit in the Subordinate Reserve Fund exceeds the Subordinate Reserve Requirement, the Trustee shall on such date transfer such excess to the Residual Account.

(5) Not later than three (3) days following the date that the Series B Bonds are no longer outstanding and all Administrative Costs have been paid in full, then the Trustee shall transfer all monies in the Subordinate Reserve Fund to the Residual Account.

(c) Calculation of Available Amount. At or around [CONFIRM:] [June 1, 2030] [i.e., YEAR BEFORE FINAL FISCAL YEAR OF ASSESSMENT LEVY], the Trustee shall calculate the Available Amount and transmit such calculation to the City, it being understood that the City will reduce the [CONFIRM:] [Fiscal Year 2030-2031] [i.e., FINAL FISCAL YEAR OF ASSESSMENT LEVY] assessment levy in the Assessment District in an amount equal to the Available Amount. Amounts equal in the aggregate to the Available Amount shall be withdrawn proportionately from the Senior Reserve Fund and the Subordinate Reserve Fund to pay, on [CONFIRM:] [September 2, 2032], a portion of the debt service on the Series A Bonds and the Series B Bonds, respectively.

Section 3.04 Expense Fund. The Trustee shall establish and maintain a separate fund to be known as the “Expense Fund.” The moneys deposited into the Expense Fund shall be utilized to pay the Costs of Issuance and Administrative Costs, as set forth in a Written Request of the Authority, the City, CFD No. 1, or CFD No. 2000-3 containing the respective amounts to be paid to the designated payees. The Trustee shall pay all such Costs of Issuance and Administrative Costs upon receipt of an invoice from any such payee which requests payment in an amount which is less than or equal to the amount set forth with respect to such payee in such requisition. On September 3 of each year, the Trustee shall transfer any funds then held in the Expense Fund to the Residual Account.

Section 3.05 Program Fund.

(a) Establishment of Program Fund. The Trustee shall establish and maintain a separate fund to be known as the “Program Fund.” The Trustee shall deposit a portion of the proceeds of sale of the Bonds into the Program Fund pursuant to Section 3.02. Except as otherwise provided herein, money in the Program Fund shall be used solely for the acquisition of the Acquired Obligations.

(b) Disbursement to Acquire Acquired Obligations. The Trustee shall disburse the monies held in the Program Fund to, or at the written direction of, the City, CFD No. 1, and CFD No. 2000-3, respectively, for the purpose of purchasing and acquiring the Acquired Obligations from the City, CFD No. 1, and CFD No. 2000-3.

Section 3.06 Closing Documents. Prior to or concurrent with the acquisition of either of the Acquired Obligations with amounts on deposit in the Program Fund, there shall have been filed with the Authority and the Trustee as to such Acquired Obligation all of the following documents, in each case in form and substance satisfactory to the Authority.

(a) Original fully executed copies of all agreements and other instruments pursuant to which such Acquired Obligation is authorized, sold, and issued or incurred, including, without limitation, the applicable fiscal agent agreement;

(b) The fully executed Acquired Obligation or other instrument evidencing such Acquired Obligation registered in the name of the Authority pursuant to this Indenture;

(c) A separate Written Certificate of the City, CFD No. 1, and CFD No. 2000-3, as applicable, stating that all of the documents referred to in (a) and (b) above have been duly executed by the City, CFD No. 1, and CFD No. 2000-3, as applicable, and that the Persons executing such documents on their behalf have been duly authorized to do so;

(d) Certified copies of all resolutions of the governing body of the City (on behalf of itself and as the legislative body of CFD No. 1 or CFD No. 2000-3, as applicable) approving and authorizing the issuance of the Acquired Obligation and the documents referred to in (a) and (b) above;

(e) An opinion of Bond Counsel which: (a) states that the Acquired Obligation is a valid and binding obligation of the City, CFD No. 1, or CFD No. 2000-3, as applicable, enforceable in accordance with its terms, subject to customary bankruptcy, equitable remedy and other exceptions, and (b) contains such other opinions and addresses such other matters as are commonly provided by Bond Counsel for tax-exempt bonds similar to the type of the Acquired Obligation and as may reasonably be required by the Authority or the Original Purchaser; and

(f) Such other opinions, documents, and other information as may be reasonably required by the Authority, Bond Counsel, or counsel to the Original Purchaser.

Section 3.07 Validity of Bonds. The validity of the authorization and issuance of the Bonds is not dependent on and shall not be affected in any way by any proceedings taken by the Authority or the Trustee with respect to or in connection with the acquisition of the Acquired Obligations. The recital contained in the Bonds that the same are issued pursuant to the

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Constitution and laws of the State of California shall be conclusive evidence of their validity and of compliance with the provisions of law in their issuance.

ARTICLE IV

REDEMPTION OF BONDS

Section 4.01 Redemption.

(a) Optional Redemption.

(i) **[CONFIRM:] Series A Bonds.** The Series A Bonds or any portion of a Series A Bond in any Authorized Denomination maturing on or after September 2, 20__, may be redeemed at the option of the Authority prior to maturity on any Interest Payment Date on or after September 2, 20__, *pro rata* among maturities as directed by the Authority, subject to the approval of the Series A Bond Insurer, in a Written Order accompanied by and consistent with the applicable Cash Flow Certificate, from any source of funds (excluding amounts transferred to the Trustee by the Fiscal Agent from the AD Prepayment Account, the CFD No. 1 Prepayment Account, or the CFD No. 2000-3 Prepayment Account, as applicable) at the redemption price set forth below (expressed as a percentage of the principal amount of the Series A Bonds to be redeemed), plus accrued interest to the date of redemption:

<u>Redemption Dates</u>	<u>Redemption Price</u>
March 2, 20__, and September 2, 20__	_____%
March 2, 20__, and September 2, 20__	_____%
March 2, 20__, and thereafter	_____%

(ii) **[CONFIRM:] Series B Bonds.** The Series B Bonds or any portion of a Series B Bond in any Authorized Denomination maturing on or after September 2, 20__, may be redeemed at the option of the Authority prior to maturity on any Interest Payment Date on or after September 2, 20__, *pro rata* among maturities as directed by the Authority, **[CONFIRM:]** [subject to the approval of the Series A Bond Insurer,] in a Written Order accompanied by and consistent with the applicable Cash Flow Certificate, from any source of funds (excluding amounts transferred to the Trustee by the Fiscal Agent from the AD Prepayment Account, the CFD No. 1 Prepayment Account, or the CFD No. 2000-3 Prepayment Account, as applicable) at the redemption price set forth below (expressed as a percentage of the principal amount of the Bonds to be redeemed), plus accrued interest to the date of redemption:

<u>Redemption Dates</u>	<u>Redemption Price</u>
March 2, 20__, and September 2, 20__	_____%
March 2, 20__, and September 2, 20__	_____%
March 2, 20__, and thereafter	_____%

(b) Extraordinary Redemption. **[CONFIRM:]** The Bonds or any portion of a Bond in any Authorized Denomination shall be subject to extraordinary redemption prior to

maturity, in whole on any date, or in part on any Interest Payment Date, *pro rata* among the Series A Bonds and the Series B Bonds and among maturities as directed by the Authority, subject to the approval of the Series A Bond Insurer, in a Written Order accompanied by and consistent with the applicable Cash Flow Certificate, from funds transferred to the Trustee by the Fiscal Agent from the AD Prepayment Account, , the CFD No. 1 Prepayment Account, or the CFD No. 2000-3 Prepayment Account, as applicable, at a redemption price equal to the principal amount of the Bonds to be redeemed, [**CONFIRM:**] [plus a premium equal to one percent (1%) of such principal amount,] together with accrued interest to the date of redemption.

(c) Mandatory Sinking Fund Redemption.

(i) Series A Bonds. The Series A Bonds maturing on September 2, 20__, are subject to mandatory redemption in part on September 2 in the following years in the following amounts at a redemption price equal to the principal amount thereof together with accrued interest to the date fixed for redemption, without premium:

Mandatory Redemption Date (September 2)	Principal Amount
20__	\$____,000
20__	____,000
20__	____,000
20__	____,000
20__ (maturity)	____,000

(ii) Series B Bonds. The Series B Bonds maturing on September 2, 20__, are subject to mandatory redemption in part on September 2 in the following years in the following amounts at a redemption price equal to the principal amount thereof together with accrued interest to the date fixed for redemption, without premium:

Mandatory Redemption Date (September 2)	Principal Amount
20__	\$____,000
20__	____,000
20__	____,000
20__	____,000
20__ (maturity)	____,000

(iii) In the event of any optional or extraordinary redemption of Series A Bonds maturing on September 2, 20__, or Series B Bonds maturing on September 2, 20__, pursuant to Subsection (a)(i), (a)(ii), or (b) above, the schedule of mandatory sinking fund installments in Subsection (c)(i) or (c)(ii) above, as applicable, shall be reduced in equal percentages, as nearly as practicable, provided that the reductions shall be made in multiples of \$5,000. The Authority shall provide the Trustee with the amended sinking fund payments schedule calculated as set forth above in a Written Order accompanied by and consistent with the applicable Cash Flow Certificate.

(d) Purchase In Lieu of Redemption. In lieu of depositing cash with the Trustee as and for payment of the redemption price of any Bonds pursuant to this Section 4.01, and after complying with the Cash Flow Certificate requirements set forth in Section 4.02 below, amounts on deposit in the Senior Principal Account, the Subordinate Principal Account, the Senior Interest Account, the Subordinate Interest Account, and the Redemption Account may be used and withdrawn by the Trustee at any time prior to the selection of Bonds for such redemption having taken place with respect to such amounts, upon a Written Order of the Authority for the purchase of such Bonds at public or private sale as and when and at such prices (including brokerage and other charges, but excluding accrued interest, which is payable from the Interest Fund) as the Authority may, in its discretion, determine, but not in excess of the redemption price thereof plus accrued interest to the purchase date. All Bonds so purchased shall be delivered to the Trustee for cancellation. If any Bond so purchased is not extinguished, prior written consent of the Series A Bond Insurer is required.

Section 4.02 Selection of Bonds for Redemption. Subject to Section 4.01, whenever provision is made in this Indenture for the redemption of less than all of the Bonds of the Same Series, the Trustee shall select the amounts and maturities of Bonds for redemption in accordance with the Written Order of the Authority to be provided to the Trustee not less than 45 days prior to the redemption date.

Each Written Order of the Authority provided in accordance with this Section 4.02 shall be accompanied by a Cash Flow Certificate. Copies of each such Written Order and accompanying Cash Flow Certificate shall be provided to the Series A Bond Insurer.

Whenever less than all the outstanding Bonds of any one maturity are to be redeemed on any one date, the Trustee will select the particular Bonds to be redeemed by lot and in selecting the Bonds for redemption the Trustee will treat each Bond of a denomination of more than five thousand dollars (\$5,000) as representing that number of Bonds of five thousand dollars (\$5,000) denomination which is obtained by dividing the principal amount of such Bond by five thousand dollars (\$5,000), and the portion of any Bond of a denomination of more than five thousand dollars (\$5,000) to be redeemed shall be redeemed in an Authorized Denomination. The Trustee shall promptly notify the Authority in writing of the numbers of the Bonds so selected for redemption in whole or in part on such date.

Section 4.03 Notice of Redemption.

(a) Contents of Notice. Notice of redemption shall be mailed by the Trustee promptly upon receipt of moneys to be applied to the redemption of Bonds, by first class mail, postage prepaid, to the respective Owners of any Bonds designated for redemption at their addresses appearing on the Registration Books, such notice to be mailed not more than sixty (60) nor less than thirty (30) calendar days prior to the redemption date. Each notice of redemption shall state the series of Bonds to be redeemed, the redemption date, the place or places of redemption, and the CUSIP numbers and the Bond numbers of the Bonds to be redeemed, and in the case of Bonds to be redeemed in part only, the respective Authorized Denominations of the principal amount thereof to be redeemed. Each such notice shall also state that on said date there will become due and payable on each of said Bonds the principal amount relating thereto or of said specified portion of the principal thereof in the case of a Bond to be redeemed in part only,

plus premium and accrued interest, if any, and through which date such interest will accrue, and that from and after such date interest thereon shall cease to accrue, and shall require that such Bonds be then surrendered at the Office of the Trustee. Neither the failure of any Bond Owner to receive any notice so mailed nor any defect therein shall affect the sufficiency of the proceedings for redemption of any Bonds or the cessation of accrual of interest thereon. A certificate of the Trustee that notice of redemption has been given as provided for in this Section 4.03(a) shall be conclusive as against all parties, and it shall not be open to any Owner to show that he or she failed to receive notice of such redemption.

(b) Notice to Others. In addition to the notice given pursuant to Subsection (a) of this Section, the notice of redemption described in Subsection (a) shall be given on the same day by either first class mail, postage prepaid, or facsimile transmission to the Securities Depositories and to at least one of the Information Services. Neither the failure to give the notice described in this Subsection nor any defect therein shall in any manner affect the redemption of the Bonds; provided further, that failure to provide such notice to the Securities Depositories or the Information Services shall not affect the validity of proceedings for the redemption of any Bonds.

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

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

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

If, on said date of redemption, moneys for the redemption of all the Bonds to be redeemed, together with interest to said date of redemption and premium, if any, shall be held by the Trustee so as to be available therefor on such date of redemption, and, if notice of redemption thereof shall have been given as aforesaid, then, from and after said date of redemption, interest represented by said Bonds shall cease to accrue and become payable. All moneys held by or on behalf of the Trustee for the redemption of Bonds shall be held in trust for the account of the Owners of the Bonds so to be redeemed.

