

## RESOLUTION NO. FA2016-001

### A RESOLUTION OF THE BOARD OF DIRECTORS OF THE ELK GROVE FINANCE AUTHORITY AUTHORIZING THE ISSUANCE AND SALE OF SPECIAL TAX REVENUE BONDS AND APPROVING RELATED AGREEMENTS AND ACTIONS

**WHEREAS**, the Elk Grove Finance Authority (the "Authority") is a joint exercise of powers authority duly organized and existing under the provisions of Articles 1 through 4 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the "Act"), and is authorized pursuant to Article 4 of the Act (the "Bond Law") to borrow money for the purpose of financing the acquisition of bonds, notes and other obligations and for financing and refinancing public capital improvements of member entities of the Authority and other local agencies; and

**WHEREAS**, the City Council of the City of Elk Grove (the "City") has conducted proceedings under and pursuant to the Mello-Roos Community Facilities Act of 1982, as amended, Chapter 2.5 of Part 1 of Division 2 of Title 5 (commencing with Section 53311) of the California Government Code (the "Mello-Roos Act"), to form Community Facilities District No. 2005-1 (Laguna Ridge) (the "CFD"), to authorize the levy of special taxes upon the land within the CFD, and to issue bonds secured by said special taxes, for the purpose of financing certain public improvements and related expenses, all as described in its Resolution No. 2006-62 adopted March 8, 2006 and those proceedings; and

**WHEREAS**, under the provisions of the Mello-Roos Act, on behalf of the CFD, the City has previously issued its \$67,670,000 City of Elk Grove Community Facilities District No. 2005-1 (Laguna Ridge) Special Tax Bonds, Series 2007 (the "Prior CFD Bonds") pursuant to a Fiscal Agent Agreement, dated as of June 1, 2007, between the City and U.S. Bank National Association, as fiscal agent;

**WHEREAS**, the City has determined that it is in the best financial interests of the City to refinance all or a portion of the Prior CFD Bonds, and the City desires to finance certain additional authorized facilities (the "Additional Capital Facilities") for the CFD which were not financed by the Prior CFD Bonds; and

**WHEREAS**, accordingly, the City has determined to issue a second series of special tax bonds for the CFD designated City of Elk Grove Community Facilities District No. 2005-1 (Laguna Ridge) Special Tax Bonds Series 2016 (the "CFD Bonds") pursuant to the Mello-Roos Act; and

**WHEREAS**, the City wishes to sell the CFD Bonds to the Authority; and

**WHEREAS**, for the purpose of purchasing the CFD Bonds and thereby facilitating the refinancing of the Prior CFD Bonds and the financing of the Additional Capital Facilities, the Authority has determined to issue its Special Tax Revenue Bonds, Series 2016 (the "Bonds") pursuant to the Bond Law; and

**WHEREAS**, as required by Section 6586.5 of the Bond Law, the City has caused publication of a notice of a public hearing on the financing of the Additional Capital Facilities once at least five (5) days prior to the hearing in a newspaper of general circulation in the county; and

**WHEREAS**, the City Council held a public hearing at which all interested persons were provided the opportunity to speak on the subject of financing the Additional Capital Facilities, and, following the hearing, found that issuance of the Bonds for the purpose of financing the Additional Capital Facilities will result in significant public benefits of the type described in Section 6586 of the Bond Law, including, but not limited to, a more efficient delivery of City services to residential and commercial development and demonstrable savings in effective interest rate, bond preparation, bond underwriting and bond issuance costs; and

**WHEREAS**, for the proposed financing and refinancing, there has been filed with the Secretary of the Board of Directors of the Authority the form of an Indenture of Trust (the "Indenture"), between the Authority and U.S. Bank National Association, as trustee (the "Trustee") and the form of a CFD Bonds Purchase Agreement relating to the sale of the CFD Bonds by the City to the Authority, to be dated the date of sale, between the City and the Authority (the "CFD Bonds Purchase Agreement"); and

**WHEREAS**, the Authority proposes to sell the Bonds to Piper Jaffray & Company, Incorporated (the "Underwriter") pursuant to the terms of a Bond Purchase Agreement by and between the city and the Underwriter, and the Underwriter proposes to offer the Bonds to the investing public by means of a Preliminary Official Statement, both of those documents shall be submitted to the Board at a future meeting for approval at that time; and

**WHEREAS**, the Authority has determined and hereby finds that the issuance of the Bonds and the acquisition of the CFD Bonds will result in significant public benefits of the type described in Section 6586 of the Bond Law.

**NOW, THEREFORE, BE IT RESOLVED** by the Board of Directors of the Elk Grove Finance Authority as follows:

**Section 1. Recitals.** Each of the above recitals is true and correct and is adopted by the Board of Directors.

**Section 2. Bond Issuance.** The Bonds shall be issued in an aggregate principal amount not to exceed \$115 million with the number of series, the exact principal amount, the interest rates and the maturity to be determined by the sale of the Bonds as described in Section 4 below. The Bonds shall be executed on behalf of the Authority by the manual or facsimile signature of the President, Vice President, Administrator or Treasurer (each an "and/or"), and the seal of the Authority, or a facsimile thereof, may be impressed or imprinted thereon and attested with the manual or facsimile signature of the Secretary of the Authority.

**Section 3. Indenture.** The Bonds shall be issued under the terms of the Indenture, the form of which is on file with the Secretary of the Board of Directors. The Board of Directors hereby approves the Indenture in substantially the form on file with the Secretary attached as Exhibit A, together with any changes therein or additions thereto approved by, and the execution thereof by an Authorized Officer shall be conclusive evidence of such approval of any such changes or additions. The Board of Directors hereby authorizes and directs an Authorized Officer to execute, and the Secretary to attest and affix the seal of the Authority to, the final form of the Indenture for and in the name of the Authority. The Board of Directors hereby authorizes the delivery and performance of the Indenture.

**Section 4. CFD Bonds Purchase Agreement.** The CFD Bonds shall be purchased under the terms of the CFD Bonds Purchase Agreement, the form of which is on file with the Secretary of the Board of Directors. The Board of Directors hereby approves the CFD Bonds Purchase Agreement in substantially the form on file with the Secretary, together with any changes therein or additions thereto approved by, and the execution thereof by an Authorized Officer shall be conclusive evidence of such approval of any such changes or additions. The Board of Directors hereby authorizes and directs an Authorized Officer to execute, and the Secretary to attest and affix the seal of the Authority to, the final form of the CFD Bonds Purchase Agreement for and in the name of the Authority. The Board of Directors hereby authorizes the delivery and performance of the CFD Bonds Purchase Agreement.

**Section 5. Trustee.** U.S. Bank National Association is hereby appointed to act as the trustee for the Bonds under the Indenture. If an Authorized Officer determines at any time while the Bonds are outstanding that another bank should be selected to act as trustee for the Bonds, in order to ensure the efficient administration of the Bonds, then such Authorized Officer, or a designee, is hereby authorized and directed to select and engage a bank or trust company meeting the requirements set forth in the Indenture to act as the trustee for the Bonds under the terms of the Indenture.

**Section 6. Municipal Bond Insurance.** The Authorized Officers, and their designees are hereby authorized at any time, before or after the issuance of the bonds, to (i) solicit bids for a municipal bond insurance policy and/or reserve fund surety bond for all or a portion of the Bonds, (ii) to negotiate the terms of such policy, (iii) to finalize the form of such policy with a municipal bond insurer, and (iv) if it is determined that the policy will result in interest rate savings on the Bonds which exceed the cost of the premium for the policy or policies, or will otherwise benefit the City, to pay the insurance premium of for policy or policies from the proceeds of the Bonds. In the event that a municipal bond insurance commitment is received which does not insure all of the Bonds, then the Authorized Officers are authorized to cause all documents relating to the Bonds to permit the issuance of the Bonds in two or more series as needed.

**Section 7. Official Actions.** The Chairman, the Executive Director, the Treasurer, the Secretary and any and all other officers of the Authority are hereby authorized and directed, for and in the name and on behalf of the Authority, to do any and all things and take any and all actions, including execution and delivery of the Indenture and CFD Bonds Purchase Agreement, any and all assignments, certificates,

requisitions, agreements, notices, consents, instruments of conveyance, warrants and other documents, which they, or any of them, may deem necessary or advisable in order to consummate the issuance and sale of the Bonds and any of the other transactions contemplated by the documents approved pursuant to this Resolution. Whenever in this Resolution any officer of the Authority is authorized to execute or countersign any document or take any action, such execution, countersigning or action may be taken on behalf of such officer by any person designated by such officer to act on his or her behalf in the case such officer shall be absent or unavailable.

**Section 8. Effective Date.** This Resolution shall take effect from and after the date of its passage and adoption.


**PASSED AND ADOPTED** by the Board of Directors of the Elk Grove Finance Authority this 8<sup>th</sup> day of June 2016.

  
\_\_\_\_\_  
GARY DAVIS, PRESIDENT of the  
ELK GROVE FINANCE AUTHORITY

ATTEST:

  
\_\_\_\_\_  
JASON LINDGREN, SECRETARY

APPROVED AS TO FORM:

  
\_\_\_\_\_  
JONATHAN P. HOBBS,  
LEGAL COUNSEL



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**INDENTURE OF TRUST**

**between**

**ELK GROVE FINANCE AUTHORITY**

**and**

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

**Dated as of \_\_\_\_\_ 1, 2016**

**\$ \_\_\_\_\_  
ELK GROVE FINANCE AUTHORITY  
SPECIAL TAX REVENUE BONDS  
SERIES 2016**

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Exhibit A Form of Bond

## INDENTURE OF TRUST

THIS INDENTURE OF TRUST (this "Indenture"), dated as of \_\_\_\_\_ 1, 2016, is between the ELK GROVE FINANCE AUTHORITY, a joint powers authority organized and existing under the laws of the State of California (the "Authority") and U.S. BANK NATIONAL ASSOCIATION, a national banking association organized and existing under the laws of the United States of America (the "Trustee").

### BACKGROUND:

1. The Authority is a joint exercise of powers authority duly organized and existing under the provisions of Articles 1 through 4 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the "Act"), and is authorized pursuant to Article 4 of the Act (the "Bond Law") to (i) purchase, with the proceeds of its bonds, bonds issued by a local agency and to hold such bonds and (ii) issue bonds to pay the cost of any public capital improvement.

2. Pursuant to the Mello-Roos Community Facilities Act of 1982, as amended (the "CFD Act") the City of Elk Grove (the "City") previously issued for and on behalf its City of Elk Grove Community Facilities District No. 2005-1 (Laguna Ridge) (the "CFD") the \$67,670,000 City of Elk Grove Community Facilities District No. 2005-1 (Laguna Ridge) Special Tax Bonds, Series 2007 (the "Prior CFD Bonds").

3. The City has determined that it is in the best financial interests of the City to refinance the Prior CFD Bonds on a current basis and finance certain additional authorized facilities (the "Project") for the CFD and for such purpose the City has determined to issue its City of Elk Grove Community Facilities District No. 2005-1 (Laguna Ridge) Special Tax Bonds, Series 2016 in the aggregate principal amount of \$\_\_\_\_\_ pursuant to the CFD Act and secured by the CFD Fiscal Agent Agreement in the manner provided therein.

5. The Authority wishes to assist the City with the refinancing of the Prior CFD Bonds and the financing of the Project by purchasing the aforementioned bonds.

6. For the purpose of facilitating the refinancing of the Prior CFD Bonds and financing the Project, the Authority has determined to issue its Special Tax Revenue Bonds, Series 2016 in the aggregate principal amount of \$\_\_\_\_\_ (the "2016 Bonds") pursuant to the Bond Law and secured by this Indenture in the manner provided herein.

7. In order to provide for the authentication and delivery of the 2016 Bonds, to establish and declare the terms and conditions upon which the Bonds are to be issued and to secure the payment of the principal thereof and interest thereon, the Authority has authorized the execution and delivery of this Indenture.

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

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

## ARTICLE I

### DEFINITIONS; AUTHORIZATION AND PURPOSE OF BONDS; EQUAL SECURITY

Section 1.1. Definitions. Unless the context otherwise requires, the terms defined in this Section will for all purposes of this Indenture and of any Supplemental Indenture and of the Bonds and of any certificate, opinion, request or other documents herein mentioned have the meanings herein specified.

“Act” means Articles 1 through 4 (commencing with Section 6500) of Chapter 5, Division 7, Title 1 of the Government Code of the State, as it may hereafter be amended from time to time.

“Additional Bonds” has the meaning given that term in Section 5.6.

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

“Authority” means the Elk Grove Finance Authority, a joint exercise of powers agency established pursuant to the laws of the State and a Joint Exercise of Powers Agreement, dated as of July 13, 2005, by and between the City and the Parking Authority of the City of Elk Grove, and any successors.

“Authority Administrative Expenses” means the fees and expenses of the Trustee, including legal fees and expenses (including fees and expenses of outside counsel and the allocated costs of internal attorneys) and the out of pocket expenses incurred by the Trustee, the City and the Authority in carrying out their duties hereunder including payment of amounts payable to the United States pursuant to Sections 5.7 and 5.8.

“Authorized Officer” means (i) with respect to the Authority, the President, Executive Director, Administrator or Treasurer or any other Person authorized by the Authority to perform an act or sign a document on behalf of the Authority for purposes of this Indenture and (ii) with respect to the City, its City Manager, Director of Finance and Administrative Services, or any other Person authorized by the City to perform an act or sign a document on behalf of the City for purposes of this Indenture.

“Beneficial Owners” means the actual purchasers of the Bonds whose ownership interests are recorded on the books of the DTC Participants.

“Bond Counsel” means Jones Hall, A Professional Law Corporation, and its successors; or any other attorney at law or firm of attorneys selected by the Authority, of nationally recognized standing in matters pertaining to the federal tax exemption of interest on bonds issued by states and political subdivisions, and duly admitted to practice law before the highest court of any state of the United States of America.

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

“Bond Register” means the registration books for the Bonds maintained by the Trustee in accordance with Section 2.8.

"Bonds" means the 2016 Bonds and any Additional Bonds issued hereunder.

"Bond Year" means each twelve month period extending from September 2 in one calendar year to September 1 of the succeeding calendar year, except in the case of the initial Bond Year which will be the period from the Closing Date to September 1, 2016, both dates inclusive.

"Business Day" means a day which is not a Saturday or Sunday or a day of the year on which the New York Stock Exchange or banks in New York, New York or Los Angeles, California, or where the Trust Office is located, are not required or authorized to remain closed.

"Certificate of the Authority" means a certificate in writing signed by an Authorized Officer of the Authority.

"CFD Act" means the Mello-Roos Community Facilities Act of 1982, constituting Chapter 2.5 (commencing with Section 53311), Article 1 of Division 2 of Title 5 of the Government Code of that State of California, as amended from time to time.

