

TRUST INDENTURE

between

INDEPENDENT CITIES FINANCE AUTHORITY,

as Issuer

and

ZIONS FIRST NATIONAL BANK,

as Trustee

Relating to:

[\$10,750,000]

Independent Cities Finance Authority

Charter School Revenue Bonds

(Alliance Bloomfield Technology Academy Project),

Series 2013

(Taxable Qualified School Construction Bonds - Direct Subsidy)

Dated as of April 1, 2013

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## TRUST INDENTURE

THIS TRUST INDENTURE, dated as of April 1, 2013 (this “Indenture”), is between INDEPENDENT CITIES FINANCE AUTHORITY (the “Authority”) a joint powers authority organized and existing under the laws of the State of California (the “State”) and ZIONS FIRST NATIONAL BANK, a national banking association duly organized and existing under the laws of the United States of America, as trustee (the “Trustee”), with a principal corporate trust office located in [CITY, STATE] and authorized under such laws to accept and execute trusts of the character herein set out.

### WITNESSETH:

WHEREAS, the Authority has been formed under a joint exercise of powers agreement (the “JPA Agreement”) entered into by certain California cities, counties and special districts (the “Members”) for the purpose of exercising the powers common to the Members and additional powers granted to the Authority by Chapter 5 of Division 7 of the Government Code of the State of California (the “Act”) and under the Act, the Authority is authorized to issue bonds that are in the public interest for the purpose of making a loan to an organization for use by such organization to finance or refinance the construction, expansion, remodeling, renovation, furnishing, equipping, and acquisition of charter school facilities (including by reimbursing expenditures made or refinancing indebtedness incurred for such purposes) that benefit the members or associate members of the Authority; and

WHEREAS, [Alliance HS 18 SPE] (the “Borrower”) is a limited liability company organized for nonprofit purposes under the laws of the State and has requested that the Authority issue its bonds and loan the proceeds thereof to the Borrower to (i) finance the costs of acquiring, constructing, improving and furnishing charter school facilities and the related site located at 7907 Santa Fe Avenue, Los Angeles County, California (the “Series 2013 Facilities”) for lease to the Lessee (as hereinafter defined), (ii) [pay capitalized interest during construction,] and (iii) pay certain issuance expenses (collectively, the “Series 2013 Project”); and

WHEREAS, in order to finance the cost of the Series 2013 Project, the Authority has agreed to issue its \$[10,750,000] Charter School Revenue Bonds (Alliance Bloomfield Technology Academy Project) Series 2013 (Taxable Qualified School Construction Bonds - Direct Subsidy) (the “Series 2013 Bonds”) pursuant to and secured by this Indenture; and

WHEREAS, pursuant to the Lease (as such term is defined herein), the Borrower as owner of the Series 2013 Facilities, will lease the Series 2013 Facilities to [Alliance Bloomfield Technology Academy], a California non-profit public benefit corporation (the “Lessee”), such Lessee is authorized to do business as a charter school in the State pursuant to Title 2, Division 4, Part 26.8 of the California Education Code, Charter Schools Act of 1992, as amended (the “Charter School Law”); and

WHEREAS, the Series 2013 Bonds and the authentication certificates are to be substantially in the form of Exhibit A and Exhibit B hereto, with such necessary or appropriate variations, omissions and insertions as permitted or required by this Indenture; and

WHEREAS, all things necessary to make the Series 2013 Bonds, when authenticated by the Trustee and issued as provided in this Indenture, the valid, binding and legal obligations of the Authority and to constitute this Indenture a valid, binding and legal instrument for the security of the Series 2013 Bonds in accordance with its terms, have been done and performed;

NOW, THEREFORE, THIS TRUST INDENTURE WITNESSETH:

That the Authority, in consideration of the premises and of the mutual covenants contained herein and of the purchase and acceptance of the Bonds by the Registered Owners (as defined below) thereof, and for other good and valuable consideration, the receipt of which is hereby acknowledged, in order to secure the payment of the principal of, premium, if any, and interest on all Bonds at any time Outstanding under this Indenture, according to their tenor and effect, to secure the performance and observance of all the covenants and conditions in the Bonds and herein contained, and to declare the terms and conditions upon and subject to which the Bonds are issued and secured, has executed and delivered this Indenture and has granted, bargained, sold, alienated, assigned, pledged, set over and confirmed, and by these presents does grant, bargain, sell, assign, pledge, set over and confirm unto Zions First National Bank, as Trustee, for the benefit of the Registered Owners from time to time of the Bonds (as defined below), and to its successors and assigns forever, all and singular the following described property, franchises and income:

a. The rights and interests of the Authority under the Loan Agreement (as defined below), as amended from time to time, between the Authority and the Borrower, except the Authority's Unassigned Rights (as defined below).

b. All rights and interests of the Authority in the Project, subject to Permitted Encumbrances, except the Authority's Unassigned Rights.

c. The Pledged Revenues (defined below) and all rights and interests of the Authority in the Pledged Revenues, subject to Permitted Encumbrances, except the Authority's Unassigned Rights.

d. The rights and interests of the Authority under the Mortgage and the rights and interests of the Authority and the Borrower under the Promissory Notes (as defined below).

e. All Funds (as defined below) created in this Indenture (other than the Cost of Issuance Fund, the Tax and Insurance Escrow Fund and the Rebate Fund (as defined below)), except for moneys or obligations deposited with or paid to the Trustee for the payment or redemption of Bonds that are no longer deemed to be Outstanding (as defined below) hereunder, and all trust accounts containing all insurance and condemnation proceeds and all Revenues payable to the Trustee by or for the account of the Authority pursuant to the Agreement and this Indenture, subject only to the provisions of this Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in this Indenture.

f. Any and all other interests in real or personal property of every name and nature from time to time hereafter by delivery or by writing of any kind specifically mortgaged, pledged or hypothecated, as and for additional security hereunder by the Authority or by anyone in its behalf or with its written consent in favor of the Trustee, which is hereby authorized to receive

any and all such property at any and all times and to hold and apply the same, subject to the terms hereof.

TO HAVE AND TO HOLD the same with all privileges and appurtenances hereby conveyed and assigned, or agreed or intended to be, to the Trustee and its successors in said trust and assigns forever,

IN TRUST, NEVERTHELESS, upon the terms herein set forth for the equal and proportionate benefit, security and protection of all Registered Owners of the Bonds issued under and secured by this Indenture without privilege, priority or distinction as to the lien or otherwise of any of the Bonds over any other of the Bonds except as otherwise provided herein or with respect to moneys otherwise held to redeem or pay particular Bonds hereunder;

PROVIDED, HOWEVER, that if the Authority, its successors or assigns shall well and truly pay, or cause to be paid, solely from the Trust Estate established herein, the principal of the Bonds and the premium, if any, and the interest due or to become due thereon, at the times and in the manner mentioned in the Bonds according to the true intent and meaning thereof, and shall cause the payments to be made into the Bond Principal Fund and the Bond Interest Fund as hereinafter required or shall provide, as permitted hereby, for the payment thereof by depositing with the Trustee the entire amount due or to become due thereon, or certain securities as herein permitted and shall well and truly keep, perform and observe all the covenants and conditions pursuant to the terms of this Indenture to be kept, performed and observed by it, and shall pay or cause to be paid to the Trustee, the Authority and the United States of America all sums of money due or to become due to it in accordance with the terms and provisions hereof, then upon such final payments this Indenture and the rights hereby granted shall cease, terminate, and be void; otherwise this Indenture to be and remain in full force and effect.

IT IS HEREBY EXPRESSLY ACKNOWLEDGED that the Authority has entered into this Indenture and issued the Bonds to fulfill the public purposes of the JPA Agreement and the Act, and the Trustee hereby accepts such trust and covenants to enforce the provisions of this Indenture and the Agreement so as to effect the public purposes of the JPA Agreement and the Act.

THIS INDENTURE FURTHER WITNESSETH, and it is expressly declared, that all Bonds issued and secured hereunder are to be issued, authenticated and delivered, and all said property, rights, interests, and revenues and funds hereby pledged, assigned and mortgaged are to be dealt with and disposed of under, upon and subject to the terms, conditions, stipulations, covenants, agreements, trusts, uses and purposes as hereinafter expressed, and the Authority has agreed and covenanted, and does hereby agree and covenant with the Trustee for the benefit of the Registered Owners from time to time of the Bonds as follows:

## ARTICLE I

### DEFINITIONS; INDENTURE TO CONSTITUTE CONTRACT



Section 1.1 Definitions. All words and phrases defined in Article I of the Agreement shall have the same meaning in this Indenture. In addition, the following terms, except where the context indicates otherwise, shall have the respective meanings set forth below:

“Act” means Title I, Division 7, Chapter 5 of the California Government Code of the State, as now in effect and as it may from time to time hereafter be amended or supplemented.

An “Act of Bankruptcy” means one of the following shall have occurred:

(a) The Borrower shall file a voluntary petition in bankruptcy, or shall be adjudicated bankrupt or insolvent, or shall file any petition or agreement seeking any reorganization, composition, readjustment, liquidation or similar relief for itself under any present or future statutes, laws or regulations or shall seek or consent to or acquiesce in the appointment of any trustee, receiver or liquidator of the Borrower or of all or any substantial part of its properties, or shall make any general assignment for the benefit of creditors, or shall admit in writing its inability to pay its debts generally as they become due; or

(b) A petition shall be filed against the Borrower seeking any reorganization, composition, readjustment, liquidation or similar relief under any present or future statute, law or regulation and shall remain undismissed or unstayed for an aggregate period of 60 days (whether or not consecutive), or if any trustee, receiver or liquidator of the Borrower or of all or any substantial part of its properties shall be appointed without the consent or acquiescence of the Borrower and such appointment shall remain undismissed or unstayed for an aggregate period of 60 days (whether or not consecutive).

“Additional Bonds” means any Additional Bonds authorized and issued pursuant to Section 2.11 herein.