When any Bonds (or portions thereof) have been duly called for redemption prior to maturity pursuant to the provisions of this Article IV or with respect to which irrevocable instructions to call such Bonds for redemption prior to maturity at the earliest redemption date have been given to the Trustee pursuant to the provisions of this Article IV and sufficient moneys shall be held irrevocably in trust for the payment of the redemption price of such Bonds

(or portions thereof) as provided for in this Indenture, then such Bonds (or portions thereof) shall no longer be deemed Outstanding and shall be surrendered to the Trustee.

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

ARTICLE V

REVENUES; FUNDS AND ACCOUNTS OF PRINCIPAL AND INTEREST

Section 5.01 Pledge and Assignment; Revenue Fund.

(a) Subject only to the provisions of this Indenture permitting the application thereof for the purposes and on the terms and conditions set forth herein, the Acquired Obligations and all of the Revenues and any other amounts (including proceeds of the sale of the Bonds) held in any fund or account established pursuant to this Indenture (except the Rebate Fund and the Expense Fund) are hereby pledged by the Authority, first to secure the payment of the principal of and interest on the Series A Bonds in accordance with their terms and the provisions of this Indenture and second to secure the payment of the principal of and interest on the Series B Bonds in accordance with their terms and the provisions of this Indenture. Said pledge shall constitute, with respect to the Series A Bonds and the Series B Bonds, first and second liens on and security interests in such assets, respectively, and shall attach, be perfected and be valid and binding from and after delivery of the Bonds by the Trustee, upon the physical delivery thereof.

(b) The Authority hereby transfers in trust and assigns to the Trustee, for the benefit of the Owners from time to time of the Bonds, all of the Revenues and all of the right, title, and interest of the Authority in the Acquired Obligations, when and as issued or incurred. The Trustee shall be entitled to and shall collect and receive all of the Revenues, and any Revenues collected or received by the Authority shall be deemed to be held, and to have been collected or received, by the Authority and shall forthwith be paid by the Authority to the Trustee for deposit to the Revenue Fund. The Trustee also shall be entitled to and may take all steps, actions, and proceedings reasonably necessary in its judgment to enforce, either jointly with the Authority or separately, all of the rights of the Authority and all of the obligations of the City under and with respect to its Acquired Obligations.

(c) Upon receipt, all Revenues shall be promptly deposited by the Trustee thereof in a special fund designated as the "Revenue Fund" within which there shall be a Senior Interest Account, Senior Principal Account, Subordinate Interest Account, Subordinate Principal Account, Redemption Account, and a Residual Account, each of which the Trustee shall establish, maintain and hold in trust. All Revenues deposited with the Trustee shall be held, disbursed, allocated and applied by the Trustee only as provided in this Indenture.

Section 5.02 Allocation of Revenues. As Revenues (other than Extraordinary Redemption Proceeds, which shall be deposited in the Redemption Account pursuant to Section 5.05) are received in each calendar year commencing in 2012, the Trustee shall transfer from the Revenue Fund and deposit into the following respective accounts (each of which the Trustee

shall establish and maintain in trust separate and distinct from the other funds and accounts established hereunder) the following amounts on the following dates and in the following order of priority, the requirements of each such account (including the making up of any deficiencies in any such account resulting from a lack of Revenues sufficient to make any earlier required deposit) at the time of deposit to be satisfied before any transfer is made to any account subsequent in priority:

(a) On March 2 and September 2 of each year, the Trustee shall deposit in the Senior Interest Account an amount which, together with the amounts then on deposit therein, is required to cause the aggregate amount on deposit in the Senior Interest Account to equal the amount of interest coming due and payable on such date on the Series A Bonds.

(b) On September 2 of each year, the Trustee shall deposit in the Senior Principal Account an amount which, together with the amounts then on deposit therein, is required to cause the aggregate amount on deposit in the Senior Principal Account to equal the amount of principal coming due and payable, on such date on the Outstanding Series A Bonds.

(c) On March 2 and September 2 of each year, the Trustee shall deposit in the Senior Reserve Fund an amount which, together with the amounts then on deposit therein, is required to cause the aggregate amount, including the amount of the Senior Reserve Surety Bond, on deposit in the Senior Reserve Fund to equal the Senior Reserve Requirement.

(d) On March 2 and September 2 of each year, the Trustee shall deposit in the Subordinate Interest Account an amount which, together with the amounts then on deposit therein, is required to cause the aggregate amount on deposit in the Subordinate Interest Account to equal the amount of interest coming due and payable on such date on the Series B Bonds.

(e) On September 2 of each year, the Trustee shall deposit in the Subordinate Principal Account an amount which, together with the amounts then on deposit therein, is required to cause the aggregate amount on deposit in the Subordinate Principal Account to equal the amount of principal coming due and payable on such date on the Outstanding Series B Bonds.

(f) On March 2 and September 2 of each year, the Trustee shall deposit in the Subordinate Reserve Fund an amount which, together with the amounts then on deposit therein, is required to cause the aggregate amount on deposit in the Subordinate Reserve Fund to equal the Subordinate Reserve Requirement.

(g) On the next Business Day following each March 2 and September 2 deposit made pursuant to (a) through (f) above, the Trustee shall deposit in the Expense Fund such amount as may be requested in a Written Request of an Authorized Representative of the Authority for the payment of Administrative Costs.

(h) On the next Business Day following each March 2 and September 2 deposit made pursuant to (a) through (g) above, the Trustee shall deposit in the Rebate Fund all amounts which the Authority directs to be deposited therein pursuant to Section 6.08.

(i) On the next Business Day following each March 2 and September 2 deposit made pursuant to (a) through (h) above, the Trustee shall deposit in the Residual Account of the Revenue Fund the amount then on deposit in the Revenue Fund.

Section 5.03 Application of Interest Accounts.

(a) Subject to the provisions of this Indenture, all amounts in the Senior Interest Account shall be used and withdrawn by the Trustee solely for the purpose of paying interest on the Series A Bonds as the same shall become due and payable or, at the Written Request of the Authority filed with the Trustee, to apply to the payment of accrued interest on any Series A Bonds purchased by the Authority in lieu of redemption pursuant to Section 4.01(c). Any amounts on deposit in the Senior Interest Account or any subaccount thereof on any Interest Payment Date and not required to pay interest then due and payable on the Bonds shall be retained in such Senior Interest Account.

(b) Subject to the provisions of this Indenture, all amounts in the Subordinate Interest Account shall be used and withdrawn by the Trustee solely for the purpose of paying interest on the Series B Bonds as the same shall become due and payable or, at the Written Request of the Authority filed with the Trustee, to apply to the payment of accrued interest on any Series B Bonds purchased by the Authority in lieu of redemption pursuant to Section 4.01(c). Any amounts on deposit in the Subordinate Interest Account or any subaccount thereof on any Interest Payment Date and not required to pay interest then due and payable on the Bonds shall be retained in such Subordinate Interest Account.

Section 5.04 Application of Principal Accounts.

(a) Subject to the provisions of this Indenture, all amounts in the Senior Principal Account shall be used and withdrawn by the Trustee solely to pay the principal of the Series A Bonds upon the stated maturity thereof.

(b) Subject to the provisions of this Indenture, all amounts in the Subordinate Principal Account shall be used and withdrawn by the Trustee solely to pay the principal of the Series B Bonds upon the stated maturity thereof.

Section 5.05 Application of Redemption Account. All Extraordinary Redemption Proceeds shall be deposited into the Redemption Account. Subject to the provisions of this Indenture, all amounts deposited in the Redemption Account shall be used and withdrawn by the Trustee solely for the purpose of redeeming Bonds in the manner and upon the terms and conditions specified in Section 4.01(b), at the next succeeding date of redemption for which notice has been given and at the principal amount thereof. At any time prior to selection of Bonds for redemption, the Trustee may apply amounts on deposit in the Redemption Account to the purchase of Bonds pursuant to the provisions of Section 4.01(d).

Section 5.06 Application of Residual Account.

(a) Amounts in the Residual Account in excess of \$_____ [AMOUNT EQUAL TO APPROXIMATELY 10% OF ANNUAL DEBT SERVICE ON SERIES B BONDS] may, at any time and at the written direction of the Authority, be (i) transferred to the

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Expense Fund if the amount therein is insufficient to pay Costs of Issuance or Administrative Costs, (ii) transferred to the Rebate Fund, or (iii) transferred to the Redemption Account.

(b) Three (3) Business Days prior to each Interest Payment Date, the Trustee shall transfer all monies deposited in the Residual Account to the Revenue Fund to be applied in accordance with Section 5.02.

(c) Promptly following the date that the Bonds are no longer Outstanding, all funds on deposit in the Residual Account, including transfers from the Senior Reserve Fund and the Subordinate Reserve Fund pursuant to Sections 3.03(a)(12) and 3.03(b)(5), respectively, shall be remitted (i) in the amount of the CFD No. 1 Residual Amount to the City for refund to the property owners within CFD No. 1 as determined by an Authorized Officer of the City, (ii) in the amount of the CFD No. 2000-3 Residual Amount to the City for refund to the property owners within CFD No. 2000-3 as determined by an Authorized Officer of the City, and (iii) in the amount of the balance of the Residual Account to the City for refund to the property owners within the Assessment District in the manner set forth in Section 8885 of the California Streets and Highways Code.

(d) Amounts in the Residual Account shall be invested in Permitted Investments the interest on which is excludable from gross income under Section 103 of the Code (other than bonds the interest on which is a tax preference item for purposes of computing the alternative minimum tax of individuals and corporations under the Code) or in Permitted Investments at a Yield not in excess of the Yield on the Bonds, unless, in the opinion of Bond Counsel, investment at a higher Yield will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Bonds then Outstanding.

Section 5.07 Investment of Moneys. Except as otherwise provided herein, all moneys in any of the funds or accounts established pursuant to this Indenture shall be invested by the Trustee solely in Permitted Investments, as directed in writing by the Authority two (2) Business Days prior to the making of such investment. Permitted Investments may be purchased at such prices as the Authority shall determine. All Permitted Investments shall be acquired subject to any restrictive instructions given to the Trustee pursuant to Section 6.07 and such additional limitations or requirements consistent with the foregoing as may be established by the Written Request of the Authority. Moneys in all funds and accounts shall be invested in Permitted Investments maturing not later than the date on which it is estimated that such moneys will be required for the purposes specified in this Indenture. Absent timely written direction from the Authority, the Trustee shall invest any funds held by it in Permitted Investments described in clause (15) of the definition thereof. Investment of cash on deposit in the Senior Reserve Fund shall have an average weighted term to maturity not greater than five (5) years (exclusive of investment agreements and other Permitted Investments approved in writing by the Series A Bond Insurer).

Unless otherwise provided in this Indenture, all interest, profits, and other income received from the investment of moneys in any fund or account established pursuant to this Indenture shall be deposited in the Revenue Fund, except that (a) earnings on the investment of amounts in the Residual Account of the Revenue Fund, the Senior Reserve Fund (subject to Section 3.03(a) hereof), and the Subordinate Reserve Fund (subject to Section 3.03(b) hereof)

shall be deposited into the Residual Account of the Revenue Fund and (b) earnings on the investment of amounts in the Rebate Fund shall be retained therein. Notwithstanding anything to the contrary contained in this paragraph, an amount of interest received with respect to any Permitted Investments equal to the amount of accrued interest, if any, paid as part of the purchase price of such Permitted Investment shall be credited to the fund from which such accrued interest was paid.

Permitted Investments acquired as an investment of moneys in any fund established under this Indenture shall be credited to such fund. For the purpose of determining the amount in any fund, all Permitted Investments credited to such fund shall be valued at the lesser of cost or par value plus, prior to the first payment of interest following purchase, the amount of accrued interest, if any, paid as a part of the purchase price.

The Trustee may act as principal or agent in the making or disposing of any investment. Upon the Written Request of the Authority, the Trustee shall sell or present for redemption, any Permitted Investments so purchased whenever it shall be necessary to provide moneys to meet any required payment, transfer, withdrawal, or disbursement from the fund to which such Permitted Investments is credited, and the Trustee shall not be liable or responsible for any loss resulting from any investment made or sold pursuant to this Section 5.07.

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

Section 5.08 Claims Upon the Series A Bond Insurance Policy and Payments by and to the Series A Bond Insurer. [TO BE CONFIRMED/REVISED:]

(a) If, on the third Business Day prior to any Interest Payment Date there is not on deposit with the Trustee, after making all transfers and deposits required under this Indenture, moneys sufficient to pay the principal of and interest on the Series A Bonds due and payable on such Interest Payment Date, the Trustee shall give notice to the Series A Bond Insurer and to its designated agent (the "Series A Bond Insurer's Fiscal Agent"), if any, by telephone or by telecopy of the amount of such deficiency by 12:00 noon, New York City time, on such Business Day. If, on the second Business Day prior to such Interest Payment Date, there continues to be a deficiency in the amount available to pay the principal of and interest on the Series A Bonds due and payable on such Interest Payment Date, the Trustee shall make a claim under the Series A Bond Insurance Policy and give notice to the Series A Bond Insurer and the Series A Bond Insurer's Fiscal Agent, if any, by telephone of the amount of such deficiency, and the allocation of such deficiency between the amount required to pay interest on the Series A Bonds and the amount required to pay principal of the Series A Bonds, confirmed in writing to the Series A Bond Insurer and the Series A Bond Insurer's Fiscal Agent, if any, by 12:00 noon, New York City time, on such second Business Day by filling in the form of Notice of Claim (as such term is defined in the Series A Bond Insurance Policy) and Series A Bond delivered with the Series A Bond Insurance Policy.

