
TRUST INDENTURE

Dated as of April 1, 2012

by and among

WELLS FARGO BANK, NATIONAL ASSOCIATION,
as Trustee

and

CITY OF OXNARD FINANCING AUTHORITY

and

CITY OF OXNARD

Relating to

[\$[PRINCIPAL AMOUNT]]
CITY OF OXNARD FINANCING AUTHORITY
WATER REVENUE REFUNDING BONDS,
SERIES 2012

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TRUST INDENTURE

THIS TRUST INDENTURE, dated as of April 1, 2012 (the “**Indenture**”), is by and among the CITY OF OXNARD, a municipal corporation organized and existing under the Constitution and laws of the State of California (the “**City**”), the CITY OF OXNARD FINANCING AUTHORITY, a joint exercise of powers authority organized and existing under the laws of the State of California (the “**Authority**”), and WELLS FARGO BANK, NATIONAL ASSOCIATION, a national banking association existing under the laws of the United States of America, as trustee (the “**Trustee**”);

WITNESSETH:

WHEREAS, the Authority is a joint exercise of powers authority organized and existing pursuant to Articles 1 and 2 of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California to provide financial assistance to the City and has the authority to issue bonds pursuant to the Marks-Roos Local Bond Pooling Act of 1985 (Article 4 of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California) (the “**Act**”); and

WHEREAS, the Authority has issued, pursuant to that certain Trust Indenture, dated as of June 1, 2001 (the “**2001 Indenture**”), by and among the Authority, the City, and Wells Fargo Bank, National Association, as trustee (the “**2001 Trustee**”), \$12,410,000 in original principal amount of its Water Revenue Refunding and Project Bonds, Series 2001 (the “**2001 Bonds**”), of which \$9,725,000 in principal amount is currently outstanding; and

WHEREAS, the 2001 Bonds are secured by the installment payments to be made by the City from the Net Water System Revenues (as defined in that certain Amended and Restated Installment Purchase Agreement, dated as of June 1, 2001, by and between the City and the Authority, as amended by that certain First Amendment to Amended and Restated Installment Purchase Agreement, dated as of January 27, 2004, by and between the City and the Authority (collectively, the “**2001 Restated Installment Purchase Agreement**”) pursuant to the 2001 Restated Installment Purchase Agreement; and

WHEREAS, in order to reduce the installment payments payable by the City under the 2001 Restated Installment Purchase Agreement, the Authority proposes to refund, on a current refunding basis, the 2001 Bonds and the City and the Authority propose to enter into an Amended and Restated Installment Purchase Agreement, dated as of April 1, 2012 (the “**Installment Purchase Agreement**”), which will amend and restate in its entirety the 2001 Restated Installment Purchase Agreement; and

WHEREAS, pursuant to Article 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (Sections 53580 and following of the Government Code of the State of California) (the “**Refunding Law**”) and the Act, the Authority is authorized to issue refunding bonds to refund the 2001 Bonds and to sell such refunding bonds at public sale or on a negotiated sale basis; and

WHEREAS, the Authority proposes to issue its Water Revenue Refunding Bonds, Series 2012 (the “**Bonds**”), to refund, on a current refunding basis, the 2001 Bonds; and

WHEREAS, the Bonds will be secured by installment payments to be made by the City to the Authority or its assignee in the amounts and on the dates set forth in Exhibit B to the Installment Purchase Agreement (collectively, the “**2012 Installment Payments**”) solely from the Net Water System Revenues (as defined in the Installment Purchase Agreement) pursuant to the Installment Purchase Agreement; and

WHEREAS, for the purpose of securing the obligations of the Authority hereunder, the Authority shall assign and transfer certain of its rights under the Installment Purchase Agreement to the Trustee, pursuant to an Assignment Agreement, dated as of April 1, 2012 (the “**Assignment Agreement**”), by and between the Authority and the Trustee, and in consideration of such assignment and the execution of this Indenture, the Trustee has agreed to authenticate and register the Bonds; and

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

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

NOW, THEREFORE, THIS INDENTURE WITNESSETH, that in order to secure the payment of the principal of, premium, if any, and interest on all Bonds at any time issued and Outstanding under this Indenture, according to their tenor, and to secure the performance and observance of all the covenants and conditions therein and herein set forth, and to declare the terms and conditions upon and subject to which the Bonds are to be issued and received, and in consideration of the premises and of the mutual covenants herein contained and of the purchase and acceptance of the Bonds by the owners thereof, and for other valuable consideration, the receipt whereof is hereby acknowledged, each of City and 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; RULES OF CONSTRUCTION;
CONTENTS OF BONDS AND OPINIONS

Section 1.1 Definitions. Unless the context otherwise requires, the terms defined in this Section shall for all purposes hereof and of any amendment hereof or supplement hereto and of any report or other document mentioned herein or therein have the meanings defined herein, the following definitions to be equally applicable to both the singular and plural forms of any of the terms defined herein. All capitalized terms used herein and not defined herein shall have the meanings ascribed thereto in the Installment Purchase Agreement:

“**Act**” means the Marks-Roos Local Bond Pooling Act of 1985 (Article 4 of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California).

“**Additional Funding Instrument**” is defined in Section 5.5(b)(i) herein.

“**Annual Debt Service**” means, for any Bond Year, the sum of (1) the interest payable on all Outstanding Bonds in such Bond Year, assuming that all Outstanding serial Bonds are retired as scheduled and that all Outstanding term Bonds, if any, are redeemed or paid from sinking fund payments as scheduled (except to the extent that such interest is to be paid from the proceeds of the sale of any Bonds), and (2) the principal amount of all Outstanding Bonds maturing by their terms in such Bond Year.

“**Assignment Agreement**” means that certain Assignment Agreement, by and between the Authority and the Trustee, dated as of April 1, 2012, by and between the Authority and the Trustee, as originally executed or as it may from time to time be amended or supplemented in accordance with its terms.

“**Authorized Denominations**” means \$5,000 and any integral multiple thereof.

“**Average Annual Debt Service**” means the amount determined by dividing the sum of all Annual Debt Service due in each of the Bond Years following the date of such calculation by the number of such Bond Years.

“**Beneficial Owner**” means with respect to any Book-Entry Bond, as provided in Section 2.11 hereof, the person who is the beneficial owner of such Bond, according to the records of the Depository or its agent, and with respect to any Bond not in book-entry form, the Owner thereof.

“**Bond Counsel**” means (a) Goodwin Procter LLP, Los Angeles, California, or (b) any other attorney or firm of attorneys appointed by or acceptable to the Authority, of nationally-recognized experience in the issuance of obligations the interest on which is excludable from gross income for federal income tax purposes under the Code.

“**Bond Register**” means registration books referred to in Section 2.8 hereof.

“**Bonds**” means the Authority’s Water Revenue Refunding Bonds, Series 2012, issued and delivered in the aggregate principal amount of \$[PRINCIPAL AMOUNT] pursuant to this Indenture.

“**Bond Year**” means any twelve-month period beginning on June 2 in any year and extending to the next succeeding June 1, both dates inclusive, except that the first Bond Year shall begin on the Delivery Date and end on June 1, 2012.

“**Book-Entry Bonds**” means the Bonds registered in the name of the nominee of DTC, or any successor securities depository for the Bonds, as the registered owner thereof pursuant to the terms and provisions of Section 2.11 hereof.

“**Business Day**” means any day other than (1) a Saturday, a Sunday, or a day on which banking institutions in the State are authorized or obligated by law or executive order to be

closed, (2) a day on which the New York Stock Exchange is authorized or obligated by law or executive order to be closed, or (3) a day on which commercial banks are authorized or obligated by law or executive order to be closed in the city in which the Designated Corporate Trust Office of the Trustee or the principal office of the Insurer is located.

“Code” means the Internal Revenue Code of 1986, as amended.

“Continuing Disclosure Agreement” means that certain Continuing Disclosure Agreement, dated the date of issuance and delivery of the Bonds, by and between the Authority and the Trustee, as dissemination agent, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

“Costs of Issuance” means all items of expense directly or indirectly payable by or reimbursable to the Authority or City and related to the authorization, execution, and delivery of the Installment Purchase Agreement, this Indenture, and the related sale of the Bonds, including, but not limited to, fees of the provider of a Reserve Fund Surety Bond, costs of preparation and reproduction of documents, costs of rating agencies and costs to provide information required by rating agencies, municipal bond insurance, filing fees, initial fees and charges of the Trustee, fees and charges of the Authority, legal fees and charges, fees and expenses of consultants and professionals, fees and expenses of the financial advisor, fees and charges for preparation, execution, and safekeeping of the Bonds and any other charge, cost, or fee in connection with the original sale, execution, and delivery of the Bonds.

“Costs of Issuance Fund” means the fund by that name established pursuant to Section 3.4 herein.

“Delivery Date” means April __, 2012, the date of issuance of the Bonds.

“Depository” means DTC and its successors and assigns or, if (a) the then Depository resigns from its functions as securities depository of the Bonds, or (b) the Authority discontinues use of the Depository pursuant to Section 2.11 hereof, any other securities depository that agrees to follow procedures required to be followed by a securities depository in connection with the Bonds and that is selected by the Authority with the consent of the Trustee.

“Designated Corporate Trust Office” means the corporate trust office of the Trustee at 707 Wilshire Boulevard, 17th Floor, Los Angeles, California 90017, except that with respect to presentation of Bonds for payment or for registration of transfer and exchange such term shall mean the office or agency of the Trustee at which, at any particular time, its corporate trust business shall be conducted.

“DTC” means The Depository Trust Company, New York, New York, a limited purpose trust company organized under the laws of the State of New York in its capacity as securities depository for the Bonds, and its successors and assigns.

“Escrow Agent” means Wells Fargo Bank, National Association, and its successors and assigns.

“Escrow Agreement” means the Escrow Agreement, dated as of April 1, 2012, by and between the Authority and the Escrow Agent.

“Escrow Fund” means the fund of that name established under the Escrow Agreement.

“Indenture” means this Trust Indenture, as originally executed or as it may from time to time be amended as provided for herein.

“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, to such other services providing information with respect to called bonds, or to such services, as the Authority may indicate in a Written Request of the Authority delivered to the Trustee.

“Installment Purchase Agreement” means the Amended and Restated Installment Purchase Agreement, dated as of April 1, 2012, by and between the City and the Authority, as originally executed or as it may from time to time be amended in accordance with its terms.

[CONFIRM GLOBALLY:] [**“Insurance Policy”** shall mean the municipal bond insurance policy issued by the Insurer insuring the payment when due of the principal of and interest with respect to the Bonds.]

[CONFIRM GLOBALLY:] [**“Insurer”** shall mean _____, a stock insurance company incorporated under the laws of the State of _____, or any successor thereto.]

“Interest Payment Date” means June 1 and December 1 in each year commencing on June 1, 2012, and any date on which the unpaid 2012 Installment Payments are declared to be due and payable immediately and provided such declaration is not rescinded or annulled, all in accordance with Section 8.1 of the Installment Purchase Agreement.

“Letter of Representations” means the letter of the Authority delivered to and accepted by DTC on or prior to delivery of the Book-Entry Bonds setting forth the basis on which DTC serves as depository for such Book-Entry Bonds, as originally executed or as it may be supplemented or revised or replaced by a letter from the Authority delivered to and accepted by DTC.

“Maximum Annual Debt Service” means at any point in time, with respect to the Bonds then Outstanding, the greatest amount of Annual Debt Service on the Bonds in the then current or any succeeding Bond Year prior to the maturity of the Bonds.

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

“Nominee” means, initially, Cede & Co., as nominee of the Depository, as determined from time to time pursuant hereto.

“Original Purchaser” means Stifel, Nicolaus & Company, Incorporated, dba Stone & Youngberg, a Division of Stifel Nicolaus.

“Outstanding,” when used as of any particular time with respect to any Bond, means (subject to the provisions of Section 12.4 hereof) any Bond issued under this Indenture except:

(a) any Bond previously cancelled by the Trustee or surrendered to the Trustee for cancellation;

(b) any Bond which has been paid or is deemed to have been paid within the meaning of Section 10.1 hereof; and

(c) any Bond in lieu of or in exchange or in substitution for which another Bond or other Bonds shall have been executed and delivered by the Trustee pursuant to this Indenture.

Notwithstanding anything herein to the contrary, in the event that the principal and/or interest due with respect to the Bonds shall be paid by the Insurer pursuant to the Insurance Policy, the Bonds shall remain Outstanding for all purposes, not be defeased or otherwise satisfied, and not be considered paid by the Authority.

“Owner” means any person who shall be the registered owner of any Outstanding Bond, as indicated in the Bond Register.

“Participants” means those broker-dealers, banks, and other financial institutions from time to time for which DTC holds Book-Entry Bonds as securities depository.

“Participating Underwriter” has the meaning ascribed thereto in the Continuing Disclosure Agreement.