"CFD Bonds" means City of Elk Grove Community Facilities District No. 2005-1 (Laguna Ridge) Special Tax Bonds Series 2016 and any Parity Bonds (as described in the CFD Fiscal Agent Agreement) purchased by the Authority pursuant to Section 5.6.

"CFD Bonds Fiscal Agent" means U.S. Bank National Association, or any successor fiscal agent under the CFD Fiscal Agent Agreement.

"CFD Fiscal Agent Agreement" means the Fiscal Agent Agreement, dated as of \_\_\_\_\_ 1, 2016, by and between the City, for and on behalf of the CFD, and the CFD Bonds Fiscal Agent.

"City" means the City of Elk Grove, a municipal corporation and general law city duly established and existing under the Constitution and laws of the State of California.

"Closing Date" means the date upon which there is an initial physical delivery of Bonds in exchange for the amount representing the purchase price of the Bonds by the Original Purchaser, for the 2016 Bonds being \_\_\_\_\_, 2016.

"Code" means the Internal Revenue Code of 1936 as in effect on the Closing Date or (except as otherwise referenced herein) as it may be amended to apply to obligations issued on the Closing Date, together with applicable temporary and final regulations promulgated, and applicable official guidance published, under the Code.

"Community Facilities District" or "CFD" means City of Elk Grove Community Facilities District No. 2005-1 (Laguna Ridge), a community facilities district formed pursuant to the CFD Act.

"Costs of Issuance" means the costs and expenses incurred in connection with the issuance and sale of the Bonds and the CFD Bonds, and the acquisition of the CFD Bonds by the Authority, including the acceptance and initial annual fees and expenses (including legal fees and expenses) of the Trustee, legal fees and expenses, costs of printing the Bonds and the

preliminary and final Official Statements, fees of financial consultants, and other fees and expenses set forth in a Request of the Authority.

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

“Dated Date” means the Closing Date.

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

“DTC Participants” means securities brokers and dealers, banks, trust companies, clearing corporations and other organizations maintaining accounts with DTC.

“Event of Default” means any of the events described in Section 8.1.

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

“Federal Securities” means any of the following:

- (a) Cash (insured at all times by the Federal Deposit Insurance Corporation).
- (b) Obligations of, or obligations guaranteed as to principal and interest by, the U.S. or any agency or instrumentality thereof, when such obligations are backed by the full faith and credit of the U.S. including:
  - U.S. treasury obligations
  - All direct or fully guaranteed obligations
  - Farmers Home Administration
  - General Services Administration
  - Guaranteed Title XI financing
  - Government National Mortgage Association (GNMA)
  - State and Local Government Series



“Fiscal Year” means any twelve month period extending from July 1 in one calendar year to June 30 of the succeeding calendar year, both dates inclusive, or any other twelve month period selected and designated by the Authority as its official fiscal year period.

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

“Independent Accountant” means any accountant or firm of such accountants appointed and paid by the Authority, and who, or each of whom –

- (a) is in fact independent and not under domination of the Authority or the City;
- (b) does not have any substantial interest, direct or indirect, in the Authority or the City; and
- (c) is not an officer or employee of the Authority, or the City, but who may be regularly retained to make annual or other audits of the books of or reports to the Authority or the City.

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

- (a) is in fact independent and not under domination of the Authority or the City;
- (b) does not have any substantial interest, direct or indirect, in the Authority or the City; and
- (c) is not an officer or employee of the Authority or the City, but who may be regularly retained to make annual or other audits of the books of or reports to the Authority or the City.

“Interest Account” means the account by that name established and held by the Trustee pursuant to Section 4.2(a).

“Interest Payment Date” means March 1 and September 1 in each year, beginning \_\_\_\_\_, and continuing thereafter so long as any Bonds remain Outstanding.

“Original Purchaser” means the first purchaser of a Series of Bonds and, with respect to the 2016 Bonds, Piper Jaffray & Co.

“Outstanding”, when used as of any particular time with reference to Bonds, means (subject to the provisions of Section 9.7) all Bonds theretofore executed and issued by the Authority and authenticated and delivered by the Trustee under this Indenture except –

- (a) Bonds theretofore cancelled by the Trustee or surrendered to the Trustee for cancellation pursuant to Section 2.9;
- (b) Bonds paid or deemed to have been paid within the meaning of Section 9.3 or Bonds called for redemption for which funds have been provided as described in Section 2.2(g); and

(c) Bonds in lieu of or in substitution for which other Bonds will have been executed, issued and delivered pursuant to this Indenture or any Supplemental Indenture.

“Owner” or “Bond Owner”, when used with respect to any Bond, means the person in whose name the ownership of such Bond will be registered on the Bond Register.

“Permitted Investments” means any of the following which at the time of investment are legal investments under the laws of the State of California for the moneys proposed to be invested therein, but only to the extent that the same are acquired at Fair Market Value:

(a) Federal Securities;

(b) any of the following direct or indirect obligations of the following agencies of the United States of America: (i) direct obligations of the Export-Import Bank; (ii) certificates of beneficial ownership issued by the Farmers Home Administration; (iii) participation certificates issued by the General Services Administration; (iv) mortgage-backed bonds or pass-through obligations issued and guaranteed by the Government National Mortgage Association, the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation or the Federal Housing Administration; (v) project notes issued by the United States Department of Housing and Urban Development; and (vi) public housing notes and bonds guaranteed by the United States of America;

(c) interest-bearing demand or time deposits (including certificates of deposit) or deposit accounts in federal or state chartered savings and loan associations or in federal or State of California banks (including the Trustee and its affiliates), provided that (i) the unsecured short-term obligations of such commercial bank or savings and loan association will be rated in the highest short-term rating category by any Rating Agency or (ii) such demand or time deposits will be fully insured by the Federal Deposit Insurance Corporation;

(d) commercial paper rated at the time of purchase in the highest short-term rating category by any Rating Agency, issued by corporations which are organized and operating within the United States of America, and which matures not more than 180 days following the date of investment therein;

(e) bankers acceptances, consisting of bills of exchange or time drafts drawn on and accepted by a commercial bank whose short-term obligations are rated in the highest short-term rating category by any Rating Agency or whose long-term obligations are rated A or better by each such Rating Agency, which mature not more than 270 days following the date of investment therein;

(f) obligations the interest on which is excludable from gross income pursuant to Section 103 of the Tax Code and which are either (a) rated A or better by any Rating Agency or (b) fully secured as to the payment of principal and interest by Federal Securities;

(g) obligations issued by any corporation organized and operating within the United States of America having assets in excess of Five Hundred Million

Dollars (\$500,000,000), which obligations are rated A or better by any Rating Agency;

(h) money market funds (including money market funds for which the Trustee, its affiliates or subsidiaries provide investment advisory or other management services) which invest in Federal Securities or which are rated in the highest rating category by any Rating Agency;

(i) any investment agreement, repurchase agreement or other investment instrument which represents the general unsecured obligations of a bank, investment banking firm or other financial institution whose long-term obligations are rated at the time of delivery of the investment agreement, repurchase agreement or other investment instrument A or better by any Rating Agency;

(j) shares in a California common law trust established pursuant to Title 1, Division 7, Chapter 5 of the Government Code of the State of California that invests exclusively in investments permitted by Section 53601 of Title 5, Division 2, Chapter 4 of the California Government Code, as it may be amended (California Asset Management Program); and

(k) the Local Agency Investment Fund of the State, created pursuant to Section 16429.1 of the California Government Code.

"Principal Account" means the account by that name established and held by the Trustee pursuant to Section 4.2(a).

"Prior CFD Bonds" means the \$67,670,000 City of Elk Grove Community Facilities District No. 2005-1 (Laguna Ridge) Special Tax Bonds, Series 2007.

"Purchase Fund" means the fund by that name established and held by the Trustee pursuant to Section 3.5.

"Rating Agency" means Moody's Ratings Services, Standard & Poor's Rating Services or Fitch Ratings, or the successor to any of the foregoing.

"Rebate Fund" means the fund by that name established pursuant to Section 5.8.

"Record Date" means, with respect to any Interest Payment Date, the fifteenth calendar day of the month preceding the month in which such Interest Payment Date occurs, whether or not such day is a Business Day.

"Redemption Fund" means the fund by that name established with respect to any Local Obligation.

"Request of the Authority" means a written request executed by an Authorized Officer of the Authority.

"Request of the City" means a written certificate or request executed by an Authorized Officer of the City.

"Representation Letter" means the representation letter dated as of the Closing Date for the Bonds among the Authority, the Trustee and DTC.

"Responsible Officer" means any officer of the Trustee assigned to administer the Trustee's duties under this Indenture.

"Revenue Fund" means the fund by that name established and held by the Trustee pursuant to Sections 3.3 and 4.2.

"Revenues" means: (a) all amounts received from the CFD Bonds; (b) any proceeds of the Bonds originally deposited with the Trustee and all moneys deposited and held from time to time by the Trustee in the funds and accounts established hereunder with respect to the Bonds (other than the Rebate Fund and the Surplus Fund); and (c) investment income with respect to any moneys held by the Trustee in the funds and accounts established hereunder with respect to the Bonds (other than investment income on moneys held in the Rebate Fund and the Surplus Fund).

"Securities Depositories" means DTC, and, in accordance with then current guidelines of the Securities and Exchange Commission, such other securities depositories as the Authority designates in a written notice filed with the Trustee.

"Series" means a series of Bonds issued hereunder.

"State" means the State of California.

"Supplemental Indenture" means any indenture, agreement or other instrument hereafter duly executed by the Authority in accordance with the provisions of Article VII.

"Surplus Fund" means the fund by that name established pursuant to Section 3.8.

"Term 2016 Bonds" means the 2016 Bonds subject to mandatory sinking fund redemption described herein.

"Trust Office" means the office of the Trustee at which at any particular time its corporate trust business with respect to this Indenture will be principally administered, which office at the date hereof is located in Seattle, Washington, or such other place as designated by the Trustee except that with respect to presentation of Bonds for payment or for registration of transfer and exchange, such term will mean the office or agency of the Trustee at which, at any particular time, its corporate trust agency business will be conducted, initially in St. Paul, Minnesota.

"Trustee" means U.S. Bank National Association, and its successors and assigns, and any other corporation or association which may at any time be substituted in its place as provided in Article VI.

"2016 Bonds" means the \$\_\_\_\_\_ Elk Grove Finance Authority Special Tax Revenue Bonds, Series 2016 issued hereunder.

Section 1.2. Rules of Construction. All references in this Indenture 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.

Section 1.3. Authorization and Purpose of Bonds. The Authority has reviewed all proceedings heretofore taken relative to the authorization of the Bonds and has found, as a result of such review, and hereby finds and determines, that all things, conditions and acts required by law to exist, happen and/or be performed precedent to and in the issuance of the Bonds do exist, have happened and have been performed in due time, form and manner as required by law, and the Authority is now authorized under the Bond Law and each and every requirement of law, to issue the Bonds in the manner and form provided in this Indenture. Accordingly, the Authority hereby authorizes the issuance of the Bonds pursuant to the Bond Law and this Indenture for the purpose of providing funds to acquire the CFD Bonds and pay Costs of Issuance for the Bonds.

Section 1.4. Equal Security. In consideration of the acceptance of the Bonds by the Owners thereof, this Indenture will be deemed to be and will constitute a contract between the Authority and the Owners from time to time of the Bonds; and the covenants and agreements herein set forth to be performed on behalf of the Authority will be for the equal and proportionate benefit, security and protection of all Owners of the Bonds without preference, priority or distinction as to security or otherwise of any of the Bonds over other Bonds by reason of the number or date thereof or the time of sale, execution or delivery thereof, or otherwise for any cause whatsoever, except as expressly provided therein or herein.

**ARTICLE II**

**ISSUANCE OF BONDS**

Section 2.1. Terms of Bonds. The Bonds authorized to be issued by the Authority under and subject to the Bond Law and the terms of this Indenture will be dated the Closing Date and be designated as follows the "Elk Grove Finance Authority Special Tax Revenue Bonds, Series 2016," which will be issued in the original aggregate principal amount of \_\_\_\_\_ dollars (\$\_\_\_\_\_).

The Bonds will be issued in fully registered form without coupons in denominations of \$5,000 or any integral multiple thereof, so long as no Bond will have more than one maturity date. The Bonds will mature on September 1 in each of the years and in the amounts, and will bear interest (calculated on the basis of a 360-day year of twelve 30-day months) at the rates, as follows:

<u>Maturity Date</u> <u>(September 1)</u>	<u>Principal Amount</u>	<u>Interest Rate Per Annum</u>
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Total	\$
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Interest on the Bonds will be payable on each Interest Payment Date to the person whose name appears on the Bond Register as the Owner thereof as of the Record Date immediately preceding each such Interest Payment Date, such interest to be paid by check of the Trustee mailed on such Interest Payment Date by first class mail, postage prepaid, to the Owner at the address of such Owner as it appears on the Bond Register or by wire transfer to an account in the United States of America made on such Interest Payment Date upon instructions of any Owner of \$1,000,000 or more in aggregate principal amount of Bonds of a Series provided to the Trustee in writing at least five (5) Business Days before the Record Date for such Interest Payment Date. Principal of and premium (if any) on any Bond will be paid upon presentation and surrender thereof, at maturity or the prior redemption thereof, at the Trust

Office of the Trustee. The principal of and interest and premium (if any) on the Bonds will be payable in lawful money of the United States of America.

Each Bond will bear interest from the Interest Payment Date next preceding the date of authentication thereof, unless (a) it is authenticated after a Record Date and on or before the following Interest Payment Date, in which event it will bear interest from such Interest Payment Date; or (b) it is authenticated on or before [August 15, 2016], in which event it will bear interest from the Closing Date; provided, however, that if, as of the date of authentication of any Bond, interest thereon is in default, such Bond will bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon, or from the Closing Date if no interest has been paid or made available for payment.

Section 2.2. Redemption of Bonds.

(a) Optional Redemption. [[The Bonds maturing on or before September 1, 20\_\_, are not subject to optional redemption prior to maturity. The Bonds maturing on and after September 1, 20\_\_, may be redeemed at the option of the Authority, from any source of available funds, prior to maturity on any date on or after September 1, 20\_\_, as a whole, or in part from maturities corresponding proportionately to the maturities of the CFD Bonds simultaneously redeemed, if any redemption of CFD Bonds is being accomplished in conjunction with such optional redemption, and otherwise from such maturities as are selected by the Authority, and by lot within a maturity, at a redemption price equal to principal amount of the Bonds to be redeemed, plus accrued interest thereon to the date of redemption, without premium.]]

The Authority will deliver to the Trustee a certificate of an Independent Financial Consultant verifying that, following such optional prepayment of the CFD Bonds and redemption of the Bonds, the principal and interest generated from the remaining CFD Bonds is adequate to make the timely payment of principal and interest due on the Bonds that will remain Outstanding hereunder following such optional redemption.