(b) The Trustee shall designate any portion of payment of principal of Series A Bonds paid by the Series A Bond Insurer, whether by virtue of maturity or other advancement of maturity, on its books as a reduction in the principal amount of the Series A Bonds registered to the then current Owners of the Series A Bonds, whether by virtue of maturity or other advancement of maturity, on its books as a reduction in the principal amount of the Series A Bonds registered to the then current Owners of the Series A Bonds, whether the Depository or its nominee or otherwise, and shall issue a replacement Series A Bond to the Series A Bond Insurer, registered in the name of Financial Security Assurance Inc., in a principal amount of principal so paid (without regard to authorized denominations); provided that the Trustee's failure to so designate any payment or issue any replacement Series A Bond shall have no effect on the amount of principal or interest payable by the Authority on any Series A Bond or the subrogation right of the Series A Bond Insurer.

(c) Upon payment of a claim under the Series A Bond Insurance Policy, the Trustee shall establish a separate special purpose trust account for the benefit of the Owners of the Series A Bonds referred to herein as the "Policy Payments Account" and over which the Trustee shall have exclusive control and the sole right of withdrawal. The Trustee shall receive any amount paid under the Series A Bond Insurance Policy in trust on behalf of the Owners of the Series A Bonds and shall deposit any such amount in the Policy Payments Account and distribute such amount only for the purposes for making the payments for which a claim was made. Such amounts shall be disbursed by the Trustee to Owners of the Series A Bonds in the same manner as principal and interest payments are to be made with respect to the Series A Bonds. It shall not be necessary for such payments to be made by checks or wire transfer separate from the check or wire transfer used to pay debt service with other funds available to make such payments.

(d) The Trustee shall keep a complete and accurate record of all funds deposited by the Series A Bond Insurer in the Policy Payments Account and the allocation of such funds to payment of principal of and interest on any Series A Bond. The Series A Bond Insurer shall have the right to inspect such records at reasonable times upon reasonable notice to the Trustee.

(e) Funds held in the Policy Payments Account shall not be invested by the Trustee and may not be applied to satisfy any costs, expenses, or liabilities of the Trustee.

(f) Any funds remaining in the Policy Payments Account following an Interest Payment Date shall be promptly remitted to the Series A Bond Insurer.

(g) The Series A Bond Insurer shall be entitled to pay principal of or interest on the Series A Bonds that shall become Due for Payment (as such term is defined in the Series A Bond Insurance Policy) and any amounts due on the Series A Bonds as a result of acceleration, if any, of the maturity of the Series A Bonds in accordance with the provisions of this Indenture, whether or not the Series A Bond Insurer has received a Notice of Nonpayment (as such term is defined in the Series A Bond Insurance Policy) or a claim upon the Series A Bond Insurance Policy.

ARTICLE VI

PARTICULAR COVENANTS

Section 6.01 Punctual Payment. The Authority shall punctually pay or cause to be paid the principal, premium, if any, and interest to become due in respect of all the Bonds, in strict conformity with the terms of the Bonds and of this Indenture, according to the true intent and meaning thereof, but only out of Revenues and other assets pledged for such payment as provided in this Indenture and received by the Authority or the Trustee.

Section 6.02 Extension of Payment of Bonds. The Authority shall not directly or indirectly extend or assent to the extension of the maturity of any of the Bonds or the time of payment of any claims for interest by the purchaser of such Bonds or by any other arrangement. Nothing in this Section shall be deemed to limit the right of the Authority to issue Bonds for the purpose of refunding any Outstanding Bonds, and such issuance shall not be deemed to constitute an extension of maturity of the Bonds.

Section 6.03 Against Encumbrances. The Authority shall not create, or permit the creation of, any pledge, lien, charge, or other encumbrance upon the Revenues and other assets pledged or assigned under this Indenture while any of the Bonds are Outstanding, except the pledge and assignment created by this Indenture or any Supplemental Indenture. Subject to this limitation, the Authority expressly reserves the right to enter into one or more other indentures for any of its corporate purposes, including other programs under the Bond Law, and reserves the right to issue other obligations for such purposes. Notwithstanding the foregoing, the Authority shall not issue any bonds or incur any indebtedness while any of the Series A Bonds are Outstanding secured by a pledge, lien, charge, or other encumbrance upon the Revenues which is subordinate to the pledge set forth in Section 5.01 hereof without the prior written consent of the Series A Bond Insurer.

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

Section 6.05 Accounting Records and Financial Statements. The Trustee shall at all times keep, or cause to be kept, proper books of record and account, prepared in accordance with generally accepted accounting principles, in which complete and accurate entries shall be made of all transactions relating to the Bond proceeds, the Revenues, the Acquired Obligations, and all funds and accounts established pursuant to this Indenture. Such books of record and account shall be available for inspection by the Authority, the Series A Bond Insurer, the City, CFD No. 1, and CFD No. 2000-3 during regular business hours and upon reasonable prior notice and under reasonable circumstances as agreed to by the Trustee.

Section 6.06 Waiver of Laws. The Authority shall not at any time insist upon or plead in any manner whatsoever, or claim or take the benefit or advantage of, any stay or extension law now or at any time hereafter in force that may affect the covenants and agreements contained in this Indenture or in the Bonds, and all benefit or advantage of any such law or laws is hereby expressly waived by the Authority to the extent permitted by law.

Section 6.07 Payment of Senior Reserve Surety Bond Costs. The Authority covenants to pay all Senior Reserve Surety Bond Costs pursuant to the provisions of this Indenture.

Section 6.08 Rebate Fund.

(a) Establishment of Rebate Fund. With respect to the Bonds the Trustee shall establish a special fund designated as the “Rebate Fund” (the “Rebate Fund”) and shall comply with the requirements of Subsection (b) below. All money at any time deposited in the Rebate Fund shall be held by the Trustee in trust, for payment to the United States Treasury. All amounts on deposit in the Rebate Fund shall be governed by this Section 6.08, and the Tax Certificate, unless the Authority obtains an opinion of Bond Counsel that the exclusion from gross income of interest on the Bonds will not be adversely affected for federal income tax purposes if such requirements are not satisfied.

(b) Rebate Fund. The following requirements shall be satisfied with respect to a Rebate Fund:

(i) Annual Computation. Within 55 calendar days of the end of each fifth Bond Year with respect to the Bonds and of the final maturity or redemption of the Bonds, the Authority shall calculate or cause to be calculated the amount of rebatable arbitrage in accordance with Section 148(f)(2) of the Code and Section 1.148-2 of the Rebate Regulations (taking into account any applicable exceptions with respect to the computation of the rebatable arbitrage, described, if applicable, in the Tax Certificate (*e.g.*, the temporary investments exceptions of Section 148(f)(4)(B) and (C) of the Code)) and for this purpose treating the last day of the applicable Bond Year as a computation date within the meaning of Section 1.148-8(b) of the Rebate Regulations (the “Rebatable Arbitrage”). The Authority shall obtain expert advice as to the amount of the Rebatable Arbitrage to comply with this Section.

(ii) Rebatable Amount Transfer. Within 55 calendar days of the end of each applicable Bond Year with respect to the Bonds, upon the Authority’s written direction, an amount shall be deposited to the Rebate Fund by the Trustee from any legally available funds, if and to the extent required, so that the balance in the Rebate Fund shall equal the amount of Rebatable Arbitrage so calculated in accordance with (i) of this Subsection (b). In the event that immediately following the transfer required by the previous sentence, the amount then on deposit to the credit of the applicable Rebate Fund exceeds the amount required to be on deposit therein, upon written instructions from the Authority, the Trustee shall withdraw the excess from the Rebate Fund and then credit the excess to the Revenue Fund.

(iii) Payment to the Treasury. The Trustee shall, pursuant to the written direction of the Authority, pay to the United States Treasury, out of amounts in each Rebate Fund,

(X) Not later than sixty (60) calendar days after the end of (A) the fifth Bond Year with respect to the Bonds, and (B) each applicable fifth Bond Year thereafter, an amount equal to at least 90% of the Rebateable Arbitrage calculated as of the end of such Bond Year; and

(Y) Not later than sixty (60) calendar days after the payment of all the Bonds, an amount equal to 100% of the Rebateable Arbitrage calculated as of the end of such applicable Bond Year, and any income attributable to the Rebateable Arbitrage, computed in accordance with Section 148(f) of the Code.

In the event that, prior to the time of any payment 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 Authority shall calculate or cause to be calculated the amount of such deficiency and deposit with the Trustee for deposit in the Rebate Fund an amount received from any legally available source, equal to such deficiency in the particular Rebate Fund prior to the time such payment is due. Each payment required to be made pursuant to this Subsection (b) shall be made to the Internal Revenue Service Center, Ogden, Utah 84201-0027 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 prepared by the Authority and provided to the Trustee or shall be made in such other manner as the Authority shall direct the Trustee, as provided under the Code.

(c) Disposition of Unexpended Funds. Any funds remaining in the Rebate Fund after redemption and payment of the Bonds and the payments described in Subsection (b), may, upon the receipt of written directions from the Authority, be transferred by the Trustee to the Authority and utilized in any manner by the Authority.

(d) Survival of Defeasance. Notwithstanding anything in this Indenture to the contrary, the obligation to comply with the requirements of this Section shall survive the defeasance of the Bonds.

Section 6.09 Federal Tax Covenants. Notwithstanding any other provision of this Indenture, absent an opinion of Bond Counsel that the exclusion from gross income of interest with respect to the Bonds will not be adversely affected for federal income tax purposes, the Authority covenants to comply with all applicable requirements of the Code necessary to preserve such exclusion from gross income and specifically covenants, without limiting the generality of the foregoing, as follows:

(1) Private Activity. The Authority will not take or omit to take any action, and will not make any use of the proceeds of the Bonds or of any other monies or

property which would cause the Bonds to be “private activity bonds” within the meaning of Section 141 of the Code;

(2) Arbitrage. The Authority will not make any use of the proceeds of the Bonds or of any other amounts or property, regardless of the source, and will not take or omit to take any action which would cause the Bonds to be “arbitrage bonds” within the meaning of Section 148 of the Code;

(3) Federal Guarantee. The Authority will not make any use of the proceeds of the Bonds or take or omit to take any action that would cause the Bonds to be “federally guaranteed” within the meaning of Section 149(b) of the Code;

(4) Information Reporting. The Authority will take or cause to be taken all necessary action to comply with the informational reporting requirement of Section 149(e) of the Code; and

(5) Miscellaneous. The Authority will not take any action inconsistent with its expectations stated in the Tax Certificate executed on the Closing Date by the Authority in connection with the Bonds and will comply with the covenants and requirements stated therein and incorporated by reference herein.

Section 6.10 Collection of Revenues Under Acquired Obligations. The Trustee shall collect all Revenues payable with respect to the Acquired Obligations promptly as such Revenues become due and payable, and shall enforce and cause to be enforced all rights of the Trustee under and with respect to the Acquired Obligations.

Section 6.11 Disposition of Acquired Obligations. The Authority shall not sell or otherwise dispose of the Acquired Obligations, or any interest therein, unless either (a) there shall have occurred and be continuing an Event of Default hereunder or (b) upon the written direction of the Authority the proceeds derived by the Trustee from the sale or other disposition of the Acquired Obligations are sufficient to enable the Trustee to optionally redeem or discharge pursuant to Article X all Bonds then Outstanding.

Section 6.12 Further Assurances. The Authority will make, execute, and deliver any and all such further indentures, instruments, and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of this Indenture and for the better assuring and confirming unto the Owners of the Bonds or the Series A Bond Insurer, as applicable, of the rights and benefits provided in this Indenture.

ARTICLE VII

EVENTS OF DEFAULT AND REMEDIES OF BOND OWNERS

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

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

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that in determining whether a payment default has occurred or whether a payment on the Series A Bonds has been made hereunder, no effect shall be given to payments made under the Series A Bond Insurance Policy;

(b) if default shall be made by the Authority in the due and punctual payment of any installment of interest on any Bonds when and as the same shall become due and payable; provided, however, that in determining whether a payment default has occurred or whether a payment on the Series A Bonds has been made hereunder, no effect shall be given to payments made under the Series A Bond Insurance Policy;

(c) if default shall be made by the Authority in the observance of any of the other covenants, agreements, or conditions on its part in this Indenture or in the Bonds contained, if such default shall have continued for a period of thirty (30) calendar days after written notice thereof, specifying such default and requiring the same to be remedied, shall have been given to the Authority by the Trustee or the Owners of not less than twenty-five percent (25%) in aggregate principal amount of the affected series of Bonds at the time Outstanding; provided, however, if the failure stated in the notice can be corrected, but not within the applicable period, the Trustee and such Owners shall, subject to the provisions of Section 12.09, not unreasonably withhold their consent to an extension of such time if corrective action is instituted by the Authority within the applicable period and diligently pursued until the default is corrected; and

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

Section 7.02 Remedies Upon Event of Default. If any Event of Default shall have occurred and be continuing, the Trustee or the Owners of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding may, upon notice in writing to the Authority, exercise any and all remedies available pursuant to law or granted with respect to such Event of Default.

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

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

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

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

Section 7.04 Application of Revenues and Other Funds After Default. If an Event of Default shall occur and be continuing, all Revenues and any other funds then held or thereafter

received by the Authority shall be immediately upon receipt by the Authority be transferred by the Authority to the Trustee and shall be deposited by the Trustee in the Revenue Fund, and all amounts held in the Revenue Fund by the Trustee, and all Revenues and any other funds then held or thereafter received by the Authority or the Trustee under any of the provisions of this Indenture shall be applied by the Trustee as follows and in the following order:

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

(b) To the payment of the principal of and interest then due with respect to the Series A Bonds (upon presentation of the Series A Bonds to be paid, and stamping thereon of the payment if only partially paid, or surrender thereof if fully paid) subject to the provisions of this Indenture, as follows:

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

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

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

(d) To the payment of the principal of and interest then due with respect to the Series B Bonds (upon presentation of the Series B Bonds to be paid, and stamping thereon of the payment if only partially paid, or surrender thereof if fully paid) subject to the provisions of this Indenture, as follows:

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

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

Immediately upon the payment of any delinquent amounts that caused the occurrence of an Event of Default triggering the application of the provisions of this Section 7.04 to the Revenues and any other applicable funds so as to remedy such Event of Default, the provisions of Section 5.02 shall apply to the allocation of Revenues.