“Payment Fund” means the fund by that name established in Section 5.2 hereof.

“Permitted Investments” means, if and to the extent permitted by law:

1. for all purposes including defeasance investments in refunding escrow accounts (the Trustee is entitled to rely upon investment direction of the City as a certification that such investment is a Permitted Investment):

(i) cash (insured at all times by the Federal Deposit Insurance Corporation or otherwise collateralized with obligations described in paragraph (2) below); or

(ii) direct 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;

2. For all purposes other than defeasance investments in refunding escrow accounts:

(a) obligations of any of the following federal agencies which obligations represent the full faith and credit of the United States of America, including: Export-Import Bank, Farm Credit System Financial Assistance Corporation, Rural Economic Community Development Administration (formerly the Farmers Home Administration), General Services Administration, U.S. Maritime Administration, Small Business Administration, Government National Mortgage Association (GNMA), U.S. Department of Housing & Urban Development (PHA's), Federal Housing Administration and Federal Financing Bank;

(b) direct obligations of any of the following federal agencies which obligations are not fully guaranteed by the full faith and credit of the United States of America: senior debt obligations rated "Aaa" by Moody's or "AAA" by S&P issued by the Federal National Mortgage Association (FNMA) or Federal Home Loan Mortgage Corporation (FHLMC), senior debt obligations of the Federal Home Loan Bank System and senior debt obligations of other government sponsored agencies approved by the Insurer;

(c) U.S. dollar denominated deposit accounts, federal funds and bankers' acceptances with domestic commercial banks (including those of the Trustee and its affiliates) which have rating on their short term certificates of deposit on the date of purchase of "A-1" or "A-1+" by S&P and "P-1" by Moody's and maturing no more than 360 days after the date of purchase (ratings on holding companies are not considered as the rating of the bank);

(d) commercial paper which is rated at the time of purchase in the single highest classification, "A-1+" by S&P and "P-1" by Moody's and which matures not more than 270 days after the date of purchase;

(e) investments in a money market fund rated "AAAm" or "AAAm-G" or better by S&P, including funds for which the Trustee or its affiliates provide investment advisory or other management services;

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

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

(ii) (1) which are fully secured as to principal and interest and redemption premium, if any, by an escrow consisting only of cash or obligations described in paragraph (b) above, which escrow may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates

pursuant to such irrevocable instructions, as appropriate, and (2) which escrow is sufficient, as verified by a nationally recognized independent certified public accountant, to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this paragraph on the maturity date or dates specified in the irrevocable instructions referred to above, as appropriate;

(g) any investment agreement rated “AA” or better by S&P or “Aa1” or better by Moody’s;

(h) a pooled investment fund managed by the State of California Treasurer’s office meeting all legal guidelines and requirements for the investment of California public agency funds, provided, as to any investment made by the Trustee, the Trustee shall be entitled to make investments and withdrawals directly in its own name as the Trustee; and

(i) other forms of investments (including repurchase agreements) approved in writing by the Insurer with notice to S&P.

“**Project**” means the Project described in Exhibit A to the Installment Purchase Agreement.

“**Rebate Fund**” means the fund by that name established in Section 5.7 hereof.

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

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

“**Refunding Law**” means Article 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (Sections 53580 and following of the Government Code of the State of California).

“**Reserve Fund**” means the fund by that name established in Section 5.5 hereof.

“**Reserve Fund Surety Bond**” means any instrument issued in accordance with Section 5.2(b) of the Installment Purchase Agreement in partial or complete satisfaction of the Reserve Requirement or similar reserve requirements for City Bonds or Contracts.

“**Reserve Requirement**” means, as of any date of calculation, an amount equal to the least of (i) ten percent (10%) of the aggregate principal amount of the Bonds originally issued, (ii) Maximum Annual Debt Service on the Bonds, or (iii) one hundred twenty-five percent (125%) of the Average Annual Debt Service on the Bonds. As of the Delivery Date, the Reserve Requirement is \$_____.

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

“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 securities depositories,, or no such depositories, as the Commission may indicate in a Written Request of the Authority delivered to the Trustee.

“State” means the State of California.

“Statement of the Authority” means a statement signed by or on behalf of the Authority by its Chairman, Vice Chairman, or Controller, or by any other person (whether or not a member of the governing board of the Authority) who is specifically authorized by resolution of the Authority to sign or execute such a document on its behalf. If and to the extent required by the provisions of Section 1.3 hereof, each Statement of the Authority shall include the statements provided for in Section 1.3 hereof.

“Statement of the City” means a statement signed by or on behalf of the City by the Mayor, the City Manager, or the Chief Financial Officer, or by any other person (whether or not a member of the City Council of the City) who is specifically authorized by resolution of the City to sign or execute such a document on its behalf. If and to the extent required by the provisions of Section 1.3 hereof, each Statement of the City shall include the statements provided for in Section 1.3 hereof.

“Tax Certificate” means the Tax Certificate delivered by the Authority and the City on the Delivery Date, as the same may be amended or supplemented in accordance with its terms.

“Trustee” means Wells Fargo Bank, National Association, a national banking association, duly organized and existing under and by virtue of the laws of the United States of America, having a corporate trust office in Los Angeles, California, or its successor as the Trustee hereunder.

“2001 Bonds” means the City of Oxnard Financing Authority Water Revenue Refunding and Project Bonds, Series 2001, issued pursuant to the 2001 Trust Indenture.

“2001 Acquisition Fund” has the meaning give to such term in Section 3.2(b) hereof.

“2001 Payment Fund” has the meaning give to such term in Section 3.2(b) hereof.

“2001 Rebate Fund” has the meaning give to such term in Section 3.2(b) hereof.

“2001 Reserve Fund” has the meaning give to such term in Section 3.2(b) hereof.

“2001 Restated Installment Purchase Agreement” means the Amended and Restated Installment Purchase Agreement, dated as of June 1, 2001, by and between the City and the Authority, as amended by the First Amendment to Amended and Restated Installment Purchase Agreement, dated as of January 27, 2004, by and between the City and the Authority.

“2001 Trustee” means Wells Fargo Bank, National Association, as trustee under the 2001 Trust Indenture.

“2001 Trust Indenture” means the Trust Indenture, dated as of June 1, 2001, by and among the Authority, the City, and the 2001 Trustee.

“2012 Installment Payments” means the 2012 Installment Payments payable by the City pursuant to the Installment Purchase Agreement and in the amounts and at the times set forth in the Installment Purchase Agreement.

“2012 Installment Payment Date” means the date on which 2012 Installment Payments are scheduled to be paid by the City pursuant to the Installment Purchase Agreement.

“Verification Report” has the meaning given to such term in Section 10.4 hereof.

“Written Consent of the Authority,” “Written Order of the Authority,” “Written Request of the Authority,” and **“Written Requisition of the Authority”** mean, respectively, a written consent, order, request, or requisition signed by or on behalf of the Authority by its Chairman, Vice Chairman, or Controller, or any other person (whether or not a member of the governing board of the Authority) who is specifically authorized by resolution of the Authority to sign or execute such a document on its behalf.

“Written Consent of the City,” “Written Order of the City,” “Written Request of the City,” and **“Written Requisition of the City”** mean, respectively, a written consent, order, request, or requisition signed by or on behalf of the City by the Mayor, the City Manager, the Chief Financial Officer, or the Treasurer, or by any person (whether or not a member of the City Council of the City) who is specifically authorized by resolution of the City to sign or execute such a document on its behalf.

Section 1.2 Rules of Construction. Words of any gender shall be deemed and construed to include all genders, and words importing persons shall include corporations and associations, including public bodies, as well as natural persons. Unless the context otherwise indicates, words importing the singular number shall include the plural number and vice versa.

Section 1.3 Content of Statements and Opinions. Every statement or opinion with respect to compliance with a condition or covenant provided for in this Indenture made or given by an officer of the Authority may be based, insofar as it relates to legal or accounting matters, upon a statement or opinion of or representations by counsel or accountants, unless such officer knows, or in the exercise of reasonable care should have known, that the statement or opinion or representations with respect to the matters upon which his statement or opinion may be based, as aforesaid, are erroneous. Any such statement or opinion made or given by counsel or accountants may be based, insofar as it relates to factual matters, upon information with respect to which is in the possession of the Authority, or upon the statement or opinion of or representations by an officer or officers of the Authority, unless such counsel, accountant, or consultant knows, or in the exercise of reasonable care should have known, that the statement or opinion or representations with respect to the matters upon which his opinion may be based as aforesaid are erroneous.

ARTICLE II
BONDS; TERMS AND PROVISIONS

Section 2.1 Preparation of Bonds. The Trustee is hereby authorized to authenticate and deliver Bonds to be denominated “Water Revenue Refunding Bonds, Series 2012,” in an aggregate principal amount of _____ million _____ thousand and 00/100 dollars (\$[PRINCIPAL AMOUNT]) secured by the 2012 Installment Payments to be paid by the City under the Installment Purchase Agreement.

Section 2.2 Denominations; Medium and Place of Payment; Dating. The Bonds shall be delivered in the form of fully-registered Bonds in the denomination of \$5,000 each or any integral multiple thereof, provided that no Bond shall have principal represented thereby maturing in more than one year. The Bonds shall be payable in lawful money of the United States of America.

The principal and Redemption Price with respect to all Bonds shall be payable upon presentation and surrender thereof at the Designated Corporate Trust Office of the Trustee. Interest with respect to Bonds shall be payable by check of the Trustee mailed by first-class mail on the Interest Payment Dates of such Bonds to the respective Owners of record thereof as of the close of business on the Record Date at the addresses shown on the books required to be kept pursuant to Section 2.8 hereof except that an Owner of \$1,000,000 or more in aggregate principal amount of Outstanding Bonds may, upon written request to the Trustee prior to the applicable Record Date, be paid such interest by wire transfer in immediately available funds to an account designated by such Owner, except in each case, that, if and to the extent that there shall be a default in the payment of the interest due on such Interest Payment Date, such defaulted interest shall be paid to the Owners in whose names any such Bonds are registered at the close of business on a special record date as determined by the Trustee.

The Bonds shall be dated the Delivery Date. Interest with respect to Bonds shall be payable from the Interest Payment Date preceding their date of execution, unless such date shall be after a Record Date and on or before the succeeding Interest Payment Date, in which case interest shall be payable from such Interest Payment Date or unless such date shall be on or before the first Record Date, in which case interest shall be payable from the Delivery Date; provided, however, that if, as shown by the records of the Trustee, interest represented by the Bonds shall be in default, Bonds executed in exchange for Bonds surrendered for transfer or exchange shall represent interest from the last date to which interest has been paid in full or duly provided for with respect to the Bonds, or, if no interest has been paid or duly provided for with respect to the Bonds, from the Delivery Date.

Section 2.3 Payment of Principal and Interest with Respect to Bonds.

(a) The Bonds in the aggregate principal amount of \$[PRINCIPAL AMOUNT] shall become payable on June 1 in the years and in the amounts and with interest thereon as provided in subsection (b) below at the rates (based on a 360-day year comprised of twelve 30-day months), as follows:

Maturity Date (June 1)	Principal Amount	Interest Rate
20__	\$ _____	__%

(b) Interest with respect to the Bonds shall be payable on each Interest Payment Date continuing to and including the date of maturity or prior redemption, whichever is earlier.

Section 2.4 Form of Bonds. The Bonds and the form of assignment to appear thereon shall be in substantially the form set forth in Exhibit A hereto with necessary or appropriate variations, omissions, and insertions as permitted or required by this Indenture.

Section 2.5 Execution. The Bonds shall be executed by and in the name of the Authority by the manual or facsimile signature of its Chairman, attested by the manual or facsimile signature of its Secretary. The Bonds may carry a seal, and such seal may be in the form of a facsimile of the Authority's seal and may be reproduced, imprinted, or impressed on the Bonds. 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 form set forth in Exhibit A 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. The Bonds shall be authenticated by and in the name of the Trustee by the manual signature of any authorized signatory of the Trustee. The Trustee shall insert the date of execution of each Bond in the place provided thereon.

Section 2.6 Transfer of Bonds. Any Bond may, in accordance with its terms, be transferred, upon the books required to be kept pursuant to the provisions of Section 2.8 hereof, by the person in whose name it is registered, in person or by such person's duly authorized attorney, upon surrender of such Bond for cancellation at the Designated Corporate Trust Office of the Trustee, accompanied by delivery of a duly executed written instrument of transfer in a form acceptable to the Trustee.

Whenever any Bond or Bonds shall be surrendered for transfer, the Trustee shall execute and deliver a new Bond or Bonds of the same maturity, for a like aggregate principal amount and of authorized denomination or denominations. The Trustee may require the payment by any Owner requesting any such transfer of any tax or other governmental charge required to be paid with respect to such transfer. The cost of printing Bonds and any services rendered or expenses incurred by the Trustee in connection with any transfer shall be paid by the Authority. Following any transfer of Bonds the Trustee shall cancel and destroy the Bonds it has received in accordance with its retention policy then in effect.