“Agreement” or “Loan Agreement” means the Loan Agreement dated as of April 1, 2013, between the Borrower and the Authority, and any amendments and supplements thereto made in conformity therewith and with this Indenture.

“Authority” means the Independent Cities Finance Authority, a joint powers authority organized and existing under the laws of the State.

“Authority Documents” means, with respect to a Series of Bonds, the Loan Agreement, the Indenture, the Bond Purchase Agreement, the Tax Certificate and any other agreement, certificate, contract, or instrument to be executed by the Authority in connection with the issuance of the Bonds or the financing of a portion of the expense associated with the Project.

“Authority Indemnified Party” or “Authority Indemnified Parties” means the Authority, its past, present, and future directors, governing board members, councilmembers, officers, counsel, advisors, employees and agents, individually and collectively.

“Authority’s Administration Fee” means the Authority’s administration fee payable on the issuance of the Series 2013 Bonds in the amount of \$[\_\_\_\_\_] and any Authority’s Administration Fee payable in connection with the issuance of Additional Bonds.

“Authority’s Annual Fee” means an annual amount equal to 1/8<sup>th</sup> of one percent of the outstanding principal amount of the Bonds payable to the Authority quarterly on March 15, June 15, September 15 and December 15, from the Expense Fund, commencing [\_\_\_\_\_, 20\_\_].

“Authority’s Unassigned Rights” means the rights of the Authority to (a) inspect books and records, (b) give or receive notices, approvals, consents, requests, and other communications, (c) receive payment or reimbursement for expenses, (d) receive payment of the Authority’s Administration Fee and the Authority’s Annual Fee, (e) immunity from and limitation of liability, (f) indemnification from liability by the Borrower, and (g) security for the Borrower’s indemnification obligation.

“Authorized Denomination” means \$100,000 or any integral multiple of \$1 in excess thereof except that a Bond may be exchanged after mandatory redemption for a Bond in a denomination of less than \$100,000 but in \$1 integral multiples to the extent necessary to represent the unredeemed portion of any Bond; provided that upon the receipt by the Trustee and the Issuer of an Investment Grade Rating, Authorized Denominations of the Bonds shall be reduced to \$5,000 or any integral multiple of \$1 in excess thereof.

“Authorized Representative” means, in the case of the Authority, any member of the Board of Directors of the Authority (the “Board”) or any other person designated as an Authorized Representative by a certificate signed by a member of the Board and filed with the Trustee; or, in the case of the Borrower or the Lessee, the Chairman, any Vice Chairman, Director, President, Chief Financial Officer or the Secretary thereof or, in the case of the Borrower, its sole member acting on behalf of the Borrower, and, when used with reference to the performance of any act, the discharge of any duty or the execution of any certificate or other document, any officer, employee or other person authorized by the Borrower, the Borrower’s sole member acting on behalf of the Borrower or the Lessee, as applicable, to perform such act, discharge such duty or execute such certificate or other document.

“Authorizer” means the Los Angeles Unified School District, or any successor authorizer of the Borrower.

“Beneficial Owner(s)” means the person or entity for whom the Bonds were deposited with DTC (in the name of its nominee, Cede & Co.). If the Bonds are not deposited with DTC or another repository, the Beneficial Owner(s) shall be the Registered Owner(s).

“Bond Counsel” means Ballard Spahr LLP or such other firm of nationally recognized attorneys with a proven reputation in the field of municipal finance and experienced in the financing of facilities for non-exempt persons through the issuance of tax-exempt revenue bonds under the exemption provided under Section 103 of the Code, and approved by the Authority.

“Bond Interest Fund” means the fund by that name created pursuant to Section 3.2 herein.

“Bond Principal Fund” means the fund by that name created pursuant to Section 3.2 herein.

“Bond Proceeds of a Series” means all amounts actually or constructively received from the sale of the related Series of Bonds (including the underwriter’s discount or compensation but excluding pre-issuance accrued interest) plus all investment earnings thereon.

“Bond Purchase Agreement” means, as to a Series of Additional Bonds, the Bond Purchase Agreement among the Authority, the Borrower and the underwriter related to such Series of Additional Bonds, and as to the Series 2013 Bonds, means the Bond Purchase Agreements, dated April [ ], 2013 among the Authority, the Borrower, the Lessee, the Placement Agent and each of the Purchasers.

“Bond Register” means the bond register described in Section 2.5 hereof.

“Bonds” means the Series 2013 Bonds and any Additional Bonds.

“Book-Entry Bonds” means the Bonds registered in the name of the nominee of DTC, or any successor securities depository for the Bonds, as the registered owner thereof pursuant to the terms and provisions of Section 2.12 hereof.

“Borrower” means [Alliance HS 18 SPE], a [ ], or any surviving, resulting or transferee corporation, as provided in Section 8.2 of the Agreement.

“Borrower Documents” means, with respect to a Series of Bonds, the Agreement, the Mortgage (if executed by the Borrower), the Promissory Notes, the Bond Purchase Agreement, the Tax Certificate, and each of the other agreements, certificates, contracts or instruments to be executed by the Borrower in connection with the issuance of a Series of Bonds or the financing of all or a portion of the expenses associated with the Project.

“Building” means that certain building or buildings and all other structures and facilities now owned or hereafter acquired or constructed (including all fixtures, heating and air conditioning equipment and all other equipment and machinery affixed to the Land or Building) which are located on the Land, as they may from time to time exist.

“Business Day” means any day other than (i) a Saturday or Sunday, (ii) a day on which the Federal Reserve System is closed, or (iii) a day on which commercial banks in the State or in the city in which the corporate trust office of the Trustee is authorized by law to close.

“Capital Lease” means any lease or Lease required to be capitalized in accordance with Generally Accepted Accounting Principles.

“Capitalized Interest Account” means the account so named in the Bond Interest Fund.

“Cede & Co.” means Cede & Co., the nominee of DTC, and any successor nominee of DTC.

“Charter School Law” means the Charter Schools Act of 1992, constituting Part 26.8, commencing with Section 47600, of Division 4 of Title 2 of the Education Code of the State, as now in effect and as it may from time to time hereafter be amended or supplemented.

“Closing Date” means as to a Series of Bonds, the date of issuance of such Series.

“Code” means the Internal Revenue Code of 1986, as amended; each reference to the Code is deemed to include (i) any successor internal revenue law and (ii) the applicable regulations whether final, temporary or proposed under the Code or such successor law. Any reference to a particular provision of the Code is deemed to include any successor provision of any successor internal revenue law and applicable regulations, whether final, temporary or proposed, under such provision or successor provision.

“Completion Date” means the date the Borrower or the Lessee receives a certificate of occupancy for the Project, as that date shall be certified in accordance with Section 4.2 of the Agreement.

“Consulting Architect” means an independent, individual, licensed architect or engineer or independent, licensed engineering or architectural firm (which may be an individual or an engineering or architectural firm retained by the Lessor or the Lessee for other purposes) selected by the Lessor or the Lessee.

“Consulting Architect’s Certificate” means a written opinion or report signed by the Consulting Architect.

“Continuing Disclosure Agreement” means, as to any Series of Additional Bonds, the continuing disclosure undertaking or agreement entered into by the Borrower in connection with such Series of Additional Bonds.

“Conversion Date” means [\_\_\_\_\_], which is the date on which the Initial Interest Rates on the Bonds are adjusted to Term Interest Rates pursuant to Section 2.16(b) hereof to the extent such Bonds are not subject to redemption pursuant to Section 5.1(a) hereof.

“Cost of Issuance Fund” means the fund by that name created pursuant to Section 3.2 of this Indenture.

“Costs or Cost of the Project” means the sum total of all reasonable or necessary costs incidental to the Project which may be financed pursuant to the JPA Agreement, the Act and the Code.

“Debt Service Reserve Fund” means the fund by that name created pursuant to Section 3.2 herein.

“Debt Service Reserve Fund Requirement (Annual)” means, with respect to the Series 2013 Bonds, an annual amount equal to \$[\_\_\_\_\_] from the period commencing on the Closing Date of the Series 2013 Bonds and ending on the Conversion Date, and an annual amount equal to \$[\_\_\_\_\_] thereafter, and means, as to a Series of Additional Bonds, the Debt Service Reserve Fund Requirement (Annual) related to such Series of Additional Bonds as set forth in a Supplemental Indenture.

“Debt Service Reserve Fund Requirement (Aggregate)” means, with respect to the Series 2013 Bonds, as of the date of calculation the aggregate amount equal to sum of the Debt Service

Reserve Fund Requirement (Annual) for each year from the Closing Date to the date of calculation, or after a redemption pursuant to Section 5.3B hereof, the aggregate amount equal to any amount remaining on deposit in the Debt Service Reserve Fund after such redemption plus the sum of the Debt Service Reserve Fund Requirement (Annual) for each year from such redemption date to the date of calculation, and means, as to a Series of Additional Bonds, the annual Debt Service Reserve Fund Requirement (Aggregate) related to such Series of Additional Bonds as set forth in a Supplemental Indenture.

“Designated Office” means with respect to the Trustee, the office of the Trustee at the address set forth in Section 11.9 or at such other address as may be specified in writing by the Trustee as provided in Section 11.9 and with respect to the Tender Agent, the office of the Tender Agent at which at any particular time its corporate trust business shall be principally administered. The paying agent and registrar functions mean the Trustee’s office located in [\_\_\_\_\_].

“Determination of Taxability” shall have been deemed to occur if a final decree or judgment of any federal court or a final action of the Internal Revenue Service determines that interest paid or payable on any Tax-Exempt Bond is or was includable in the gross income of the Owner of said Tax-Exempt Bond for federal income tax purposes under the Code; provided, however, no such decree or action will be considered final for this purpose unless the Authority and the Borrower have been given written notice and, if it is so desired and is legally allowed, have been afforded the opportunity to contest the same, either directly or in the name of any Owner of a Tax-Exempt Bond, and until conclusion of any appellate review, if sought.