Section 7.05 Trustee to Represent Bond Owners. The Trustee is hereby irrevocably appointed (and the successive respective Owners of the Bonds, by taking and holding the same, shall be conclusively deemed to have so appointed the Trustee) as trustee and true and lawful attorney-in-fact of the Owners of the Bonds for the purpose of exercising and prosecuting on their behalf such rights and remedies as may be available to the Owners under the provisions of the Bonds, this Indenture, the Bond Law, and applicable provisions of any other law. Upon the occurrence and continuance of an Event of Default or other occasion giving rise to a right in the Trustee to represent the Bond Owners, the Trustee in its discretion may, and upon the written request of the Owners of not less than twenty-five percent (25%) in aggregate principal amount of the affected series of the Bonds then Outstanding, and upon being indemnified to its satisfaction therefor, shall, proceed to protect or enforce its rights or the rights of such Owners by such appropriate action, suit, mandamus or other proceedings as it shall deem most effectual to protect and enforce any such right, at law or in equity, either for the specific performance of any covenant or agreement contained herein, or in aid of the execution of any power herein granted, or for the enforcement of any other appropriate legal or equitable right or remedy vested in the Trustee and such Owners under the Bonds, this Indenture, the Bond Law, or any other law; and upon instituting such proceeding, the Trustee shall be entitled, as a matter of right, to the appointment of a receiver of the Revenues and other assets pledged under this Indenture, pending such proceedings. All rights of action under this Indenture or the Bonds or otherwise may be prosecuted and enforced by the Trustee without the possession of any of the Bonds or the production thereof in any proceeding relating thereto, and any such suit, action, or proceeding instituted by the Trustee shall be brought in the name of the Trustee for the benefit and protection of the Owners of such Bonds, subject to the provisions of this Indenture.

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

Section 7.07 Limitation on Bond Owners' Right to Sue. No Owner of any Bonds shall have the right to institute any suit, action, or proceeding at law or in equity, for the protection or enforcement of any right or remedy under this Indenture, the Agreement, the Bond Law, or any other applicable law with respect to such Bonds, unless (a) such Owner shall have given to the Trustee written notice of the occurrence of an Event of Default, (b) the Owners of not less than twenty-five percent (25%) in aggregate principal amount of the affected series of the Bonds then Outstanding, shall have made written request upon the Trustee to exercise the powers hereinbefore granted or to institute such suit, action, or proceeding in its own name, and (c) the Trustee shall have refused or omitted to comply with such request for a period of sixty (60) calendar days after such written request shall have been received by, and said tender of indemnity shall have been made to, the Trustee.

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

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

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

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

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

ARTICLE VIII

THE TRUSTEE

Section 8.01 Duties and Liabilities of Trustee.

(a) The Trustee shall, prior to an Event of Default, and after the curing or waiver of all Events of Default which may have occurred, perform such duties and only such duties as are expressly and specifically set forth in this Indenture. The Trustee shall, during the existence of any Event of Default which has not been cured 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 its exercise, as a prudent person would exercise or use under the circumstances in the conduct of his own affairs.

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

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

(d) Any removal or resignation of the Trustee and appointment of a successor Trustee shall become effective upon acceptance of appointment by the successor Trustee. If no successor Trustee shall have been appointed and have accepted appointment within 45 calendar days following giving notice of removal or notice of resignation as aforesaid, the resigning Trustee or any Bond Owner (on behalf of himself and all other Bond Owners) may petition any court of competent jurisdiction for the appointment of a successor Trustee, and such court may thereupon, after such notice (if any) as it may deem proper, appoint such successor Trustee. Any

successor Trustee appointed under this Indenture shall signify its acceptance of such appointment by executing and delivering to the Authority and to its predecessor Trustee a written acceptance thereof, and to the predecessor Trustee an instrument indemnifying the predecessor Trustee for any costs or claims arising during the time the successor Trustee serves as Trustee hereunder, and after payment by the Authority of all unpaid fees and expenses of the predecessor Trustee, 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 Authority or the request of the successor Trustee, such predecessor Trustee shall execute and deliver any and all instruments of conveyance or further assurance and do such other things as may reasonably be required for more fully and certainly vesting in and confirming to such successor Trustee all the right, title, and interest of such predecessor Trustee in and to any property held by it under this Indenture and shall pay over, transfer, assign, and deliver to the successor Trustee any money or other property subject to the trusts and conditions herein set forth. Upon request of the successor Trustee, the Authority shall execute and deliver any and all instruments as may be reasonably required for more fully and certainly vesting in and confirming to such successor Trustee all such moneys, estates, properties, rights, powers, trusts, duties, and obligations. Upon acceptance of appointment by a successor Trustee as provided in this Subsection, the Authority shall mail or cause the successor Trustee to mail, by first class mail postage prepaid, a notice of the succession of such Trustee to the trusts hereunder to each rating agency which then maintains a rating on the Bonds and to the Bond Owners at the addresses shown on the Registration Books. If the Authority fails to mail such notice within fifteen (15) calendar days after acceptance of appointment by the successor Trustee, the successor Trustee shall cause such notice to be mailed at the expense of the Authority.

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

(f) No provision in this Indenture shall require the Trustee to risk or expend its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder.

(g) The Trustee shall not be responsible for the sufficiency, timeliness, or enforceability of the Revenues or the reviewing of any report or certificate required to be provided hereunder.

(h) The Trustee shall not be accountable for the use or application by the Authority, the City, CFD No. 1, CFD No. 2000-3, or any other party of any funds which the Trustee has released under this Indenture.

(i) The Trustee may employ attorneys, agents, or receivers in the performance of any of its duties hereunder and shall not be answerable for the misconduct of any such attorney, agent, or receiver selected by it with reasonable care.

(j) Notwithstanding any other provision of this Indenture, in determining whether the rights of the Owners will be adversely affected by any action taken pursuant to the terms and provisions of this Indenture, the Trustee shall consider the effect on the Owners as if there were no Series A Bond Insurance Policy.

(k) The Trustee shall notify the Series A Bond Insurer of any failure by the Authority, the City, CFD No. 1, or CFD No. 2000-3 to provide relevant notices, certificates, or other documents required by this Indenture.

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

Section 8.03 Liability of Trustee.

(a) The recitals of facts herein and in the Bonds contained shall be taken as statements of the Authority, and the Trustee shall not assume responsibility for the correctness of the same, or make any representations as to the validity or sufficiency of this Indenture or of the Bonds or shall incur any responsibility in respect thereof, other than as expressly stated herein in connection with the respective duties or obligations herein or in the Bonds assigned to or imposed upon it. The Trustee shall, however, be responsible for its representations contained in its Bond of authentication on the Bonds. The Trustee makes no representations as to the validity or sufficiency of this Indenture or of any Bonds, or in respect of the security afforded by this Indenture and the Trustee shall incur no responsibility in respect thereof. The Trustee shall be under no responsibility or duty with respect to: (i) the issuance of the Bonds for value; (ii) the application of the proceeds thereof except to the extent that such proceeds are received by it in its capacity as Trustee; or (iii) the application of any moneys paid to the Authority or others in accordance with this Indenture except as the application of any moneys paid to it in its capacity as Trustee. The Trustee shall not be liable in connection with the performance of its duties hereunder, except for its own negligence or willful misconduct. The Trustee shall not be liable for any action taken or omitted by it in good faith and believed by it to be authorized or within the discretion or rights or powers conferred upon it by this Indenture. The Trustee may become the Owner of Bonds with the same rights it would have if it were not Trustee, and, to the extent permitted by law, may act as depository for and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights

of Bond Owners, whether or not such committee shall represent the Owners of a majority in principal amount of the Bonds then Outstanding.

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

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

(d) The Trustee shall not be liable for any action taken by it in good faith and believed by it to be authorized or within the discretion or rights or powers conferred upon it by this Indenture.

(e) The Trustee shall not be deemed to have knowledge of any default or Event of Default hereunder unless and until it shall have actual knowledge thereof, or shall have received written notice thereof, at its Office. Except as otherwise provided herein, the Trustee shall not be bound to ascertain or inquire as to the performance or observance of any of the terms, conditions, covenants or agreements herein or of any of the documents executed in connection with the Bonds, or as to the existence of an Event of Default thereunder. The Trustee shall not be responsible for the validity or effectiveness of any collateral given to or held by it.

(f) The Trustee assumes no responsibility or liability for any information, statement, or recital in any offering memorandum or other disclosure material prepared or distributed with respect to the issuance of the Bonds. All indemnification and releases from liability granted herein to the Trustee shall extend to the directors, officers and employees of the Trustee.

Section 8.04 Right to Rely on Documents. The Trustee shall be protected in acting upon any notice, resolution, request, consent, order, bond, report, opinion, bonds, or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. The Trustee may consult with counsel, who may be Bond Counsel or other counsel of or to the Authority, with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance therewith; provided, however, the Trustee shall in no event delay any payment with respect to the Bonds in anticipation of any such opinion.

The Trustee shall not be bound to recognize any person as the Owner of a Bond unless and until such Bond is submitted for inspection, if required, and his title thereto is satisfactorily established, if disputed.

Whenever in the administration of the trusts imposed upon it by this Indenture the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein

specifically prescribed) may be deemed to be conclusively proved and established by a Written Certificate of the Authority, and such Bond shall be full warrant to the Trustee for any action taken or suffered in good faith under the provisions of this indenture in reliance upon such Bond, but in its discretion the Trustee may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as it may deem reasonable.

Section 8.05 Preservation and Inspection of Documents. All documents received by the Trustee under the provisions of this Indenture shall be retained in its possession and shall be subject during business hours and upon reasonable prior notice to the inspection of the Authority, the City, and their agents and representatives duly authorized in writing.

Section 8.06 Compensation and Indemnification. The Authority shall pay to the Trustee from time to time all reasonable compensation for all services rendered under this Indenture, and also all reasonable expenses, charges, legal and consulting fees, and other disbursements and those of their attorneys, agents, and employees, incurred in and about the performance of their powers and duties under this Indenture. The Authority shall reimburse the Trustee for advances of the Trustee's funds hereunder with interest at the maximum rate allowed by law. Subject to Section 7.04 hereof, the Trustee shall not have any lien for the payment of such compensation on any funds or accounts established hereunder and not on any of the Revenues. The Authority further agrees to indemnify and save the Trustee harmless against any liabilities which it may incur in the exercise and performance of its powers and duties hereunder and under any related documents, including the enforcement of any remedies and the defense of any suit, and which are not due to its negligence or its willful misconduct. The duty of the Authority to compensate and indemnify the Trustee hereunder shall survive the termination and discharge of this Indenture and the resignation or removal of the Trustee. None of the provisions contained in this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur financial liability in the performance of any of its duties or in the exercise of any of its rights or powers.

ARTICLE IX

MODIFICATION OR AMENDMENT OF INDENTURE

Section 9.01 Amendments Permitted.

(a) This Indenture and the rights and obligations of the Authority and of the Owners of the Bonds and of the Trustee may be modified or amended from time to time and at any time by a Supplemental Indenture, which the Authority and the Trustee may enter into with the written consent of the Owners of a majority in aggregate principal amount of all Bonds of the affected series then Outstanding, which shall have been filed with the Trustee. No such modification or amendment shall (i) extend the fixed maturity of any Bonds, or reduce the amount of principal thereof, or extend the time of payment, without the consent of the Owner of each Bond so affected, or (ii) reduce the aforesaid percentage of Bonds the consent of the Owners of which is required to effect any such modification or amendment, or (iii) permit the creation of any lien on the Revenues and other assets pledged under this Indenture prior to or on a parity with the lien created by this Indenture or deprive the Owners of the Bonds of the lien created by this Indenture on such Revenues and other assets (except as expressly provided in this

Indenture), or (iv) deprive the Owners of the Series A Bonds of a priority over the Owners of the Series B Bonds in the Trust Estate (except as expressly provided in this Indenture), without the consent of the Owners of all of the Bonds then Outstanding. It shall not be necessary for the consent of the Bond Owners to approve the particular form of any Supplemental Indenture, but it shall be sufficient if such consent shall approve the substance thereof. Promptly after the execution by the Authority and the Trustee of any Supplemental Indenture pursuant to this Subsection (a), the Trustee shall mail a notice (the form of which shall be furnished to the Trustee by the Authority), by first class mail postage prepaid, setting forth in general terms the substance of such Supplemental Indenture, to the Owners of the Bonds at the respective addresses shown on the Registration Books. Any failure to give such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such Supplemental Indenture.

(b) This Indenture and the rights and obligations of the Authority, the Trustee, and the Owners of the Bonds may also be modified or amended from time to time and at any time by a Supplemental Indenture, which the Authority and the Trustee may enter into without the consent of any Bond Owners for any one or more of the following purposes:

(1) to add to the covenants and agreements of the Authority contained in this Indenture other covenants and agreements thereafter to be observed, or to pledge or assign additional security for the Bonds (or any portion thereof);

(2) to make such provisions for the purpose of curing any ambiguity, inconsistency, or omission, or of curing or correcting any defective provision contained in this Indenture, or as to any other provisions of this Indenture as the Authority may deem necessary or desirable, in any case which do not adversely affect the security for the Bonds granted hereunder;

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

(4) to modify, amend, or supplement this Indenture in such manner as to cause interest on the Bonds to be excludable from gross income for purposes of federal income taxation by the United States of America.