Section 2.7 Exchange of Bonds. Bonds may be exchanged at the Designated Corporate Trust Office of the Trustee for a like aggregate principal amount of Bonds of other Authorized Denominations of the same maturity. The Trustee may require the payment by the Owner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange. The cost of printing Bonds and any services rendered or expense incurred by the Trustee in connection with any exchange shall be paid by the Authority. Following any exchange of Bonds the Trustee shall cancel and destroy the Bonds it has received in accordance with its retention policy then in effect.

The Trustee shall not be required to register the exchange, or transfer pursuant to Section 2.6 hereof, of any Bond (i) within 15 days preceding selection of Bonds for redemption or (ii) selected for redemption.

Section 2.8 Bond Registration Books. The Trustee will keep or cause to be kept, at its Designated Corporate Trust Office, sufficient books for the registration and transfer of the Bonds, which shall upon reasonable prior notice and at all reasonable times be open to inspection by the Authority or the City; and, upon presentation for such purpose, the Trustee shall, under such reasonable regulations as it may prescribe, register, or transfer or cause to be registered or transferred, on said books, Bonds as hereinbefore provided.

The person in whose name any Bond shall be registered shall be deemed the Owner thereof for all purposes hereof, and payment of or on account of the interest with respect to and

principal of and Redemption Price represented by such Bond shall be made only to or upon the order in writing of such Owner, which payments shall be valid and effectual to satisfy and discharge liability upon such Bond to the extent of the sum or sums so paid.

Section 2.9 Temporary Bonds. The Bonds may be initially executed and delivered in temporary form exchangeable for definitive Bonds when ready for delivery. The temporary Bonds may be printed, lithographed, or typewritten, shall be of such denominations as may be determined by the Trustee, shall be in registered form, 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 Trustee upon the same conditions and in substantially the same manner as the definitive Bonds. If the Trustee executes and delivers temporary Bonds it will execute and furnish definitive Bonds without delay, and thereupon the temporary Bonds may be surrendered, for cancellation, in exchange therefor at the Designated Corporate Trust Office of the Trustee, and the Trustee shall deliver in exchange for such temporary Bonds an equal aggregate principal amount of definitive Bonds of the same maturity or maturities. Until so exchanged, the temporary Bonds shall be entitled to the same benefits under this Indenture as definitive Bonds executed and delivered hereunder.

Section 2.10 Bonds Mutilated, Lost, Destroyed, or Stolen. If any Bond shall become mutilated, the Trustee shall execute and deliver a new Bond of like tenor, maturity, and principal amount in exchange and substitution for the Bond so mutilated, but only upon surrender to the Trustee of the Bond so mutilated.

Every mutilated Bond so surrendered to the Trustee shall be cancelled by it and destroyed in accordance with its retention policy then in effect. If any Bond shall be lost, destroyed, or stolen, evidence of such loss, destruction, or theft may be submitted to the Trustee, and, if such evidence is satisfactory to the Trustee and indemnity satisfactory to the Trustee shall be given indemnifying the Trustee, the Authority, and the City, the Trustee, at the expense of the Owner, shall execute and deliver a new Bond of like tenor and maturity, and numbered as the Trustee shall determine, in lieu of and in substitution for the Bond so lost, destroyed, or stolen. The Trustee may require payment of a sum not exceeding the actual cost of preparing each new Bond executed under this Section and of the expenses that may be incurred by the Trustee under this Section. Any Bond executed under the provisions of this Section in lieu of any Bond alleged to be lost, destroyed, or stolen shall be equally and proportionately entitled to the benefits of this Indenture with all other Bonds secured by this Indenture. The Trustee shall not be required to treat both the original Bond and any replacement Bond as being outstanding for the purpose of determining the principal amount of Bonds, which may be executed hereunder or for the purpose of determining any percentage of Bonds Outstanding hereunder, but both the original and replacement Bond shall be treated as one and the same. Notwithstanding any other provision of this Section, in lieu of delivering a new Bond for a Bond that has been mutilated, lost, destroyed, or stolen and that has matured, the Trustee may make payment of such Bond upon receipt of indemnity satisfactory to the Trustee.

Section 2.11 Book-Entry System.

(a) Bonds of each maturity shall be initially issued and delivered in the Book-Entry Bond form of a separate single fully-registered Bond (which may be typewritten). Upon

initial issuance and delivery, the ownership of each such Book-Entry Bond shall be registered in the Bond Register in the name of the Nominee of the Depository. Except as provided in subsection (c) below, all of the Outstanding Bonds shall be registered in the Bond Register kept by the Trustee in the name of the Nominee and the Bonds may be transferred, in whole but not in part, only to the Depository, to a successor Depository or to another nominee of the Depository or of a successor Depository.

With respect to Bonds registered in the Bond Register in the name of the Nominee, the Authority, the City, and the Trustee shall have no responsibility or obligation to any Participant or to any person on behalf of which such a Participant holds a beneficial interest in the Bonds. Without limiting the immediately preceding sentence, the Authority, the City, and the Trustee shall have no responsibility or obligation with respect to (i) the accuracy of the records of the Depository, the Nominee, or any Participant with respect to any beneficial ownership interest in the Bonds, (ii) the delivery to any Participant, Beneficial Owner, or any other person, other than the Depository, of any notice with respect to the Bonds, including any redemption notice, (iii) the selection by the Depository and the Participants of the beneficial interest in the Bonds to be redeemed in part, or (iv) the payment to any Participant, Beneficial Owner, or any other person, other than the Depository, of any amount with respect to principal of, premium, if any, or interest on the Bonds. The Authority, the City, and the Trustee may treat and consider the person in whose name each Bond is registered in the Bond Register as the holder and absolute Owner of such Bond for the purpose of payment of principal of, premium, if any, and interest on such Bond, for the purpose of giving redemption notices and other notices with respect to such Bond, and for all other purposes whatsoever, including, without limitation, registering transfers with respect to the Bonds.

The Trustee shall pay all principal of, premium, if any, and interest on the Bonds only to or upon the order of the respective Owners, as shown in the Bond Register kept by the Trustee, or their respective attorneys duly authorized in writing, and all such payments shall be valid hereunder with respect to payment of principal of, premium, if any, and interest pursuant to this Indenture. Upon delivery by the Depository to the Trustee, the Authority, and the City 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 new nominee of the Depository.

(b) In order to qualify the Bonds for the Depository's book-entry system, the Authority is hereby authorized to execute, countersign, and deliver to such Depository the Letter of Representations. The execution and delivery of the Letter of Representations shall not in any way limit the provisions of subsection (a) above or in any other way impose upon the Authority any obligation whatsoever with respect to persons having beneficial interests in the Bonds other than the Owners, as shown in the Bond Register kept by the Trustee. In addition to the execution and delivery of the Letter of Representations, the Authority Representative and all other officers of the Authority, and their respective designees, each are hereby authorized to take any other actions, not inconsistent with this Indenture, to qualify the Bonds for the Depository's book-entry program.

(c) If at any time the Depository notifies the Authority, the Trustee, and the City that it is unwilling or unable to continue as Depository with respect to the Bonds or if at any time

the Depository shall no longer be registered or in good standing under the Securities Exchange Act of 1934, as amended, or other applicable statute or regulation and a successor Depository is not appointed by the Authority, at the direction of the City, within ninety (90) days after the Authority receives notice or becomes aware of such condition, as the case may be, subsection (a) above shall no longer be applicable and the Authority shall execute and the Trustee shall authenticate and deliver the Bonds as provided below. In addition, the Authority, upon receipt of written directions from the City, may determine at any time that the Bonds shall no longer be represented by Book-Entry Bonds and that the provisions of subsection (a) above shall no longer apply to the Bonds. In any such event, the Authority shall execute and the Trustee shall authenticate and deliver the Bonds as provided below. Bonds authenticated and delivered in exchange for Book-Entry Bonds pursuant to this subsection (c) shall be registered in such names and delivered in such Authorized Denominations as the Depository, pursuant to instructions from the Participants or otherwise, shall instruct the Authority and the Trustee. The Trustee shall deliver such Bonds to the persons in whose names such Bonds are so registered.

If the Authority determines to replace the Depository with another qualified securities depository, the Authority shall prepare or cause to be prepared a new fully-registered Book-Entry Bond for each maturity of the Bonds, registered in the name of such successor or substitute securities depository or its nominee, or make such other arrangements as are acceptable to the Authority, the Trustee, and such securities depository and not inconsistent with the terms of this Indenture.

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

(e) The initial Depository under this Indenture shall be DTC. The initial Nominee shall be Cede & Co., as nominee of DTC.

ARTICLE III DELIVERY OF BONDS; APPLICATION OF BOND PROCEEDS AND OTHER MONEYS; COSTS OF ISSUANCE FUND

Section 3.1 Delivery of Bonds. The Trustee is hereby authorized to authenticate and deliver Bonds to the Original Purchaser in an aggregate principal amount of \$[PRINCIPAL AMOUNT] upon the Written Order of the Authority.

Section 3.2 Application of Proceeds of Bonds and Other Moneys. Upon the receipt of payment for the Bonds when the same shall be sold to the original purchaser or purchasers thereof, the amount of \$_____ (representing \$[PRINCIPAL AMOUNT].00 of aggregate principal amount of the Bonds, [less/plus] \$_____ of net original issue [discount/premium], less \$_____ of underwriter's discount, [CONFIRM:] [less \$_____ transferred by the underwriter to the Insurer to pay the Insurance Policy premium,] and [CONFIRM:] [less \$_____ transferred by the underwriter to the Insurer to pay the Reserve Fund Surety Bond premium]), shall be applied as follows:

(i) The Trustee shall deposit \$_____ of the proceeds of the Bonds into the Costs of Issuance Fund;

(ii) The Trustee shall deposit \$_____ of the proceeds of the Bonds into the Reserve Fund; and

(iii) The Trustee shall transfer \$_____ of the proceeds of the Bonds to the Escrow Agent for deposit into the Escrow Fund.

(b) Pursuant to the 2001 Indenture, the 2001 Trustee established, maintained, and held the following funds: (i) the “Acquisition Fund” (the “**2001 Acquisition Fund**”), (ii) the “Payment Fund” (the “**2001 Payment Fund**”), (iii) the “Reserve Fund” (the “**2001 Reserve Fund**”), and (iv) the “Rebate Fund” (the “**2001 Rebate Fund**”). On the Delivery Date, the Authority shall direct the 2001 Trustee to apply all amounts held by the 2001 Trustee under the 2001 Indenture as follows:

(i) No amounts are held by the 2001 Trustee in the 2001 Acquisition Fund;

(ii) [**CONFIRM:**] The 2001 Trustee shall transfer all amounts held in the 2001 Payment Fund to the Escrow Agent for deposit into the Escrow Fund;

(iii) The 2001 Trustee shall transfer all amounts held in the 2001 Reserve Fund to the Escrow Agent for deposit into the Escrow Fund; and

(iv) The 2001 Trustee shall apply all amounts, if any, held in the 2001 Rebate Fund in accordance with the 2001 Indenture.

Section 3.3 [RESERVED].

Section 3.4 Establishment and Application of Costs of Issuance Fund.

(a) There is hereby established with the Trustee a special trust fund to be designated as the “**Costs of Issuance Fund**,” to the credit of which a deposit shall be made as required by Section 3.2(c) hereof. Moneys in the Costs of Issuance Fund shall be held in trust by the Trustee and shall be disbursed as provided in subsection (b) of this Section for the payment or reimbursement of Costs of Issuance.

(b) Amounts in the Costs of Issuance Fund shall be disbursed from time to time to pay Costs of Issuance, as set forth in a Written Requisition of the Authority in the form set forth in Exhibit B attached hereto. The Trustee shall pay all Costs of Issuance after receipt of an invoice from any such payee who requests payment in an amount that is less than or equal to the amount set forth with respect to such payee pursuant to a Written Requisition of the Authority requesting payment of Costs of Issuance. The Trustee shall maintain the Costs of Issuance Fund for a period of 180 days from the Delivery Date of the Bonds and then shall transfer any moneys remaining therein, including any investment earnings thereon, to the Payment Fund.

(c) Moneys in the Costs of Issuance Fund shall be invested and deposited in accordance with Section 5.3 hereof. Interest earnings and profits resulting from said investment

shall be retained by the Trustee in the Costs of Issuance Fund to be used for the purposes of such fund.

**ARTICLE IV
REDEMPTION OF BONDS**

Section 4.1 Terms of Redemption.