(b) Mandatory Special Redemption. The Bonds are subject to mandatory special redemption on any Interest Payment Date from proceeds of early redemption of CFD Bonds from prepayment of Special Taxes (as defined in the CFD Fiscal Agent Agreement), in whole or in part, from maturities corresponding proportionately to the maturities of the CFD Bonds simultaneously redeemed, at the principal amount thereof, plus a premium expressed below as a percentage of the principal amount so redeemed, plus accrued interest to the date of redemption thereof:

<u>Redemption Date</u>	<u>Redemption Premium</u>
On or after March 1, 20__ through March 1, 20__	3%
September 1, 20__ and March 1, 20__	2
September 1, 20__ and March 1, 20__	1
September 1, 20__ and thereafter	0

The Authority will deliver to the Trustee a certificate of an Independent Financial Consultant verifying that, following such optional prepayment of the CFD Bonds and redemption of the Bonds, the principal and interest generated from the remaining CFD Bonds is adequate to make the timely payment of principal and interest due on the Bonds that will remain Outstanding hereunder following such redemption.

(c) Mandatory Sinking Fund Redemption of Bonds. The Bonds maturing on September 1, 20\_\_ and September 1, 20\_\_ (the "Term 2016 Bonds"), are subject to redemption prior to their stated maturity, in part, by lot from amounts deposited into the Principal Account in the following amounts and on the following dates, at the principal amount thereof on the date fixed for redemption, without premium, but which amounts will be proportionately reduced by the principal amount of all Bonds optionally redeemed:

Term 2016 Bonds Maturing September 1, 20\_\_

Mandatory Redemption Dates (September 1)	Principal Amount
20__	\$
20__*	
* Maturity	

Term 2016 Bonds Maturing September 1, 20\_\_

Mandatory Redemption Dates (September 1)	Principal Amount
20__	\$
20__*	
* Maturity	

(d) Notice of Redemption. Written notice of any such redemption will be given by the Authority to the Trustee at least forty-five (45) days prior to the date of redemption (unless a shorter time will be acceptable to the Trustee in its sole discretion for its convenience). The Trustee on behalf, and at the expense, of the Authority will mail (by first class mail, postage prepaid) notice of any redemption to the respective Owners of any Bonds designated for redemption at their respective addresses appearing on the Bond Register, and to the Securities Depositories and to the Municipal Securities Rulemaking Board, at least thirty (30) but not more than sixty (60) days prior to the date fixed for redemption. Neither failure to receive any such notice so mailed nor any defect therein will affect the validity of the proceedings for the redemption of such Bonds or the cessation of the accrual of interest thereon. Such notice will state the date of the notice, the redemption date, the redemption place and the redemption price and will designate the CUSIP numbers, the Bond numbers and the maturity or maturities (in the event of redemption of all of the Bonds of such maturity or maturities in whole) of the Bonds to be redeemed, and will require that such Bonds be then surrendered at the Trust Office of the Trustee for redemption at the redemption price, giving notice also that further interest on such Bonds will not accrue from and after the redemption date. Any such notice of optional redemption may specify that redemption on the specified date will be subject to receipt by the Authority of moneys sufficient to cause such redemption (and will specify the proposed source of such moneys), and neither the Authority nor the Trustee will have any liability to the Owners or any other party as a result of its failure to redeem the Bonds as a result of insufficient moneys. The Authority will have the right to rescind any redemption by written notice to the Trustee on or prior to the date fixed for redemption. Any notice of optional redemption will be cancelled and annulled if for any reason funds are not available on the date fixed for redemption for the payment in full of the Bonds then called for redemption, and such cancellation will not constitute an Event of Default hereunder. The Trustee will mail notice of rescission of redemption in the same manner notice of redemption was originally provided.



In addition to the foregoing notice, further notice will be given by the Trustee in said form by first class mail to any Bondowner whose Bond has been called for redemption but who has failed to submit his Bond for payment by the date which is sixty days after the redemption date, but no defect in said further notice nor any failure to give or receive all or any portion of such further notice will in any manner defeat the effectiveness of a call for redemption.

Upon the payment by the Trustee from the applicable account in the Revenue Fund of the redemption price of the Bond being redeemed, each check or other transfer of funds issued for such purpose will, to the extent practicable, bear the CUSIP number identifying, by issue and maturity, the Bonds being redeemed with the proceeds of such check or other transfer.

(e) Selection of Bonds of a Maturity for Redemption. Unless otherwise provided hereunder, whenever provision is made in this Indenture or in the applicable Supplemental Indenture for the redemption of fewer than all of the Bonds of a maturity of a Series of the Bonds, the Trustee will select the Bonds to be redeemed from all Bonds of such maturity not previously called for redemption, by lot in any manner which the Trustee in its sole discretion will deem appropriate and fair. For purposes of such selection, all Bonds will be deemed to be comprised of separate \$5,000 authorized denominations, and such separate authorized denominations will be treated as separate Bonds that may be separately redeemed.

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

(g) Effect of Redemption. From and after the date fixed for redemption, if funds available for the payment of the principal of and interest (and premium, if any) on the Bonds so called for redemption will have been duly provided, such Bonds so called will cease to be entitled to any benefit under this Indenture other than the right to receive payment of the redemption price, and no interest will accrue thereon from and after the redemption date specified in such notice. All Bonds redeemed pursuant to this Section 2.2 will be cancelled and destroyed.

Section 2.3. Form of Bonds. The Bonds, the form of Trustee's certificate of authentication, and the form of assignment to appear thereon, will be substantially in the form set forth in Exhibit A attached hereto and by this reference incorporated herein, with necessary or appropriate variations, omissions and insertions, as permitted or required by this Indenture.

Section 2.4. Execution of Bonds. All the Bonds will, from time to time, be executed on behalf of the Authority by, or bear the manual or facsimile signature of, one of the members of the Board of Directors of the Authority and be attested by the manual or facsimile signature of the Secretary or by any deputy thereof. If any of the directors or officers who will have signed or sealed any of the Bonds or whose facsimile signature will be upon the Bonds will cease to be such officer of the Authority before the Bond so signed and sealed will have been actually authenticated by the Trustee or delivered, such Bonds nevertheless may be authenticated, issued and delivered with the same force and effect as though the person or persons who signed or sealed such Bonds or whose facsimile signature will be upon the Bonds had not ceased to be such officer of the Authority; and any such Bond may be signed and sealed on behalf of the Authority by those persons who, at the actual date of the execution of such Bonds,

will be the proper officers of the Authority, although at the date of such Bond any such person will not have been such officer of the Authority.

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

**Section 2.5. Transfer of Bonds.** Subject to Section 2.10, any Bond may in accordance with its terms, be transferred, upon the Bond Register, by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Bond for cancellation, accompanied by delivery of a written instrument of transfer in a form approved by the Trustee, duly executed. Whenever any Bond will be surrendered for transfer, the Authority will execute and the Trustee will thereupon authenticate and deliver to the transferee a new Bond or Bonds of like Series, tenor, maturity and aggregate principal amount. No Bonds selected for redemption will be subject to transfer pursuant to this Section nor will any Bond be subject to transfer during the fifteen days prior to the selection of Bonds for redemption.

The cost of printing any Bonds and any services rendered or any expenses incurred by the Trustee in connection with any transfer or exchange will be paid by the Authority. However, the Owners of the Bonds will be required to pay any tax or other governmental charge required to be paid for any exchange or registration of transfer and the Owners of the Bonds will be required to pay the reasonable fees and expenses of the Trustee and Authority in connection with the replacement of any mutilated, lost or stolen Bonds.

**Section 2.6. Exchange of Bonds.** Subject to Section 2.10, Bonds may be exchanged at the Trust Office of the Trustee for Bonds of the same Series, tenor and maturity and of other authorized denominations. No Bonds selected for redemption will be subject to exchange pursuant to this Section, nor will any Bond be subject to exchange during the fifteen days prior to the selection of Bonds for redemption. The Owners of the Bonds will be required to pay any tax or other governmental charge required to be paid for any exchange and the Owners of the Bonds will be required to pay the reasonable fees and expenses of the Trustee and Authority in connection with the exchange of any Bonds.

**Section 2.7. Temporary Bonds.** The Bonds may be issued initially in temporary form exchangeable for definitive Bonds when ready for delivery. The temporary Bonds may be printed, lithographed or typewritten, will be of such denominations as may be determined by the Authority and may contain such reference to any of the provisions of this Indenture as may be appropriate. Every temporary Bond will be executed by the Authority and be registered and authenticated by the Trustee upon the same conditions and in substantially the same manner as the definitive Bonds. If the Authority issues temporary Bonds, it will execute and furnish definitive Bonds without delay, and thereupon the temporary Bonds may be surrendered for cancellation, in exchange therefor at the Trust Office of the Trustee, and the Trustee will authenticate and deliver in exchange for such temporary Bonds an equal aggregate principal amount of definitive Bonds of authorized denominations. Until so exchanged, the temporary Bonds will be entitled to the same benefits under this Indenture as definitive Bonds authenticated and delivered hereunder.

**Section 2.8. Bond Register.** The Trustee will keep or cause to be kept at its Trust Office sufficient records for the registration and transfer of the Bonds, which will be the Bond Register

and will at all times during regular business hours be open to inspection by the Authority upon reasonable notice; and, upon presentation for such purpose, the Trustee will, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on said records, Bonds as hereinbefore provided.

Section 2.9. Bonds Mutilated, Lost, Destroyed or Stolen. If any Bond will become mutilated, the Authority, at the expense of the Owner of said Bond, will execute, and the Trustee will thereupon authenticate and deliver, a new Bond of like Series, tenor and authorized denomination 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 will be cancelled by it and destroyed in accordance with the retention policy of the Trustee then in effect. If any Bond issued hereunder will be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Trustee and, if such evidence be satisfactory to it and indemnity satisfactory to it will be given, at the expense of the Bond Owner, the Authority will execute, and the Trustee will thereupon authenticate and deliver, a new Bond of like series and tenor in lieu of and in substitution for the Bond so lost, destroyed or stolen (or if any such Bond will have matured or will have been called for redemption, instead of issuing a substitute Bond the Trustee may pay the same without surrender thereof upon receipt of indemnity satisfactory to the Trustee). The Trustee may require payment of a reasonable fee for each new Bond issued under this Section and of the expenses which may be incurred by the Authority and the Trustee. Any Bond issued under the provisions of this Section in lieu of any Bond alleged to be lost, destroyed or stolen will constitute an original contractual obligation on the part of the Authority whether or not the Bond alleged to be lost, destroyed or stolen be at any time enforceable by anyone, and will be equally and proportionately entitled to the benefits of this Indenture with all other Bonds secured by this Indenture.

Section 2.10. Book-Entry System.

(a) All Bonds will be initially issued in the form of a separate single certificated fully registered Bond for each maturity date of the Bonds. Upon initial issuance, the ownership of each Bond will be registered in the Bond Register in the name of Cede & Co., as nominee of DTC. Except as provided in Section 2.10(d), all Outstanding Bonds will be registered in the Bond Register in the name of Cede & Co., as nominee of DTC.

(b) With respect to Bonds registered in the Bond Register in the name of Cede & Co., as nominee of DTC, the Authority and the Trustee will have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co. or any DTC Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any DTC Participant or any other person, other than an Owner, as shown in the Bond Register, of any notice with respect to the Bonds, including any notice of redemption, or (iii) the payment to any DTC Participant or any other person, other than an Owner, as shown in the Bond Register, of any amount with respect to principal of, premium, if any, or interest on the Bonds. 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, premium, if any, and interest on such Bond, for the purpose of giving notices of redemption and other matters with respect to such Bond, for the purpose of registering transfers with respect to such Bond, and for all other purposes whatsoever. The Trustee will 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, as provided in Section 2.8, or their respective attorneys duly authorized in writing, and all such payments will be valid and effective to fully satisfy and discharge the Authority's obligations with respect to payment of principal of, premium, if any, and interest on

the Bonds to the extent of the sum or sums so paid. No person other than an Owner, as shown in the Bond Register, will receive a certificated Bond evidencing the obligation of the Authority to make payments of principal, premium, if any, and interest pursuant to this Indenture. Upon delivery by DTC to the Trustee of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions herein with respect to record dates, the word "Cede & Co." in this Indenture will refer to such new nominee of DTC.

(c) The delivery of the Representation Letter and the Trustee will not in any way limit the provisions of Section 2.10(b) or in any other way impose upon the Authority or the Trustee any obligation whatsoever with respect to persons having interests in the Bonds other than the Owners, as shown on the Bond Register. The Trustee will take all action necessary for all representations in the Representation Letter with respect to the Trustee to be complied with at all times.

(d) DTC may determine to discontinue providing its services with respect to the Bonds at any time by giving written notice to the Authority and the Trustee and discharging its responsibilities with respect thereto under applicable law.

(i) The Authority, in its sole discretion and without the consent of any other person, may terminate the services of DTC with respect to the Bonds if the Authority determines that:

(A) DTC is unable to discharge its responsibilities with respect to the Bonds, or

(B) a continuation of the requirement that all Outstanding Bonds be registered in the Bond Register in the name of Cede & Co., or any other nominee of DTC, is not in the best interest of the beneficial owners of such Bonds.

(ii) Upon the termination of the services of DTC with respect to the Bonds pursuant to subsection 2.10(d)(i)(B), or upon the discontinuance or termination of the services of DTC with respect to the Bonds pursuant to subsection 2.10(d)(i)(A) after which no substitute securities depository willing to undertake the functions of DTC hereunder can be found which, in the opinion of the Authority, is willing and able to undertake such functions upon reasonable and customary terms, the Authority is obligated to deliver Bond certificates, as described in this Indenture and the Bonds will no longer be restricted to being registered in the Bond Register in the name of Cede & Co. as nominee of DTC, but may be registered in whatever name or names DTC will designate to the Trustee in writing, in accordance with the provisions of this Indenture.

(e) Notwithstanding any other provisions of this Indenture to the contrary, as long as any Bond is registered in the name of Cede & Co., as nominee of DTC, all payments with respect to principal or, premium, if any, and interest on such Bond and all notices with respect to such Bond will be made and given, respectively, in the manner provided in the Representation Letter.

Section 2.11. Validity of Bonds. The validity of the authorization and issuance of the Bonds will not be affected in any way by any proceedings taken by the Authority or the City with respect to the application of the proceeds of the Bonds, and the recital contained in the Bonds

that the same are issued pursuant to the Bond Law will be conclusive evidence of their validity and of the regularity of their issuance.

## ARTICLE III

### DEPOSIT AND APPLICATION OF PROCEEDS

Section 3.1. Issuance of Bonds. Upon the execution and delivery of this Indenture, the Authority will execute and deliver the Bonds in the principal amounts set forth in Section 2.1 to the Trustee for authentication and delivery to the Original Purchaser thereof upon the Request of the Authority.