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

Section 9.03 Endorsement of Bonds; Preparation of New Bonds. Bonds delivered after the execution of any Supplemental Indenture pursuant to this Article may, and if the Authority so determines shall, bear a notation by endorsement or otherwise in form approved by the Authority

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

ARTICLE X

DEFEASANCE

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

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

If the Authority shall also pay or cause to be paid all other sums payable hereunder by the Authority including without limitation any amounts due and owing the Trustee hereunder, then and in that case, at the election of the Authority (evidenced by a Written Certificate of the Authority, filed with the Trustee, signifying the intention of the Authority to discharge all such indebtedness and this Indenture), and notwithstanding that any Bonds shall not have been surrendered for payment, this Indenture and the pledge of Revenues and other assets made under this Indenture and all covenants, agreements, and other obligations of the Authority under this Indenture shall cease, terminate, become void, and be completely discharged and satisfied. In such event, upon the Written Request of the Authority, and upon receipt of a Written Certificate of Authorized Representatives of the Authority and an opinion of Bond Counsel acceptable to the Trustee, each to the effect that all conditions precedent herein provided for relating to the discharge and satisfaction of the obligations of the Authority have been satisfied, the Trustee shall cause an accounting for such period or periods as may be requested by the Authority to be prepared and filed with the Authority and shall execute and deliver to the Authority all such instruments as shall be necessary or desirable to evidence such discharge and satisfaction, and the Trustee shall pay over, transfer, assign, or deliver all moneys or securities or other property

held by it pursuant to this Indenture, which are not required for the payment or redemption of Bonds not theretofore surrendered for such payment or redemption, to the Authority.

Section 10.02 Discharge of Liability on Bonds. Upon the deposit with the Trustee, in trust, at or before maturity, of money or securities in the necessary amount (as provided in Section 10.03) to pay or redeem any Outstanding Bonds (whether upon or prior to the maturity or the redemption date of such Bonds), provided that, if such Bonds are to be redeemed prior to maturity, notice of such redemption shall have been given as provided in Article IV or provision satisfactory to the Trustee shall have been made for the giving of such notice, then all liability of the Authority in respect of such Bonds shall cease, terminate, and be completely discharged, and the Owners thereof shall thereafter be entitled only to payment out of such money or securities deposited with the Trustee as aforesaid for their payment, subject, however, to the provisions of Section 10.04.

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

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

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

(b) Non-callable Federal Securities described in clause (a) of the definition thereof, the principal of, premium, if any, and interest on which when due as determined by the Independent Certified Public Accountant will provide money sufficient to pay the principal of and all unpaid interest to maturity, or to the redemption date, as the case may be, on the Bonds to be paid or redeemed, as such principal and interest become due, provided that in the case of Bonds which are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given as provided in Article IV or provision satisfactory to the Trustee shall have been made for the giving of such notice; provided, in each case, that the Trustee shall have been irrevocably instructed (by the terms of this Indenture or by Written Request of the Authority) to apply such funds to the payment of such principal and interest with respect to such Bonds.

Section 10.04 Payment of Bonds After Discharge of Indenture. Notwithstanding any provisions of this Indenture, any moneys held by the Trustee in trust for the payment of the principal of, or interest on, any Bonds and remaining unclaimed for two (2) years after the

principal of all of the Bonds has become due and payable (whether at maturity or upon call for redemption or otherwise as provided in this Indenture), if such moneys were so held at such date, or one (1) year after the date of deposit of such moneys if deposited after said date when all of the Bonds became due and payable, shall be repaid to the Authority free from the trusts created by this Indenture and all liability of the Trustee with respect to such moneys shall thereupon cease; provided, however, that before the repayment of such moneys to the Authority as aforesaid, the Trustee shall (at the written request and cost of the Authority) first mail, by first-class mail, postage prepaid, to the Owners of Bonds which have not yet been paid, at the respective addresses shown on the Registration Books, a notice, in such form as may be deemed appropriate by the Trustee with respect to the Bonds so payable and not presented and with respect to the provisions relating to the repayment to the Authority of the moneys held for the payment thereof.

Section 10.05 Additional Requirements Applicable to the Defeasance of the Series A Bonds. As a precondition to the defeasance of the Series A Bonds pursuant to Section 10.03(b), the Authority shall cause to be delivered:

- (a) a report of an Independent Certified Public Accountant acceptable to the Series A Bond Insurer verifying the sufficiency of the escrow established to pay the Series A Bonds in full on the maturity or redemption date (the “Verification Report”);
- (b) an escrow agreement which shall be in form and substance satisfactory to the Series A Bond Insurer; and
- (c) an opinion of Bond Counsel to the effect that the Series A Bonds are no longer Outstanding.

Each such Verification Report and opinion required pursuant to this Section 10.05 shall be acceptable in form and substance to the Authority and the Series A Bond Insurer and shall be addressed to the Authority, the Trustee, and the Series A Bond Insurer.

In the event that a forward purchase agreement will be employed in the defeasance of the Series A Bonds, such agreement shall be subject to the approval of the Series A Bond Insurer and shall be accompanied by such opinions of counsel as may be required by the Series A Bond Insurer.

The Series A Bond Insurer shall be provided with final drafts of all documents required pursuant to this Section 10.05 not less than five (5) Business Days prior to funding the escrow to defease the Series A Bonds.

ARTICLE XI

MISCELLANEOUS

Section 11.01 Liability of Authority Limited to Revenues. Notwithstanding anything in this Indenture or in the Bonds contained, neither the Authority nor any member thereof shall be required to advance any moneys derived from any source other than the Revenues and other assets pledged under this Indenture for the payment of the principal of or interest on the Bonds.

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Nevertheless, the Authority may, but shall not be required to, advance for any of the purposes hereof any funds of the Authority which may be made available to it for such purposes.

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

Section 11.03 Limitation of Rights to Parties and Bond Owners. Nothing in this Indenture or in the Bonds expressed or implied is intended or shall be construed to give to any Person other than the Authority, the Trustee, the City, CFD No. 1, CFD No. 2000-3, the Series A Bond Insurer, and the Owners of the Bonds, any legal or equitable right, remedy, or claim under or in respect of this Indenture or any covenant, condition, or provision therein or herein contained; and all such covenants, conditions, and provisions are and shall be held to be for the sole and exclusive benefit of the Authority, the Trustee, the City, CFD No. 1, CFD No. 2000-3, the Series A Bond Insurer, and the Owners of the Bonds.

Section 11.04 Waiver of Notice; Requirement of Mailed Notice. Whenever in this Indenture the giving of notice by mail or otherwise is required, the giving of such notice may be waived in writing by the Person entitled to receive such notice and in any such case the giving or receipt of such notice shall not be a condition precedent to the validity of any action taken in reliance upon such waiver. Whenever in this Indenture any notice shall be required to be given by mail, such requirement shall be satisfied by the deposit of such notice in the United States mail, postage prepaid, by first class mail.

Section 11.05 Destruction of Bonds. Whenever in this Indenture provision is made for the cancellation by the Trustee and the delivery to the Authority of any Bonds, the Trustee may, in lieu of such cancellation and delivery, destroy such Bonds as may be allowed by law, and deliver a Bond of such destruction to the Authority.

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

Section 11.07 Notices. All notices or communications herein required or permitted to be given to the Authority or the Trustee shall be in writing and shall be deemed to have been sufficiently given or served for all purposes by being delivered or sent by telecopy or by being deposited, postage prepaid, in a post office letter box, addressed as follows:

If to the Authority: City of Oxnard Financing Authority
300 West Third Street
Oxnard, CA 93030
Attn: Controller

If to the Trustee: Wells Fargo Bank, National Association
707 Wilshire Boulevard, 17th Floor
Los Angeles, CA 90017
Attention: Corporate Trust Department

If to the City,
CFD No. 1, or CFD No. 2000-3: City of Oxnard
300 West Third Street
Oxnard, CA 93030
Attention: Chief Financial Officer

If to the Series A Bond Insurer: _____ [NAME]
_____ [ADDRESS]
_____ [CITY, STATE, ZIP CODE]
Attention: _____
Re: Policy No. _____

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

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

The ownership of registered Bonds shall be proved by the Registration Books.

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

Section 11.09 Disqualified Bonds. In determining whether the Owners of the requisite aggregate principal amount of Bonds have concurred in any demand, request, direction, consent, or waiver under this Indenture, Bonds which are known by the Trustee to be owned or held by or for the account of the Authority or the City, or by any other obligor on the Bonds, or by any person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the Authority or the City or any other obligor on the Bonds, shall be disregarded and deemed not to be Outstanding for the purpose of any such determination. Bonds so owned which have been pledged in good faith may be regarded as Outstanding for the purposes of this Section if the pledgee shall certify to the Trustee the pledgee's right to vote such Bonds and that the pledgee is not a person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the Authority or the City or any other obligor on the Bonds. In case of a dispute as to such right, any decision by the Trustee taken upon the advice of counsel shall be full protection to the Trustee. Upon request, the Authority shall specify to the Trustee those Bonds disqualified pursuant to this Section 11.09.

Section 11.10 Money Held for Particular Bonds. The money held by the Trustee for the payment of the interest or principal due on any date with respect to particular Bonds shall, on and after such date and pending such payment, be set aside on its books and held in trust by it for the Owners of the Bonds entitled thereto, subject, however, to the provisions of Section 10.04 but without any liability for interest thereon.

Section 11.11 Funds and Accounts. Any fund or account required by this Indenture to be established and maintained by the Trustee may be established and maintained in the accounting records of the Trustee, either as a fund or an account, and may, for the purposes of such records, any audits thereof and any reports or statements with respect thereto, be treated either as a fund or as an account; but all such records with respect to all such funds and accounts shall at all times be maintained in accordance with industry standards to the extent practicable, and with due regard for the requirements of Section 6.05 and for the protection of the security of the Bonds and the rights of every Owner thereof.

Section 11.12 Payment on Non-Business Days. In the event any payment is required to be made hereunder on a day which is not a Business Day, such payment shall be made on the next succeeding Business Day with the same effect as if made on such previous non-Business Day.

Section 11.13 Waiver of Personal Liability. No member, officer, agent, or employee of the Authority shall be individually or personally liable for the payment of the principal of or premium or interest on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof; but nothing herein contained shall relieve any such member, officer, agent, or employee from the performance of any official duty provided by law or by this Indenture.

Section 11.14 Execution in Several Counterparts. This Indenture may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original; and all such counterparts, or as many of them as the Authority and the Trustee shall preserve undestroyed, shall together constitute but one and the same instrument.

Section 11.15 Governing Laws. This Indenture shall be governed by and construed in accordance with the laws of the State of California.

ARTICLE XII

PROVISIONS RELATING TO THE SERIES A BOND INSURANCE POLICY

Section 12.01 Reimbursement of the Series A Bond Insurer. [TO COME, IF APPLICABLE.]

Section 12.02 No Acceleration of Series A Bonds. The maturity of the Series A Bonds may not be accelerated.

Section 12.03 Third Party Beneficiary. The Series A Bond Insurer shall be a third party beneficiary to the rights of the Owners of the Series A Bonds under this Indenture.

Section 12.04 Subrogation of Rights. The Series A Bond Insurer shall, to the extent that it makes any payment of principal of or interest on the Series A Bond, become subrogated to the rights of the recipients of such payments in accordance with the terms of the Series A Bond Insurance Policy. The obligation to the Series A Bond Insurer shall survive discharge or termination of the Related Documents.

Section 12.05 Exercise of Rights of the Series A Bond Insurer. The rights granted to the Series A Bond Insurer under this Indenture or any other Related Documents to request, consent to, or direct any action are rights granted to the Series A Bond Insurer in consideration of its issuance of the Series A Bond Insurance Policy. Any exercise by the Series A Bond Insurer of any such rights is merely an exercise of the Series A Bond Insurer's contractual rights and shall not be construed or deemed to be taken for the benefit or on behalf of the Owners of the Series A Bonds nor does such action evidence any position of the Series A Bond Insurer, positive or negative, as to whether the consent of the Owners of the Series A Bonds is required in addition to the consent of the Series A Bond Insurer.

Section 12.06 Suspension of the Rights of the Series A Bond Insurer. The rights of the Series A Bond Insurer to direct or consent to the actions under this indenture of the Authority, the Trustee, or the Owners of the Series A Bonds shall be suspended during any period in which the Series A Bond Insurer is in default in its payment obligations under the Series A Bond Insurance Policy (except to the extent of amounts previously paid by the Series A Bond Insurer and due and owing to the Series A Bond Insurer) and shall be of no force or effect in the event the Series A Bond Insurance Policy is no longer in effect or the Series A Bond Insurer asserts that the Series A Bond Insurance Policy is not in effect or the Series A Bond Insurer shall have provided written notice that it waives such rights.