(a) The Bonds maturing on or before June 1, 20__, are not subject to optional redemption. The Bonds maturing on or after June 1, 20__, are subject to redemption, as a whole or in part, on any date on or after June 1, 20__, in the order of maturity as directed by the City and randomly by lot within each maturity, in integral multiples of \$5,000, from amounts prepaid by the City pursuant to the Installment Purchase Agreement or any other source of funds at a Redemption Price equal to the principal amount thereof together with accrued interest to the date fixed for redemption, without premium.

(b) (i) The Bonds maturing on June 1, 20__, are subject to mandatory redemption in part on June 1 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 (June 1)	Amount
20__	\$____,000
20__	____,000
20__	____,000
20__	____,000
20__ (maturity)	____,000

(ii) The Bonds maturing on June 1, 20__, are subject to mandatory redemption in part on June 1 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 (June 1)	Amount
20__	\$____,000
20__	____,000
20__	____,000
20__	____,000
20__ (maturity)	____,000

(c) In the event of any optional redemption of Bonds maturing on June 1, 20__, or Bonds maturing on June 1, 20__, pursuant to subsection (a) above, the schedule of mandatory sinking fund installments in subsection (b)(i) or (b)(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 City shall provide the Trustee with the amended sinking fund payments schedule calculated as set forth above.

Section 4.2 Selection of Bonds for Redemption. Whenever less than all of the Bonds are called for redemption, the Trustee shall select the Bonds or portions thereof to be redeemed from the Outstanding Bonds in accordance with Section 4.1 hereof. The Trustee shall promptly notify the Authority and the City in writing of the numbers of the Bonds or portions thereof so selected for redemption.

Section 4.3 Notice of Redemption. Notice of redemption shall be mailed, first-class postage prepaid, to the respective Owners of any Bonds designated for redemption at their addresses appearing on the Bond Register and to the Information Services and by registered or certified or overnight mail to the Securities Depositories at least thirty (30) days but not more than sixty (60) days prior to the redemption date.

Each notice of redemption shall state the date of notice, the redemption date, the place or places of redemption and the Redemption Price, shall designate the maturities, CUSIP numbers, if any, and, if less than all of any such maturity is to be redeemed, the serial numbers of the Bonds of such maturity to be redeemed by giving the individual number of each Bond or by stating that all Bonds between two stated numbers, both inclusive, have been called for redemption and, in the case of Bonds to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed. Such notice of redemption shall further state that on the specified date there shall become due and payable upon each Bond or portion thereof being redeemed the Redemption Price and that from and after such date interest evidenced thereby shall cease to accrue and be payable. With respect to any notice of redemption of Bonds pursuant to Section 4.1(a) hereof, unless at the time such notice is given the Bonds to be redeemed shall be deemed to have been paid within the meaning of Section 10.1 hereof, such notice shall state that such redemption is conditional upon receipt by the Trustee, on or prior to the date fixed for such redemption, of moneys sufficient to pay for the Redemption Price of the Bonds to be redeemed, and that if such moneys shall not have been so received, said notice shall be of no force and effect and the Authority shall not be required to redeem such Bonds. In the event a notice of redemption of Bonds contains such a condition and such moneys are not so received, the redemption of Bonds as described in the conditional notice of redemption shall not be made and the Trustee shall, within a reasonable time after the date on which such redemption was to occur, give notice to the persons and in the manner in which the notice of redemption was given, that such moneys were not so received and that there shall be no redemption of Bonds pursuant to such notice of redemption. Neither failure to receive notice nor any defect in the notice or the mailing will affect the validity of the redemption of any Bond.

Notice of redemption of Bonds shall be given by the Trustee.

Section 4.4 Partial Redemption of Bond. Upon surrender of any Bond that is not in book-entry form and that is being redeemed in part only, the Trustee shall execute and deliver to the Owner thereof, at the expense of the Authority, a new Bond or Bonds of Authorized Denominations equal in aggregate principal amount to the unredeemed portion of the Bond surrendered and of the same interest rate and maturity.

Section 4.5 Effect of Redemption. When notice of redemption has been duly given as aforesaid, and moneys for payment of the Redemption Price of, together with interest accrued to the redemption date with respect to, the Bonds (or portions thereof) so called for redemption are held by the Trustee, the Bonds (or portions thereof) so called for redemption shall, on the redemption date designated in such notice, become due and payable at the Redemption Price specified in such notice and interest accrued thereon to the redemption date, and from and after the redemption date interest represented by the Bonds so called for redemption shall cease to accrue, said Bonds (or portions thereof) shall cease to be entitled to any benefit or security under this Indenture, and the Owners of said Bonds shall have no rights in respect thereof except to receive payment of said Redemption Price and accrued interest.

All Bonds redeemed pursuant to the provisions of this Article shall be cancelled upon surrender thereof and destroyed by the Trustee.

ARTICLE V 2012 INSTALLMENT PAYMENTS

Section 5.1 Pledge and Deposit of 2012 Installment Payments. The 2012 Installment Payments are hereby irrevocably pledged to, and shall be used for, the punctual payment of the Bonds, and the 2012 Installment Payments shall not be used for any other purpose while any of the Bonds remain Outstanding. This pledge shall constitute a first and exclusive lien on the 2012 Installment Payments in accordance with the terms hereof.

All 2012 Installment Payments to which the Authority may at any time be entitled (including income or profit from investments pursuant to Section 5.3 hereof) shall be paid directly to the Trustee pursuant to the terms of the Assignment Agreement, and if received by the Authority at any time shall be deposited by the Authority with the Trustee within one (1) Business Day after the receipt thereof, and the Trustee shall deposit all 2012 Installment Payments as and when received in the Payment Fund. All moneys at any time deposited in the Payment Fund shall be held by the Trustee in trust for the benefit of the Owners from time to time of the Bonds, but shall nevertheless be disbursed, allocated, and applied solely for the uses and purposes herein set forth.

Section 5.2 Payment Fund. There is hereby established with the Trustee a separate fund to be designated the “**Payment Fund.**” Such fund shall be maintained by the Trustee in trust separate and apart from other funds held by it until the 2012 Installment Payments are paid in full pursuant to the terms of the Installment Purchase Agreement.

(a) No later than ten (10) Business Days preceding an Interest Payment Date, the Trustee shall provide written notice (which may be by facsimile) to Authority and the City of the amount representing investment earnings transferred from the Reserve Fund to the Payment Fund. The amount transferred into the Payment Fund shall constitute a credit against the 2012 Installment Payment due by the City with respect to said Interest Payment Date.

(b) The Trustee shall deposit in the Payment Fund the 2012 Installment Payments received from the City pursuant to the Installment Purchase Agreement.

(c) On each Interest Payment Date, the Trustee shall withdraw from the Payment Fund the amounts as needed to pay the principal and interest due on the Bonds on said Interest Payment Date. In the event that the amount on deposit in the Payment Fund after any transfer from the Reserve Fund as provided in Section 5.5 hereof is not sufficient to pay the full principal and interest due on the Bonds on said Interest Payment Date, the amount on deposit in the Payment Fund shall be applied to said principal and interest first to the payment of interest due on the Bonds and second with respect to the payment of principal due with respect to the Bonds.

Section 5.3 Investment of Moneys in Special Funds. Any moneys in the Payment Fund, the Reserve Fund, the Costs of Issuance Fund, and the Rebate Fund shall be invested by the City or, upon the Written Request of the City, by the Trustee, as the case may be, in Permitted Investments that will mature on or before the dates when such moneys are scheduled to be needed for payment from such fund and in accordance with the limitations set forth in Section 6.2 hereof and the Tax Certificate. Any such Written Request of the City shall be deemed a representation that such direction complies with Section 6.2 hereof and the Tax Certificate, and the Trustee may conclusively rely thereon. Securities acquired as an investment of moneys in a fund shall be credited to such fund. The Trustee shall determine the value of investments hereunder at least monthly.

In the absence of written investment direction from the City, the Trustee shall invest moneys held by it in the Wells Fargo Advantage Fund or a successor money market fund offered by the Trustee.

The City acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the City the right to receive brokerage confirmations of security transactions as they occur, the City will not receive such confirmations to the extent permitted by law. The Trustee will furnish the City periodic transaction statements that include detail for all investment transactions made by the Trustee hereunder. The Trustee may make any investments hereunder through its own bond or investment department or trust investment department, or those of its parent or any affiliate. The Trustee or any of its affiliates may act as sponsor, advisor, or manager in connection with any investments made by the Trustee hereunder.

The Trustee may sell or present for redemption any obligations so purchased at the direction of the City whenever it shall be necessary in order to provide moneys to meet any payment, and the Trustee shall not be liable or responsible for any loss resulting from such investment. The Trustee may act as principal or agent in the acquisition or disposition of any investment. The Trustee may commingle moneys on deposit in any of the funds or accounts established pursuant to this Indenture (other than the Rebate Fund) into a separate fund or funds for investment purposes only; provided, however, that all funds or accounts held by the Trustee hereunder shall be accounted for separately notwithstanding such commingling.

Section 5.4 [RESERVED].

Section 5.5 Reserve Fund. The Trustee shall establish a Reserve Fund, which the Trustee will maintain and hold in trust separate and apart from other funds held by it until all the principal and interest on the Bonds have been paid.

(a) To the extent any Reserve Fund Surety Bond shall be in full force and effect, the Trustee and the City shall apply amounts represented by the Reserve Fund Surety Bond in accordance with the Reserve Fund Surety Bond and Section 5.5(b) hereof. If a Reserve Fund Surety Bond is not in full force and effect, the Trustee shall deposit in the Reserve Fund the amounts required to be deposited therein pursuant to the Installment Purchase Agreement and this Indenture and apply moneys in the Reserve Fund in accordance with Section 5.5(c) hereof.

(b) As long as a Reserve Fund Surety Bond shall be in full force and effect, the City and the Trustee agree to comply with the following provisions:

(i) in the event and to the extent that moneys on deposit in the Payment Fund, plus all amounts on deposit in and credited to the Reserve Fund in excess of the amount of the Reserve Fund Surety Bond, are insufficient to pay the amount of principal and interest coming due, then the Trustee shall demand payment under the Reserve Fund Surety Bond at the times and in the amounts as needed to fund in cash the amount payable from the Reserve Fund Surety Bond for application to the Reserve Fund in accordance with the terms of the Installment Purchase Agreement; provided, however, that in the event that the amount on deposit in, or credited to, the Reserve Fund, in addition to the amount available under the Reserve Fund Surety Bond, includes amounts available under a letter of credit, insurance policy, surety bond or other such funding instrument (the “**Additional Funding Instrument**”), draws on the Reserve Fund Surety Bond and the Additional Funding Instrument shall be made on a pro rata basis to fund the insufficiency.

(ii) the Trustee shall, upon receipt of moneys received from the draw on the Reserve Fund Surety Bond, as specified in the demand for payment described in (i) above, credit the Reserve Fund to the extent of moneys received pursuant to such demand.

(iii) the Reserve Fund shall be replenished in the following priority: (a) principal and interest on the Reserve Fund Surety Bond and on the Additional Funding Instruments shall be paid from amounts required to be deposited therein under the Installment Purchase Agreement; (b) after all such amounts are paid in full, amounts necessary to fund the Reserve Fund to the required level, after taking into account the amounts available under the Reserve Fund Surety Bond and the Additional Funding Instrument shall be deposited from amounts required to be deposited therein under the Installment Purchase Agreement.

(c) If a Reserve Fund Surety Bond is not in full force and effect, the Trustee shall deposit in the Reserve Fund the amounts required to be deposited therein pursuant to the Installment Purchase Agreement and this Indenture and apply moneys in the Reserve Fund in accordance with this Section 5.5(c) and the Installment Purchase Agreement.

If five (5) Business Days prior to any Interest Payment Date the moneys in the Payment Fund are insufficient to make the payments required by this Indenture with respect to Bonds on such Interest Payment Date, the Trustee shall transfer from the Reserve Fund to the Payment Fund the amount of such insufficiency. In the event of any such transfer, the Trustee shall, within five days thereafter, provide written notice to the Insurer of the amount and date of such transfer.

In the event that the Trustee has transferred moneys from the Reserve Fund to the Payment Fund in accordance with this Section 5.5(c), upon receipt of the moneys from the City to increase the balance in the Reserve Fund to the Reserve Requirement, the Trustee shall deposit such moneys in the Reserve Fund.

If the amount available and contained in the Reserve Fund exceeds an amount equal to the Reserve Requirement and if the City is not then in default under the Installment Purchase Agreement, the Trustee shall semiannually on or before June 1 and December 1 withdraw the amount of such excess from the Reserve Fund and shall deposit such amount in the Payment Fund, and for this determination the Trustee shall make a valuation of the Reserve Fund as often as it may deem appropriate, and in any event on June 1 and December 1 in each year. Except for such withdrawals, all moneys in the Reserve Fund shall be used and withdrawn by the Trustee solely for the purpose of paying principal and interest with respect to the Bonds in the event that no other moneys of the City are available therefor.