“Determination of Disqualification” shall have been deemed to occur as to the Series 2013 Bonds or any Series of Additional Bonds designated by the Authority as Qualified School Construction Bonds if a ruling, assessment, notice of deficiency or technical advice by the Internal Revenue Service shall be rendered to the effect that the Series 2013 Bonds or any Additional Bonds designated by the Authority as Qualified School Construction Bonds are not Qualified School Construction Bonds for purposes of Section 54F of the Code.

“Direct Payments” means the interest subsidy payments received by the Trustee on behalf of the Authority from the United States Department of the Treasury pursuant to Section 6431 of the Code with respect to the Series 2013 Bonds.

“Disbursement Date” means a date not later than two Business Days after receipt by the Trustee of monthly payments due under the Loan Agreement as described in Section 3.22 hereof.

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

“Event of Default” has the meaning set forth in Section 8.1 hereof.

“Expense Fund” means the fund by that name created pursuant to Section 3.2 herein.

“Facilities” means the Series 2013 Facilities and all related land, buildings and equipment leased by the Lessee at any time for purposes of housing the charter school operations of the Lessee at the Series 2013 Facilities.

“Fiscal Year” means the Borrower’s and the Lessee's fiscal year, which currently begins on July 1 and ends on June 30 of each calendar year.

“Fitch” means Fitch Ratings, its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, “Fitch” shall be deemed to refer to any other nationally recognized securities rating agency designated by the Borrower by notice to the Trustee.

“Funds” means the Bond Principal Fund, the Bond Interest Fund, the Debt Service Reserve Fund, the Cost of Issuance Fund, the Tax and Insurance Escrow Fund, the Expense Fund, the Project Fund, the Rebate Fund, the Repair and Replacement Fund, the Revenue Fund, and any other funds, accounts or subaccounts held by the Trustee hereunder.

“Generally Accepted Accounting Principles” means those accounting principles applicable in the preparation of financial statements of the Borrower and the Lessee, as promulgated by the Financial Accounting Standards Board or such other body recognized as authoritative by the American Institute of Certified Public Accountants.

“Government Obligations” means direct noncallable obligations of or direct noncallable obligations the timely payment of the principal of and interest on which is fully and unconditionally guaranteed by the United States of America.

“Guaranty” means the Guaranty Agreement made by the Lessee in favor of the Trustee.

“Indebtedness” of any specified Person means (a) indebtedness incurred or assumed by such Person for borrowed money or for the acquisition, construction or improvement of the Series 2013 Facilities or property related thereto other than goods that are acquired in the ordinary course of business of such Person, including indebtedness subordinate as to security and payment to other Indebtedness, (b) lease obligations of such Person that, in accordance with Generally Accepted Accounting Principles, are shown on the liability side of a balance sheet, (c) all indebtedness (other than indebtedness otherwise treated as Indebtedness hereunder) for borrowed money for the acquisition, construction or improvement of the Series 2013 Facilities or property related thereto or capitalized lease obligations guaranteed, directly or indirectly, in any manner by such Person, or in effect guaranteed, directly or indirectly, by such Person through an agreement, contingent or otherwise, to purchase any such indebtedness or to advance or supply funds for the payment or purchase of any such indebtedness or to purchase property or services primarily for the purpose of enabling the debtor or seller to make payment of such indebtedness, or to assure the owner of the indebtedness against loss, or to supply funds to or in any other manner invest in the debtor (including any agreement to pay for property or services irrespective of whether or not such property is delivered or such services are rendered), or otherwise; and (d) all indebtedness secured by any mortgage, lien, charge, encumbrance, pledge or other security interest upon the Series 2013 Facilities or property related thereto owned by such Person whether or not such Person has assumed or become liable for the payment thereof. For the purpose of computing “Indebtedness,” there shall be excluded any particular Indebtedness if, upon or prior to the maturity thereof, there shall have been deposited with the proper depository in trust the necessary funds (or evidences of such Indebtedness or investments that will provide sufficient funds, if permitted by the instrument creating such Indebtedness) for the payment, redemption or

satisfaction of such Indebtedness; and thereafter such funds, evidences of Indebtedness and investments so deposited shall not be included in any computation of the assets of such Person, and the income from any such deposits shall not be included in the calculation of Net Income Available for Debt Service.

“Initial Interest Rate” means the initial fixed interest rate(s) on the Series 2013 Bonds in effect from the Closing Date of the Series 2013 Bonds until the Conversion Date as set forth in Section 2.16(a).

“Initial Interest Rate Period” means the period during which the Initial Interest Rate is in effect.

“Interest Payment Date” means with respect to the Series 2013 Bonds, each March 15, June 15, September 15 and December 15, commencing March 15, 2012, or any other dates as specified in a Supplemental Indenture with respect to any series of Additional Bonds.

“Investment Grade Rating” means Bonds that have been rated “BBB–” or higher by S&P or Fitch, or “Baa3” or higher by Moody’s.

“Investment Obligations” means any of the following all of which are lawful investments under the laws of the State and applicable banking regulations for the money held under this Indenture:

(a) Obligations of the following federal agencies so long as such obligations are backed by the full faith and credit of the United States of America:

- (i) U.S. Export-Import Bank
- (ii) Rural Economic Community Development Administration
- (iii) Federal Financing Bank
- (iv) General Services Administration
- (v) U.S. Maritime Administration
- (vi) U.S. Department of Housing and Urban Development (PHAs)
- (vii) Small Business Administration
- (viii) Government National Mortgage Associate (GNMA)
- (ix) Federal Housing Administration
- (x) Farm Credit System Financial Assistance Corporation

(b) Direct Obligations of any of the following federal agencies which obligations are not fully guaranteed by the full faith and credit of the United States of America:

(i) Senior debt obligations rated in the highest long-term rating category by at least two (2) nationally recognized rating agencies issued by Fannie Mae or the Federal Home Loan Mortgage Corporation (FHLMC).

(ii) Senior debt obligations of the Federal Home Loan Bank System.

(iii) Senior debt obligations of other Government Sponsored Agencies.

(c) U.S. dollar denominated deposit accounts, federal funds and bankers' acceptances with domestic commercial banks which either (i) have a rating on their short-term certificates of deposit on the date of purchase in the highest short-term rating category of at least two (2) nationally recognized rating agencies, (ii) are insured at all times by the Federal Deposit Insurance Corporation, or (iii) are collateralized with direct obligations of the United States of America at 102% valued daily. All such certificates must mature no more than 360 days after the date of purchase. (Ratings on holding companies are not considered as the rating of the bank.)

(d) Commercial paper which is rated at the time of purchase in the highest short-term rating category of at least two (2) nationally recognized rating agencies and which matures not more than 270 days after the date of purchase.

(e) Investments in (i) money market funds, including those of the Trustee, subject to SEC Rule 2a-7 and rated in the highest short-term rating category of at least two (2) nationally recognized rating agencies, and (ii) public sector investment pools operated pursuant to SEC Rule 2a-7 in which the issuer's deposit shall not exceed 5% of the aggregate pool balance at any time and such pool is rated in one of the two highest short-term rating categories of at least two (2) nationally recognized rating agencies, provided Trustee can access funds pursuant to this Indenture.

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

(i) which are rated, based on an irrevocable escrow account or fund (the "escrow"), in the highest long-term rating category of at least two (2) nationally recognized rating agencies; or

(ii) (A) which are fully secured as to principal and interest and redemption premium, if any, by an escrow consisting only of cash or direct obligations of the United States of America, which escrow may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds, certificates or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate, and

(B) which escrow is sufficient, as verified by a nationally recognized independent certified public accountant, to pay principal of and interest and



redemption premium, if any, on the bonds, certificates or other obligations described in this paragraph on the maturity date or dates specified in the irrevocable instructions referred to above, as appropriate.

(g) General obligations of states with a short-term rating in one of the two highest rating categories and a long-term rating in one of the two highest rating categories of at least two (2) nationally recognized rating agencies. In the event such obligations are variable rate obligations, the interest rate on such obligations must be reset not less frequently than annually.

(h) Shares in a California common law trust established pursuant to Title 1, Division 7, Chapter 5 of the Government Code of the State which invests exclusively in investments permitted by Section 53635 of Title 5, Division 2, Chapter 4 of the Government Code of the State, as it may be amended.

(i) The State of California's Pooled Money Investment Account.

(j) The State of California's Local Agency Investment Fund.

"Land" means, collectively, the real estate, interests in real estate, and other real property rights described in Exhibit A to the Agreement, together with all real estate, interests in real estate, interests in real property, and other real property rights made a part of the Land in connection with the substitution of such real estate and other real property rights pursuant to the Agreement or as the result of replacement of property taken in condemnation, or otherwise, less such real estate, interests in real estate and other real property rights released under the provisions of the Agreement or taken by the exercise of the power of eminent domain as provided in the Agreement.

"Lease" means the Lease Agreement dated as of [\_\_\_\_\_, 20\_\_] by and between the Lessor and the Lessee.

"Lessee" means [Alliance Bloomfield Technology Academy], which is authorized to do business as a charter school in the State pursuant to Title 2, Division 4, Part 26.8 of the California Education Code, Charter Schools Act of 1992, as amended, and their successors and assigns.

"Lessor" means [Alliance HS 18 SPE], a [\_\_\_\_\_], or any surviving, resulting or transferee corporation.

"Letter of Representations" means the Letter of Representations from the Authority to DTC.

"Loan Agreement" or "Agreement" means the Loan Agreement dated as of April 1, 2013 between the Authority and Borrower.

"Long-Term Indebtedness" of any specified Person means all Indebtedness created, assumed or guaranteed by such Person that matures by its terms (in the absence of the exercise of any earlier right of demand), or is renewable at the option of such Person to a date, more than

one year after the original creation, assumption, or guarantee of such Indebtedness by such Person.