Section 12.07 Sale or Other Disposition of the Acquired Obligations. The Authority shall hold and shall not sell or otherwise dispose of the Acquired Obligations prior to the payment thereof in full without the prior written consent of the Series A Bond Insurer.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the City of Oxnard Financing Authority has caused this Indenture to be signed in its name by its Chairman and attested by its Secretary and Wells Fargo Bank, National Association, in its acceptance of the trusts and duties 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 OF OXNARD FINANCING AUTHORITY

By: _____
Dr. Thomas E. Holden, Chairman

ATTEST:

Daniel Martinez, Secretary

APPROVED AS TO FORM:

Alan Holmberg, City Attorney and
Authority General Counsel

APPROVED AS TO CONTENT:

James Cameron
City Chief Financial Officer and
Authority Controller

WELLS FARGO BANK, NATIONAL
ASSOCIATION, as Trustee

By: _____
Authorized Signatory

EXHIBIT A

[FORM OF SERIES A BOND]

No. R-____

\$_____

United States of America
State of California

CITY OF OXNARD FINANCING AUTHORITY
LOCAL OBLIGATION REVENUE BONDS
(2012 SPECIAL DISTRICT BOND REFINANCINGS)
SERIES A SENIOR LIEN BONDS

Interest Rate
_____%

Maturity Date
September 2, 20__

Dated Date
August __, 2012

CUSIP

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: _____ DOLLARS

The City of Oxnard Financing Authority (the "Authority"), a joint powers authority created pursuant to the provisions of Articles 1 through 4 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the "Law"), for value received, hereby promises to pay (but only out of the Revenues and other assets pledged therefor as hereinafter mentioned) to the Registered Owner stated above or registered assigns, on the Maturity Date stated above (subject to any right of prior redemption hereinafter mentioned), the Principal Amount stated above, in lawful money of the United States of America and to pay interest thereon in like lawful money from the Interest Payment Date (as defined herein) next preceding the date of authentication of this Series A Bond (as defined herein) (unless this Series A Bond is authenticated after a Record Date (as defined herein) and on or prior to the next succeeding Interest Payment Date, in which event it shall bear interest from such Interest Payment Date, or unless this Series A Bond is authenticated on or before the first Record Date, in which event it shall bear interest from the Dated Date stated above, or unless this Series A Bond is authenticated on or before the first Record Date, in which event it shall bear interest from the Dated Date stated above, or unless interest is in default on this Series A Bond on such date, in which case it shall bear interest from the last date interest was paid in full or from its Dated Date if no interest has been paid) until payment of such principal sum shall be discharged as provided in the Indenture (as defined herein) at the Interest Rate per annum stated above, payable semiannually on each March 2 and September 2 (each, an "Interest Payment Date"), commencing March 2, 2013. The principal (or redemption price) hereof is payable at the corporate trust office of Wells Fargo Bank, National Association (together with any successor trustee under the Indenture, the "Trustee"), in Los Angeles, California (or such other office designated by the Trustee, herein called the "Principal Office" of the Trustee). Interest hereon is payable (except as otherwise provided in the Indenture with respect to defaulted interest) by check mailed on each Interest Payment Date to the Registered Owner as of the fifteenth (15th) day of the month preceding each Interest Payment Date (the "Record Date") at the address

shown on the registration books maintained by the Trustee, or by wire transfer made on such Interest Payment Date to any Owner of \$1,000,000 or more in aggregate principal amount of Bonds (as defined in the Indenture) who shall have requested such transfer pursuant to written notice filed with the Trustee on or before the preceding Record Date. Interest shall be computed on the basis of a 360-day year composed of twelve 30-day months.

This Series A Bond is one of a duly authorized issue of bonds of the Authority designated as the “City of Oxnard Financing Authority Local Obligation Revenue Bonds (2012 Special District Bond Refinancings), Series A Senior Lien Bonds” (the “Series A Bonds”), in the aggregate principal amount of \$[SERIES A PRINCIPAL], all issued pursuant to the provisions of the Marks-Roos Local Bond Pooling Act of 1985, constituting Article 4 of the Law (commencing with Section 6584) (the “Bond Law”), and pursuant to an Indenture of Trust, dated as of August 1, 2012 (the “Indenture”), by and between the Authority and the Trustee, issued for the purpose of acquiring the Acquired Obligations. The term “Acquired Obligations” is defined in the Indenture as, collectively, (i) the \$_____ City of Oxnard Assessment District No. 2001-1 (Rice Avenue/Highway 101 Interchange) Limited Obligation Improvement Refunding Bonds, Series 2012 (the “AD Bonds”), (ii) the \$_____ Community Facilities District No. 1 (Westport at Mandalay Bay) of the City of Oxnard 2012 Special Tax Refunding Bonds (the “CFD No. 1 Bonds”), and (iii) the \$_____ City of Oxnard Community Facilities District No. 2000-3 (Oxnard Boulevard/Highway 101 Interchange) Special Tax Refunding Bonds, Series 2012. The Series A Bonds are being issued at the same time as, and in conjunction with, the issuance of the Authority’s Local Obligation Revenue Bonds (2012 Special District Bond Refinancings), Series B Subordinate Lien Bonds (the “Series B Bonds”) in the aggregate principal amount of \$[SERIES B PRINCIPAL].

Reference is hereby made to the Indenture (a copy of which is on file at the Principal Office of the Trustee) and all indentures supplemental thereto and to the Bond Law for a description of the rights thereunder of the Owners of the Series A Bonds, of the nature and extent of the security for the Series A Bonds, of the rights, duties, and immunities of the Trustee, and of the rights and obligations of the Authority thereunder. The capitalized terms used herein shall have the meanings ascribed to such terms in the Indenture unless otherwise specified herein. The Registered Owner of this Series A Bond, by acceptance hereof, assents and agrees to all the provisions of the Indenture.

The Series A Bonds and the interest thereon are limited, special obligations of the Authority and are payable solely from Revenues, derived primarily from payments made with respect to the Acquired Obligations acquired with the proceeds of the Series A Bonds. The Series A Bonds are secured by a first pledge and assignment of the Revenues and of certain amounts held in the funds and accounts established pursuant to the Indenture; subject only to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in the Indenture. The Series B Bonds are secured by a lien upon and pledge of the Revenues that is subordinate to the lien and pledge of the Revenues to the Series A Bonds and by the amounts deposited in certain funds created for the benefit of the Series B Bonds under the Indenture. The Series A Bonds are not a lien or charge upon the funds or property of the Authority, except to the extent of the aforesaid pledge and assignment. The Series A Bonds are not a debt of the City or the State of California and the City and said State are not liable for the payment thereof. The Authority has no taxing power.

[**CONFIRM:**] The Series A Bonds or any portion of a Series A Bond in any Authorized Denomination maturing on or after September 2, 20__, may be redeemed at the option of the Authority prior to maturity on any Interest Payment Date on or after September 2, 20__, *pro rata* among maturities as directed by the Authority, subject to the approval of the Series A Bond Insurer, in a Written Order accompanied by and consistent with the applicable Cash Flow Certificate, from any source of funds (excluding amounts transferred to the Trustee by the Fiscal Agent from the AD Prepayment Account, the CFD No. 1 Prepayment Account, or the CFD No. 2000-3 Prepayment Account, as applicable) at the redemption price set forth below (expressed as a percentage of the principal amount of the Series A Bonds to be redeemed), plus accrued interest to the date of redemption:

<u>Redemption Dates</u>	<u>Redemption Price</u>
March 2, 20__, and September 2, 20__	_____%
March 2, 20__, and September 2, 20__	_____%
March 2, 20__, and thereafter	_____%

[**CONFIRM:**] The Series A Bonds or any portion of a Series A Bond in any Authorized Denomination (as defined in the Indenture) shall be subject to extraordinary redemption prior to maturity, in whole on any date, or in part on any Interest Payment Date, *pro rata* among the Series A Bonds and the Series B Bonds and among maturities as directed by the Authority from funds transferred to the Trustee by the Fiscal Agent from the AD Prepayment Account, the CFD No. 1 Prepayment Account, or the CFD No. 2000-3 Prepayment Account, as applicable, at a redemption price equal to the principal amount of the Series A Bonds to be redeemed, [**CONFIRM:**] plus a premium equal to one percent (1%) of such principal amount, plus accrued interest to the date of redemption.

[**CONFIRM:**] The Series A Bonds maturing on September 2, 20__, are subject to mandatory redemption in part on September 2 in the following years in the following amounts at a redemption price equal to the principal amount thereof together with accrued interest to the date fixed for redemption, without premium:

<u>Mandatory Redemption Date (September 2)</u>	<u>Principal Amount</u>
20__	\$____,000
20__	____,000
20__	____,000
20__	____,000
20__ (maturity)	____,000

In the event of any optional or extraordinary redemption of Series A Bonds maturing on September 2, 20__, the schedule of mandatory sinking fund installments shall be reduced in equal percentages, as nearly as practicable, provided that the reductions shall be made in multiples of \$5,000. The Authority shall provide the Trustee with the amended sinking fund payments schedule calculated as set forth above in a Written Order accompanied by and consistent with the applicable Cash Flow Certificate.

Notice of redemption shall be mailed by first-class mail, postage prepaid, no earlier than sixty (60) nor less than thirty (30) calendar days prior to the redemption date, to the respective Owners of any Series A Bonds designated for redemption at their addresses appearing on the Series A Bond registration books held by the Trustee. Each notice of redemption shall state the redemption date, the place or places of redemption, the fact that such redemption is subject to cancellation, the CUSIP numbers and the bond numbers of the Series A Bonds to be redeemed, and, in the case of Series A Bonds to be redeemed in part only, the respective multiples of \$5,000 of the principal amount thereof to be redeemed. Each such notice shall also state that on said redemption date there will become due and payable on each of said Series A Bonds the principal amount relating thereto or, in the case of a Series A Bond to be redeemed in part only, of said specified portion of the principal thereof, plus accrued interest, if any, and that from and after such redemption date, interest thereon shall cease to accrue, and shall require that such Series A Bonds be then surrendered at the Principal Office of the Trustee. Neither the failure of any Series A Bond Owner to receive any notice so mailed nor any defect therein shall affect the sufficiency of the proceedings for redemption of any Series A Bond or the cessation of accrual of interest thereon.

If an Event of Default shall occur, the principal of all Series A Bonds may be declared due and payable and become subject to redemption upon the conditions, in the manner, and with the effect provided in the Indenture. Upon the occurrence of and continuance of an Event of Default, the Series A Bond Insurer (as defined in the Indenture) shall be recognized as the Owner of all Series A Bonds for the purposes of exercising all rights and privileges available to Series A Bond Owners and shall be entitled to control and direct all rights and remedies.

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

This Series A Bond is transferable by the Registered Owner hereof, in person or by his attorney duly authorized in writing, at the Principal Office of the Trustee, but only in the manner, subject to the limitations, and upon payment of the charges, if any, provided in the Indenture, and upon surrender and cancellation of this Series A Bond. Upon such transfer, a new Series A Bond or Series A Bonds, of Authorized Denomination or Authorized Denominations, for the same aggregate principal amount, will be issued to the transferee in exchange herefor. The Authority and the Trustee may treat the Registered Owner hereof as the absolute Owner hereof for all purposes, and the Authority and the Trustee shall not be affected by any notice to the contrary.

The Indenture and the rights and obligations of the Authority and of the Owners of the Series A Bonds and of the Trustee may be modified or amended from time to time and at any time in the manner, to the extent, and upon the terms provided in the Indenture; provided that no such modification or amendment shall (1) extend the fixed maturity of this Series A Bond, or reduce the amount of principal hereof, or reduce the rate of interest hereon, or extend the time of payment of interest hereon, or reduce any premium payable upon the redemption hereof, without the consent of the Owner thereof, or (2) reduce the percentage of Series A Bonds the consent of the Owners of which is required to effect any such modification or amendment, or permit the

creation of any lien on the Revenues and other assets pledged as security for the Series A Bonds prior to or on a parity with the lien created by the Indenture, or deprive the Owners of the Series A Bonds of the lien created by the Indenture on such Revenues and other assets (except as expressly provided in the Indenture), without the consent of the Owners of all Series A Bonds then outstanding, all as more fully set forth in the Indenture.

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

This Series A 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.

IN WITNESS WHEREOF, the Authority has caused this Series A Bond to be executed in its name and on its behalf by the signature of the Chairman of the Authority and attested by the signature of the Secretary of the Authority, all as of the Dated Date.

CITY OF OXNARD FINANCING AUTHORITY

By: _____
Dr. Thomas E. Holden, Chairman

Attest:

Daniel Martinez, Secretary

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

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

Date of Authentication: _____

WELLS FARGO BANK, NATIONAL ASSOCIATION, as
Trustee

By: _____
Authorized Officer

STATEMENT OF INSURANCE

[TO COME, IF APPLICABLE.]

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-mentioned registered Series A Bond and hereby irrevocably constitute(s) and appoint(s),

attorney, to transfer the same on the books of the Trustee with full power of substitution in the premises.

Dated: _____

NOTE: The signature to this assignment must correspond with the name as written on the face of the within Series A Bond in every particular, without enlargement or any change whatsoever.

Signature Guaranty: _____

NOTE: Signature must be approved by a qualified guarantor.