For the purpose of determining the amount in the Reserve Fund, all Permitted Investments credited to the Reserve Fund shall be valued at the lower of cost (inclusive of all interest accrued but not paid) or market value.

Section 5.6 Pledge of Moneys in Funds. All amounts on deposit in the Payment Fund and the Reserve Fund are hereby irrevocably pledged to the Owners as provided herein and for the timely payment of any amounts due to the Insurer, including, without limitation, amounts due to the Insurer under Article XI hereof. This pledge shall constitute a first and exclusive lien on the Payment Fund and the Reserve Fund for the benefit of the Owners in accordance with the terms hereof and of the Installment Purchase Agreement.

Section 5.7 Rebate Fund.

(a) Establishment. A special fund is hereby created and designated the “**Rebate Fund**” to be held by the Trustee. The Authority shall comply with the requirements below and in the Tax Certificate. All money at any time deposited in the Rebate Fund shall be held by the Trustee in trust, for payment to the United States Department of the Treasury. All amounts on deposit in the Rebate Fund shall be governed by this Section 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) Computation. Prior to the end of the fifth Computation Year with respect to 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 Treasury Regulations promulgated thereunder (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), for this purpose treating the last day of said Computation Year as a computation date, within the meaning of Section 1.148-8(b) of the Treasury Regulations promulgated thereunder (the “**Rebatable Arbitrage**”). The Authority shall obtain expert advice as to the amount of the Rebatable Arbitrage to comply with this Section and the Tax Certificate.

(c) Transfer. Prior to the end of the fifth Computation 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, including the other funds and accounts established herein, so that the balance in the Rebate Fund shall equal the amount of Rebatable Arbitrage so calculated in accordance with subsection (a) above of this Section 5.7. In the event that immediately following the transfer required by the previous sentence, the amount then on deposit to the credit of the 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 Payment Fund.

(d) Payment to the Treasury. Upon receipt of a Written Request of the Authority, the Trustee shall pay to the United States Department of the Treasury, out of amounts in the Rebate Fund:

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

(ii) Not later than sixty (60) days after the payment of all the Bonds, an amount equal to one hundred percent (100%) of the Rebatable Arbitrage calculated as of the end of such applicable Computation Year, and any income attributable to the Rebatable 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 an amount received from any legally available source, including the other funds and accounts established herein, equal to such deficiency in the Rebate Fund prior to the time such payment is due. Each payment required to be made pursuant to this Section 5.7(c) 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, or shall be made in such other manner as provided under the Code.

(e) Disposition of Unexpended Funds. Any funds remaining in the Rebate Fund after redemption and payment of the Bonds and the payments described in Section 5.7(c) hereof may be transferred by the Trustee to the Authority at the written direction of the City Representative and utilized in any manner by the Authority.

(f) Survival of Defeasance. Notwithstanding anything in this Section 5.7 or this Indenture to the contrary, the obligation to comply with the requirements of this Section 5.7 shall survive the defeasance of the Bonds.

(g) Trustee Responsible. The Trustee shall have no obligations or responsibilities under this Section other than to follow the written directions of an Authority Representative or a City Representative.

ARTICLE VI COVENANTS

Section 6.1 Authority and City to Perform Installment Purchase Agreement. The Authority and City covenant and agree with the Owners to perform all obligations and duties imposed on them under the Installment Purchase Agreement and, together with the Trustee, to enforce such Installment Purchase Agreement against the other party thereto in accordance with its terms.

The Authority and the City will in all respects promptly and faithfully keep, perform, and comply with all the terms, provisions, covenants, conditions, and agreements of the Installment Purchase Agreement to be kept, performed, and complied with by it.

The Authority and the City agree not to do or permit anything to be done, or omit or refrain from doing anything, in any case where any such act done or permitted to be done, or any such omission of or refraining from action, would or might be a ground for cancellation or termination of the Installment Purchase Agreement.

Section 6.2 Tax Covenants. The Authority and the City shall contest by court action or otherwise any assertion by the United States of America or any department or agency thereof that the interest received by the Owners is includable in gross income of such recipients under federal income tax laws. Notwithstanding any other provision of this Indenture, absent 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, each of the Authority and the City 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:

(a) Private Activity. Neither the Authority nor the City shall take any action or refrain from taking any action or make any use of the proceeds of the Bonds or of any other moneys or property that would cause the Bonds to be “private activity bonds” within the meaning of Section 141 of the Code.

(b) Arbitrage. Neither the Authority nor the City shall make any use of the proceeds of the Bonds or of any other amounts or property, regardless of the source, or take any action or refrain from taking any action that will cause the Bonds to be “arbitrage bonds” within the meaning of Section 148 of the Code.

(c) Federal Guaranty. Neither the Authority nor the City shall 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.

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

(e) Hedge Bonds. Neither the Authority nor the City shall make any use of the proceeds of the Bonds or any other amounts or property, regardless of the source, or take any

action or refrain from taking any action that would cause the Bonds to be considered “hedge bonds” within the meaning of Section 149(g) of the Code unless the Authority or the City, as applicable, takes all necessary action to assure compliance with the requirements of Section 149(g) of the Code to maintain the exclusion from gross income of interest on the Bonds for federal income tax purposes.

(f) Miscellaneous. Neither the Authority nor the City shall take any action or refrain from taking any action inconsistent with its expectations stated in the Tax Certificate executed by the Authority and the City in connection with the issuance of the Bonds and each shall comply with the covenants and requirements stated therein and incorporated by reference herein.

(g) Taxable Bonds. This Section and the covenants set forth herein shall not be applicable to, and nothing contained herein shall be deemed to prevent the Authority or the City from issuing bonds, the interest on which has been determined by the Authority or the City, as applicable, to be subject to federal income taxation.

Section 6.3 Accounting Records and Reports. The Trustee shall keep or cause to be kept proper books of record and account in which complete and correct entries shall be made of all transactions made by it relating to the receipts, disbursements, allocation, and application of the 2012 Installment Payments, and such books shall be available for inspection by the Authority, the City, and any Owner, or his agent or representative, at reasonable hours and under reasonable conditions. Each month, so long as the Bonds are outstanding, the Trustee shall furnish to the Authority and the City a statement covering receipts, disbursements, allocation, and application of amounts on deposit in the funds and accounts created hereunder held by it.

Section 6.4 Compliance with Indenture. The Trustee will not execute, or permit to be executed, any Bonds in any manner other than in accordance with the provisions of this Indenture, and neither the Authority nor the City will suffer or permit any default by it to occur under this Indenture, but will faithfully observe and perform all the covenants, conditions, and requirements hereof.

Section 6.5 Observance of Laws and Regulations. To the extent necessary to assure their performance hereunder, the Authority and the City will well and truly keep, observe, and perform all valid and lawful obligations or regulations now or hereafter imposed on them by contract, or prescribed by any law of the United States of America, or of the State, or by any officer, board, or commission having jurisdiction or control, as a condition of the continued enjoyment of any and every right, privilege or franchise now owned or hereafter acquired by the Authority or the City respectively, including its right to exist and carry on its business, to the end that such contracts, rights and franchises shall be maintained and preserved, and shall not become abandoned, forfeited or in any manner impaired.

Section 6.6 Compliance with Contracts. The City shall comply with the terms, covenants, and provisions, express or implied, of all contracts for the use of the Project by the City, and all other contracts and agreements affecting or involving the Project to the extent that the City is a party thereto.

Section 6.7 Prosecution and Defense of Suits. The City shall promptly, upon request of the Trustee or any Owner, from time to time take such action as may be necessary or proper to remedy or cure any defect in or cloud upon the title to the Water System or any part thereof (other than Separate Facilities), whether now existing or hereafter developing, shall prosecute all such suits, actions, and other proceedings as may be appropriate for such purpose.

Section 6.8 Recordation and Filing. The Trustee, upon written direction of the Authority or the City, shall record, register, file, renew, refile, and re-record all such documents, including financing statements, as may be required by law in order to maintain a security interest in this Indenture and the Assignment Agreement, all in such manner, at such times and in such places as may be required by, and to the extent permitted by, law in order fully to preserve, protect, and perfect the security of the Owners and the rights and security interests of the Trustee. The Trustee, upon written direction of the Authority or the City, shall (subject to Section 8.5 hereof) do whatever else may be necessary or be reasonably required in order to perfect and continue the lien of this Indenture and the Assignment Agreement.

Section 6.9 Eminent Domain. If all or any part of the Project shall be taken by eminent domain proceedings (or sold to a government threatening to exercise the power of eminent domain), the Net Proceeds therefrom shall be applied in the manner specified in Section 6.15 of the Installment Purchase Agreement.

Section 6.10 Further Assurances. The Authority and the City will promptly execute and deliver or cause to be executed and delivered all such other and further instruments, documents or assurances, and promptly do or cause to be done all such other and further things, as may be necessary or reasonably required in order to further and more fully vest in the Trustee and the Owners all rights, interest, powers, benefits, privileges, and advantages conferred or intended to be conferred upon them by this Indenture.

Section 6.11 Continuing Disclosure. The Authority and the Trustee hereby covenant and agree that they shall each comply with and carry out their respective obligations under the Continuing Disclosure Agreement. Notwithstanding any other provision of this Indenture, failure of the Authority or the Trustee to comply with the Continuing Disclosure Agreement shall not be considered an event of default hereunder; however, the Trustee may (and, at the request of any Participating Underwriter or the Owners of at least twenty-five percent (25%) aggregate principal amount of Outstanding Bonds, shall) or any Owner or Beneficial Owner may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Authority or the Trustee, as the case may be, to comply with its obligations under this Section. For purposes of this Section, “**Beneficial Owner**” means any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

**ARTICLE VII
DEFAULT AND LIMITATION OF LIABILITY**

Section 7.1 Notice of Non-Payment. In the event of delinquency in the payment of any 2012 Installment Payments due by the City pursuant to the Installment Purchase Agreement, the Trustee shall, after one Business Day following the date upon which such delinquent 2012 Installment Payment was due, immediately give written notice of the delinquency and the amount of the delinquency to the City and the Authority.

Section 7.2 Action on Default or Termination. Upon the occurrence of an Event of Default (as that term is defined in the Installment Purchase Agreement), which event shall constitute a default hereunder, and in each and every such case during the continuance of such Event of Default, the Trustee or the Owners of not less than a majority in aggregate principal amount of Bonds at the time Outstanding, with the written consent of the Insurer, so long as the Insurer is not in default in its payment obligations under the Insurance Policy, shall be entitled, upon notice in writing to the City and the Authority, to exercise the remedies provided to the Authority in the Installment Purchase Agreement; provided, however, that no effect shall be given to payments made under the Insurance Policy in determining whether an Event of Default exists under this Section 7.2.

Upon declaration of the entire principal amount of the unpaid 2012 Installment Payments and the accrued interest thereon to be due and payable immediately and provided such declaration is not rescinded or annulled, all in accordance with Section 8.1 of the Installment Purchase Agreement, the Trustee may, upon written consent of the Insurer, so long as the Insurer is not in default in its payment obligations under the Insurance Policy, and, at the written request of the Insurer, so long as the Insurer is not in default in its payment obligations under the Insurance Policy, shall apply all moneys received as 2012 Installment Payments and all moneys held in any fund or account hereunder (other than the Rebate Fund) to the payment of the entire principal amount of the Bonds and the accrued interest with respect thereto, with interest on the overdue Bonds at the rate or rates of interest applicable to the Bonds if paid in accordance with their terms. The Insurer, acting alone, shall have the right to direct all remedies upon an Event of Default including, but not limited to, the right to declare the 2012 Installment Payments due and payable in full and to institute any suit, action, or proceeding, at law or in equity, on the same terms as the Owners. For purposes of exercising all rights and remedies provided in this Article VII, so long as the Insurance Policy is in effect, the Insurer shall be deemed the Owner of the Bonds. Further, no waiver of an Event of Default shall be granted without obtaining the prior written consent of the Insurer, so long as the Insurer is not in default in its payment obligations under the Insurance Policy.

Section 7.3 Other Remedies of the Trustee. The Trustee shall have the right —

(a) by mandamus or other action or proceeding or suit at law or in equity to enforce its rights against the City or any director, officer, or employee thereof, and to compel the City or any such director, officer, or employee to perform or carry out its or his duties under law and the agreements and covenants required to be performed by it or him contained herein;

(b) by suit in equity to enjoin any acts or things that are unlawful or violate the rights of the Trustee; or

(c) by suit in equity upon the happening of any default hereunder to require the City and its directors, officers, and employees, to account as the trustee of an express trust.

Section 7.4 Non-Waiver. A waiver of any default or breach of duty or contract by the Trustee shall not affect any subsequent default or breach of duty or contract or impair any rights or remedies on any such subsequent default or breach of duty or contract. No delay or omission by the Trustee to exercise any right or remedy accruing upon any default or breach of duty or contract shall impair any such right or remedy or shall be construed to be a waiver of any such default or breach of duty or contract or an acquiescence therein, and every right or remedy conferred upon the Trustee by law or by this Article may be enforced and exercised from time to time and as often as shall be deemed expedient by the Trustee.