“Management Fees” means the management fee payable under the Management Services Agreement dated as of [\_\_\_\_\_, 20\_\_], as amended between [Alliance for College-Ready Public Schools] and the Lessee.

“Maximum Annual Debt Service” means, as of any date of calculation, the highest Annual Debt Service Requirements (excluding all or a portion of the final maturity payment for any Indebtedness in an amount equal to funds on deposit in a debt service reserve fund that are permitted to be applied to the payment of such final maturity at the time of such final maturity) with respect to all outstanding Indebtedness for any succeeding Fiscal Year.

“Moody’s” means Moody’s Investors Service, its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, “Moody’s” shall be deemed to refer to any other nationally recognized securities rating agency designated by the Borrower by notice to the Trustee.

“Mortgage” means, the Deed of Trust, Assignment of Rents and Leases, Security Agreement and Fixture Filing and dated as of April [\_\_\_], 2013, between the Borrower, as trustor, [TITLE COMPANY], as deed of trust trustee and the Authority, as beneficiary, as assigned by the Authority to the Trustee pursuant to the Assignment of Deed of Trust, Assignment of Rents and Leases, Security Agreement and Fixture Filing dated as of April [\_\_\_], 2013, and any other modification to such Deed of Trust and any other deed of trust or mortgage delivered by the Borrower to the Authority or the Trustee in connection with the issuance of Additional Bonds or to provide additional security.

“Net Income Available for Debt Service” means, for any period of determination thereof, Pledged Revenues of the Borrower for such period, plus all interest earnings on moneys held in the Debt Service Reserve Fund established under this Indenture, plus the amount of unrestricted fund balance/net asset in excess of the balance required in Section 8.14 of the Agreement plus proceeds of Indebtedness set aside for the payment of interest on the Bonds, minus its total Operating Expenses for such period but excluding (i) any profits or losses which would be regarded as extraordinary items under Generally Accepted Accounting Principles, (ii) cancellation of indebtedness income, (iii) proceeds of Bonds and any other Indebtedness permitted by the Agreement, (iv) proceeds of insurance policies, other than policies for business interruption insurance, maintained by or for the benefit of the Borrower, the proceeds of any sale, transfer or other disposition of the Project or any other of the Borrower’s assets by the Borrower, and any condemnation or any other damage award received by or owing to the Borrower, and (v) fees payable by the Borrower to any of its affiliates..

“Net Proceeds” means, when used with respect to any insurance payment or condemnation award, the gross proceeds thereof less the expenses (including attorneys’ fees) incurred in the collection of such gross proceeds.

“Official Statement” means, as to a Series of Additional Bonds, the Official Statement, if any, prepared in connection with the sale of such Series of Bonds.

“Operating Expenses” of any specified Person means fees and expenses of such Person, incurred with respect to the Facilities, including maintenance, repair expenses, utility expenses, real estate taxes, insurance premiums, administrative and legal expenses, miscellaneous operating expenses, advertising costs, payroll expenses (excluding taxes), the cost of material and supplies used for current operations of such Person, the cost of vehicles, equipment Lease and service contracts, taxes upon the operations of such Person not otherwise mentioned herein, charges for the accumulation of appropriate reserves (excluding deposits to the Repair and Replacement Fund) for current expenses not annually recurrent, but which are such as may reasonably be expected to be incurred in accordance with Generally Accepted Accounting Principles, all in such amounts as reasonably determined by such Person; provided, however, “Operating Expenses” shall not include (i) those expenses which are actually paid from any revenues of the such Person which are not Pledged Revenues, (ii) spending for items accounted for as capital expenditures under Generally Accepted Accounting Principles, (iii) expenditures from the Repair and Replacement Fund, (iv) replenishments of the Debt Service Reserve Fund, or (v) Management Fees.

“Opinion of Counsel” means an opinion in writing of legal counsel, who may be counsel to the Authority, the Trustee or the Borrower.

“Outstanding” or “outstanding” means when used with respect to the Bonds, as of any particular time, all Bonds which have been duly authenticated and delivered by the Trustee under this Indenture, except:

(a) Bonds theretofore cancelled by the Trustee or delivered to the Trustee for cancellation after purchase in the open market or because of payment at, or redemption prior to, maturity;

(b) Bonds for the payment or redemption of which cash funds (or securities to the extent permitted in Section 7.1 hereof) shall have been theretofore deposited with the Trustee (whether upon or prior to the maturity or redemption date of any such Bonds); provided that if such Bonds are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given or arrangements satisfactory to the Trustee shall have been made therefor, or waiver of such notice satisfactory in form to the Trustee, shall have been filed with the Trustee;

(c) Bonds in lieu of which other Bonds have been authenticated under Section 2.5, 2.6 or 2.10 hereof; and

(d) Bonds owned by the Borrower.

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

“Permitted Encumbrances” has the meaning ascribed to such term in the Loan Agreement.

“Person” includes an individual, association, corporation, partnership, joint venture or a government or an agency or a political subdivision thereof.

“Placement Agent” means [\_\_\_\_\_], its successors and assigns.

“Pledged Revenues” means, regardless of the source, all revenues, rentals, fees, third-party payments, receipts, donations, instruments, general intangibles, contributions or other income of the Borrower, each to the extent permitted thereby and by law, including accounts receivables or other rights to receive such revenues, including, without limitation, Direct Payments, proceeds derived from insurance, condemnation proceeds, accounts, contract rights and other rights and assets, whether now or hereafter owned, held or possessed by the Borrower; and all gifts, grants, bequests and contributions (including income and profits therefrom) to the extent permitted by the terms thereof and by law.

“Principal Payment Date” or “sinking fund payment date” means with respect to the Series 2013 Bonds, each date on which any principal payment may be due, and with respect to any series of Additional Bonds, such other dates as shall be specified in a Supplemental Indenture.

“Project” means, individually or collectively, as the context requires, the Series 2013 Project and any other Series Project which is part of the acquisition, construction, improvement and equipping of a charter school facility owned or leased by the Lessee.

“Project Fund” means the fund by that name created pursuant to Section 3.2 herein.

“Promissory Notes” or “Notes” means, the Series 2013 Note together with any promissory note or notes delivered by the Borrower to the Authority in connection with the issuance of Additional Bonds, as provided in the related Loan Agreement.

“Protected Funds” means any: (a) funds transferred from the Debt Service Reserve Fund, other than funds in the Debt Service Reserve Fund which have not been on deposit in the Debt Service Reserve Fund for a period of at least 91 consecutive days, during which period no Act of Bankruptcy shall have occurred; (b) proceeds of any other bonds issued to refund in whole or part the Bonds, or any other payments made by a party other than the Borrower to purchase or pay debt service on the Bonds, or any other funds (so long as an Opinion of Counsel familiar with bankruptcy matters and acceptable to the Trustee is first filed with the Trustee stating in effect that the proceeds of such revenue bonds, or other payments or funds, as the case may be, to the Registered Owners, will not constitute voidable preferences under Section 547 of the Bankruptcy Code if the Borrower, the Authority or other third party making the payments were to become a debtor under the Bankruptcy Code); (c) moneys held by the Trustee in the Bond Interest Fund and/or Bond Principal Fund for a period of at least 91 consecutive days, during which period no Act of Bankruptcy shall have occurred; (d) cash proceeds (as defined in the California Uniform Commercial Code) of any collateral pledged to the Trustee to secure payment of the Bonds or each of the Borrower’s obligations under the Agreement which are delivered to the Trustee within 10 days after receipt thereof by the Borrower; (e) moneys received by the Trustee from the buyer or buyers as the result of the sale of the Project; and (f) investment earnings from the foregoing funds.

“Purchase Price” means the amount equal to 100% of the principal amount of any Bond purchased pursuant to Section 5.10 of this Indenture, plus accrued interest thereon to but not including the Remarketing Date.

“Qualified School Construction Bonds” means any bonds issued that satisfy the purposes of Section 54F of the Code.

“Rating Agency” means S&P or any other nationally recognized rating agency which rate the Bonds.

“Rebate Amount” means the amount of arbitrage computed annually for payment as of the last day of every fifth (5th) Rebate Year and required to be rebated to the United States pursuant to Section 148 of the Code and Treasury Regulation section 1.148-2 and any successor regulation as may be applicable thereto.

“Rebate Analyst” means Avant Strategic Partners, L.P. or, upon written notice to the Trustee, another independent certified public accountant, financial analyst or Bond Counsel acceptable to the Authority, or any firm of the foregoing, or financial institution, experienced in making the arbitrage and rebate calculations required pursuant to Section 148(f) of the Code, selected and retained and compensated by the Borrower pursuant to Section 2.3 of the Agreement to make the computations and give the directions required under Section 3.16 of this Indenture.

“Rebate Fund” means the fund by that name created pursuant to Section 3.2 herein.

“Rebate Year” means as to a Series of Bonds subject to rebate arbitrage requirements, the period beginning on the date of issuance of that Series of Bonds and ending on the day immediately prior to the next succeeding anniversary date of such issuance, and for all other Rebate Years, the one year period beginning on the day after the end of the preceding Rebate Year and ending on the day immediately prior to the following anniversary of the date of the issuance of the Bonds, as the case may be, unless the Borrower, the Authority and the Trustee are advised by the Rebate Analyst that another period is required by law; provided, however, that the last Rebate Year for a Series of Bonds shall end on the date on which such Series of Bonds is paid and cancelled.

“Registered Owner” or “Owner” or “Holder” means the person or persons in whose name or names a particular Bond is registered on the registration records maintained for that purpose pursuant to Section 2.5 hereof.

“Registrar” means the Trustee or any successor Registrar.

“Regular Record Date” means the 1<sup>st</sup> calendar day of the month in which the Interest Payment Date occurs.

“Remarketing Agent” means [\_\_\_\_\_] and its successors and assigns, unless another remarketing agent shall be duly appointed in accordance with this Indenture.