EXHIBIT B

[FORM OF SERIES B BOND]

No. R-____

\$_____

United States of America
State of California

CITY OF OXNARD FINANCING AUTHORITY
LOCAL OBLIGATION REVENUE BONDS
(2012 SPECIAL DISTRICT BOND REFINANCINGS)
SERIES B SUBORDINATE LIEN BONDS

Interest Rate
_____%

Maturity Date
September 2, 20__

Dated Date
August __, 2012

CUSIP

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: _____ DOLLARS

The City of Oxnard Financing Authority (the "Authority"), a joint powers authority created pursuant to the provisions of Articles 1 through 4 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the "Law"), for value received, hereby promises to pay (but only out of the Revenues and other assets pledged therefor as hereinafter mentioned) to the Registered Owner stated above or registered assigns, on the Maturity Date stated above (subject to any right of prior redemption hereinafter mentioned), the Principal Amount stated above, in lawful money of the United States of America and to pay interest thereon in like lawful money from the Interest Payment Date (as defined herein) next preceding the date of authentication of this Series B Bond (as defined herein) (unless this Series B Bond is authenticated after a Record Date (as defined herein) and on or prior to the next succeeding Interest Payment Date, in which event it shall bear interest from such Interest Payment Date, or unless this Series B Bond is authenticated on or before the first Record Date, in which event it shall bear interest from the Dated Date stated above, unless this Series B Bond is authenticated on or before the first Record Date, in which event it shall bear interest from the Dated Date stated above, or unless interest is in default on this Series B Bond on such date, in which case it shall bear interest from the last date interest was paid in full or from its Dated Date if no interest has been paid) until payment of such principal sum shall be discharged as provided in the Indenture (as defined herein) at the Interest Rate per annum stated above, payable semiannually on each March 2 and September 2 (each, an "Interest Payment Date"), commencing March 2, 2013. The principal (and any redemption premium) hereof is payable at the corporate trust office of Wells Fargo Bank, National Association (together with any successor trustee under the Indenture, the "Trustee"), in Los Angeles, California (or such other office designated by the Trustee, herein called the "Principal Office" of the Trustee). Interest hereon is payable (except as otherwise provided in the Indenture with respect to defaulted interest) by check mailed on each Interest Payment Date to the Registered Owner as of the fifteenth (15th) day of the month preceding each Interest Payment Date (the "Record Date")

at the address shown on the registration books maintained by the Trustee, or by wire transfer made on such Interest Payment Date to any Owner of \$ 1,000,000 or more in aggregate principal amount of Bonds who shall have requested such transfer pursuant to written notice filed with the Trustee on or before the preceding Record Date. Interest shall be computed on the basis of a 360-day year composed of twelve 30-day months.

This Series B Bond is one of a duly authorized issue of bonds of the Authority designated as the “City of Oxnard Financing Authority Local Obligation Revenue Bonds (2012 Special District Bond Refinancings), Series B Subordinate Lien Bonds” (the “Series B Bonds”), in the aggregate principal amount of \$[SERIES B PRINCIPAL], all issued pursuant to the provisions of the Marks-Roos Local Bond Pooling Act of 1985, constituting Article 4 of the Law (commencing with Section 6584) (the “Bond Law”), and pursuant to an Indenture of Trust, dated as of August 1, 2012 (the “Indenture”), by and between the Authority and the Trustee, issued for the purpose of acquiring the Acquired Obligations. The term “Acquired Obligations” is defined in the Indenture as, collectively, (i) the \$_____ City of Oxnard Assessment District No. 2001-1 (Rice Avenue/Highway 101 Interchange) Limited Obligation Improvement Refunding Bonds, Series 2012 (the “AD Bonds”), (ii) the \$_____ Community Facilities District No. 1 (Westport at Mandalay Bay) of the City of Oxnard 2012 Special Tax Refunding Bonds (the “CFD No. 1 Bonds”), and (iii) the \$_____ City of Oxnard Community Facilities District No. 2000-3 (Oxnard Boulevard/Highway 101 Interchange) Special Tax Refunding Bonds, Series 2012. The Series B Bonds are being issued at the same time as, and in conjunction with, the issuance of the Authority’s Local Obligation Revenue Bonds (2012 Special District Bond Refinancings), Series A Senior Lien Bonds (the “Series A Bonds”) in the aggregate principal amount of \$[SERIES A PRINCIPAL].

Reference is hereby made to the Indenture (a copy of which is on file at the Principal Office of the Trustee) and all indentures supplemental thereto and to the Bond Law for a description of the rights thereunder of the Owners of the Series B Bonds, of the nature and extent of the security for the Series B Bonds, of the rights, duties, and immunities of the Trustee, and of the rights and obligations of the Authority thereunder. The capitalized terms used herein shall have the meanings ascribed to such terms in the Indenture unless otherwise specified herein. The Registered Owner of this Series B Bond, by acceptance hereof, assents and agrees to all the provisions of the Indenture.

The Series B Bonds and the interest thereon are limited, special obligations of the Authority and are payable solely from Revenues, derived primarily from payments made with respect to the Acquired Obligations acquired with the proceeds of the Series B Bonds. The Series B Bonds are secured by a subordinate pledge and assignment of the Revenues and of certain amounts held in the funds and accounts established pursuant to the Indenture; subject only to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in the Indenture. **THE SERIES B BONDS ARE SECURED BY A LIEN UPON AND PLEDGE OF THE REVENUES THAT IS SUBORDINATE TO THE LIEN AND PLEDGE OF THE REVENUES TO THE SERIES A BONDS.** The Series B Bonds are not a lien or charge upon the funds or property of the Authority, except to the extent of the aforesaid pledge and assignment. The Series B Bonds are not a debt of the City or the State of California and the City and said State are not liable for the payment thereof. The Authority has no taxing power.

[CONFIRM:] The Series B Bonds or any portion of a Series B Bond in any Authorized Denomination maturing on or after September 2, 20__, may be redeemed at the option of the Authority prior to maturity on any Interest Payment Date on or after September 2, 20__, *pro rata* among maturities as directed by the Authority, [CONFIRM:] subject to the approval of the Series A Bond Insurer,] in a Written Order accompanied by and consistent with the applicable Cash Flow Certificate, from any source of funds (excluding amounts transferred to the Trustee by the Fiscal Agent from the AD Prepayment Account, the CFD No. 1 Prepayment Account, or the CFD No. 2000-3 Prepayment Account, as applicable) at the redemption price set forth below (expressed as a percentage of the principal amount of the Series B Bonds to be redeemed), plus accrued interest to the date of redemption:

<u>Redemption Dates</u>	<u>Redemption Price</u>
March 2, 20__, and September 2, 20__	_____%
March 2, 20__, and September 2, 20__	_____%
March 2, 20__, and thereafter	_____%

[CONFIRM:] The Series B Bonds or any portion of a Series B Bond in any Authorized Denomination shall be subject to extraordinary redemption prior to maturity, in whole on any date, or in part on any Interest Payment Date, *pro rata* among the Series A Bonds and the Series B Bonds and among maturities as directed by the Authority from funds transferred to the Trustee by the Fiscal Agent from the AD Prepayment Account, the CFD No. 1 Prepayment Account, or the CFD No. 2000-3 Prepayment Account, as applicable, at a redemption price equal to the principal amount of the Series B Bonds to be redeemed, [CONFIRM:] plus a premium equal to one percent (1%) of such principal amount, plus accrued interest to the date of redemption.

[CONFIRM:] The Series B Bonds maturing on September 2, 20__, are subject to mandatory redemption in part on September 2 in the following years in the following amounts at a redemption price equal to the principal amount thereof together with accrued interest to the date fixed for redemption, without premium:

<u>Mandatory Redemption Date (September 2)</u>	<u>Principal Amount</u>
20__	\$_____,000
20__	_____,000
20__	_____,000
20__	_____,000
20__ (maturity)	_____,000

In the event of any optional or extraordinary redemption of Series B Bonds maturing on September 2, 20__, the schedule of mandatory sinking fund installments shall be reduced in equal percentages, as nearly as practicable, provided that the reductions shall be made in multiples of \$5,000. The Authority shall provide the Trustee with the amended sinking fund payments schedule calculated as set forth above in a Written Order accompanied by and consistent with the applicable Cash Flow Certificate.

Notice of redemption shall be mailed by first-class mail, postage prepaid, no earlier than sixty (60) nor less than thirty (30) calendar days prior to the redemption date, to the respective Owners of any Series B Bonds designated for redemption at their addresses appearing on the Series B Bond registration books held by the Trustee. Each notice of redemption shall state the redemption date, the place or places of redemption, the fact that such redemption is subject to cancellation, the CUSIP numbers and the bond numbers of the Series B Bonds to be redeemed, and, in the case of Series B Bonds to be redeemed in part only, the respective multiples of \$5,000 of the principal amount thereof to be redeemed. Each such notice shall also state that on said redemption date there will become due and payable on each of said Series B Bonds the principal amount relating thereto or, in the case of a Series B Bond to be redeemed in part only, of said specified portion of the principal thereof, plus accrued interest, if any, and that from and after such redemption date, interest thereon shall cease to accrue, and shall require that such Series B Bonds be then surrendered at the Principal Office of the Trustee. Neither the failure of any Series B Bond Owner to receive any notice so mailed nor any defect therein shall affect the sufficiency of the proceedings for redemption of any Series B Bond or the cessation of accrual of interest thereon.

If an Event of Default shall occur, the principal of all Series B Bonds may be declared due and payable and become subject to redemption upon the conditions, in the manner, and with the effect provided in the Indenture. Upon the occurrence of and continuance of an Event of Default, the Series A Bond Insurer shall be recognized as the Owner of all Series B Bonds for the purposes of exercising all rights and privileges available to Series B Bond Owners and shall be entitled to control and direct all rights and remedies. PAYMENT OF THE SERIES B BONDS IS NOT SECURED BY THE SERIES A BOND INSURANCE POLICY ISSUED BY THE SERIES A BOND INSURER (AS SUCH TERMS ARE DEFINED IN THE INDENTURE).

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

This Series B Bond is transferable by the Registered Owner hereof, in person or by his attorney duly authorized in writing, at the Principal Office of the Trustee, but only in the manner, subject to the limitations, and upon payment of the charges, if any, provided in the Indenture, and upon surrender and cancellation of this Series B Bond. Upon such transfer, a new Series B Bond or Series B Bonds, of Authorized Denomination or Authorized Denominations, for the same aggregate principal amount, will be issued to the transferee in exchange herefor. The Authority and the Trustee may treat the Registered Owner hereof as the absolute Owner hereof for all purposes, and the Authority and the Trustee shall not be affected by any notice to the contrary.

The Indenture and the rights and obligations of the Authority and of the Owners of the Series B Bonds and of the Trustee may be modified or amended from time to time and at any time in the manner, to the extent, and upon the terms provided in the Indenture; provided that no such modification or amendment shall (1) extend the fixed maturity of this Series B Bond, or reduce the amount of principal hereof, or reduce the rate of interest hereon, or extend the time of

payment of interest hereon, or reduce any premium payable upon the redemption hereof, without the consent of the Owner thereof, or (2) reduce the percentage of Series B Bonds the consent of the Owners of which is required to effect any such modification or amendment, or permit the creation of any lien on the Revenues and other assets pledged as security for the Series B Bonds prior to or on a parity with the lien created by the Indenture, or deprive the Owners of the Series B Bonds of the lien created by the Indenture on such Revenues and other assets (except as expressly provided in the Indenture), without the consent of the Owners of all Series B Bonds then outstanding, all as more fully set forth in the Indenture.

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

This Series B 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.

IN WITNESS WHEREOF, the Authority has caused this Series B Bond to be executed in its name and on its behalf by the signature of the Chairman of the Authority and attested by the signature of the Secretary of the Authority, all as of the Dated Date.

CITY OF OXNARD FINANCING AUTHORITY

By: _____
Dr. Thomas E. Holden, Chairman

Attest:

Daniel Martinez, Secretary

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

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

Date of Authentication: _____

WELLS FARGO BANK, NATIONAL ASSOCIATION, as
Trustee

By: _____
Authorized Officer

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-mentioned registered Series B Bond and hereby irrevocably constitute(s) and appoint(s),

attorney, to transfer the same on the books of the Trustee with full power of substitution in the premises.

Dated: _____

NOTE: The signature to this assignment must correspond with the name as written on the face of the within Series B Bond in every particular, without enlargement or any change whatsoever.

Signature Guaranty: _____

NOTE: Signature must be approved by a qualified guarantor.

EXHIBIT C

PERMITTED INVESTMENTS

(1) Direct obligations of the United States of America and securities fully and unconditionally guaranteed as to the timely payment of principal and interest by the United States of America (“U.S. Government Securities”).

(2) Direct obligations (see footnote 1 below) of the following federal agencies which are fully guaranteed by the full faith and credit of the United States of America:

(a) Export-Import Bank of the United States - Direct obligations and fully guaranteed certificates of beneficial interest

(b) Federal Housing Administration - debentures

(c) General Services Administration - participation certificates

(d) Government National Mortgage Association (“GNMAs”) - guaranteed mortgage-backed securities and guaranteed participation certificates

(e) Small Business Administration - guaranteed participation certificates and guaranteed pool certificates

(f) U.S. Department of Housing & Urban Development - local authority bonds

(g) U.S. Maritime Administration - guaranteed Title XI financings

(h) Washington Metropolitan Area Transit Authority - guaranteed transit bonds

(3) Direct obligations¹ of the following federal agencies which are not fully guaranteed by the faith and credit of the United States of America:

(a) Federal National Mortgage Association (“FNMA”) - senior debt obligations rated Aaa by Moody’s and AAA by S&P

¹ The following are explicitly excluded from the securities enumerated in clauses (a) and (b):

- (a) All derivative obligations, including without limitation inverse floaters, residuals, interest-only, principal-only and range notes;
- (b) Obligations that have a possibility of returning a zero or negative yield if held to maturity;
- (c) Obligations that do not have a fixed par value or those whose terms do not promise a fixed dollar amount at maturity or call date; and
- (d) Collateralized Mortgage-Backed Obligations (“CMOs”).

(b) Federal Home Loan Mortgage Corporation (“FHLMCs”) - participation certificates and senior debt obligations rated Aaa by Moody’s and AAA by S&P

(c) Federal Home Loan Banks - consolidated debt obligations

(d) Student Loan Marketing Association - debt obligations

(e) Resolution Funding Corporation - debt obligations

(4) Direct, general obligations of any state of the United States of America or any subdivision or agency thereof whose uninsured and unguaranteed general obligation debt is rated, at the time of purchase, A2 or better by Moody’s and A or better by S&P, or any obligation fully and unconditionally guaranteed by any state, subdivision, or agency whose uninsured and unguaranteed general obligation debt is rated, at the time of purchase, A2 or better by Moody’s and A or better by S&P.