Section 3.2. Application of Proceeds of Sale of Bonds. On the Closing Date, the Trustee will apply moneys received by it as set forth below (the Trustee may, in its discretion, establish one or more temporary funds or accounts to account for or facilitate the following transfers and deposits).

The Trustee will apply the proceeds of the sale of the Bonds received or deemed to have been received from the Original Purchaser on the Closing Date, being an amount equal to the purchase price of the Bonds of \$\_\_\_\_\_ (being 100% of the aggregate principal amount thereof (\$\_\_\_\_\_)), plus a net original issue premium of \$\_\_\_\_\_ and less Original Purchaser's discount of \$\_\_\_\_\_), as follows:

(i) \$\_\_\_\_\_ of the proceeds of the Bonds will be deposited in the Purchase Fund for the acquisition of the CFD Bonds in accordance with Section 3.5 below; and

(ii) \$\_\_\_\_\_ of the proceeds of the Bonds will be deposited into the Costs of Issuance Fund for the payment of Costs of Issuance in accordance with Section 3.4 below.

Section 3.3. Revenue Fund. The Trustee will establish and maintain a separate fund to be known as the "Revenue Fund" and the following separate accounts therein: Interest Account and Principal Account. Except as otherwise provided herein, the Trustee will deposit all Revenues received after the Closing Date to the Revenue Fund and will apply amounts in the Revenue Fund as described in Section 4.2 below.

Section 3.4. Costs of Issuance Fund. The Trustee will establish and maintain a fund known as the "Costs of Issuance Fund" into which will be deposited the amounts set forth in Section 3.2 above. The moneys in the Costs of Issuance Fund will be used to pay Costs of Issuance from time to time upon receipt by the Trustee of a Request of the Authority. On the date which is one hundred twenty (120) days following the Closing Date, or upon the earlier receipt by the Trustee of a Request of the Authority stating that all Costs of Issuance have been paid, the Trustee will transfer all remaining amounts in the Costs of Issuance Fund to the Revenue Fund. Upon such transfer, the Costs of Issuance Fund will be closed and the Trustee will no longer be obligated to make payments for Costs of Issuance. The Authority may at any time file a Request of the Authority requesting that the Trustee retain a specified amount in the Costs of Issuance Fund and transfer to the Revenue Fund all remaining amounts, and upon receipt of such request by the Trustee, the Trustee will comply with such request.

Section 3.5. Purchase Fund. The Trustee will establish and maintain a separate fund to be known as the "Purchase Fund" into which will be deposited a portion of the proceeds of sale of the Bonds pursuant to Section 3.2. The Trustee will use the proceeds of the Bonds to purchase the CFD Bonds on the Closing Date; provided, however, that such CFD Bonds may

be purchased only if the Trustee has received a certificate of the Original Purchaser of the Bonds or an Independent Financial Consultant stating that the Revenues to be available to the Trustee, assuming timely payment of the CFD Bonds, will be sufficient to permit the timely payment of the principal of and interest on all Outstanding Bonds.

Section 3.6. Reserved.

Section 3.7. Rebate Fund. The Trustee will establish and maintain a separate fund to be known as the "Rebate Fund". The Rebate Fund will be administered as described in Section 5.8.

Section 3.8. Surplus Fund. The Trustee will establish and maintain a separate fund to be known as the "Surplus Fund" which will be administered as described in Section 4.4.

Section 3.9. Administrative Expense Fund. The Trustee will establish and maintain a separate fund to be held by the Trustee and known as the "Administrative Expense Fund" into which will be deposited (i) amounts transferred to the Trustee pursuant to the CFD Fiscal Agent Agreement relating to the CFD Bonds to fund Authority Administrative Expenses and (ii) amounts transferred from the Surplus Fund pursuant to Section 4.4. The moneys in the Administrative Expense Fund will be used to pay Authority Administrative Expenses upon receipt of a Request of the Authority for the payment thereof.

## ARTICLE IV

### REVENUES; FLOW OF FUNDS

Section 4.1. Pledge of Revenues; Assignment of Rights. Subject to the provisions of Sections 6.3 and 9.3, the Bonds will be secured by a first lien on and pledge (which will be effected in the manner and to the extent hereinafter provided) of all of the Revenues. The Bonds will be equally secured by a pledge, charge and lien upon the Revenues without priority for any Bond over any other Bond; and the payment of the interest on and principal of the Bonds and any premiums upon the redemption of any Bonds will be and are secured by an exclusive pledge, charge and lien upon the Revenues. So long as any of the Bonds are Outstanding, the Revenues will not be used for any purpose except as is expressly permitted by this Indenture.

The Authority hereby transfers in trust, grants a security interest in and assigns to the Trustee, for the benefit of the Owners from time to time of the Bonds all of the Revenues and all of the right, title and interest of the Authority in the CFD Bonds, subject to the terms of this Indenture. The Trustee will be entitled to and will collect and receive all of the Revenues, and any Revenues collected or received by the Authority will be deemed to be held, and to have been collected or received, by the Authority as the agent of the Trustee and will forthwith be paid by the Authority to the Trustee. Subject to the provisions of Section 8.2, the Trustee also will be entitled to and will take all steps, actions and proceedings reasonably necessary in its judgment to enforce, either jointly with the Authority or separately, all of the rights of the Authority and all of the obligations of the City under the CFD Bonds.

Upon the deposit with the Trustee of moneys sufficient to pay all principal of, premium, if any, and interest on the Bonds and upon satisfaction of all claims against the Authority hereunder with respect to the Bonds, including all fees, charges and expenses of the Trustee and the Authority which are properly payable hereunder, or upon the making of adequate provisions for the payment of such amounts as permitted hereby, all moneys remaining in all funds and accounts pertaining to such Bonds, (except any amounts on deposit in the Rebate Fund and the Surplus Fund and except moneys necessary to pay principal of, premium, if any, and interest on such series of Bonds, which moneys will be held by the Trustee pursuant to Section 9.3), will no longer be considered Revenues and are not pledged to repay the Bonds. Such amounts will be transferred to the fiscal agent for the then outstanding CFD Bonds. In the event that the CFD Bonds have been paid or defeased, then any such amounts will be paid by the Trustee to the Authority to be used by the Authority for any lawful purpose.

#### Section 4.2. Receipt, Deposit and Application of Revenues; Revenue Fund.

(a) All Revenues described in clause (a) of the definition thereof in Section 1.1 will be promptly deposited by the Trustee upon receipt thereof in the Revenue Fund.

On each Interest Payment Date and date for redemption of the Bonds, the Trustee will transfer from the Revenue Fund, and deposit into the following respective accounts for the Bonds, the following amounts in the following order of priority, the requirements of each such account (including the making up of any deficiencies in any such account resulting from lack of Revenues sufficient to make any earlier required deposit) at the time of deposit to be satisfied before any transfer is made to any account subsequent in priority:

(i) Interest Account. On each Interest Payment Date and redemption date, the Trustee will deposit in the Interest Account an amount required to cause the



aggregate amount on deposit in the Interest Account to equal the amount of interest becoming due and payable on such Interest Payment Date on all Outstanding Bonds or to be paid on the Bonds being redeemed on such date. No deposit need be made into the Interest Account if the amount contained therein is at least equal to the interest becoming due and payable upon all Outstanding Bonds on the next succeeding Interest Payment Date or redemption date, as applicable. All moneys in the Interest Account will be used and withdrawn by the Trustee solely for the purpose of paying interest on the Bonds as it will become due and payable (including accrued interest on any Bonds redeemed prior to maturity). In the event that the amounts on deposit in the Interest Account on any Interest Payment Date or redemption date are insufficient for any reason to pay the aggregate amount of interest then coming due and payable on the Outstanding Bonds, the Trustee will apply such amounts to the payment of interest on each of the Outstanding Bonds on a pro rata basis.

(ii) Principal Account. On each Interest Payment Date and redemption date on which the principal of the Bonds will be payable, the Trustee will deposit in the Principal Account an amount required to cause the aggregate amount on deposit in the Principal Account to equal the principal amount of, and premium (if any) on, the Bonds coming due and payable on such Interest Payment Date, or required to be redeemed on such date pursuant to Section 2.2; provided, however, that no amount will be deposited to effect a redemption pursuant to Section 2.2(a) or 2.2(b) unless the Trustee has first received a certificate of an Independent Financial Consultant as described therein. All moneys in the Principal Account will be used and withdrawn by the Trustee solely for the purpose of (i) paying the principal of the Bonds at the maturity thereof or (ii) paying the principal of and premium (if any) on any Bonds upon the redemption thereof pursuant to Section 2.2.

(b) If on any Interest Payment Date or date for redemption the amount on deposit in the Revenue Fund is inadequate to make the transfers described in subsection (a) above as a result of a payment default on an issue of CFD Bonds, the Trustee will notify the City of the amount needed to make the required deposits under subsection (a) above. In the event that within 5 Business Days of delivering such notice the Trustee receives additional payments from the City to cure such shortfall, the Trustee will deposit such amounts to the account designated in writing by the City.

(c) [Reserved]

(d) On each Interest Payment Date after making the transfers required under subsections (a) and (b) above, upon receipt of a Request of the Authority to do so, the Trustee will transfer from the Revenue Fund to the Rebate Fund for deposit therein the amounts specified in such Request.

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

Section 4.3. Reserved.

Section 4.4. Surplus Fund.

(a) Any amounts transferred to the Surplus Fund pursuant to Section 4.2 will no longer be considered Revenues and are not pledged to repay the Bonds.

(b) So long as CFD Bonds are outstanding, on September 3 of each year, after setting aside any amount specified in a Request of the Authority as necessary to pay Administrative Expenses, any moneys remaining in the Surplus Fund will be transferred to the City for any lawful purpose.

Section 4.5. Investments. All moneys in any of the funds or accounts established with the Trustee pursuant to this Indenture will be invested by the Trustee solely in Permitted Investments, as directed pursuant to the Request of the Authority filed with the Trustee at least two (2) Business Days in advance of the making of such investments. The Trustee will be entitled to conclusively rely on any such Request of the Authority and will be fully protected in relying thereon. In the absence of any such Request of the Authority the Trustee will invest any such moneys in Permitted Investments described in clause (h) of the definition thereof provided, however, that any such investment will be made by the Trustee only if, prior to the date on which such investment is to be made, the Trustee will have received a Request of the Authority specifying a specific money market fund and, if no such Request of the Authority is so received, the Trustee will hold such moneys uninvested. The Trustee will be entitled to rely upon any investment directions from the Authority as conclusive certification to the Trustee that the investments described therein are so authorized under the laws of the State of California and qualify as Permitted Investments. Permitted Investments purchased as an investment of moneys in any fund or account established pursuant to this Indenture will be deemed to be part of such fund or account.

All interest or gain derived from the investment of amounts in any of the funds or accounts established hereunder will be deposited in the fund or account from which such investment was made.

For purposes of acquiring any investments hereunder, the Trustee may commingle moneys held by it in any of the funds and accounts held by it hereunder. The Trustee and its affiliates may act as advisor, sponsor, principal or agent in the acquisition or disposition of any investment and may impose its customary charges therefor. The Trustee and its affiliates may make any and all investments permitted herein through its own investment department. The Trustee will incur no liability for losses arising from any investments made pursuant to this Section 4.5.

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

Section 4.6. Valuation and Disposition of Investments.

(a) Except as otherwise provided in subsection (b) of this Section, the Authority covenants that all investments of amounts deposited in any fund or account created by or pursuant to this Indenture, or otherwise containing gross proceeds of the Bonds (within the

meaning of section 148 of the Code) will be acquired, disposed of, and valued by the Authority (as of the date that valuation is required by this Indenture or the Code) at Fair Market Value.

(b) Investments in funds or accounts (or portions thereof) that are subject to a yield restriction under applicable provisions of the Code will be valued by the Authority at their present value (within the meaning of section 148 of the Code).

## ARTICLE V

### COVENANTS OF THE AUTHORITY

Section 5.1. Punctual Payment. The Authority will punctually pay or cause to be paid the principal and interest and premium (if any) to become due in respect of all the Bonds, in strict conformity with the terms of the Bonds and of this Indenture, according to the true intent and meaning thereof, but only out of Revenues and other assets pledged for such payment as provided in this Indenture.

Section 5.2. Extension of Payment of Bonds. The Authority will not directly or indirectly extend or assent to the extension of the maturity of any of the Bonds or the time of payment of any claims for interest by the purchase of such Bonds or by any other arrangement, and in case the maturity of any of the Bonds or the time of payment of any such claims for interest will be extended, such Bonds or claims for interest will not be entitled, in case of any default hereunder, to the benefits of this Indenture, except subject to the prior payment in full of the principal of all of the Bonds then Outstanding and of all claims for interest thereon which will have been so extended. Nothing in this Section will be deemed to limit the right of the Authority to issue Bonds for the purpose of refunding any Outstanding Bonds, and such issuance will not be deemed to constitute an extension of maturity of the Bonds.

Section 5.3. Against Encumbrances. The Authority will not create, or permit the creation of, any pledge, lien, charge or other encumbrance upon the Revenues and other assets pledged or assigned under this Indenture while any of the Bonds are Outstanding, except the pledge and assignment created by this Indenture and except as otherwise permitted by Section 5.6. Subject to this limitation, the Authority expressly reserves the right to enter into one or more other indentures for any of its corporate purposes, including other programs under the Bond Law, and reserves the right to issue other obligations for such purposes.

Section 5.4. Power to Issue Bonds and Make Pledge and Assignment. The Authority is duly authorized pursuant to law to issue the Bonds and to enter into this Indenture and to pledge and assign the Revenues, the CFD Bonds and other assets purported to be pledged and assigned, respectively, under this Indenture. The Bonds and the provisions of this Indenture are and will be the legal, valid and binding limited, special obligations of the Authority in accordance with their terms, and the Authority and the Trustee will at all times, subject to the provisions of Article VI and to the extent permitted by law, defend, preserve and protect said pledge and assignment of the Revenues, the CFD Bonds and other assets and all the rights of the Bond Owners under this Indenture against all claims and demands of all persons whomsoever.

Section 5.5. Accounting Records and Financial Statements. The Trustee will at all times keep, or cause to be kept, proper books of record and account, prepared in accordance with corporate trust industry standards in which complete and accurate entries will be made of transactions made by it relating to the proceeds of Bonds, the Revenues, the CFD Bonds and all funds and accounts established pursuant to this Indenture. Such books of record and account will be available for inspection by the Authority and the City upon reasonable prior notice during regular business hours and under reasonable circumstances, in each case as agreed to by the Trustee.