“Remarketing Agent Fee” means the fees and expenses of the Remarketing Agent with respect to the remarketing of the Bonds, as set forth in a remarketing agreement or other agreement relating to the remarketing or reoffering of the Bonds.

“Remarketing Date” means the date on which any Bond is required to be purchased pursuant to Section 5.10 of this Indenture.

“Repair and Replacement Fund” the fund by that name created pursuant to Section 3.2 herein.

“Repair and Replacement Fund Requirement” means an amount which equals 3% of the Lessee's combined budgeted Operating Expenses and Management Fees for the next succeeding Fiscal Year, but in no event shall the amount deposited to the Repair and Replacement Fund in any one year exceed 0.5% of the Lessee's combined budgeted Operating Expenses and Management Fees for such next succeeding Fiscal Year.

“Reserve Fund Insurance Policy” means any insurance policy, surety bond, letter of credit or similar instrument deposited in or credited to the Debt Service Reserve Fund as provided in the Agreement in lieu of or in partial substitution for cash or Investment Obligations on deposit in the Debt Service Reserve Fund; provided, that any such insurance policy, surety bond, letter of credit or similar instrument shall have a term extending to the final maturity date of the related series of Bonds. Any such insurance policy, surety bond, letter of credit or similar instrument must be issued by an entity having a rating in one of the two highest rating categories assigned by S&P and Moody's at the time such policy, surety, bond, letter of credit or similar instrument is deposited in or credited to the Debt Service Reserve Fund, and any such insurance policy, surety bond, letter of credit or similar instrument shall contain a requirement that a draw shall be made upon such insurance policy, surety bond, letter of credit or similar instrument in the event such insurance policy, surety bond, letter of credit or similar instrument is downgraded from one of the two highest rating categories assigned by S&P and Moody's.

“Revenue Fund” means the fund by that name created pursuant to Section 3.2 herein.

“S&P” means Standard & Poor's Rating Services, a division of The McGraw-Hill Companies, Inc., a corporation organized and existing under the laws of the State of New York, its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, “S&P” shall be deemed to refer to any other nationally recognized securities rating agency designated by the Borrower by notice to the Trustee.

“Series” means a series of Bonds issued pursuant to this Indenture.

“Series 2013 Bonds” means, the Independent Cities Finance Authority Charter School Revenue Bonds (Alliance Bloomfield Technology Academy Project) Series 2013 (Taxable Qualified School Construction Bonds - Direct Subsidy) authorized by, and at any time outstanding pursuant to, the Indenture..

“Series 2013 Facilities” means the charter school facilities located at 7907 Santa Fe Avenue in Los Angeles County, California and owned by the Lessor, and any other land, buildings and equipment owned or leased by the Lessor relating to such school.

“Series 2013 Note” means the Promissory Note executed by the Borrower in the aggregate principal amount of \$[10,750,000] and made payable to the order of the Authority, and assigned to the Trustee, a form of which is attached to the Agreement as Exhibit C.

“Series 2013 Project” means (i) facilitating the financing of the costs of acquiring, constructing and equipping the Series 2013 Facilities, (ii) paying capitalized interest during construction and (iii) paying certain issuance expenses of the Series 2013 Bonds.

“Series Project” means the portion of the Project related to a Series of Bonds.

“Short-Term Debt” means any indebtedness other than Long-Term Indebtedness, consisting of notes, commercial paper, a bank line of credit or any other instrument to finance operating costs of the Borrower and including deposits into the Bond Interest Fund or the Bond Principal Fund.

“Special Record Date” means a special record date, which shall be a Business Day, fixed to determine the names and addresses of Owners for purposes of paying interest on a special Interest Payment Date for the payment of defaulted interest, all as further provided in Section 2.3 hereof.

“State” means the State of California.

“State Controller” means the Controller of the State.

“Supplemental Indenture” means any indenture supplemental to this Indenture entered into between the Authority and the Trustee in accordance with Article X hereof.

“Tax and Insurance Escrow Fund” means the fund by that name created pursuant to Section 3.2 herein.

“Tax and Insurance Escrow Monthly Payment” means (i) beginning May, 2013, and for each month to and including December, 2013, one-eighth (1/8), and for each calendar month thereafter one-twelfth (1/12) of, the greater of (A) real property taxes paid during the preceding calendar year or (B) real property taxes payable during the current calendar year based on the existing assessed value, unless the Borrower or the Lessee have received notice from the county assessor’s office of its exemption from such real property taxes, in which case the amount shall be \$0 until such time as the Borrower or the Lessee are notified otherwise, at which time payments shall be made by the Borrower as herein provided; and (ii) beginning May, 2013, and in each succeeding month thereafter, a pro rata portion based on a monthly basis of the insurance premiums for all policies required to be maintained by the Borrower relative to the Facilities for such calendar year period pursuant to the Agreement so that insurance premiums may be timely paid in accordance with the terms of such policies and as otherwise stated in a written instruction from the Borrower to the Trustee. Credit for earnings in the Tax and Insurance Escrow Fund may be given annually to offset the amount of the payments for the succeeding year.

“Tax Certificate” means the Tax Certificate and Agreement by and among the Authority the Borrower and the Lessee, dated the date of issuance of the Series 2013 Bonds and any tax certificate of the Authority and the Borrower dated the date of issuance of Additional Bonds.

“Tax-Exempt Bonds” means any Additional Bonds, the interest on which, in the opinion of Bond Counsel delivered at the time of issuance thereof, is excludable from gross income of the Owners of such Bonds for federal income tax purposes.

“Tender Agent” means the Trustee, or any successor tender agent appointed pursuant to Section 5.14 hereof.

“Term Interest Rate” means one or more fixed interest rates on the Bonds established in accordance with Section 2.16(b) hereof.

“Term Interest Rate Period” means each period during which a Term Interest Rate is in effect, but specifically excluding the Initial Interest Rate Period.

“Title Company” means, with respect to the Series 2013 Bonds, [TITLE COMPANY].

“Treasury Regulations” means the regulations promulgated by the United States Department of Treasury for the interpretation of the Code.

“Trust Estate” means the property pledged, assigned and mortgaged to the Trustee pursuant to the granting clauses hereof.

“Trustee” means Zions First National Bank, [CITY, STATE], designated as paying agent, registrar and trustee under this Indenture, or any successor corporate trustee.

“Trustee’s Expenses” means the reasonable and extraordinary expenses incurred by the Trustee under this Indenture, including reasonable counsel fees (including fees at trial or appellate proceedings).

“Trustee’s Fees” means the annual fee of the Trustee payable to the Trustee as Trustee, Registrar and Paying Agent under this Indenture, provided that such fee does not include amounts due, if any, for Trustee’s Expenses. The Borrower shall pay the Trustee’s Fee pursuant to the Agreement and the indemnification of the Trustee as provided in the Agreement.

Section 1.2 Indenture to Constitute Contract. In consideration of the purchase and acceptance of any or all of the Bonds by those who shall own the same from time to time, the provisions of this Indenture shall be part of the contract of the Authority with the Registered Owners of the Bonds, and shall be deemed to be and shall constitute contracts between the Authority, the Trustee and the Registered Owners from time to time of the Bonds. The pledge made in this Indenture and the provisions, covenants and agreements herein set forth to be performed by or on behalf of the Authority shall be for the equal benefit, protection and security of the Registered Owners of any and all of the Bonds except as otherwise provided in Article VII hereof or with respect to moneys otherwise held to redeem or pay particular Bonds hereunder. All of the Bonds, regardless of the time or times of their issuance or maturity, shall be of equal



rank without preference, priority or distinction of any of the Bonds over any other thereof, except as expressly provided in or pursuant to this Indenture.

## ARTICLE II

### AUTHORIZATION, TERMS, EXECUTION AND ISSUANCE OF BONDS

Section 2.1 Authorized Amount of Bonds. No Bonds may be issued under this Indenture except in accordance with this Article. The total principal amount of Series 2013 Bonds that may be issued hereunder is hereby expressly limited to \$[10,750,000], except as provided in Sections 2.5, 2.6, 2.10 and 2.11 hereof.

Section 2.2 Limited Obligation of Bonds and Pledges Securing the Same.

NONE OF THE AUTHORITY, ANY AUTHORITY MEMBER OR ANY PERSON EXECUTING THE SERIES 2013 BONDS IS LIABLE PERSONALLY ON THE BONDS OR SUBJECT TO ANY PERSONAL LIABILITY OR ACCOUNTABILITY BY REASON OF THEIR ISSUANCE. THE BONDS ARE LIMITED OBLIGATIONS OF THE AUTHORITY, PAYABLE SOLELY FROM AND SECURED BY THE PLEDGE OF THE TRUST ESTATE UNDER THIS INDENTURE. NEITHER THE AUTHORITY, ITS MEMBERS, THE STATE OF CALIFORNIA, NOR ANY OF ITS POLITICAL SUBDIVISIONS SHALL BE DIRECTLY, INDIRECTLY, CONTINGENTLY OR MORALLY OBLIGATED TO USE ANY OTHER MONIES OR ASSETS TO PAY ALL OR ANY PORTION OF THE DEBT SERVICE DUE ON THE BONDS, TO LEVY OR TO PLEDGE ANY FORM OF TAXATION WHATEVER THEREFOR OR TO MAKE ANY APPROPRIATION FOR THEIR PAYMENT. THE BONDS ARE NOT A PLEDGE OF THE FAITH AND CREDIT OF THE AUTHORITY, ITS MEMBERS, THE STATE OF CALIFORNIA OR ANY OF ITS POLITICAL SUBDIVISIONS NOR DO THEY CONSTITUTE INDEBTEDNESS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION. THE AUTHORITY HAS NO TAXING POWER. THE AUTHORITY SHALL NOT BE LIABLE FOR PAYMENT OF THE PRINCIPAL OF, PREMIUM OR INTEREST ON THE BONDS OR ANY OTHER COSTS, EXPENSES, LOSSES, DAMAGES, CLAIMS OR ACTIONS OF ANY CONCEIVABLE KIND ON ANY CONCEIVABLE THEORY, UNDER OR BY REASON OF OR IN CONNECTION WITH THE INDENTURE, THE BONDS OR ANY OTHER DOCUMENTS, EXCEPT ONLY TO THE EXTENT AMOUNTS ARE RECEIVED FOR THE PAYMENT THEREOF FROM THE BORROWER UNDER THE LOAN AGREEMENT.