(5) Commercial paper (having original maturities of not more than 270 days) rated, at the time of purchase, P-1 by Moody’s and A-1 or better by S&P.

(6) Certificates of deposit, savings accounts, deposit accounts, or money market deposits in amounts that are continuously and fully insured by the Federal Deposit Insurance Corporation (“FDIC”), including the Bank Insurance Fund and the Savings Association Insurance Fund.

(7) Certificates of deposit, deposit accounts, federal funds, or bankers’ acceptances (in each case having maturities of not more than 365 days following the date of purchase) of any domestic commercial bank or United States branch office of a foreign bank, provided that such bank’s short-term certificates of deposit are rated P-1 by Moody’s and A-1 or better by S&P (not considering holding company ratings).

(8) Investments in money-market funds rated AAAM or AAAM-G by S&P. Such money market funds may include funds for which the Trustee or its affiliates or subsidiaries provide investment advisory or other management services.

(9) State-sponsored investment pools rated AA- or better by S&P.

(10) Repurchase agreements that meet the following criteria:

(a) A master repurchase agreement or specific written repurchase agreement, substantially similar in form and substance to the Public Securities Association or Bond Market Association master repurchase agreement, governs the transaction.

(b) Acceptable providers shall consist of (i) registered broker/dealers subject to Securities Investors’ Protection Corporation (“SIPC”) jurisdiction or commercial banks insured by the FDIC, if such broker/dealer or bank has an uninsured, unsecured, and unguaranteed rating of A3/P-1 or better by Moody’s and A-/A-1 or better by S&P, or (ii) domestic structured investment companies approved by the Series A Bond Insurer

and rated, or domestic structured investment companies with a guarantor rated, Aaa by Moody's and AAA by S&P.

(c) The repurchase agreement shall require termination thereof if the counterparty's ratings are suspended, withdrawn, or fall below A3 or P-1 from Moody's, or A- or A-1 from S&P. Within ten (10) days, the counterparty shall repay the principal amount plus any accrued and unpaid interest on the investments.

(d) The repurchase agreement shall limit acceptable securities to U.S. Government Securities and to the obligations of GNMA, FNMA or FHLMC described in clauses 2(d), 3(a) and 3(b) above. The fair market value of the securities in relation to the amount of the repurchase obligation, including principal and accrued interest, is equal to a collateral level of at least 104% for U.S. Government Securities and 105% for GNMA's, FNMA's, or FHLMCs. The repurchase agreement shall require (i) the Trustee or an independent third party acting solely as agent for the Trustee (the "Agent") to value the collateral securities no less frequently than weekly, (ii) the delivery of additional securities if the fair market value of the securities is below the required level on any valuation date, and (iii) liquidation of the repurchase securities if any deficiency in the required percentage is not restored within two (2) Business Days of such valuation.

(e) The repurchase securities shall be delivered free and clear of any lien to the Trustee or the Agent, and such Agent is (i) a Federal Reserve Bank or (ii) a bank which is a member of the FDIC and which has combined capital, surplus, and undivided profits or, if appropriate, a net worth, of not less than \$50 million, and the Trustee shall have received written confirmation from such third party that such third party holds such securities, free and clear of any lien, as agent for the Trustee.

(f) A perfected first security interest in the repurchase securities shall be created for the benefit of the Trustee, and the Authority and the Trustee shall receive an opinion of counsel as to the perfection of the security interest in such repurchase securities and any proceeds thereof.

(g) The repurchase agreement shall have a term of one year or less, or shall be due on demand.

(h) The repurchase agreement shall establish the following as events of default, the occurrence of any of which shall require the immediate liquidation of the repurchase securities, unless the Series A Bond Insurer directs otherwise:

i. insolvency of the broker/dealer or commercial bank serving as the counterparty under the repurchase agreement;

ii. failure by the counterparty to remedy any deficiency in the required collateral level or to satisfy the margin maintenance call under clause 10(d) above; or

iii. failure by the counterparty to repurchase the repurchase securities on the specified date for repurchase.

(11) Investment agreements (also referred to as guaranteed investment contracts) that meet the following criteria:

(a) A master agreement or specific written investment agreement governs the transaction.

(b) Acceptable providers of uncollateralized investment agreements shall consist of (i) domestic FDIC-insured commercial banks, or U.S. branches of foreign banks, rated at least Aa2 by Moody's and AA by S&P; (ii) domestic insurance companies rated Aaa by Moody's and AAA by S&P; and (iii) domestic structured investment companies approved by the Series A Bond Insurer and rated, or domestic structured investment companies with a guarantor rated, Aaa by Moody's and AAA by S&P.

(c) Acceptable providers of collateralized investment agreements shall consist of (i) registered broker/dealers subject to SIPC jurisdiction, if such broker/dealer has an unsecured, unsecured, and unguaranteed rating of A1 or better by Moody's and A+ or better by S&P; (ii) domestic FDIC-insured commercial banks, or U.S. branches of foreign banks, rated at least A1 by Moody's and A+ by S&P; (iii) domestic insurance companies rated at least A1 by Moody's and A+ by S&P; and (iv) domestic structured investment companies approved by the Series A Bond Insurer and rated, or domestic structured investment companies with a guarantor rated, Aaa by Moody's and AAA by S&P. Required collateral levels shall be as set forth in clause 11(f) below.

(d) The investment agreement shall provide that, if the provider's ratings fall below Aa3 by Moody's or AA- by S&P, the provider shall within ten (10) days either (i) repay the principal amount plus any accrued and interest on the investment; or (ii) deliver Permitted Collateral as provided below.

(e) The investment agreement must provide for termination thereof if the provider's ratings are suspended, withdrawn, or fall below A3 from Moody's or A- from S&P. Within ten (10) days, the provider shall repay the principal amount plus any accrued interest on the agreement, without penalty.

(f) The investment agreement shall provide for the delivery of collateral described in clause i or ii below ("Permitted Collateral") which shall be maintained at the following collateralization levels at each valuation date:

i. U.S. Government Securities at 104% of principal plus accrued interest; or

ii. Obligations of GNMA, FNMA, or FHLMC (described in clauses 2(d), 3(a), and 3(b) above) at 105% of principal and accrued interest.

(g) The investment agreement shall require the Trustee or the Agent to determine the market value of the Permitted Collateral not less than weekly and notify the investment agreement provider on the valuation day of any deficiency. Permitted Collateral may be released by the Trustee to the provider only to the extent that there are

excess amounts over the required levels. Market value, with respect to collateral, may be determined by any of the following methods:

i. the last quoted “bid” price as shown in Bloomberg, Interactive Data Systems, Inc., The Wall Street Journal, or Reuters;

ii. valuation as performed by a nationally recognized pricing service, whereby the valuation method is based on a composite average of various bid prices; or

iii. the lower of two (2) bid prices by nationally recognized dealers. Such dealers or their parent holding companies shall be rated investment grade and shall be market makers in the securities being valued.

(h) Securities held as Permitted Collateral shall be free and clear of all liens and claims of third parties, held in a separate custodial account, and registered in the name of the Trustee or the Agent.

(i) The provider shall grant the Trustee or the Agent a perfected first security interest in any collateral delivered under an investment agreement. For investment agreements collateralized initially and in connection with the delivery of Permitted Collateral under clause 11(f) above, the Trustee and the Series A Bond Insurer shall receive an opinion of counsel as to the perfection of the security interest in the collateral.

(j) The investment agreement shall provide that moneys invested under the agreement must be payable and putable at par to the Trustee without condition, breakage fee, or other penalty, upon not more than two (2) Business Days’ notice, or immediately on demand for any reason for which the funds invested may be withdrawn from the applicable fund or account established under the authorizing document, as well as the following:

i. In the event of a deficiency in the debt service account;

ii. Upon acceleration after an event of default;

iii. Upon refunding of the Bonds in whole or in part;

iv. Reduction of the Reserve Requirement for the Bonds; or

v. If a determination is later made by a nationally recognized bond counsel that investments must be yield-restricted.

Notwithstanding the foregoing, the agreement may provide for a breakage fee or other penalty that is payable in arrears and not as a condition of a draw by the Trustee if the Authority’s obligation to pay such fee or penalty is subordinate to its obligation to pay debt service on the Bonds and to make deposits to the Reserve Fund.

(k) The investment agreement shall establish the following as events of default, the occurrence of any of which shall require the immediate liquidation of the investment securities, unless:

i. Failure of the provider or the guarantor (if any) to make a payment when due or to deliver Permitted Collateral of the character, at the times, or in the amounts described above;

ii. Insolvency of the provider or the guarantor (if any) under the investment agreement;

iii. Failure by the provider to remedy any deficiency with respect to required Permitted Collateral;

iv. Failure by the provider to make a payment or observe any covenant under the agreement;

v. The guaranty (if any) is terminated, repudiated, or challenged; or

vi. Any representation of warranty furnished to the Trustee or the Authority in connection with the agreement is false or misleading.

(l) The investment agreement must incorporate the following general criteria:

i. "Cure periods" for payment default shall not exceed two (2) Business Days;

ii. The agreement shall provide that the provider shall remain liable for any deficiency after application of the proceeds of the sale of any collateral, including costs and expenses incurred by the Trustee or the Series A Bond Insurer;

iii. Neither the agreement or guaranty agreement, if applicable, may be assigned (except to a provider that would otherwise be acceptable under these guidelines) or amended without the prior consent of the Series A Bond Insurer;

iv. If the investment agreement is for the Reserve Fund, reinvestments of funds shall be required to bear interest at a rate at least equal to the original contract rate;

v. The provider shall be required to immediately notify the Series A Bond Insurer and the Trustee of any event of default or any suspension, withdrawal, or downgrade of the provider's ratings;

vi. The agreement shall be unconditional and shall expressly disclaim any right of set-off or counterclaim; and

vii. The agreement shall require the provider to submit information reasonably requested by the Series A Bond Insurer, including balance invested with the provider, type and market value of collateral, and other pertinent information.

(12) Forward delivery agreements in which the securities delivered mature on or before each interest payment date (for debt service or debt service reserve funds) or draw down date (construction funds) that meet the following criteria:

(a) A specific written investment agreement governs the transaction.

(b) Acceptable providers shall be limited to (i) any registered broker/dealer subject to the SIPC jurisdiction, if such broker/dealer or bank has an uninsured, unsecured, and unguaranteed obligation rated A3/P-1 or better by Moody's and A-/A-1 or better by S&P; (ii) any commercial bank insured by the FDIC, if such bank has an uninsured, unsecured, and unguaranteed obligation rated A3/P-1 or better by Moody's and A-/A-1 or better by S&P; and (iii) domestic structured investment companies approved by the Series A Bond Insurer and rated, or domestic structured investment companies with a guarantor rated, Aaa by Moody's and AAA by S&P.

(c) The forward delivery agreement shall provide for termination or assignment (to a qualified provider hereunder) of the agreement if the provider's ratings are suspended, withdrawn, or fall below A3 or P-1 from Moody's or A- or A-1 from S&P. Within ten (10) days, the provider shall fulfill any obligations it may have with respect to shortfalls in market value. There shall be no breakage fee payable to the provider in such event.

(d) Permitted securities shall include the investments listed in clauses 1, 2, and 3 above.

(e) The forward delivery agreement shall include the following provisions:

i. The permitted securities must mature at least one (1) Business Day before a debt service payment date or scheduled draw. The maturity amount of the permitted securities must equal or exceed the amount required to be in the applicable fund on the applicable valuation date.

ii. The agreement shall include market standard termination provisions, including the right to terminate for the provider's failure to deliver qualifying securities or otherwise to perform under the agreement. There shall be no breakage fee or penalty payable to the provider in such event.

iii. Any breakage fees shall be payable only on Interest Payment Dates and shall be subordinated to the payment of debt service fund and Reserve Fund replenishments.

iv. The provider must submit at closing a bankruptcy opinion to the effect that upon any bankruptcy, insolvency, or receivership of the provider, the

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securities will not be considered to be a part of the provider's estate, and shall otherwise be acceptable to the Series A Bond Insurer.

v. The agreement may not be assigned (except to a provider that would otherwise be acceptable under these guidelines) or amended without the prior written consent of the Series A Bond Insurer.

(13) Forward delivery agreements in which the securities delivered mature after the funds may be required but provide for the right of the issuer or the Trustee to put the securities back to the provider under a put, guaranty, or other hedging arrangement, only with the prior written consent of the Series A Bond Insurer.

(14) Pre-refunded Municipal Obligations defined as follows: Any bonds or other obligations of the State of California or of any agency, instrumentality, or local governmental unit of the State of California 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 which are rated, based on an irrevocable escrow account or fund, in the highest rating category of S&P and Moody's.

(15) Shares in any money market mutual fund registered under the Investment Company Act of 1940 whose investment portfolio consists solely of direct obligations of the United States Government, provided that any such fund has been rated in the highest category by a nationally recognized rating agency and, provided further, that such mutual funds may include funds for which the Trustee or its affiliates or subsidiaries provide investment advisory or other management services.

(16) The Local Agency Investment Fund ("LAIF").

(17) Other forms of investments approved in writing by the Series A Bond Insurer with notice by the Authority to S&P.

(18) Maturity of investments shall be governed by the following:

(a) Investments of monies (other than reserve funds) shall be in securities and obligations maturing not later than the dates on which such monies will be needed to make payments.

(b) Investments shall be considered as maturing on the first date on which they are redeemable without penalty at the option of the holder or the date on which the Trustee may require their repurchase pursuant to repurchase agreements.

(c) Investments of monies in reserve funds not payable upon demand shall be restricted to maturities of five (5) years or less.