Not later than 45 days following each Interest Payment Date, the Trustee will prepare and file with the Authority a report setting forth: (i) amounts withdrawn from and deposited into each fund and account maintained by the Trustee under this Indenture; (ii) the balance on

deposit in each fund and account as of the date for which such report is prepared; and (iii) a brief description of all obligations held as investments in each fund and account. Copies of such reports may be mailed to any Owner upon the Owner's written request to the Trustee at the expense of such Owner at a cost not to exceed the Trustee's actual costs of duplication and mailing.

Section 5.6. Conditions to Issuance of Additional Bonds. Except as set forth in this Section 5.6, the Authority covenants that no additional bonds, notes or other indebtedness will be issued or incurred which are payable out of Revenues in whole or in part.

The Authority may issue Additional Bonds secured on a parity with the Bonds ("Additional Bonds"), in such principal amount as will be determined by the Authority, pursuant to a Supplemental Indenture adopted or entered into by the Authority. Such Additional Bonds may be issued subject to the following conditions precedent:

(a) The Authority is in compliance with all covenants set forth in this Indenture and all Supplemental Indentures.

(b) The proceeds of such Additional Bonds will be applied to purchase Parity Bonds as described in the CFD Fiscal Agent Agreement, and a certificate of an Independent Financial Consultant has been delivered to the Trustee, which states that (i) the annual payments due on the CFD Bonds will be adequate to pay the principal of and interest on all Bonds and Additional Bonds when due, and (ii) such Parity Bonds have been issued in compliance with the requirements of the CFD Fiscal Agent Agreement.

(c) The Supplemental Indenture providing for the issuance of such Additional Bonds will provide that interest thereon will be payable on March 1 and September 1, and principal thereof will be payable on September 1 in any year in which principal is payable.

(d) The Supplemental Indenture providing for the issuance of such Additional Bonds may provide for the establishment of separate funds and accounts.

(e) No Event of Default will have occurred and be continuing with respect to the Bonds or any of the CFD Bonds.

(f) The Authority will deliver to the Trustee a written Certificate of the Authority certifying that the conditions precedent to the issuance of such Additional Bonds set forth in subsections (a), (b), (c) and (e) of this Section 5.6 above have been satisfied.

#### Section 5.7. Tax Covenants.

(a) Private Activity Bond Limitation. The Authority will assure that the proceeds of the Bonds are not used so as to cause the Bonds to satisfy the private business tests of Section 141(b) of the Code or the private loan financing test of Section 141(c) of the Code.

(b) Federal Guarantee Prohibition. The Authority will not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

(c) No Arbitrage. The Authority will not take, or permit or suffer to be taken by the Trustee or otherwise, any action with respect to the Bond proceeds which, if such action had

been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the Closing Date, would have caused the Bonds to be “arbitrage bonds” within the meaning of Section 148 of the Code.

(d) Rebate of Excess Investment Earnings to United States. The Authority will calculate or cause to be calculated excess investment earnings with respect to the Bonds which are required to be rebated to the United States of America pursuant to Section 148(f) of the Code, and will pay the full amount of such excess investment earnings to the United States of America in such amounts, at such times and in such manner as may be required pursuant to the Code. Such payments will be made by the Authority from any source of legally available funds of the Authority, including amounts deposited into the Rebate Fund, if any. The Authority will keep or cause to be kept, and retain or cause to be retained for a period of six (6) years following the final payment of the Bonds, records of the determinations made pursuant to this subsection (d). In order to provide for the administration of this subsection (d), the Authority may provide for the employment of independent attorneys, accountants and consultants compensated on such reasonable basis as the Authority may deem appropriate.

(e) Maintenance of Tax Exemption. The Authority will take all actions necessary to assure the exclusion of interest on the Bonds from the gross income of the Owners thereof to the same extent as such interest is permitted to be excluded from gross income under the Code as in effect on the date of issuance of the Bonds.

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

(g) Compliance with Tax Certificate. The Authority will comply with the provisions of the Tax Certificate and the Use of Proceeds Certificate with respect to the Bonds, which are incorporated herein as if fully set forth herein. The covenants of this Section will survive payment in full or defeasance of the Bonds.

#### Section 5.8. Rebate Fund.

(a) Establishment. The Trustee will establish a Rebate Fund pursuant to Section 3.7. Absent an opinion of Bond Counsel that the exclusion from gross income for federal income tax purposes of interest on the Bonds will not be adversely affected, the Authority will cause to be deposited in the Rebate Fund such amounts as are required to be deposited therein pursuant to this Section, Section 5.7(d) and the Code. All money at any time deposited in the Rebate Fund will be held by the Trustee in trust for payment to the United States Treasury in accordance with written instructions given by the Authority to the Trustee, upon which the Trustee may conclusively rely.

(b) Disposition of Unexpended Funds. Any funds remaining in the Rebate Fund after redemption and payment of the Bonds and after payment of all the amounts payable to the United States Treasury from the Rebate Fund, including accrued interest and payment of all applicable fees to the Trustee, may be withdrawn by the Trustee and remitted to the Authority and utilized in any manner by the Authority.

Section 5.9. CFD Bonds. Subject to the provisions of this Indenture (including Article VI), the Authority and the Trustee will use reasonable efforts to collect all amounts due from the City pursuant to the CFD Bonds and will enforce, and take all steps, actions and proceedings which the Authority and Trustee determine to be reasonably necessary for the enforcement of all of the rights of the Authority thereunder and for the enforcement of all of the obligations and covenants of the City. The Authority will instruct the City to authenticate and deliver to the Trustee the CFD Bonds registered in the name of the Trustee.

The Authority, the Trustee, and the City may, with prior written notice to each Rating Agency then providing a rating on the Bonds (if any), at any time consent to, amend or modify any of the CFD Bonds pursuant to the terms thereof, (a) with the prior consent of the Owners of a majority in aggregate principal amount of the Bonds then Outstanding, or (b) without the consent of any of the Owners, if such amendment or modification is for any one or more of the following purposes

(a) to add to the covenants and agreements of the City contained in such CFD Bonds, other covenants and agreements thereafter to be observed, or to limit or surrender any rights or power therein reserved to or conferred upon the City; or

(b) to make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision contained in such CFD Bonds, or in any other respect whatsoever as the City may deem necessary or desirable, provided under any circumstances that such modifications or amendments will not materially adversely affect the interests of the Owners of the Bonds in the opinion of Bond Counsel filed with the Trustee; or

(c) to amend any provision thereof to the extent necessary to comply with the Code, but only if and to the extent such amendment will not, in and of itself, adversely affect the exclusion from gross income of the interest on any of the Bonds under the Code, in the opinion of Bond Counsel filed with the Trustee.

Section 5.10. Sale of CFD Bonds. Notwithstanding anything in this Indenture to the contrary, the Authority may cause the Trustee to sell, from time to time, all or a portion of an issue of CFD Bonds, provided that the Authority will deliver to the Trustee:

(a) a certificate of an Independent Accountant certifying that, following the sale of such CFD Bonds, the Revenues to be paid to the Authority (assuming the timely payment of amounts due thereon with respect to any CFD Bonds not then in default), together with interest and principal due on any noncallable Federal Securities pledged to the repayment of the Bonds and the Revenues then on deposit in the funds and accounts established hereunder (valuing any Permitted Investments held hereunder at the then Fair Market Value thereof), will be sufficient to pay the principal of and interest on the Bonds when due;

(b) if any Bonds are then rated by any Rating Agency, a notification from such Rating Agency to the effect that such rating will not be withdrawn or reduced as a result of such sale of CFD Bonds; and

(c) an opinion of Bond Counsel that such sale of CFD Bonds is authorized under the provisions of this Indenture and will not adversely affect the exclusion of interest on the Bonds from gross income for purposes of federal income taxation.

Upon compliance with the foregoing conditions by the Authority, the Trustee will sell such CFD Bonds in accordance with the Request of the Authority and disburse the proceeds of the sale of such CFD Bonds to the Authority or upon the receipt of a Request of the Authority will deposit such proceeds in the Revenue Fund.

Section 5.11. Further Assurances. The Authority will adopt, make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of this Indenture, and for the better assuring and confirming unto the Owners of the Bonds the rights and benefits provided in this Indenture.

Section 5.12. Continuing Disclosure. The Authority hereby covenants and agrees that it will cause the City to comply with and carry out all of the provisions of the Continuing Disclosure Certificate. Notwithstanding any other provision of this Indenture, failure of the City to comply with the Continuing Disclosure Certificate will not be considered an Event of Default; however, any Participating Underwriter or any holder or beneficial owner of the Bonds may, take such actions as may be necessary and appropriate to compel performance, including seeking mandate or specific performance by court order.

Section 5.13. Compliance with Reporting Requirements of Bond Law. The Authority hereby covenants and agrees that it will comply with and carry out all of the reporting requirements of the Bond Law, including, but not limited to, Section 6599.1 thereof.



## ARTICLE VI

### THE TRUSTEE

Section 6.1. Appointment of Trustee. U.S. Bank National Association, with its corporate trust office presently located in Seattle, Washington, a national banking association organized and existing under and by virtue of the laws of the United States of America, is hereby appointed Trustee by the Authority for the purpose of receiving all moneys required to be deposited with the Trustee hereunder and to allocate, use and apply the same as provided in this Indenture. The Authority agrees that it will maintain a Trustee which is a trust company, national banking association or bank of good standing located in or incorporated under the laws of the State, duly authorized to exercise trust powers, with a combined capital and surplus of at least Seventy-five Million Dollars (\$75,000,000), subject to supervision or examination by federal or state authority. If such bank, national banking association or trust company publishes a report of condition at least annually pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purpose of this Section 6.1, the combined capital and surplus will be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

The Trustee is hereby authorized to pay the principal of and interest and redemption premium (if any) on the Bonds when duly presented for payment at maturity, or on redemption or purchase prior to maturity, to make regularly scheduled interest payments, and to cancel any Bond upon payment thereof.

Section 6.2. Acceptance of Trusts. The Trustee hereby accepts the trusts imposed upon it by this Indenture, and agrees to perform said trusts, but only upon and subject to the following express terms and conditions:

(a) The Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Indenture. In case an Event of Default hereunder has occurred (which has not been cured or waived), the Trustee may exercise such of the rights and powers vested in it by this Indenture and will use the same degree of care and skill and diligence in their exercise, as a reasonable person would exercise or use under the circumstances in the conduct of his own affairs.

(b) The Trustee may execute any of the trusts or powers and perform the duties required of it hereunder by or through attorneys, agents, or receivers, but will not be responsible for the acts of any agents, attorneys or receivers appointed by it unless such appointment was the result of negligence or willful misconduct. The Trustee may consult with and act upon the advice of counsel (which may be counsel to the Authority) concerning all matters of trust and its duty hereunder and will be wholly protected in reliance upon the advice or opinion of such counsel in respect of any action taken or omitted by it in good faith and in accordance herewith.

(c) The Trustee will not be responsible for any recital herein, or for any of the supplements thereto or instruments of further assurance, or for the validity, effectiveness or the sufficiency of the security for the Bonds issued hereunder or intended to be secured hereby and the Trustee will not be bound to ascertain or inquire as to the observance or performance of any covenants, conditions or agreements on the part of the Authority hereunder. The Trustee will have no responsibility, opinion, or liability with respect to any information, statement, or recital in any offering memorandum, official statement, or other disclosure material prepared or distributed with respect to the issuance of the Bonds.

(d) Except as provided in Section 3.2, the Trustee will not be accountable for the use of any proceeds of sale of the Bonds delivered hereunder. The Trustee may become the Owner of Bonds secured hereby with the same rights which it would have if not the Trustee; may acquire and dispose of other bonds or evidences of indebtedness of the Authority with the same rights it would have if it were not the Trustee; and may act as a depository for and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Owners of Bonds, whether or not such committee will represent the Owners of the majority in aggregate principal amount of the Bonds then Outstanding.

(e) The Trustee will be protected and will incur no liability in acting, or refraining from acting in good faith and without negligence, in reliance upon any notice, request, consent, certificate, order, affidavit, letter, telegram, facsimile transmission, electronic mail, or other paper or document believed by it to be genuine and correct and to have been signed or sent by the proper person or persons. Any action taken or omitted to be taken by the Trustee in good faith and without negligence pursuant to this Indenture upon the request or authority or consent of any person who at the time of making such request or giving such authority or consent is the Owner of any Bond, will be conclusive and binding upon all future Owners of the same Bond and upon Bonds issued in exchange therefor or in place thereof. The Trustee will not be bound to recognize any person as an Owner of any Bond or to take any action at such person's request unless the ownership of such Bond by such person will be reflected on the Bond Register.

(f) As to the existence or non existence of any fact or as to the sufficiency or validity of any instrument, paper or proceeding, the Trustee will be entitled to rely upon a Certificate of the Authority as sufficient evidence of the facts therein contained and prior to the occurrence of an Event of Default hereunder of which the Trustee has been given notice or is deemed to have notice, as provided in Section 6.2(h), will also be at liberty to accept a Certificate of the Authority to the effect that any particular dealing, transaction or action is necessary or expedient, and will be fully protected in relying thereon, but may at its discretion secure such further evidence deemed by it to be necessary or advisable, but will in no case be bound to secure the same.

(g) The permissive right of the Trustee to do things enumerated in this Indenture will not be construed as a duty and notwithstanding any other provision of this Indenture, the Trustee will not be answerable for other than its negligence or willful misconduct. The immunities and exceptions from liability of the Trustee will extend to its officers, directors, employees and agents.

(h) The Trustee will not be required to take notice or be deemed to have notice of any Event of Default hereunder except where a Responsible Officer has actual knowledge of such Event of Default and except for the failure by the Authority to make any of the payments to the Trustee required to be made by the Authority pursuant hereto, including payments on the CFD Bonds, or failure by the Authority to file with the Trustee any document required by this Indenture to be so filed subsequent to the issuance of the Bonds, unless a Responsible Officer will be specifically notified in writing of such default by the Authority or by the Owners of at least twenty five percent (25%) in aggregate principal amount of the Bonds then Outstanding and all notices or other instruments required by this Indenture to be delivered to the Trustee must, in order to be effective, be delivered to a Responsible Officer at the Trust Office of the Trustee, and in the absence of such notice so delivered the Trustee may conclusively assume there is no Event of Default hereunder except as aforesaid. Delivery of a notice to the officer and address

for the Trustee set forth in Section 9.12, as updated by the Trustee from time to time, will be deemed notice to a Responsible Officer.

(i) At any and all reasonable times the Trustee, and its duly authorized agents, attorneys, experts, accountants and representatives, will have the right fully to inspect all books, papers and records of the Authority pertaining to the Bonds, and to make copies of any of such books, papers and records such as may be desired but which is not privileged by statute or by law.

(j) The Trustee will not be required to give any bond or surety in respect of the execution of the said trusts and powers or otherwise in respect of the performance of its duties hereunder.