Section 2.3 Authorization and Form of Bonds.

(a) The Series 2013 Bonds shall be designated “Independent Cities Finance Authority Charter School Revenue Bonds (Alliance Bloomfield Technology Academy Project) Series 2013 (Taxable Qualified School Construction Bonds - Direct Subsidy)” to be issued in the initial principal amount of \$[10,750,000] and shall be numbered separately from RA-1 upwards. The Bonds shall be issued only in fully registered form in Authorized Denominations. The Series 2013 Bonds shall be issued for the purpose of providing funds to be loaned by the Authority to the Borrower to finance the Costs of the Project.

(b) The Bonds shall be substantially in the forms set forth in Exhibit A and Exhibit B attached hereto, with such appropriate variations, omissions, and insertions as are permitted or required by this Indenture and may have endorsed thereon such legends or text as may be necessary or appropriate to conform to any applicable rules and regulations of any governmental authority or any usage or requirement of law with respect thereto. The Bonds may be typewritten, printed, lithographed, engraved or produced in similar manner. If any Bond is printed, any portion of the text of the Bond may be printed on the back of the Bond with an appropriate reference placed on the front of the Bond.

(c) The Series 2013 Bonds shall be dated as of the date of issuance, shall mature on [\_\_\_\_\_, 20\_\_] in the years and in the amounts set forth below, and shall bear interest at the following rates from the later of (i) the date of issuance or (ii) the most recent Interest Payment Date to which interest has been paid or provided for:

<u>Year of Maturity</u>	<u>Amount</u>	<u>Rate</u>
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\* Term Bond

(d) The Bonds shall be subject to optional and mandatory redemption and mandatory tender prior to maturity in the manner provided in Article V herein.

(e) Interest on the Bonds shall be paid on each Interest Payment Date until the principal thereof shall have been paid or provided for. Interest shall be calculated on the basis of a 360-day year consisting of twelve 30-day months.

(f) Amounts due with respect to the Bonds shall be payable in lawful money of the United States. Payment of principal, premium, if any, and interest on the Bonds shall be paid by check mailed to the Registered Owner thereof at his or her address as it appears on the Bond Register on the Record Date. Upon written request of a Registered Owner of at least \$1,000,000 in principal amount of Bonds or all of any series of the Bonds, all payments of principal, premium, if any, and interest on such Bonds shall be paid by wire transfer (at the risk and expense of such Registered Owner) in immediately available funds to an account designated by such Registered Owner upon fifteen (15)

days prior written notice to the Trustee. CUSIP number identification with appropriate dollar amounts for each CUSIP number must accompany all payments of principal, premium, if any, and interest, whether by check or by wire transfer. Any interest on the Bonds not so timely paid or duly provided for shall cease to be payable to the Registered Owner thereof at the close of business on the Regular Record Date and shall be payable to the Registered Owner thereof at the close of business on a Special Record Date for the payment of any such defaulted interest. Such Special Record Date shall be fixed by the Trustee whenever moneys become available for payment of the defaulted interest, and notice of such Special Record Date shall be given to the Registered Owners of the Bonds not less than 10 days prior thereto by first-class mail to each such Owner as shown on the registration records on the date selected by the Trustee stating the date of the Special Record Date and the date fixed for the payment of such defaulted interest. All such payments shall be made in lawful money of the United States of America.

Section 2.4 Execution of Bonds. The Bonds shall be executed in the name and on behalf of the Authority by the manual or facsimile signature of an Authorized Representative and be attested with the manual or facsimile signature of its Secretary.

In case any officer of the Authority whose signature or whose facsimile signature shall appear on the Bonds shall cease to be such officer before the authentication of such Bonds, such signature or the facsimile thereof shall nevertheless be valid and sufficient for all purposes as if he or she had remained in office until authentication; and any Bond may be signed on behalf of the Authority by such Persons as are at the time of execution of such Bond proper officers of the Authority, even though at the date of this Indenture, such Person was not such officer.

Section 2.5 Registration, Transfer and Exchange of Bonds; Persons Treated as Registered Owners. The Authority shall cause the Bond Register to be kept by the Trustee for the registration and for the transfer of the Bonds as provided in this Indenture. Upon surrender for transfer of any Bond at the designated office of the Trustee duly endorsed for transfer or accompanied by an assignment duly executed by the Registered Owner or his attorney duly authorized in writing, the Authority shall execute and the Trustee shall authenticate and deliver in the name of the transferee or transferees a new Bond or Bonds for a like series and aggregate principal amount of the same maturity. The Trustee shall not be responsible for ensuring that any transfer restrictions binding on a Beneficial Owner other than a Registered Owner of such Bond have been complied with in connection with any transfer of Bonds.

Unless the Bonds are rated Investment Grade, the Bonds may be transferred only to an “accredited investor” as that term is defined in Rule 501 of Regulation D under the Securities Act or a “qualified institutional buyer” as that term is defined under Rule 144A of the Securities Act. Any transfer in violation of this Section 2.5 shall be null and void.

Bonds may be exchanged at the designated corporate trust office of the Trustee for a like series and aggregate principal amount of Bonds of the same maturity in Authorized Denominations. The Authority shall execute and the Trustee shall authenticate and deliver Bonds which the Registered Owner making the exchange is entitled to receive, bearing numbers not contemporaneously Outstanding. The execution by the Authority of any Bond of any

Authorized Denomination shall constitute full and due authorization of such denomination and the Trustee shall thereby be authorized to authenticate and deliver such Bond.

The Trustee shall not be required to transfer or exchange any Bond subject to redemption during the period of five (5) days next preceding the mailing of notice of redemption as herein provided except that Bonds not subject to redemption pursuant to Section 5.3 hereof, with respect to the Series 2013 Bonds, and in accordance with the related Supplemental Indenture with respect to any Additional Bonds, may be transferred or exchanged during such period in the event of redemption pursuant to Section 5.3 hereof. After the giving of such notice the Trustee shall not be required to transfer or exchange any Bond, which Bond or portion thereof has been called for redemption.

As to any Bond, the Person in whose name the same shall be registered shall be deemed and regarded as the absolute Owner thereof for all purposes, except to the extent otherwise provided herein with respect to Regular Record Dates and Special Record Dates for the payment of interest, and payment of either principal or interest on any Bond shall be made only to or upon the written order of the Registered Owner thereof or his legal representative but such registration may be changed as hereinabove provided. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums paid.

The Trustee shall require the payment by any Registered Owner requesting exchange or transfer of any tax or other generally imposed governmental charge required to be paid with respect to such exchange or transfer.

Section 2.6 Lost, Stolen, Destroyed and Mutilated Bonds. Upon receipt by the Authority and the Trustee of evidence satisfactory to them of the ownership of and the loss, theft, destruction or mutilation of any Bond and, in the case of a lost, stolen or destroyed Bond, of indemnity satisfactory to them, and upon surrender and cancellation of the Bond, if mutilated, (a) the Authority shall execute, and the Trustee shall authenticate and deliver, a new Bond of the same series, date, maturity and Authorized Denomination in lieu of such lost, stolen, destroyed or mutilated Bond or (b) if such lost, stolen, destroyed or mutilated Bond shall have matured or have been called for redemption, in lieu of executing and delivering a new Bond as aforesaid, the Trustee may pay such Bond. Any such new Bond shall bear a number not contemporaneously Outstanding. The applicant for any such new Bond may be required to pay all expenses and charges of the Authority and of the Trustee in connection with the issuance of such Bond. All Bonds shall be held and owned upon the express condition that, to the extent permitted by law, the foregoing conditions are exclusive with respect to the replacement and payment of mutilated, destroyed, lost or stolen Bonds, negotiable instruments or other securities.

Section 2.7 Delivery of Series 2013 Bonds. Upon the execution and delivery of this Indenture, the Authority shall execute and deliver the Series 2013 Bonds to the Trustee, and the Trustee shall authenticate the Series 2013 Bonds and deliver them to the initial purchaser thereof as directed by the Authority and as hereinafter in this Section provided.

Prior to the delivery by the Trustee of any of the Series 2013 Bonds, there shall have been filed with or delivered to the Trustee the following:

- (a) a resolution duly enacted by the Authority, authorizing the execution and delivery of the Agreement, the Tax Certificate, the Bond Purchase Agreement and this Indenture and the issuance of the Series 2013 Bonds;
- (b) a duly executed copy of this Indenture, the Tax Certificate, the Agreement and the Mortgage;
- (c) the Series 2013 Note duly executed by the Borrower and duly endorsed by the Authority to the order of the Trustee;
- (d) the written order of the Authority as to the delivery of the Series 2013 Bonds, signed by an Authorized Representative of the Authority;
- (e) an opinion of Bond Counsel substantially to the effect that the Series 2013 Bonds constitute legal, valid and binding obligations of the Authority;
- (f) a binding commitment to issue a mortgagee's policy of title insurance as required by Section 4.9 of the Agreement from the Title Company;
- (g) opinions of counsel with respect to the Borrower in form and substance acceptable to the Authority, the Trustee and Bond Counsel;
- (h) either evidence of Investment Grade Rating on the Series 2013 Bonds or a letter of each Beneficial Owner regarding the Series 2013 Bonds in substantially the form attached hereto as Exhibit E, acceptable to the Authority; and
- (i) such other documents and opinions of counsel as the Authority, the Trustee or Bond Counsel may reasonably request.