If any action, proceeding, or suit to enforce any right or to exercise any remedy is abandoned or determined adversely to the Trustee, the Trustee and the City shall be restored to their former positions, rights, and remedies as if such action, proceeding, or suit had not been brought or taken.

Section 7.5 Remedies Not Exclusive. No remedy herein conferred upon or reserved to the Trustee or the Insurer is intended to be exclusive of any other remedy, and each such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing in law or in equity or by statute or otherwise and may be exercised without exhausting and without regard to any other remedy conferred by any law. If any remedial action is discontinued or abandoned the Owners shall be restored to their former position. The Insurer shall be entitled to request the Trustee to intervene in judicial proceedings that affect the Bonds or security therefor.

Section 7.6 No Obligation by the City to Owners. Except for the payment of 2012 Installment Payments when due in accordance with the Installment Purchase Agreement and the performance of the other covenants and agreements of the City contained in said Installment Purchase Agreement and herein, the City shall have no obligation or liability to the Owners with respect to this Indenture or the execution, delivery, or transfer of the Bonds, or the disbursement of 2012 Installment Payments to the Owners by the Trustee; provided, however, that nothing contained in this Section shall affect the rights, duties, or obligations of the Trustee expressly set forth herein.

Section 7.7 No Obligation with Respect to Performance by the Trustee. Neither the City nor the Authority shall have any obligation or liability to any of the other parties hereto or to the Owners with respect to the performance by the Trustee of any duty imposed upon it under this Indenture.

Section 7.8 No Liability to Owners for Payment. The Authority shall not have any obligation or liability to the Owners with respect to the payment of the 2012 Installment Payments by the City when due, or with respect to the performance by the City of any other covenant made by it in the Installment Purchase Agreement or herein. Except as provided in this

Indenture, the Trustee shall not have any obligation or liability to the Owners with respect to the payment of the 2012 Installment Payments by the City when due, or with respect to the performance by the City of any other covenant made by it in the Installment Purchase Agreement or herein.

Section 7.9 No Responsibility for Sufficiency. The Trustee shall not be responsible for the sufficiency of this Indenture, the Installment Purchase Agreement, or of the assignment made to it by the Assignment Agreement of rights to receive 2012 Installment Payments pursuant to the Installment Purchase Agreement, or the value of or title to the Project. The Trustee shall not be responsible or liable for any loss suffered in connection with any investment of funds made by it under the terms of and in accordance with this Indenture, to the extent permitted by law.

ARTICLE VIII THE TRUSTEE

Section 8.1 Employment of the Trustee. In consideration of the recitals hereinabove set forth and for other valuable consideration, the Authority hereby agrees to employ the Trustee to receive, hold, invest, and disburse the moneys received pursuant to the Installment Purchase Agreement for credit to the various funds and accounts established by this Indenture; to execute, deliver, and transfer the Bonds; and to apply and disburse the 2012 Installment Payments received from the City to the Owners; and to perform certain other functions; all as herein provided and subject to the terms and conditions of this Indenture.

Section 8.2 Acceptance of Employment. In consideration of the compensation herein provided for, the Trustee accepts the employment above referred to subject to the terms and conditions of this Indenture.

Section 8.3 Trustee; Duties, Removal, and Resignation. By executing and delivering this Indenture, the Trustee accepts the duties and obligations of the Trustee provided in this Indenture, but only upon the terms and conditions set forth in this Indenture.

With the written consent of the Insurer, so long as the Insurer is not in default in its payment obligations under the Insurance Policy, the Authority, or, if the City is in default under the Installment Purchase Agreement, the Owners of a majority in aggregate principal amount of all Bonds Outstanding, may by written request to the Trustee, remove the Trustee initially a party to this Indenture, and any successor thereto, and may appoint a successor Trustee, but any such successor shall be a bank or trust company doing business and having a corporate trust office in California, which has (or the parent holding company of which has) a combined capital (exclusive of borrowed capital) and surplus of at least seventy-five million dollars (\$75,000,000) and subject to supervision or examination by federal or state authorities. 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 authority above referred to, then for the purposes of this Section 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.

Any company into which the Trustee may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion, or consolidation to which it shall be a party or any company to which the Trustee may sell or transfer all or substantially all of its corporate trust business, provided that such company shall meet the requirements set forth in this Section 8.3, shall be the successor to the Trustee and vested with all of the title to the trust estate and all of the trusts, powers, discretions, immunities, privileges, and all other matters as was its predecessor, without the execution or filing of any paper or further act, anything herein to the contrary notwithstanding.

The Trustee may resign by giving thirty (30) days' written notice to the Authority, the City, and the Insurer and by giving to the Owners notice of such resignation by mail at the addresses shown on the Bond Register maintained by the Trustee. Upon receiving such notice of resignation, the Authority shall promptly appoint a successor Trustee by an instrument in writing; provided, however, that in the event that the Authority does not appoint a successor Trustee within thirty (30) days following receipt of such notice of resignation, the resigning Trustee may at the expense of the Authority petition the appropriate court having jurisdiction to appoint a successor Trustee. Any resignation or removal of the Trustee and appointment of a successor Trustee shall become effective upon acceptance of appointment by the successor Trustee.

Notwithstanding any other provision of this Indenture, no removal, resignation or termination of the Trustee shall take effect until a successor, acceptable to the Insurer, shall be appointed by the Authority.

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 Insurance Policy.

Section 8.4 Compensation of the Trustee. The Authority shall from time to time, subject to any agreement in effect with the Trustee, pay to the Trustee reasonable compensation for its services and shall reimburse the Trustee for all its advances and expenditures, including but not limited to advances to and fees and expenses of independent appraisers, accountants, consultants, counsel, agents and attorneys-at-law, or other experts employed by it in the exercise and performance of its powers and duties hereunder. Such compensation and reimbursement shall be paid by the Authority from Additional Payments received from the City under the Installment Purchase Agreement; provided, however, that the Trustee shall not otherwise have any claims or lien for payment of compensation for its services against any other moneys held by it in the funds or accounts established hereunder but may take whatever legal actions are lawfully available to it directly against the Authority.

Section 8.5 Protection of the Trustee. The Trustee shall be protected and shall incur no liability in acting or proceeding in good faith upon any resolution, notice, telegram, request, consent, waiver, certificate, statement, opinion, affidavit, voucher, bond, requisition, or other paper or document, which it shall in good faith believe to be genuine and to have been adopted, executed or delivered by the proper party or pursuant to any of the provisions of this Indenture, and the Trustee shall be under no duty to make any investigation or inquiry as to any statements

contained or matters referred to in any such instrument, but may accept and rely upon the same as conclusive evidence of the truth and accuracy of such statements. The Trustee shall not be bound to recognize any person as an Owner of any Bond or to take any action at the request of any such person unless such Bond shall be deposited with the Trustee or satisfactory evidence of the ownership of such Bond shall be furnished to the Trustee. The Trustee may consult with counsel, who may be counsel to the Authority or the City, 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 in accordance therewith.

Whenever in the administration of its duties under 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) shall be deemed to be conclusively proved and established by a certificate of the Authority or the City and such certificate shall be full warranty to the Trustee for any action taken or suffered under the provisions of this Indenture upon the faith thereof, but in its discretion the Trustee may (but shall have no duty), in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may seem reasonable.

The Trustee may buy, sell, own, hold, and deal in any of the Bonds provided pursuant to this Indenture, and may join in any action that any Owner may be entitled to take with like effect as if the Trustee were not a party to this Indenture. The Trustee, either as principal or agent, may also engage in or be interested in any financial or other transaction with the City or the Authority, and may act as depository, trustee, or agent for any committee or body of Owners or of obligations of the Authority or the City as freely as if it were not the Trustee hereunder.

The Trustee may, to the extent reasonably necessary, execute any of the trusts or powers hereof and perform the duties required of it hereunder by or through attorneys, agents, or receivers, and shall be entitled to advice of counsel concerning all matters of trust and its duties hereunder, and the Trustee shall not be answerable for the default or misconduct of any such attorney, agent or receiver selected by it with reasonable care. The Trustee shall not be answerable for the exercise of any discretion or power under this Indenture or for anything whatever in connection with the funds and accounts established hereunder, except only for its own willful misconduct or negligence.

The recitals, statements, and representations by the City or the Authority contained in this Indenture or in the Bonds shall be taken and construed as made by and on the part of the City or Authority and not by the Trustee and the Trustee does not assume, and shall not have, any responsibility or obligations for the correctness of any thereof.

The Trustee undertakes to perform such duties, and only such duties as are specifically set forth in this Indenture and no implied duties or obligations shall be read into this Indenture against the Trustee.

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.

In accepting the trust hereby created, the Trustee acts solely as the Trustee for the Owners and not in its individual capacity; and all persons, including without limitation the Owners and the City or the Authority having any claim against the Trustee arising from this Indenture shall look only to the funds and accounts held by the Trustee hereunder for payment except as otherwise provided herein. Under no circumstances shall the Trustee be liable in its individual capacity for the obligations evidenced by the Bonds.

The Trustee makes no representation or warranty express or implied as to the title, value, design, compliance with specifications or legal requirements, quality, durability, operation, condition, merchantability or fitness for any particular purpose or fitness for the use contemplated by the City or the Authority of the Project. In no event shall the Trustee be liable for incidental, indirect, special, or consequential damages in connection with or arising from the Installment Purchase Agreement or this Indenture for the existence, furnishing or use of the Project.

The Trustee shall not be deemed to have knowledge of any Event of Default hereunder or under the Installment Purchase Agreement unless and until it shall have actual knowledge thereof or have received notice thereof at its corporate trust office at the address set forth in Section 12.11 hereof.

The Trustee shall not be accountable for the use or application by the City, or the Authority or any other party of any funds that the Trustee has released in accordance with the terms of this Indenture.

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

The Trustee is authorized and directed to execute in its capacity as the Trustee the Assignment Agreement.

Before taking any action under Article VII hereof the Trustee may require indemnity satisfactory to the Trustee be furnished for any expenses and to protect it against any liability it may incur hereunder.

The immunities extended to the Trustee also extend to its directors, officers, employees, and agents.

The Trustee shall not be liable for any action taken or not taken by it in accordance with the direction of a majority (or other percentage provided for herein) in aggregate principal amount of Bonds Outstanding relating to the exercise of any right, power or remedy available to the Trustee.

The permissive right of the Trustee to do things enumerated in this Indenture shall not be construed as a duty.

The Trustee's rights to immunities and protection from liability hereunder and its rights to payment of its fees and expense shall survive its resignation or removal and final payment or defeasance of the Bonds.

ARTICLE IX AMENDMENT OF INDENTURE

Section 9.1 Amendments Permitted.

(a) This Indenture and the rights and obligations of the City and of the Owners and of the Trustee may, with the written consent of the Insurer, so long as the Insurer is not in default in its payment obligations under the Insurance Policy, be modified or amended at any time by an amendment hereto, which shall become binding when the written consents of the Owners of a majority in aggregate principal amount of the Bonds then outstanding, exclusive of Bonds disqualified as provided in Section 12.4 hereof, shall have been filed with the Trustee. No such modification or amendment shall (1) extend the stated maturities of the Bonds, or reduce the rate of interest represented thereby, or extend the time of payment of interest, or reduce the amount of principal represented thereby, or reduce any premium payable on the redemption thereof, without the consent of the Owner of each Bond so affected, or (2) reduce the aforesaid percentage of Owners of Bonds whose consent is required for the execution of any amendment or modification of this Indenture, or (3) modify any of the rights or obligations of the Trustee or the Authority without its written consent thereto.

(b) This Indenture and the rights and obligations of the Authority and the City and of the Owners may also, with notice to the Insurer, be modified or amended at any time by an amendment hereto, which shall become binding upon adoption, without the consent of the Owners, but only to the extent permitted by law and only for any one or more of the following purposes —

(i) to add to the covenants and agreements of the Authority or the City contained in this Indenture other covenants and agreements thereafter to be observed or to surrender any right or power herein reserved to or conferred upon the Authority or the City, and which shall not adversely affect the interests of the Owners;

(ii) to cure, correct, or supplement any ambiguous or defective provision contained in this Indenture or in regard to questions arising under this Indenture, as the Authority or the City may deem necessary or desirable, and which shall not adversely affect the interests of the Owners; and

(iii) to make such other amendments or modifications as may be in the best interests of the Owners.