(k) Notwithstanding anything elsewhere in this Indenture with respect to the execution of any Bonds, the withdrawal of any cash, the release of any property, or any action whatsoever within the purview of this Indenture, the Trustee will have the right, but will not be required, to demand any showings, certificates, opinions, appraisals or other information, or corporate action or evidence thereof, as may be deemed desirable by the Trustee in its sole discretion for the purpose of establishing the right of the Authority to the execution of any Bonds, the withdrawal of any cash, or the taking of any other action by the Trustee.

(l) Before taking the action referred to in Sections 5.9, 8.2 or this Article VI, the Trustee may require that an indemnity bond satisfactory to it be furnished for the reimbursement of all expenses to which it may be put and to protect it against all liability, except liability which is adjudicated to have resulted from its negligence or willful misconduct in connection with any such action.

(m) All moneys received by the Trustee will, until used or applied or invested as herein provided, be held in trust for the purposes for which they were received but need not be segregated from other funds.

(n) Whether or not expressly so provided, every provision of this Indenture relating to the conduct or affecting the liability of, or affording protection to, the Trustee will be subject to the provisions of this Article VI.

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

(p) The Trustee agrees to accept and act upon instructions or directions pursuant to this Indenture sent by unsecured e-mail, facsimile transmission or other similar unsecured electronic methods, provided, however, that, the Trustee will have received an incumbency certificate listing persons designated to give such instructions or directions and containing

specimen signatures of such designated persons, which such incumbency certificate will be amended and replaced whenever a person is to be added or deleted from the listing. If the Authority elects to give the Trustee e-mail or facsimile instructions (or instructions by a similar electronic method) and the Trustee acts upon such instructions, the Trustee's understanding of such instructions will be deemed controlling. The Trustee will not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such instructions notwithstanding such instructions conflict or are inconsistent with a subsequent written instruction. The Authority agrees to assume all risks arising out of the use of such electronic methods to submit instructions and directions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized instructions, and the risk of interception and misuse by third parties.

(q) Whenever in the administration of the trusts imposed upon it by this Indenture the Trustee will deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a certificate of the Authority, and such certificate will be full warrant to the Trustee for any action taken or suffered in good faith under the provisions of this Indenture in reliance upon such certificate, but in its discretion the Trustee may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as it may deem reasonable.

Section 6.3. Fees, Charges and Expenses of Trustee. The Trustee will be entitled to payment and reimbursement by the Authority for reasonable fees for its services rendered hereunder and all advances (including any interest on advances), counsel fees and expenses (including fees and expenses of outside counsel and the allocated costs of internal attorneys) and other expenses reasonably and necessarily made or incurred by the Trustee in connection with such services. Upon the occurrence of an Event of Default hereunder, but only upon an Event of Default, the Trustee will have a first lien with right of payment prior to payment of any Bond upon the amounts held in Funds and accounts hereunder for the foregoing fees, charges and expenses incurred by it respectively. The Trustee's right to payment of its fees and expenses will survive the discharge and payment or defeasance of the Bonds and termination of this Indenture, and the resignation or removal of the Trustee.

Section 6.4. Notice to Bond Owners of Default. If an Event of Default hereunder occurs with respect to any Bonds of which the Trustee has been given, or is deemed to have notice, as provided in Section 6.2(h), then the Trustee will promptly give written notice thereof by first class mail to the Owner of each such Bond, unless such Event of Default will have been cured before the giving of such notice.

Section 6.5. Intervention by Trustee. In any judicial proceeding to which the Authority is a party which, in the opinion of the Trustee and its counsel, has a substantial bearing on the interests of Owners of any of the Bonds, the Trustee may intervene on behalf of such Bond Owners, and subject to Section 6.2(l), will do so if requested in writing by the Owners of at least twenty five percent (25%) in aggregate principal amount of such Bonds then Outstanding.

Section 6.6. Removal of Trustee. The Owners of a majority in aggregate principal amount of the Outstanding Bonds may and the Authority may, so long as no Event of Default then exists, upon 30 days' prior written notice to the Trustee, remove the Trustee initially appointed, and any successor thereto, by an instrument or concurrent instruments in writing delivered to the Trustee. Upon any such removal, the Authority or the City will appoint a successor or successors thereto; provided that any such successor will be a national banking

association meeting the requirements set forth in Section 6.1. Notwithstanding any other provision of this Indenture, no removal of the Trustee will be effective until a successor is appointed.

Section 6.7. Resignation by Trustee. The Trustee and any successor Trustee may at any time give prior written notice of its intention to resign as Trustee hereunder, such notice to be given to the Authority and the City by registered or certified mail. Upon receiving such notice of resignation, the Authority or the City will promptly appoint a successor Trustee. Any resignation or removal of the Trustee and appointment of a successor Trustee will become effective only upon acceptance of appointment by the successor Trustee. Upon such acceptance, the Authority will cause notice thereof to be given by first class mail, postage prepaid, to the Bond Owners at their respective addresses set forth on the Bond Register.

Section 6.8. Appointment of Successor Trustee. In the event of the removal or resignation of the Trustee pursuant to Sections 6.6 or 6.7, respectively, the Authority or the City will promptly appoint a successor Trustee. In the event the Authority will for any reason whatsoever fail to appoint a successor Trustee within thirty (30) days following the delivery to the Trustee of the instrument described in Section 6.6 or within thirty (30) days following the receipt of notice by the Authority and the City pursuant to Section 6.7, the Trustee may petition any court of competent jurisdiction for the appointment of a successor Trustee meeting the requirements of Section 6.1. Any such successor Trustee appointed by such court will become the successor Trustee hereunder notwithstanding any action by the Authority or the City purporting to appoint a successor Trustee following the expiration of such thirty day period.

Section 6.9. Merger or Consolidation. 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 will 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 will meet the requirements set forth in Section 6.1, will 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 assign its rights, duties and obligations hereunder in whole or in part, to an affiliate or subsidiary thereof, provided such Corporation, affiliate or subsidiary will meet the requirements set forth in Section 6.1.

Section 6.10. Concerning any Successor Trustee. The Authority or the City may appoint a successor Trustee hereunder without additional action of the Board of Directors or City Council. Every successor Trustee appointed hereunder will execute, acknowledge and deliver to its predecessor and also to the Authority and the City an instrument in writing accepting such appointment hereunder and to the predecessor Trustee an instrument indemnifying the predecessor Trustee for any costs or claims arising during the time the successor Trustee serves as Trustee hereunder and thereupon such successor, without any further act, deed or conveyance, will become fully vested with all the estates, properties, rights, powers, trusts, duties and obligations of its predecessors; but such predecessor will, nevertheless, on the Request of the Authority, or of the Trustee's successor, execute and deliver an instrument transferring to such successor all the estates, properties, rights, powers and trusts of such predecessor hereunder; and every predecessor Trustee will deliver all securities and moneys held by it as the Trustee hereunder to its successor. Should any instrument in writing from the Authority be required by any successor Trustee for more fully and certainly vesting in such successor the estate, rights, powers and duties hereby vested or

intended to be vested in the predecessor Trustee, any and all such instruments in writing will, on request, be executed, acknowledged and delivered by the Authority.

Section 6.11. Appointment of Co Trustee. It is the purpose of this Indenture that there will be no violation of any law of any jurisdiction (including particularly the law of the State) denying or restricting the right of banking corporations or associations to transact business as a trustee in such jurisdiction. It is recognized that in the case of litigation under this Indenture, and in particular in case of the enforcement of the rights of the Trustee on default, or in the case the Trustee deems that by reason of any present or future law of any jurisdiction it may not exercise any of the powers, rights or remedies herein granted to the Trustee or hold title to the properties, in trust, as herein granted, or take any other action which may be desirable or necessary in connection therewith, it may be necessary that the Trustee appoint an additional individual or institution as a separate co-trustee. The following provisions of this Section 6.11 are adopted to these ends.

In the event that the Trustee or the Authority appoints an additional individual or institution as a separate or co-trustee, each and every remedy, power, right, claim, demand, cause of action, immunity, estate, title, interest and lien expressed or intended by this Indenture to be exercised by or vested in or conveyed to the Trustee with respect thereto will be exercisable by and vest in such separate or co-trustee but only to the extent necessary to enable such separate or co-trustee to exercise such powers, rights and remedies, and every covenant and obligation necessary to the exercise thereof by such separate or co-trustee will run to and be enforceable by either of the Trustee or separate or co-Trustee.

Should any instrument in writing from the Authority be required by the separate trustee or co-trustee so appointed by the Trustee or the Authority for more fully and certainly vesting in and confirming to it such properties, rights, powers, trusts, duties and obligations, any and all such instruments in writing will, on request, be executed, acknowledged and delivered by the Authority. In case any separate trustee or co-trustee, or a successor to either, will become incapable of acting, resign or be removed, all the estates, properties, rights, powers, trusts, duties and obligations of such separate trustee or co-trustee, so far as permitted by law, will vest in and be exercised by the Trustee until the appointment of a new trustee or successor to such separate trustee or co-trustee.

Section 6.12. Indemnification; Limited Liability of Trustee. The Authority further covenants and agrees to indemnify and save the Trustee and its officers, officials, directors, agents and employees, harmless against any loss, expense (including legal fees and expenses) and liabilities which it may incur arising out of or in the exercise and performance of its powers and duties hereunder, including the costs and expenses of defending against any claim of liability, but excluding any and all losses, expenses and liabilities which are due to the negligence or intentional misconduct of the Trustee, its officers, directors, agents or employees. No provision in this Indenture will require the Trustee to risk or expend its own funds or otherwise incur any financial liability hereunder unless indemnity reasonably satisfactory to it against such liability or risk is provided to it. The Trustee will not be liable for any action taken or omitted to be taken by it in accordance with the direction of a majority (or any lesser amount that may direct the Trustee in accordance with the provisions of this Indenture) of the Owners of the principal amount of Bonds Outstanding relating to the time, method and place of conducting any proceeding or remedy available to the Trustee under this Indenture. The rights of the Trustee and the obligations of the Authority under this Section 6.12 will survive termination of this Indenture, discharge of the Bonds and resignation or removal of the Trustee.

## ARTICLE VII

### MODIFICATION AND AMENDMENT OF THE INDENTURE

Section 7.1. Amendment Hereof. This Indenture and the rights and obligations of the Authority and of the Owners of the Bonds may, with prior written notice to each Rating Agency then providing a rating on the Bonds (if any), be modified or amended at any time by a Supplemental Indenture which will become binding when the prior written consent of the Owners of a majority in aggregate principal amount of the Bonds then Outstanding are filed with the Trustee. No such modification or amendment will (a) extend the maturity of or reduce the interest rate on any Bond or otherwise alter or impair the obligation of the Authority to pay the principal, interest or redemption premiums at the time and place and at the rate and in the currency provided therein of any Bond without the express written consent of the Owner of such Bond, (b) reduce the percentage of Bonds required for the written consent to any such amendment or modification, or (c) without written consent of the Trustee, modify any of the rights or obligations of the Trustee.

This Indenture and the rights and obligations of the Authority and of the Owners of the Bonds may, with prior written notice to each Rating Agency then providing a rating on the Bonds (if any), also be modified or amended at any time by a Supplemental Indenture which will become binding upon adoption, without consent of any Bond Owners, to the extent permitted by law but only for any one or more of the following purposes

(a) to add to the covenants and agreements of the Authority contained in this Indenture, other covenants and agreements thereafter to be observed, or to limit or surrender any rights or powers herein reserved to or conferred upon the Authority so long as such addition, limitation or surrender of such rights or powers will not materially adversely affect the Owners of the Bonds; or

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

(c) to amend any provision relating to the Code as may be necessary or appropriate to assure compliance with the Code and the exclusion from gross income of interest on the Bonds; or

(d) to amend any provision to place any Additional Bonds on a parity with the Bonds for all purposes of this Indenture, including, but not limited to, for the purpose of exercising all rights and remedies hereunder; or

(e) to amend the provisions of Section 4.4.

At least 15 days in advance of the execution of any amendment to this Indenture, the Trustee will mail notice of such amendment and a copy of the proposed text of such amendment to each Rating Agency then providing a rating on the Bonds (if any).

The Trustee may, as it deems appropriate in its sole discretion, obtain an opinion of Bond Counsel that any such Supplemental Indenture entered into by the Authority and the

Trustee complies with the provisions of this Article VII and the Trustee may conclusively rely upon such opinion and will be fully protected in relying thereon.

Section 7.2. Effect of Supplemental Indenture. From and after the time any Supplemental Indenture becomes effective pursuant to this Article VII, this Indenture will be deemed to be modified and amended in accordance therewith, the respective rights, duties and obligations of the parties hereto or thereto and all Owners of Outstanding Bonds, as the case may be, will thereafter be determined, exercised and enforced hereunder subject in all respects to such modification and amendment, and all the terms and conditions of this Indenture for any and all purposes.

Section 7.3. Endorsement or Replacement of Bonds After Amendment. After the effective date of any action taken as hereinabove provided, the Authority may determine that any affected Bonds will bear a notation, by endorsement in form approved by the Authority, as to such action, and in that case upon demand of the Owner of any Bond Outstanding at such effective date and presentation of its Bond for that purpose at the Trust Office of the Trustee, a suitable notation as to such action will be made on such Bond. If the Authority will so determine, new Bonds so modified as, in the opinion of the Authority, will be necessary to conform to such Bond Owners' action will be prepared and executed, and in that case upon demand of the Owner of any Bond Outstanding at such effective date such new Bonds will be exchanged at the Trust Office of the Trustee, without cost to each Bond Owner, for Bonds then Outstanding, upon surrender of such Outstanding Bonds.

Section 7.4. Amendment by Mutual Consent. The provisions of this Article VII will not prevent any Bond Owner from accepting any amendment as to the particular Bond held by such Owner, provided that due notation thereof is made on such Bond.



## ARTICLE VIII

### EVENTS OF DEFAULT AND REMEDIES

Section 8.1. Events of Default. The following events will be Events of Default hereunder.

(a) Default in the due and punctual payment of the principal of any Bond when and as the same will become due and payable, whether at maturity as therein expressed, by proceedings for redemption, by declaration or otherwise.

(b) Default in the due and punctual payment of any installment of interest on any Bond when and as such interest installment will become due and payable.

(c) Default by the Authority in the observance of any of the other covenants, agreements or conditions on its part in this Indenture or in the Bonds contained, if such default will have continued for a period of sixty (60) days after written notice thereof, specifying such default and requiring the same to be remedied, will have been given to the Authority by the Trustee, or to the Authority and the Trustee by the Owners of not less than twenty five percent (25%) in aggregate principal amount of the Bonds at the time Outstanding; provided that such default (other than a default arising from nonpayment of the Trustee's fees and expenses, which must be cured within such 60 day period unless waived by the Trustee) will not constitute an Event of Default hereunder if the Authority will commence to cure such default within said sixty (60) day period and thereafter diligently and in good faith will cure such default within a reasonable period of time; or

(d) Default under the CFD Fiscal Agent Agreement.