Section 2.8 Authentication Certificate. The authentication certificate upon the Bonds shall be substantially in the form appended to the form of the Bonds attached hereto as Exhibit A. No Bond shall be secured hereby or entitled to the benefit hereof, or shall be valid or obligatory for any purpose, unless the certificate of authentication, substantially in such form, has been duly executed by the Trustee; and such certificate of the Trustee upon any Bond shall be conclusive evidence and the only competent evidence that such Bond has been authenticated and delivered hereunder. The certificate of authentication shall be deemed to have been duly executed if manually signed by an authorized signatory of the Trustee, but it shall not be necessary that the same authorized signatory sign the certificate of authentication on all of the Bonds issued hereunder.

Section 2.9 Cancellation and Destruction of Bonds. Whenever any Outstanding Bonds shall be delivered to the Trustee for the cancellation thereof pursuant to this Indenture, upon payment of the principal amount thereof or for replacement pursuant to Section 2.6 hereof, such Bonds shall be promptly cancelled and destroyed by the Trustee and counterparts of a certificate of destruction evidencing such destruction shall be furnished by the Trustee to the Authority and the Borrower, if requested.

Section 2.10 Temporary Bonds. Pending the preparation of definitive Bonds, the Authority may execute and the Trustee shall authenticate and deliver temporary Bonds. Temporary Bonds shall be issuable as registered Bonds without coupons, of any Authorized Denomination, and substantially in the form of the definitive Bonds but with such omissions, insertions and variations as may be appropriate for temporary Bonds, all as may be determined by the Authority. Every temporary Bond shall be executed by the Authority and be authenticated by the Trustee upon the same conditions and in substantially the same manner, and with like effect, as the definitive Bonds. As promptly as practicable the Authority shall execute and shall furnish definitive Bonds and thereupon temporary Bonds may be surrendered in exchange therefor without charge at the designated corporate trust office of the Trustee, and the Trustee shall authenticate and deliver in exchange for such temporary Bonds a like aggregate principal amount of definitive Bonds. Until so exchanged the temporary Bonds shall be entitled to the same benefits under this Indenture as definitive Bonds.

Section 2.11 Additional Bonds Authorized. Additional Bonds secured by and payable solely from the Trust Estate may be issued in one or more additional series provided the Trustee has received the prior written consent of the Registered Owners of not less than 100% in aggregate principal amount of the Bonds at the time Outstanding and provided the following terms and conditions have been met:

(a) the Trustee has received a copy, duly certified by the Authority, of the resolution enacted by the Authority authorizing the issuance of such Additional Bonds and the execution and delivery of a supplemental indenture, supplementing and amending this Indenture, which supplemental indenture shall not require the approval of the Registered Owners of the Bonds Outstanding, providing the date, interest rates and maturities of such Additional Bonds, options and requirements for redemption prior to maturity with respect to such Additional Bonds, deposit of proceeds to the various funds and accounts, including the Debt Service Reserve Fund, and such other terms as may be required by reason of the foregoing and which adopts the applicable provisions of this Indenture, and of an agreement supplementing and amending the Agreement;

(b) the Trustee and the Authority have received an Opinion of Counsel to the Borrower in form and substance acceptable to the Trustee, the Authority and Bond Counsel;

(c) the Trustee has received a certificate of an Authorized Representative of the Borrower to the effect that the Borrower is not in default under the Agreement or this Indenture, is not aware of any Events of Default under the Agreement or this Indenture and that such Indebtedness meets the requirements of and may be issued under Section 8.13 of the Agreement;

(d) the Trustee and the Authority have received an opinion of nationally recognized municipal bond counsel to the effect that (i) the issuance of such Additional Bonds will not affect adversely the exclusion from gross income for federal income tax purposes of interest on any Outstanding Tax-Exempt Bonds or the status of any Outstanding Bonds as Qualified School Construction Bonds, as applicable and (ii) the Additional Bonds to be delivered will be valid and legal special limited obligations of the

Authority in accordance with their terms and will be secured hereunder equally and on a parity with the Subordinate Bonds at the time Outstanding hereunder as to the assignment to the Trustee of the Trust Estate;

(e) the Trustee has received original executed counterparts of the agreement supplementing and amending the Agreement, the agreement supplementing and amending the Mortgage (if necessary), and the supplemental indenture supplementing and amending this Indenture;

(f) the Trustee has received a request and authorization to the Trustee on behalf of the Authority and signed by any Authorized Representative of the Authority to authenticate and deliver such Additional Bonds to the purchasers therein identified, upon payment to the Trustee, but for the account of the Authority, of a sum specified in such request and authorization, plus accrued interest thereon, if any, to the date of delivery;

(g) the Trustee will receive from the proceeds of the Additional Bonds or otherwise on the date of delivery of the Additional Bonds an amount equal to the additional Debt Service Reserve Fund Requirement (Annual) for deposit into the Debt Service Reserve Fund;

(h) the Trustee and the Authority have received an executed opinion of nationally recognized municipal bond counsel to the effect that (i) the Additional Bonds have been duly authorized, executed and delivered and constitute the binding special limited obligations of the Authority, enforceable in accordance with their terms, subject to normal bankruptcy exceptions, and (ii) the interest on such Additional Bonds is excluded from gross income for federal income tax purposes (unless it is intended that such interest be taxable);

(i) the Trustee has received a copy of the most recent charter renewal petition submitted by the Lessee to the Authorizer, as revised and accepted by the Authorizer and a certificate from each of the Lessee stating that it is in good standing with the Authorizer and the Charter Contract has not been repealed;

(j) if the Bonds are then rated, the Trustee has received evidence satisfactory to the Trustee that the issuance of the Additional Bonds will not cause the rating agency to lower or withdraw its rating(s) on Outstanding Bonds; and

(k) unless evidence satisfactory to the Trustee is provided that upon issuance of the Additional Bonds the rating on the Outstanding Bonds (including the Additional Bonds) will not be lower than an Investment Grade Rating, the Trustee has received an investor letter in substantially the form attached hereto as Exhibit E, or in form otherwise satisfactory to the Authority, from each of the purchasers of the Additional Bonds.

#### Section 2.12 Book-Entry System.

(a) Notwithstanding any other provision hereof, the Bonds shall be initially issued in the form of a separate single certificated fully registered Bond for each of the maturities set forth in Section 2.3 hereof. Upon initial issuance, the ownership of each

Bond shall be registered in the registration records kept by the Trustee in the name of the Registered Owner. Except as provided in Section 2.12(d) hereof, all of the Outstanding Bonds shall be registered in the registration records kept by the Trustee in the name of Cede & Co., as nominee of DTC.

(b) With respect to Bonds registered in the registration records kept by the Trustee in the name of Cede & Co., as nominee of DTC, the Authority and the Trustee shall have no responsibility or obligation to any Participant or to any Person on behalf of which a Participant holds an interest in the Bonds. Without limiting the immediately preceding sentence, neither the Authority, the Borrower, nor the Trustee shall have responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co. or any Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any Participant or any other Person, other than a Registered Owner, as shown in the registration records kept by the Trustee, or any notice with respect to the Bonds, including any notice of redemption or (iii) the payment to any Participant or any other Person, other than a Registered Owner, as shown in the registration records kept by the Trustee, of any amount with respect to principal of, premium, if any, or interest on the Bonds. The Authority, the Borrower and the Trustee may treat and consider the Person in whose name each Bond is registered in the registration records kept by the Trustee as the absolute Owner of such Bond for the purpose of payment of principal, premium and interest with respect to 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 shall pay all principal of, premium, if any, and interest on the Bonds only to or upon the order of the respective Registered Owners, as shown in the registration records kept by the Trustee, or their respective attorneys duly authorized in writing, as provided in Section 2.5 hereof, and all such payments shall be valid and effective to fully satisfy and discharge the 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 a Registered Owner, as shown in the registration records kept by the Trustee, shall receive a certificated Bond evidencing the obligation 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 words "Cede & Co." in this Indenture shall refer to such new nominee of DTC.

(c) The Trustee shall take all action necessary for all representations of the Authority in the Letter of Representations with respect to the paying agents and the bond registrar, respectively, to at all times to be complied with.

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

(ii) 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 of the Outstanding Bonds be registered in the registration records kept by the Trustee in the name of Cede & Co. or any other nominee of DTC, is not in the best interest of the Beneficial Owners of the Bonds.

(iii) Upon the termination of the services of DTC with respect to the Bonds pursuant to subsection 2.12(d)(ii)(B) hereof, or upon the discontinuance or termination of the services of DTC with respect to the Bonds pursuant to subsection 2.12(d)(i) or subsection 2.12(d)(ii)(A) hereof 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 Trustee is obligated to deliver Bond certificates at the expense of the Beneficial Owners of the Bonds, as described in this Indenture, and the Bonds shall no longer be restricted to being registered in the registration records kept by the Trustee in the name of Cede & Co. as nominee of DTC, but may be registered in whatever name or names Registered Owners transferring or exchanging Bonds shall designate, in accordance with the provisions of this Indenture.

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

#### Section 2.13 Section 54F Covenants.

(a) The Authority hereby designates the Series 2013 Bonds as Qualified School Construction Bonds for purposes of Section 54F of the Code and elects to have Section 6431(f) of the Code apply to the Series 2013 Bonds for purposes of receiving the Direct Payments. The Authority hereby covenants that it will not take any action or fail to take any action within its control if such action or failure to take action would adversely affect the status of the Series 2013 Bonds as Qualified School Construction Bonds qualifying for Direct Payments or the amount of the Direct Payments.

(b) The Authority hereby certifies that all representations in the Tax Certificate to be executed in connection with the issuance of the Series 2013 Bonds are and will be true and accurate and hereby agrees to comply with the covenants in the Tax Certificate. Notwithstanding any other provision of this Indenture, the representations and obligations of the Authority under the covenants and provisions in this Section and in the Tax Certificate shall survive the payments or discharge of the Series 2013 Bonds for as long as such matters are relevant to the designation of the Series 2013 Bonds as Qualified School Construction Bonds for federal income tax purposes.