Section 9.2 Endorsement or Replacement of Bonds After Amendment or Supplement. After the effective date of any action taken as hereinabove provided, the Trustee may determine that the Bonds may bear a notation by endorsement in form approved by the City as to such action, and in that case upon demand of the Trustee to the Owner of any Outstanding Bond and presentation of such Owner's Bond for such purpose at the Designated Corporate Trust Office of the Trustee a suitable notation as to such action shall be made on such Bond. If the

Trustee shall so determine, new Bonds so modified as in the opinion of the Trustee shall be necessary to conform to such action shall be prepared, and in that case upon demand of the Trustee to the Owner of any Outstanding Bonds such new Bonds shall be exchanged at the Designated Corporate Trust Office of the Trustee without cost to each Owner for Bonds then outstanding upon surrender of such Outstanding Bonds.

Section 9.3 Amendment of Particular Bonds. The provisions of this Article shall not prevent any Owner from accepting any amendments to the particular Bonds held by him, provided that due notation thereof is made on such Bonds.

ARTICLE X DEFEASANCE

Section 10.1 Discharge of Indenture. When the obligations of the City under the Installment Purchase Agreement shall cease pursuant to Article IX of the Installment Purchase Agreement (except for the right of the Trustee and the obligation of the City to have the money and Permitted Investments mentioned therein applied to the payment of 2012 Installment Payments as therein set forth and the obligation to apply moneys on deposit in the Rebate Fund as provided in Section 5.7), then and in that case the obligations created by this Indenture shall thereupon cease, terminate, and become void except for the obligation of the City to direct the Trustee to apply money on deposit in the Rebate Fund as provided herein, which shall continue until such moneys are so applied and the right of the Owners to have applied and the obligation of the Trustee to apply such moneys and Permitted Investments to the payment of the Bonds as herein set forth, and subject to application of moneys on deposit in the Rebate Fund as provided in Section 5.7, the Trustee shall turn over to the City, after provision for payment of amounts due the Trustee hereunder, as an overpayment of 2012 Installment Payments, any surplus in the Payment Fund and all balances remaining in any other funds or accounts other than moneys and Permitted Investments held for the payment of the Bonds at maturity or on redemption, which moneys and Permitted Investments shall continue to be held by the Trustee in trust for the benefit of the Owners and shall be applied by the Trustee to the payment, when due, of the principal and interest and premium, if any, represented by the Bonds, and after such payment, this Indenture shall become void.

If moneys or securities described in clause 1(i) or (ii) of the definition of Permitted Investments are deposited with and held by the Trustee as hereinabove provided, the Trustee shall within thirty (30) days after such moneys or Permitted Investments shall have been deposited with it, mail a notice, first-class postage prepaid, to the Owners at the addresses listed on the Bond Register kept by the Trustee pursuant to Section 2.8, setting forth (a) the date fixed for redemption of the Bonds, (b) a description of the moneys or securities described in clause 1(i) or (ii) of the definition of Permitted Investments so held by it, and (c) that this Indenture has been released in accordance with the provisions of this Section.

Notwithstanding anything herein to the contrary, in the event that the principal or interest due with respect to the Bonds shall be paid by the Insurer pursuant to the Insurance Policy, the Bonds shall remain Outstanding for all purposes, not be defeased or otherwise satisfied and not be considered paid by the City, and the assignment and pledge of the trust estate and all covenants, agreements, and other obligations of the City to the Owners shall continue to exist

and shall run to the benefit of the Insurer, and the Insurer shall be subrogated to the rights of such Owners.

Section 10.2 Deposit of Money or Securities with the Trustee. Whenever in this Indenture or the Installment Purchase Agreement 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 prepay any Bonds, the money or securities to be so 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 represented by such Bonds and all unpaid interest represented thereby to maturity, except that, in the case of Bonds that are to be redeemed prior to maturity and in respect of which notice of such redemption shall have been given as in Article IV provided or provision satisfactory to the Trustee shall have been made for the giving of such notice, the amount to be deposited or held shall be the principal amount or Redemption Price and all unpaid interest to such date of redemption if any, represented by such Bonds; or

(b) non-callable securities described in clause 1(i) or (ii) of the definition of Permitted Investments that will provide money sufficient, in the opinion of an Independent Certified Public Accountant, to pay the principal at maturity or upon redemption plus all accrued interest to maturity or to the redemption date, as the case may be, represented by the Bonds to be paid or redeemed, as such amounts become due, provided that, in the case of Bonds that are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given as in Article IV provided or provision satisfactory to the Trustee shall have been made for the giving of such notice;

provided, in each case, that the Trustee shall have been irrevocably instructed (by the terms of this Indenture and the Installment Purchase Agreement or by Written Request of the City) to apply such money or securities to the payment of such principal or Redemption Price and interest represented by such Bonds.

Section 10.3 Unclaimed Moneys. Anything contained herein to the contrary notwithstanding, any moneys held by the Trustee in trust for the payment and discharge of the interest or principal or Redemption Price represented by any of the Bonds that remain unclaimed for one (1) year after the date of deposit of such moneys if deposited with the Trustee after the date when the interest and principal or Redemption Price represented by such Bonds have become payable, shall be repaid by the Trustee to the City as its absolute property free from trust, and the Trustee shall thereupon be released and discharged with respect thereto and the Owners shall look only to the City for the payment of the interest and principal or Redemption Price represented by such Bonds; provided, however, that before being required to make any such payment to the City, the Trustee shall, at the written request and expense of the City, first mail a notice to the Owners of the Bonds so payable that such moneys remain unclaimed and that after a date named in such notice, which date shall not be less than thirty (30) days after the date of the mailing of such notice, the balance of such moneys then unclaimed will be returned to the City. The obligation of the Trustee under this Section to pay any such amounts to the City will

be subject to any provisions of law applicable to the Trustee providing other requirements for disposition of unclaimed property.

Section 10.4 Additional Requirements Applicable to the Defeasance of the Bonds.

As a precondition to the defeasance of the Bonds pursuant to Section 10.2(b), the Authority shall cause to be delivered:

(a) a report of an Independent Certified Public Accountant verifying the sufficiency of the escrow established to pay the Bonds in full on the maturity or redemption date (the “**Verification Report**”);

(b) notice of the defeasance of the Bonds not less than fifteen (15) Business Days prior thereto; and

(c) an opinion of Bond Counsel to the effect that the Bonds are no longer Outstanding.

Each such Verification Report and opinion required pursuant to this Section 10.4 shall be acceptable in form and substance to the Authority and the Insurer and shall be addressed to the Authority, the Trustee, and the Insurer.

**ARTICLE XI
PROVISIONS RELATING TO INSURANCE POLICY**

Section 11.1 Payments under the Insurance Policy. [TO COME, IF APPLICABLE]

Section 11.2 Notices to be Given to Insurer; Other Insurer-Required Provisions.

[TO COME, IF APPLICABLE]

**ARTICLE XII
MISCELLANEOUS**

Section 12.1 Benefits of Indenture Limited to Parties. Nothing contained herein, expressed or implied, is intended to give to any person other than the City, the Trustee, the Authority, the Insurer, and the Owners any claim, remedy, or right under or pursuant hereto, and any agreement, condition, covenant, or term required herein to be observed or performed by or on behalf of the City shall be for the sole and exclusive benefit of the Trustee, the Authority, the Insurer, and the Owners.

Section 12.2 Successor Deemed Included in all References to Predecessor. Whenever either the City, the Authority, or the Trustee or any officer thereof is named or referred to herein, such reference shall be deemed to include the successor to the powers, duties and functions that are presently vested in the City, the Authority, or the Trustee or such officer, and all agreements, conditions, covenants, and terms required hereby to be observed or performed by or on behalf of the City, the Authority, or the Trustee or any officer thereof shall bind and inure to the benefit of the respective successors thereof whether so expressed or not.

Section 12.3 Execution of Documents by Owners. Any declaration, consent, request, or other instrument that is permitted or required herein to be executed by the Owners may be in one or more instruments of similar tenor and may be executed by the Owners in person or by their attorneys appointed in writing. The fact and date of the execution by any Owner or such Owner's attorney of any declaration, consent, request, or other instrument or of any writing appointing such attorney may be proved by the certificate of any notary public or other officer authorized to take acknowledgments of deeds to be recorded in the state or territory in which he purports to act that the person signing such declaration, request or other instrument or writing acknowledged to him the execution thereof, or by an affidavit of a witness of such execution duly sworn to before such notary public or other officer, or by such other proof as the Trustee may accept that it may deem sufficient.

The ownership of any Bonds and the amount, payment date, number, and date of owning the same may be proved by the books required to be kept by the Trustee pursuant to the provisions of Section 2.8 hereof.

Any declaration, consent, request, or other instrument in writing of the Owner of any Bond shall bind all future Owners of such Bond with respect to anything done or suffered to be done by the City or the Trustee in good faith and in accordance therewith.

Section 12.4 Disqualified Bonds. Bonds owned or held by or for the account of the Authority or the City (but excluding Bonds held in any pension or retirement fund) shall not be deemed Outstanding for the purpose of any consent or other action or any calculation of Outstanding Bonds provided for in this Indenture, and shall not be entitled to consent to or take any other action provided for in this Indenture, unless all Bonds are so held. Upon request of the Trustee, the City shall specify to the Trustee those Bonds disqualified pursuant to this Section.

The Trustee may adopt appropriate regulations to require each Owner of Bonds, before his consent provided for in this Indenture shall be deemed effective, to reveal if the Bonds as to which such consent is given are disqualified as provided in this Section.

Section 12.5 Waiver of Personal Liability. No director, officer, or employee of the City or the Authority shall be individually or personally liable for the payment of the interest or principal or the redemption premiums, if any, represented by the Bonds, but nothing contained herein shall relieve any director, officer, or employee of the City or Authority from the performance of any official duty provided by any applicable provisions of law or by the Installment Purchase Agreement or hereby.

Section 12.6 Acquisition of Bonds by City; Destruction of Bonds. All Bonds acquired by the City, whether by purchase or gift or otherwise shall be surrendered to the Trustee for cancellation. Whenever in this Indenture provision is made for the cancellation by the Trustee of any Bonds, the Trustee shall destroy such Bonds and deliver a certificate of such destruction to the City.

Section 12.7 Headings. Headings preceding the text of the several Articles and Sections hereof, and the table of contents, are solely for convenience of reference and shall not constitute a part of this Indenture or affect its meaning, construction or effect.

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

Section 12.8 Funds and Accounts. Any fund required by this Indenture to be established and maintained by the Trustee may be established and maintained in the accounting records of the Trustee either as a fund or an account, and may, for the purposes of such records, any audits thereof and any reports or statements with respect thereto, be treated either as a fund or as an account; but all such records with respect to all such funds shall at all times be maintained in accordance with sound industry practices and with due regard for the protection of the security of the Bonds and the rights of every Owner thereof.

Section 12.9 Partial Invalidity. If any one or more of the agreements, conditions, covenants, or terms required herein to be observed or performed by or on the part of the City, the Authority or the Trustee shall be contrary to law, then such agreement or agreements, such condition or conditions, such covenant or covenants, or such term or terms shall be null and void and shall be deemed separable from the remaining agreements, conditions, covenants, and terms hereof and shall in no way affect the validity hereof or of the Bonds, and the Owners shall retain all the benefit, protection, and security afforded to them under any applicable provisions of law. The City, the Authority, and the Trustee hereby declare that they would have executed this Indenture, and each and every other article, section, paragraph, subdivision, sentence, clause, and phrase hereof and would have authorized the execution and delivery of the Bonds pursuant hereto irrespective of the fact that any one or more articles, sections, paragraphs, subdivisions, sentences, clauses, or phrases hereof or the application thereof to any person or circumstances may be held to be unconstitutional, unenforceable, or invalid.

Section 12.10 California Law. THIS INDENTURE SHALL BE CONSTRUED AND GOVERNED IN ACCORDANCE WITH THE LAWS OF THE STATE.

Section 12.11 Notices. All written notices to be given under this Indenture shall be given by mail to the party entitled thereto at its address set forth below, or at such address as the party may provide to the other parties in writing from time to time.

If to the City: City of Oxnard
 300 West Third Street
 Oxnard, California 93030
 Attention: Chief Financial Officer

If to the Authority: City of Oxnard Financing Authority
 c/o City of Oxnard
 300 West Third Street
 Oxnard, California 93030
 Attention: Controller

If to the Trustee: Wells Fargo Bank, National Association
707 Wilshire Blvd., 17th Floor
Los Angeles, California 90017
Attention: Corporate Trust Services
Ref: City of Oxnard

If to the Insurer: [NAME]
[ADDRESS]
[CITY, STATE, ZIP CODE]
Attention: _____

If to S&P: Standard & Poor's Ratings Service
55 Water Street, 38th Floor
New York, New York 10041
Attention: Public Finance Surveillance Group
Fax: (212) 438-2157

If to any Owner: to its address as indicated in the Bond Register

The Authority shall cause to be given to S&P notice of any substitution of the Trustee, any material change in this Indenture or the Installment Purchase Agreement, or redemption or defeasance of all of the Outstanding Bonds.