Section 8.2. Remedies; Rights of Bond Owners. Upon the occurrence of an Event of Default, the Trustee may pursue any available remedy at law or in equity to enforce the payment of the principal of, premium, if any, and interest on the Outstanding Bonds, and to enforce any rights of the Trustee under or with respect to this Indenture. In the event of an Event of Default arising out of a nonpayment of Trustee's fees and expenses, the Trustee may sue the Authority to seek recovery of its fees and expenses; provided, however, that such recovery may be made only from Revenues.

If an Event of Default will have occurred and be continuing and if requested to do so by the Owners of at least twenty five percent (25%) in aggregate principal amount of Outstanding Bonds, and, in each case, if indemnified as provided in Section 6.2(I), the Trustee will be obligated to exercise such one or more of the rights and powers conferred by this Article VIII and, as applicable, under the CFD Bonds, as the Trustee, being advised by counsel, will deem most expedient in the interests of the Bond Owners.

No remedy by the terms of this Indenture conferred upon or reserved to the Trustee (or to the Bond Owners) is intended to be exclusive of any other remedy, but each and every such remedy will be cumulative and will be in addition to any other remedy given to the Trustee or to the Bond Owners hereunder or now or hereafter existing at law or in equity.

No delay or omission to exercise any right or power accruing upon any Event of Default will impair any such right or power or will be construed to be a waiver of any such Event of

Default or acquiescence therein; such right or power may be exercised from time to time as often as may be deemed expedient.

Section 8.3. Application of Revenues and Other Funds After Event of Default. All amounts received by the Trustee with respect to the Bonds pursuant to any right given or action taken by the Trustee under the provisions of this Indenture relating to the Bonds will be applied by the Trustee in the following order upon presentation of the several Bonds, and the stamping thereon of the amount of the payment if only partially paid, or upon the surrender thereof if fully paid –

First, to the payment of the fees, costs and expenses of the Trustee in declaring such Event of Default and in carrying out the provisions of this Article VIII, including reasonable compensation to its agents, attorneys and counsel (including outside counsel and the allocated costs of internal attorneys), and to the payment of all other outstanding fees and expenses of the Trustee; and

Second, to the payment of the whole amount of interest on and principal of the Bonds then due and unpaid, with interest on overdue installments of principal and interest to the extent permitted by law at the net effective rate of interest then borne by the Outstanding Bonds; provided, however, that in the event such amounts will be insufficient to pay in full the full amount of such interest and principal, then such amounts will be applied in the following order of priority.

(a) first to the payment of all installments of interest on the Bonds then due and unpaid,

(b) second, to the payment of all installments of principal of the Bonds then due and unpaid, and

(c) third, to the payment of interest on overdue installments of principal and interest on Bonds.

Section 8.4. Power of Trustee to Control Proceedings. In the event that the Trustee, upon the happening of an Event of Default, will have taken any action, by judicial proceedings or otherwise, pursuant to its duties hereunder, whether upon its own discretion or upon the request of the Owners of a majority in aggregate principal amount of the Bonds then Outstanding, it may, in the exercise of its discretion for the best interests of the Owners of the Bonds, with respect to the continuance, discontinuance, withdrawal, compromise, settlement or other disposal of such action; provided, however, that the Trustee will not, unless there no longer continues an Event of Default, discontinue, withdraw, compromise or settle, or otherwise dispose of any litigation pending at law or in equity, if there has been filed with it a written request signed by the Owners of a majority in aggregate principal amount of the Outstanding Bonds hereunder opposing such discontinuance, withdrawal, compromise, settlement or other such litigation and provided further that the Trustee will have the right to decline to comply with such written request unless indemnification satisfactory to it has been provided. Any suit, action or proceeding which any Owner of Bonds will have the right to bring to enforce any right or remedy hereunder may be brought by the Trustee for the equal benefit and protection of all Owners of Bonds similarly situated and the Trustee is hereby appointed (and the successive respective Owners of the Bonds issued hereunder, by taking and holding the same, will be conclusively deemed so to have appointed it) the true and lawful attorney in fact of the respective Owners of the Bonds for the purposes of bringing any such suit, action or proceeding

and to do and perform any and all acts and things for and on behalf of the respective Owners of the Bonds as a class or classes, as may be necessary or advisable in the opinion of the Trustee as such attorney in fact.

Section 8.5. Appointment of Receivers. Upon the occurrence of an Event of Default hereunder, and upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Trustee and of the Bond Owners under this Indenture, the Trustee will be entitled, as a matter of right, to the appointment of a receiver or receivers of the Revenues and other amounts pledged hereunder, pending such proceedings, with such powers as the court making such appointment will confer.

Section 8.6. Non Waiver. Nothing in this Article VIII or in any other provision of this Indenture, or in the Bonds, will affect or impair the obligation of the Authority, which is absolute and unconditional, to pay the interest on and principal of the Bonds to the respective Owners of the Bonds at the respective dates of maturity, as herein provided, out of the Revenues and other moneys herein pledged for such payment.

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

Section 8.7. Rights and Remedies of Bond Owners. No Owner of any Bond issued hereunder will have the right to institute any suit, action or proceeding at law or in equity, for any remedy under or upon this Indenture, unless (a) such Owner will have previously given to the Trustee written notice of the occurrence of an Event of Default; (b) the Owners of a majority in aggregate principal amount of all the Bonds then Outstanding will have made written request upon the Trustee to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name; (c) said Owners will have tendered to the Trustee indemnity reasonably acceptable to the Trustee against the costs, expenses and liabilities to be incurred in compliance with such request; and (d) the Trustee will have refused or omitted to comply with such request for a period of sixty (60) days after such written request will have been received by, and said tender of indemnity will have been made to, the Trustee.

Such notification, request, tender of indemnity and refusal or omission are hereby declared, in every case, to be conditions precedent to the exercise by any Owner of Bonds of any remedy hereunder; it being understood and intended that no one or more Owners of Bonds will have any right in any manner whatever by his or their action to enforce any right under this Indenture, except in the manner herein provided, and that all proceedings at law or in equity to enforce any provision of this Indenture will be instituted, had and maintained in the manner herein provided and for the equal benefit of all Owners of the Outstanding Bonds.

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

Section 8.8. Termination of Proceedings. In case the Trustee will have proceeded to enforce any right under this Indenture by the appointment of a receiver or otherwise, and such proceedings will have been discontinued or abandoned for any reason, or will have been determined adversely, then and in every such case, the Authority, the Trustee and the Bond Owners will be restored to their former positions and rights hereunder, respectively, with regard to the property subject to this Indenture, and all rights, remedies and powers of the Trustee will continue as if no such proceedings had been taken.

## ARTICLE IX

### MISCELLANEOUS

Section 9.1. Limited Liability of Authority. Notwithstanding anything in this Indenture contained, the Authority will not be required to advance any moneys derived from any source of income other than the Revenues for the payment of the principal of or interest on the Bonds, or any premiums upon the redemption thereof, or for the performance of any covenants herein contained (except to the extent any such covenants are expressly payable hereunder from the Revenues). The Authority may, however, advance funds for any such purpose, provided that such funds are derived from a source legally available for such purpose and may be used by the Authority for such purpose without incurring indebtedness.

The Bonds will be revenue bonds, payable exclusively from the Revenues and other funds as in this Indenture provided. The general fund of the Authority is not liable, and the credit of the Authority is not pledged, for the payment of the interest and premium (if any) on or principal of the Bonds. The Owners of the Bonds will never have the right to compel the forfeiture of any property of the Authority. The principal of and interest on the Bonds, respectively, and any premiums upon the redemption of any thereof, will not be a legal or equitable pledge, charge, lien or encumbrance upon any property of the Authority or upon any of its income, receipts or revenues except the Revenues and other funds pledged to the payment thereof as in this Indenture provided.

Section 9.2. Benefits of Indenture Limited to Parties. Nothing in this Indenture, expressed or implied, is intended to give to any person other than the Authority, the Trustee and the Owners of the Bonds, any right, remedy or claim under or by reason of this Indenture. Any covenants, stipulations, promises or agreements in this Indenture contained by and on behalf of the Authority will be for the sole and exclusive benefit of the Trustee and the Owners of the Bonds.

Section 9.3. Discharge of Indenture. If the Authority will pay and discharge any or all of the Outstanding Bonds in any one or more of the following ways:

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

(b) by irrevocably depositing with the Trustee, in trust, at or before maturity, money which, together with the available amounts then on deposit in the funds and accounts established with the Trustee pursuant to this Indenture and available for such purpose, is fully sufficient to pay such Bonds, including all principal, interest and redemption premiums; or

(c) by irrevocably depositing with the Trustee or any other fiduciary, in trust, Federal Securities in such amount as an Independent Accountant determines will, together with the interest to accrue thereon and available moneys then on deposit in the funds and accounts established with the Trustee pursuant to this Indenture and available for such purpose, be fully sufficient to pay and discharge the indebtedness on such Bonds (including all principal, interest and redemption premiums) at or before their respective maturity dates;

then any such Outstanding Bond or Bonds will be deemed to have been paid and discharged; provided, however, that any such Outstanding Bond or Bonds will be deemed to have been paid under paragraph (c) above only if (i) in the case of Bonds to be redeemed prior to the maturity thereof, notice of such redemption will have been mailed pursuant to Section 2.2(d) or provision satisfactory to the Trustee will have been made for the mailing of such notice, (ii) a verification report of an Independent Accountant will be delivered to the Trustee, and (iii) an opinion of Bond Counsel will be delivered to the Trustee in the case of a defeasance of Bonds, to the effect that the requirements of this Indenture have been satisfied with respect to such discharge of such Bonds. Upon a discharge of one or more Bonds as described above, and notwithstanding that any of such Bonds will not have been surrendered for payment, the pledge of the Revenues, and other funds provided for in this Indenture with respect to such Bonds, and all other pecuniary obligations of the Authority under this Indenture with respect to such Bonds, as applicable, will cease and terminate, except only the obligation of the Authority to comply with the covenants contained in Sections 5.7 and 6.12, to pay or cause to be paid to the Owners of such Bonds not so surrendered and paid all sums due thereon from amounts set aside for such purpose, to pay all expenses and costs of the Trustee and to comply with the covenants contained in Section 5.7. Any funds thereafter held by the Trustee, which are not required for said purposes, will be paid over to the Authority or upon a Request of the Authority to the City.

Defeasance will be accomplished only with an irrevocable deposit in escrow of certain investments referred to in this section. Further substitutions of securities in the escrow are not permitted. The deposit in the escrow must be sufficient, without reinvestment, to pay all principal and interest as scheduled on the Bonds to and including the date of redemption. Any security used for defeasance must provide for the timely payment of principal and interest and cannot be callable or prepayable prior to maturity or earlier redemption of the rated debt (excluding securities that do not have a fixed par value and/or whose terms do not promise a fixed dollar amount at maturity or call date).

Section 9.4. Successor is Deemed Included in All References to Predecessor. Whenever in this Indenture or any Supplemental Indenture either the Authority is named or referred to, such reference will be deemed to include the successor to the powers, duties and functions, with respect to the management, administration and control of the affairs of the Authority, that are presently vested in the Authority, and all the covenants, agreements and provisions contained in this Indenture by or on behalf of the Authority will bind and inure to the benefit of its successors whether so expressed or not.

Section 9.5. Content of Certificates. Every certificate by or on behalf of the Authority with respect to compliance with a condition or covenant provided for in this Indenture will include (a) a statement that the person or persons making or giving such certificate have read such covenant or condition and the definitions herein relating thereto; (b) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate are based; (c) a statement that, in the opinion of the signers, they have made or caused to be made such examination or investigation as is necessary to enable them to express an informed opinion as to whether or not such covenant or condition has been complied with; and (d) a statement as to whether, in the opinion of the signers, such condition or covenant has been complied with.

Any such certificate made or given by an officer of the Authority may be based, insofar as it relates to legal matters, upon a certificate or opinion of or representations by counsel, unless such officer knows that the certificate or opinion or representations with respect to the

matters upon which his certificate may be based, as aforesaid, are erroneous, or in the exercise of reasonable care should have known that the same were erroneous. Any such certificate or opinion or representation made or given by counsel may be based, insofar as it relates to factual matters, on information with respect to which is in the possession of the Authority, or upon the certificate or opinion of or representations by an officer or officers of the Authority, unless such counsel knows that the certificate or opinion or representations with respect to the matters upon which his certificate, opinion or representation may be based, as aforesaid, are erroneous, or in the exercise of reasonable care should have known that the same were erroneous.

Section 9.6. Execution of Documents by Bond Owners. Any request, consent or other instrument required by this Indenture to be signed and executed by Bond Owners may be in any number of concurrent writings of substantially similar tenor and may be signed or executed by such Bond Owners in person or by agent or agents duly appointed in writing. Proof of the execution of any such request, consent or other instrument or of a writing appointing any such agent, will be sufficient for any purpose of this Indenture and will be conclusive in favor of the Trustee and of the Authority if made in the manner provided in this Section 9.6.

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

The ownership of Bonds will be conclusively proved by the Bond Register. Any request, consent or vote of the Owner of any Bond will bind every future Owner of the same Bond and the Owner of any Bond issued in exchange therefor or in lieu thereof, in respect of anything done or suffered to be done by the Trustee or the Authority in pursuance of such request, consent or vote. In lieu of obtaining any demand, request, direction, consent or waiver in writing, the Trustee may call and hold a meeting of the Bond Owners upon such notice and in accordance with such rules and obligation as the Trustee considers fair and reasonable for the purpose of obtaining any such action.

Section 9.7. Disqualified Bonds. In determining whether the Owners of the requisite aggregate principal amount of Bonds have concurred in any demand, request, direction, consent or waiver under this Indenture, Bonds which are owned or held by or for the account of the Authority or the City (but excluding Bonds held in any employees' or retirement fund) will be disregarded and deemed not to be Outstanding for the purpose of any such determination, provided, however, that for the purpose of determining whether the Trustee will be protected in relying on any such demand, request, direction, consent or waiver, only Bonds which the Trustee knows to be so owned or held will be disregarded. Upon request, the Authority and the City will specify to the Trustee those Bonds disqualified pursuant to this Section 9.7.

Section 9.8. Waiver of Personal Liability. No officer, agent or employee of the Authority will be individually or personally liable for the payment of the interest on or principal of the Bonds; but nothing herein contained will relieve any such officer, agent or employee from the performance of any official duty provided by law.

Section 9.9. Partial Invalidity. If any one or more of the covenants or agreements, or portions thereof, provided in this Indenture on the part of the Authority (or of the Trustee) to be performed should be contrary to law, then such covenant or covenants, such agreement or

agreements, or such portions thereof, will be null and void and will be deemed separable from the remaining covenants and agreements or portions thereof and will in no way affect the validity of this Indenture or of the Bonds; but the Bond Owners will retain all rights and benefits accorded to them under the Bond Law or any other applicable provisions of law. The Authority hereby declares that it would have entered into this Indenture and each and every other section, paragraph, subdivision, sentence, clause and phrase and would have authorized the issuance of the Bonds pursuant hereto irrespective of the fact that any or more sections, paragraphs, subdivisions, sentences, clauses or phrases of this Indenture or the application thereof to any person or circumstance may be held to be unconstitutional, unenforceable or invalid.

Section 9.10. Destruction of Cancelled Bonds. Whenever in this Indenture provision is made for the surrender to the Authority or the Trustee of any Bonds which have been paid or cancelled pursuant to the provisions of this Indenture, the Trustee will destroy such Bonds in accordance with the retention policy of the Trustee then in effect.

Section 9.11. Funds and Accounts. Any fund or account required by this Indenture to be established and maintained by the Authority or the Trustee may be established and maintained in the accounting records of the Authority or the Trustee, as the case may be, either as a fund or an account, and may, for the purpose of such records, any audits thereof and any reports or statements with respect thereto, be treated either as a fund or as an account. All such records with respect to all such funds and accounts held by the Authority will at all times be maintained in accordance with generally accepted accounting principles and all such records with respect to all such funds and accounts held by the Trustee will be at all times maintained in accordance with corporate trust industry practices; in each case with due regard for the protection of the security of the Bonds and the rights of every Owner thereof.

Section 9.12. Notices. Any notice, request, complaint, demand, communication or other paper will be sufficiently given and will be deemed given when delivered or mailed by registered or certified mail, postage prepaid, or sent by telegram, addressed as follows:

If to the Authority: Elk Grove Finance Authority  
8401 Laguna Palms Way  
Elk Grove, California 95758  
Attention: Director of Finance and Administrative Services

If to the Trustee: U.S. Bank National Association  
1420 Fifth Avenue, 7<sup>th</sup> Floor, PD-WA-T7CT  
Seattle, Washington 98101  
Attention: Global Corporate Trust Services

The Authority, the City and the Trustee may designate any further or different addresses to which subsequent notices, certificates or other communications will be sent.

Section 9.13. Unclaimed Moneys. Anything in this Indenture to the contrary notwithstanding, any moneys held by the Trustee in trust for the payment and discharge of any of the Bonds which remain unclaimed for two (2) years after the date when such Bonds have become due and payable, either at their stated maturity dates or by call for earlier redemption, if such moneys were held by the Trustee at such date, or for two (2) years after the date of deposit of such moneys if deposited with the Trustee after said date when such Bonds become due and payable, will be repaid by the Trustee to the Authority, as its absolute property and free



from trust, and the Trustee will thereupon be released and discharged with respect thereto and the Bond Owners will look only to the Authority for the payment of such Bonds; provided, however, that before being required to make such payment to the Authority, the Trustee will, at the expense of Authority, cause to be mailed to the Owners of all such Bonds, at their respective addresses appearing on the Bond Register, a notice that said moneys remain unclaimed and that, after a date in said notice, which date will not be fewer than thirty (30) days after the date of mailing such notice, the balance of such moneys then unclaimed will be returned to the Authority.

Section 9.14. Payment Due on 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 the 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 in this Indenture.

IN WITNESS WHEREOF, the Authority has caused this Indenture to be executed by the Treasurer of the Authority, attested by its Secretary, and the Trustee has caused this Indenture to be executed by one of its corporate trust officers, all as of the day and year first above written.

**ELK GROVE FINANCE AUTHORITY**

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

Attest:

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

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

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

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

No. \_\_\_\_\_

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

**ELK GROVE FINANCE AUTHORITY**  
**SPECIAL TAX REVENUE BOND, SERIES 2016**

INTEREST RATE:	MATURITY DATE:	DATED DATE:	CUSIP:
%	September 1, _____	_____, 2016	

REGISTERED OWNER:

PRINCIPAL AMOUNT:            AND NO/100 DOLLARS

The ELK GROVE FINANCE AUTHORITY, a joint powers authority organized and existing under the laws of the State of California (the "Authority"), for value received, hereby promises to pay (but only out of the Revenues and other funds hereinafter referred to) to the Registered Owner identified above or registered assigns (the "Registered Owner"), on the Maturity Date identified above (subject to any right of prior redemption hereinafter mentioned), the Principal Amount identified above in lawful money of the United States of America; and to pay interest thereon at the Interest Rate identified above in like money from the Interest Payment Date (as hereinafter defined) next preceding the date of authentication of this Bond (unless this Bond is authenticated on or before an Interest Payment Date and after the fifteenth calendar day of the month preceding the month in which such Interest Payment Date occurs, in which event it will bear interest from such Interest Payment Date, or unless this Bond is authenticated on or prior to [August 15, 2016], in which event it will bear interest from the Dated Date identified above; provided, however, that if, at the time of authentication of this Bond, interest is in default on this Bond, this Bond will bear interest from the Interest Payment Date to which interest hereon has previously been paid or made available for payment), payable semiannually on March 1 and September 1 in each year, commencing [September 1, 2016] (each, an "Interest Payment Date") until the Maturity Date stated above or date of redemption of this Bond.

The Principal Amount is payable upon presentation and surrender at the Trust Office (as defined in the Indenture) of U.S. Bank National Association (the "Trustee"). Interest hereon is payable by check of the Trustee mailed by first class mail, postage prepaid, on each Interest Payment Date to the Registered Owner at the address of the Registered Owner as it appears on the registration books of the Trustee as of the fifteenth calendar day of the month preceding the month in which such Interest Payment Date occurs; provided, however, that payment of interest may be made by wire transfer to an account in the United States of America to any registered owner of Bonds in the aggregate principal amount of \$1,000,000 or more upon written instructions of any such registered owner filed with the Trustee for that purpose as of the close of business on the fifteenth calendar day of the month preceding the month in which such Interest Payment Date occurs.

This Bond is a limited obligation of the Authority, payable solely from the Revenues and funds pledged under the Indenture (as defined herein). This Bond is not a debt of the City of Elk

Grove (the "City") or the State of California or any of its political subdivisions (except the Authority and only to the extent set forth in the Indenture), and none of said City, said State or any of its political subdivisions is liable hereon. The Authority has no taxing power.

This Bond is one of a duly authorized series of bonds of the Authority designated the "Elk Grove Finance Authority Special Tax Revenue Bonds, Series 2016" (the "Bonds"), limited in principal amount to \$\_\_\_\_\_, secured by an Indenture of Trust dated as of \_\_\_\_\_ 1, 2016 (the "Indenture"), between the Authority and the Trustee. Reference is hereby made to the Indenture and all indentures supplemental thereto for a description of the rights thereunder of the owners of the Bonds, of the nature and extent of the Revenues (as that term is defined in the Indenture), of the rights, duties and immunities of the Trustee and of the rights and obligations of the Authority thereunder; and all of the terms of this Indenture are hereby incorporated herein and constitute a contract between the Authority and the Registered Owner, and to all of the provisions of which Indenture the Registered Owner, by acceptance, assents and agrees.

The Bonds are authorized to be issued pursuant to the provisions of the Marks Roos Local Bond Pooling Act of 1985, as amended, constituting Article 4 (commencing with Section 6584) of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the "Act"). The Bonds are limited obligations of the Authority and, as and to the extent set forth in the Indenture, are payable solely from and secured by a first lien on and pledge of the Revenues and certain other funds held by the Trustee as provided in the Indenture. The Revenues and such other funds constitute a trust fund for the security and payment of the principal of and interest on the Bonds, except to the extent otherwise provided in the Indenture. The full faith and credit of the Authority is not pledged to the payment of the principal of or interest or redemption premiums (if any) on the Bonds. The Bonds are not secured by a legal or equitable pledge of, or charge, lien or encumbrance upon, any of the property of the Authority or any of its income or receipts, except the Revenues and such other funds as provided in the Indenture.

The Bonds have been issued to provide funds to purchase certain obligations of the City (the "CFD Bonds"). The City will take the proceeds that it receives from the sale of the CFD Bonds to the Authority to refund certain outstanding indebtedness of the City and to finance certain public capital improvements in the CFDs, all as more particularly described in the Indenture. The obligations of the City to make payments of principal and interest on the CFD Bonds are limited obligations secured only as set forth therein.

Optional Redemption. The Bonds maturing on or before September 1, 20\_\_\_, are not subject to optional redemption prior to maturity. The Bonds maturing on and after September 1, 20\_\_\_, may be redeemed at the option of the Authority, from any source of available funds, prior to maturity on any date on or after September 1, 20\_\_\_, as a whole, or in part from maturities corresponding proportionately to the maturities of the CFD Bonds simultaneously redeemed, if any redemption of CFD Bonds is being accomplished in conjunction with such optional redemption, and otherwise from such maturities as are selected by the Authority, and by lot within a maturity, at a redemption price equal to principal amount of the Bonds to be redeemed, plus accrued interest thereon to the date of redemption, without premium.

Mandatory Special Redemption. The Bonds are subject to mandatory special redemption on any Interest Payment Date from proceeds of early redemption of CFD Bonds from prepayment of Special Taxes, in whole or in part, from maturities corresponding proportionately to the maturities of the CFD Bonds simultaneously redeemed, at the principal amount thereof, plus a premium expressed below as a percentage of the principal amount so redeemed, plus accrued interest to the date of redemption thereof:

<u>Redemption Date</u>	<u>Redemption Premium</u>
On or after March 1, 20__ through March 1, 20__	3%
September 1, 20__ and March 1, 20__	2
September 1, 20__ and March 1, 20__	1
September 1, 20__ and thereafter	0

Mandatory Sinking Fund Redemption of Bonds. The Bonds maturing on September 1, 20\_\_ and September 1, 20\_\_ (the "Term 2016 Bonds"), are subject to redemption prior to their stated maturity, in part, by lot from amounts deposited into the Principal Account in the following amounts and on the following dates, at the principal amount thereof on the date fixed for redemption, without premium, but which amounts will be proportionately reduced by the principal amount of all Bonds optionally redeemed:

Term 2016 Bonds Maturing September 1, 20\_\_

<u>Mandatory Redemption Dates</u> <u>(September 1)</u>	<u>Principal</u> <u>Amount</u>
20__	\$
20__*	

\* Maturity

Term 2016 Bonds Maturing September 1, 20\_\_

<u>Mandatory Redemption Dates</u> <u>(September 1)</u>	<u>Principal</u> <u>Amount</u>
20__	\$
20__*	

\* Maturity

The Trustee on behalf and at the expense of the Authority will mail by first class mail, postage prepaid, notice of any redemption to the respective owners of any Bonds designated for redemption, at their respective addresses appearing on the registration books maintained by the Trustee and to the Securities Depositories and to the Municipal Securities Rulemaking Board (as such terms are defined in the Indenture), at least thirty (30) but not more than sixty (60) days prior to the redemption date; provided, however, that neither failure to receive any such notice so mailed nor any defect therein will affect the validity of the proceedings for the redemption of such Bonds or the cessation of the accrual of interest thereon.

If this Bond is called for redemption and payment is duly provided therefor as specified in the Indenture, interest will cease to accrue hereon from and after the date fixed for redemption.

The Bonds are issuable as fully registered Bonds without coupons in denominations of \$5,000 or any integral multiple thereof. Subject to the limitations and upon payment of the

charges, if any, provided in the Indenture, fully registered Bonds may be exchanged at the Trust Office of the Trustee for a like aggregate principal amount and maturity of fully registered Bonds of other authorized denominations.

This Bond is transferable by the Registered Owner, in person or by its attorney duly authorized in writing, at the Trust Office of the Trustee, but only in the manner, subject to the limitations and upon payment of the charges provided in the Indenture, and upon surrender and cancellation of this Bond. Upon such transfer a new fully registered Bond or Bonds, of authorized denomination or denominations, for the same aggregate principal amount will be issued to the transferee in exchange herefor. The Trustee will not be required to register the transfer or exchange of any Bond (i) during 15 days prior to selection of Bonds for redemption, or (ii) selected for redemption.

The Authority and the Trustee may treat the Registered Owner as the absolute owner for all purposes, and the Authority and the Trustee will not be affected by any notice to the contrary. The Indenture and the rights and obligations of the Authority and of the owners of the Bonds and of the Trustee may be modified or amended from time to time and at any time in the manner, to the extent, and upon the terms provided in the Indenture; provided that no such modification or amendment will (a) extend the maturity of or reduce the interest rate on any Bond or otherwise alter or impair the obligation of the Authority to pay the principal, interest or redemption premiums at the time and place and at the rate and in the currency provided therein of any Bond without the express written consent of the owner of such Bond, (b) reduce the percentage of Bonds required for the written consent to any such amendment or modification, or (c) without its written consent thereto, modify any of the rights or obligations of the Trustee, all as more fully set forth in the Indenture.

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

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

IN WITNESS WHEREOF, the ELK GROVE FINANCE AUTHORITY has caused this Bond to be executed in its name and on its behalf by the facsimile signature of its Treasurer and attested by the facsimile signature of its Secretary, all as of the date set forth above.

ELK GROVE FINANCE AUTHORITY

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

Attest:

Secretary \_\_\_\_\_

**CERTIFICATE OF AUTHENTICATION**

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

Date: \_\_\_\_\_

U.S. BANK NATIONAL ASSOCIATION,  
as Trustee

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

ASSIGNMENT

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

whose tax identification number is \_\_\_\_\_,  
the within mentioned registered Bond and hereby irrevocably constitute(s) and appoint(s)

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

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

Signature guaranteed:

NOTE: Signature(s) must be guaranteed by  
an eligible guarantor institution

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



**CERTIFICATION**  
**ELK GROVE FINANCE AUTHORITY RESOLUTION NO. FA2016-01**

STATE OF CALIFORNIA        )  
COUNTY OF SACRAMENTO    )       ss  
CITY OF ELK GROVE         )


*I, Jason Lindgren, Secretary of the Finance Authority of the City of Elk Grove, California, do hereby certify that the foregoing resolution was duly introduced, approved, and adopted by the Board of Directors of the Elk Grove Finance Authority at a regular meeting of the Elk Grove Finance Authority held on the June 8, 2016 by the following vote:*

**AYES:**        **BOARDMEMBERS:**        *Davis, Ly, Detrick, Hume, Suen*

**NOES :**       **BOARDMEMBERS:**        *None*

**ABSTAIN :**   **BOARDMEMBERS:**        *None*

**ABSENT:**     **BOARDMEMBERS:**        *None*

  
\_\_\_\_\_  
**Jason Lindgren, Secretary**  
**Elk Grove Finance Authority**