Any notice that is required to be given to an Owner of the Bonds or to the Trustee pursuant to this Indenture shall also be provided to the Insurer.

Section 12.12 Execution in Counterparts. This Indenture may be executed in several counterparts, each of which shall be deemed an original, and all of which shall constitute but one and the same instrument.

Section 12.13 Payments Due On a Day Other Than a Business Day. If the date for making any payment or the last date for performance of any act or the exercising of any right, as provided in this Indenture, is not a Business Day, such payment, with no interest accruing for the period after such nominal date, may be made or act performed or right exercised on the next succeeding Business Day with the same force and effect as if done on the nominal date provided therefor in this Indenture.

[Remainder of Page Intentionally Left Blank.]

IN WITNESS WHEREOF, the parties have executed this Indenture effective as of the date first above written.

WELLS FARGO BANK, NATIONAL
ASSOCIATION, as Trustee

By _____
Vice President

CITY OF OXNARD FINANCING
AUTHORITY

By _____
Dr. Thomas E. Holden, Chairman

ATTEST:

By _____
Daniel Martinez, Secretary

CITY OF OXNARD

By _____
Dr. Thomas E. Holden, Mayor

ATTEST:

By _____
Daniel Martinez, City Clerk

APPROVED AS TO FORM:

By _____
Alan Holmberg,
City Attorney and
Authority General Counsel

APPROVED AS TO CONTENT:

By _____
James Cameron
City Chief Financial Officer and
Authority Controller

EXHIBIT A
FORM OF BOND

No. _____

\$ _____

UNITED STATES OF AMERICA
STATE OF CALIFORNIA
COUNTY OF VENTURA

CITY OF OXNARD FINANCING AUTHORITY
WATER REVENUE REFUNDING BOND
SERIES 2012

<u>RATE OF INTEREST:</u>	<u>MATURITY DATE:</u>	<u>DATED DATE:</u>	<u>CUSIP:</u>
	June 1, _____	_____, 2012	

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT:

CITY OF OXNARD FINANCING AUTHORITY, a joint powers authority created pursuant to the laws of the State of California (the "Authority"), for value received, hereby promises to pay (but only out of the 2012 Installment Payments and certain funds and accounts established by the Indenture) to the Registered Owner shown above or registered assigns (the "Registered Owner") (subject to the right of prior redemption hereinafter mentioned), the Principal Amount shown above on the Maturity Date shown above.

Interest with respect to this Bond shall be payable from the Interest Payment Date (as defined herein) preceding its date of execution, unless such date shall be after a Record Date (as defined herein) and on or before the succeeding Interest Payment Date, in which case interest shall be payable from such Interest Payment Date or unless such date shall be on or before the first Record Date, in which case interest shall be payable from the Dated Date; provided, however, that if, as shown by the records of Wells Fargo Bank, National Association, as trustee (the "Trustee"), interest represented by this Bond shall be in default, Bonds executed in exchange for this Bond upon surrender for transfer or exchange shall represent interest from the last date to which interest has been paid in full or duly provided for with respect to this Bond, or, if no interest has been paid or duly provided for with respect to this Bond, from the Dated Date. Interest shall be paid to such Registered Owner by check mailed thereto, at his/her address as it appears on the Bond Register kept by the Trustee at the close of business on the fifteenth calendar day of the month preceding the Interest Payment Date (the "Record Date") until the principal hereof shall have been paid as provided for in accordance with the Indenture hereinafter referred to, at the interest rate shown above, payable [**CONFIRM:**] [June 1, 2012], and thereafter semiannually on June 1 and December 1 in each year (each, an "Interest Payment Date").

Both principal and interest and any premium upon the redemption prior to the maturity of all or part hereof are payable in lawful money of the United States of America, and (except for interest, which is payable by check as stated above) are payable at the designated corporate trust office of the Trustee in Los Angeles, California; provided that in the case of a Registered Owner of \$1,000,000 or more in aggregate principal amount of Bonds, upon written request received by the Trustee at least five business days prior to the date of payment as provided in the Indenture, interest payments shall be made by wire transfer of immediately available funds to an account within the United States.

This Bond is one of a duly authorized series of bonds of the Authority designated as the "City of Oxnard Financing Authority Water Revenue Refunding Bonds, Series 2012" (the "Bonds"), all of which have been issued pursuant a Trust Indenture, dated as of April 1, 2012 (the "Indenture"), by and among the Authority, the City of Oxnard (the "City"), and the Trustee, which is incorporated herein by this reference (copies of which Indenture are on file at the corporate trust office of the Trustee in Los Angeles, California).

Capitalized terms used herein and not defined shall have the meanings given to them in the Indenture.

The Bonds are issued to provide funds to refund certain obligations of the Authority. The Bonds are limited obligations of the Authority and are payable solely from installment payments (the "Installment Payments") paid by the City pursuant to an Amended and Restated Installment Purchase Agreement, dated as of April 1, 2012 (the "Installment Purchase Agreement"), by and between the Authority and the City. The terms and conditions of the Bonds are provided for by the Indenture, and by acceptance hereof the Registered Owner of this Bond assents to said terms and conditions. The Indenture is entered into under, and this Bond is issued under, and both are to be construed in accordance with the laws of the State of California.

The principal and interest on this Bond is secured by the 2012 Installment Payments paid by the City pursuant to the Installment Purchase Agreement and certain funds and accounts established by the Indenture. The Authority and the City are authorized to enter into the Installment Purchase Agreement pursuant to the laws of the State of California and certain proceedings of their respective governing boards. The City is required under the Installment Purchase Agreement to pay 2012 Installment Payments to the Trustee, as assignee.

This Bond has been executed by the Authority pursuant to the terms of the Indenture. Reference is hereby made to the Installment Purchase Agreement and the Indenture (copies of which are on file at the designated corporate trust office of the Trustee) for a description of the terms on which the Bonds are delivered, and the rights thereunder of the Registered Owner of this Bond and the rights, duties, and immunities of the Trustee and the rights and obligations of the City and the Authority under the Installment Purchase Agreement, to all of the provisions of which the Registered Owner of this Bond, by acceptance hereof, assents, and agrees.

The obligation of the City to pay 2012 Installment Payments does not constitute an obligation of the City for which the City is obligated to levy or pledge any form of taxation or for which the City has levied or pledged any form of taxation. Neither the payment of principal, or any part hereof, nor any interest hereon constitutes a debt, liability, or obligation of the City, the

Authority or any of the public agencies who are parties to the joint powers agreement creating the Authority, except as provided in the Indenture.

The Bonds maturing on or before June 1, 20__, are not subject to optional redemption. The Bonds maturing on or after June 1, 20__, are subject to redemption, as a whole or in part, on any date on or after June 1, 20__, in the order of maturity as directed by the City and randomly by lot within each maturity, in integral multiples of \$5,000, from amounts prepaid by the City pursuant to the Installment Purchase Agreement or any other source of funds at a Redemption Price equal to the principal amount thereof together with accrued interest to the date fixed for redemption, without premium.

The Bonds maturing on June 1, 20__, are subject to mandatory redemption in part on June 1 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 (June 1)	Amount
20__	\$____,000
20__	____,000
20__	____,000
20__	____,000
20__ (maturity)	____,000

The Bonds maturing on June 1, 20__, are subject to mandatory redemption in part on June 1 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 (June 1)	Amount
20__	\$____,000
20__	____,000
20__	____,000
20__	____,000
20__ (maturity)	____,000

In the event of any optional redemption of Bonds maturing on June 1, 20__, or Bonds maturing on June 1, 20__, the applicable schedule of mandatory sinking fund installments set forth above shall be reduced in equal percentages, as nearly as practicable, provided that the reductions shall be made in multiples of \$5,000.

Notice of redemption shall be mailed, first-class postage prepaid, to the Registered Owner of each Bond designated for redemption at their addresses appearing on the Bond Register and to the Information Services and by registered or certified or overnight mail to the

Securities Depositories at least thirty (30) days but not more than sixty (60) days prior to the redemption date.

Each notice of redemption shall state the date of notice, the redemption date, the place or places of redemption and the Redemption Price, shall designate the maturities, CUSIP numbers, if any, and, if less than all of any such maturity is to be redeemed, the serial numbers of the Bonds of such maturity to be redeemed by giving the individual number of each Bond or by stating that all Bonds between two stated numbers, both inclusive, have been called for redemption and, in the case of Bonds to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed. Such notice of redemption shall further state that on the specified date there shall become due and payable upon each Bond or portion thereof being redeemed the Redemption Price and that from and after such date interest evidenced thereby shall cease to accrue and be payable. With respect to any notice of redemption of Bonds pursuant to the Indenture, unless at the time such notice is given the Bonds to be redeemed shall be deemed to have been paid within the meaning of the Indenture, such notice shall state that such redemption is conditional upon receipt by the Trustee, on or prior to the date fixed for such redemption, of moneys sufficient to pay for the Redemption Price of the Bonds to be redeemed, and that if such moneys shall not have been so received, said notice shall be of no force and effect and the Authority shall not be required to redeem such Bonds. In the event a notice of redemption of Bonds contains such a condition and such moneys are not so received, the redemption of Bonds as described in the conditional notice of redemption shall not be made and the Trustee shall, within a reasonable time after the date on which such redemption was to occur, give notice to the persons and in the manner in which the notice of redemption was given, that such moneys were not so received and that there shall be no redemption of Bonds pursuant to such notice of redemption. Any defect in the notice or the mailing will not affect the validity of the redemption of any Bond.

This Bond is issued in fully-registered form, without coupons, and is non-negotiable. It may be exchanged for a like aggregate principal amount of Bonds of other Authorized Denominations of the same series and maturity, all as more fully set forth in the Indenture. This Bond is transferable by the Registered Owner hereof, in person or by his or her attorney duly authorized in writing, at the designated corporate trust office of the Trustee in Los Angeles, California, but only in the manner, subject to the limitations and upon payment of the charges provided in the Indenture, upon surrender and cancellation of this Bond. Upon such transfer, a new registered Bond of authorized denomination or denominations for the same aggregate principal amount of the same series and maturity will be issued to the transferee in exchange therefor.

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

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

IT IS HEREBY CERTIFIED, RECITED, AND DECLARED by the City and the Authority that all things, conditions and acts required by the Constitution and the statutes of the State of California and the Indenture to exist, to have happened and to have been performed precedent to and in the execution and the delivery of this Bond, do exist, have happened, and have been performed in due time, form, and manner, as required by law.

IN WITNESS WHEREOF, the Authority has caused this Bond to be signed by the Chairman of the Governing Board thereof, and attested to by the Secretary of said Governing Board, by their facsimile signatures.

ATTEST:

CITY OF OXNARD FINANCING
AUTHORITY

By: _____
Daniel Martinez, Secretary

By: _____
Dr. Thomas E. Holden, Chairman

CERTIFICATE OF AUTHENTICATION

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

Date of Authentication: _____

WELLS FARGO BANK, NATIONAL
ASSOCIATION, as Trustee

By: _____
Its: Authorized Officer

LEGAL OPINION

STATEMENT OF INSURANCE

[TO COME, IF APPLICABLE]

[FORM OF ASSIGNMENT]

For value received the undersigned hereby sells, assigns and transfer unto

(Name, address and Tax Identification or Social Security Number of Assignee)

the within-registered Bond and hereby irrevocably constitute(s) and appoint(s) _____ attorney, to transfer the same on the Bond Register of the Trustee with full power of substitution in the premises.

Dated: _____

Signature Guaranteed:

Signature:

Note: Signature(s) must be guaranteed by a member firm of the New York Stock Exchange or any national stock exchange or a commercial bank or trust company.

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

EXHIBIT B

**WRITTEN REQUEST OF THE AUTHORITY
FOR DISBURSEMENT OF COSTS OF ISSUANCE**

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

SUBJECT: City of Oxnard Financing Authority
Water Revenue Refunding Bonds, Series 2012

Requisition No.: _____

Ladies and Gentlemen:

You, as Trustee under certain Trust Indenture, dated as of April 1, 2012 (the “**Indenture**”), among you, the City of Oxnard, and the City of Oxnard Financing Authority, which Indenture authorized the issuance and sale of the above-referenced Bonds, are hereby requested to pay from the Costs of Issuance Fund established pursuant to the Indenture to the respective persons or entities designated on Schedule A attached hereto and by this reference incorporated herein, the respective sums set forth on said Schedule A. Each obligation, item of cost, or expense included in this Written Request is a Cost of Issuance (as defined in the Indenture), has been properly incurred and is a proper charge against the Costs of Issuance Fund and has not been the basis of any previous withdrawal and the payment of such obligation, cost, or expense will not cause the balance remaining in the Costs of Issuance Fund after such payment to be less than the amount necessary to pay the remaining estimated Costs of Issuance to be paid from the Costs of Issuance Fund.

Dated: _____

CITY OF OXNARD FINANCING AUTHORITY

By: _____
Controller