In connection with the construction of the Series 2013 Project, the Borrower, the Lessee and the Lessor shall agree to comply with the applicable federal labor standards (commonly referred to as Davis Bacon).

Section 2.14 Direct Payment Authorization. The Authority hereby authorizes and directs the Trustee to take all necessary actions to effectively carry out the duties required to apply for and accept Direct Payments from the Internal Revenue Service on behalf of the Authority under Sections 54F and 6431 of the Code or such other tax provisions of substantially similar nature which may be hereafter authorized, including, but not limited to, filing and signing IRS Form 8038-CP, receiving the Direct Payment on the Authority's behalf, and using such Direct Payment to pay debt service on the Series 2013 Bonds. The Trustee shall file the 8038-CP at least 45 days (but not more than 90 days) before the relevant Interest Payment Date (unless otherwise directed by a change in regulations). The Authority hereby covenants that it will deposit the Direct Payments with the Trustee for use in paying Debt Service on the Series 2013 Bonds.

Section 2.15 [Reserved].

Section 2.16 Interest Rates.

(a) Initial Interest Rate. The Initial Interest Rate of the Series 2013 Bonds shall be [\_.\_]%. The Initial Interest Rate as set forth above shall be in effect, in each case, from the Closing Date of the Series 2013 Bonds until the Conversion Date. Thereafter, the Series 2013 Bonds shall bear interest at a Term Interest Rate in accordance with the provisions of subsection (b) below, unless the Borrower directs such Bonds be redeemed in whole pursuant to Section 5.1(a) hereof on the Conversion Date.

(b) Determination of Term Interest Rate. (i) During each Term Interest Rate Period, the Bonds shall bear interest at a Term Interest Rate, which shall be determined by the Remarketing Agent not later than 4:00 p.m., New York City time, on any Business Day not more than ten days preceding the first day of such Term Interest Rate Period. The Term Interest Rate for each such Series of Bonds shall be the rate determined by the Remarketing Agent (taking into consideration prevailing market conditions) to be the minimum interest rate which, if borne by such Bonds, would enable the Remarketing Agent to remarket all Bonds then Outstanding on such Business Day at a price equal to the principal amount of such Bonds. Notwithstanding the foregoing, the Term Interest Rate as determined by the Remarketing Agent will not in any event exceed any maximum rate established under applicable law.

(ii) Adjustment to Term Interest Rate Period. The Borrower by written direction to the Trustee and the Remarketing Agent and simultaneous notice to the Authority shall determine the duration of the Term Interest Rate Period (which may be any period of six months or longer, or the period of time remaining to the final maturity of the Series 2013 Bonds). Such direction (a) shall specify the effective date of such Term Interest Rate Period, which shall be the date on which the Bonds are subject to mandatory tender pursuant to Section 5.10 herein, which is not less than 45 days following the date of receipt by the Trustee

of such direction; and (b) shall specify the last day of such Term Interest Rate Period.

(iii) Notice of Adjustment to Term Interest Rate Period. The Trustee shall give notice by mail of each Term Interest Rate Period to the Owners of the Bonds and the Borrower not less than 30 days prior to the effective date of such Term Interest Rate Period (including the Conversion Date to the extent the Borrower has not given direction for an optional redemption of all of the Bonds pursuant to Section 5.1(a) hereof at least 45 days prior to the Conversion Date). Such notice shall state (1) that the interest rate on the Series 2013 Bonds will be adjusted to or continue to be a Term Interest Rate, (2) the effective date of such Term Interest Rate Period, (3) the day by which the Term Interest Rate for such Term Interest Rate Period shall be determined, (4) the manner by which such Term Interest Rate may be obtained, (5) that the Series 2013 Bonds shall be purchased on such effective date pursuant to Section 5.10, and (6) the procedures for purchase of the Bonds.

(c) The determination of the interest rate on the Series 2013 Bonds by the Remarketing Agent shall be conclusive and binding upon the Owners of the Bonds, the Authority, the Borrower, the Tender Agent and the Trustee.

### ARTICLE III

#### REVENUES AND FUNDS

Section 3.1 Pledge of Trust Estate. Subject only to the rights of the Authority to apply amounts under the provisions of this Article, a pledge of the Trust Estate to the extent provided herein is hereby made by the Authority, and the same is hereby pledged by the Authority to secure the payment of the principal of, premium, if any, and interest on the Bonds. The pledge hereby made shall be valid and binding from and after the time of the delivery by the Trustee of the first Bond authenticated and delivered under this Indenture. The security so pledged and then or thereafter received by the Authority shall immediately be subject to the lien of such pledge and the obligation to perform the contractual provisions hereby made shall have priority over any or all other obligations and liabilities of the Authority with respect to the Trust Estate and the lien of such pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the Authority irrespective of whether such parties have notice thereof.

Section 3.2 Establishment of Funds. The Authority hereby establishes and creates the following funds, which shall be special trust funds held by the Trustee:

- (a) Bond Principal Fund;
- (b) Bond Interest Fund and therein a Capitalized Interest Account;
- (c) Debt Service Reserve Fund;
- (d) Cost of Issuance Fund;

- (e) Rebate Fund;
- (f) Revenue Fund;
- (g) Project Fund;
- (h) Tax and Insurance Escrow Fund;
- (i) Expense Fund; and
- (j) Repair and Replacement Fund.

Section 3.3 Payments into the Bond Principal Fund and the Bond Interest Fund. With respect to each Series of Additional Bonds there shall be deposited into the Bond Interest Fund on the date of the Bond Closing of a Series of Additional Bonds, accrued interest on such Series of Additional Bonds and into the Capitalized Interest Account an amount, if any, to pay capitalized interest all as specified in the Supplemental Indenture related to such Series of Additional Bonds. There shall be deposited into the Bond Principal Fund or the Bond Interest Fund, as appropriate, as and when received (a) disbursements from the Revenue Fund as provided in Section 3.22 herein, (b) all moneys transferred to the Bond Principal Fund or Bond Interest Fund pursuant to Section 3.7, 3.10, 3.13, 3.15 or 6.3 hereof, (c) all other moneys deposited into the Bond Principal Fund or Bond Interest Fund pursuant to the Agreement or this Indenture, and (d) all other moneys received by the Trustee when accompanied by directions from an Authorized Representative of the Borrower not inconsistent with the Agreement or this Indenture that such moneys are to be paid into the Bond Principal Fund or Bond Interest Fund. There shall also be retained in the Bond Principal Fund and Bond Interest Fund, respectively, interest and other income received on investment of moneys in the Bond Principal Fund and Bond Interest Fund to the extent provided in Section 6.3 hereof. If the Trustee does not receive payments into the Bond Principal Fund and the Bond Interest Fund pursuant to Section 5.1(a) of the Agreement by the fifth (5th) day after any required payment date pursuant to Section 5.1(a) of the Agreement, the Trustee will immediately notify the Authority and the Borrower of such nonpayment.

Section 3.4 Use of Moneys in the Bond Principal Fund and the Bond Interest Fund. Except as provided in this Section and in Sections 3.16, 3.21, 6.3 and 8.5 hereof, moneys in the Bond Principal Fund shall be used solely for the payment of the principal of and premium, if any, on the Series 2013 Bonds as due, and moneys in the Bond Interest Fund shall be used solely for the payment of the interest on the Series 2013 Bonds as due.

Section 3.5 Custody of the Bond Principal Fund and the Bond Interest Fund. The Bond Principal Fund and the Bond Interest Fund shall be in the custody of the Trustee, but in the name of the Authority and the Authority authorizes and directs the Trustee to withdraw sufficient funds from the Bond Principal Fund to pay the principal of and premium, if any, on the Bonds as the same become due and payable, to withdraw sufficient funds from the Bond Interest Fund to pay the interest on the Bonds as the same becomes due and payable and to withdraw sufficient funds from the Bond Interest Fund or the Bond Principal Fund for other purposes authorized in Section 3.4 hereof.

Amounts on deposit in the Bond Principal Fund and the Bond Interest Fund shall: (a) be held in trust solely for the benefit of the Registered Owners and the Beneficial Owners; (b) be applied only in accordance with the provisions of this Indenture; and (c) except as otherwise set forth herein, the Borrower shall have no legal, equitable nor reversionary interest in, or right to, such amounts. In the event of any Act of Bankruptcy by the Borrower, the Borrower undertakes pursuant to the Loan Agreement in no event to assert, claim or contend that any portion of either the Bond Principal Fund or the Bond Interest Fund is property of its bankruptcy estate as defined by 11 U.S.C. § 541.

Section 3.6 Payments into the Debt Service Reserve Fund. There shall be deposited into the Debt Service Reserve Fund all moneys required to be deposited therein pursuant to the Agreement or this Indenture, and moneys received by the Trustee when accompanied by directions from an Authorized Representative of the Borrower that such moneys are to be paid into the Debt Service Reserve Fund; provided however, that no proceeds of the Series 2013 Bonds shall be deposited into the Debt Service Reserve Fund so long as the Series 2013 Bonds are Qualified School Construction Bonds. Amounts on deposit in the Debt Service Reserve Fund shall be invested pursuant to Section 6.1 herein. Interest and other income received on investments of Debt Service Reserve Fund moneys shall be applied as set forth in Section 6.3(b) hereof. With respect to the Debt Service Reserve Fund, the Borrower may at any time substitute (i) cash or Investment Obligations for a Reserve Fund Insurance Policy; or (ii) a Reserve Fund Insurance Policy for cash or Investment Obligations.

Section 3.7 Use of Moneys in the Debt Service Reserve Fund. Except as provided in Sections 3.16, 3.21 and 6.3(b) hereof, moneys in the Debt Service Reserve Fund shall be used solely for and applied to the payment of the principal of, premium, if any, and interest on the Series 2013 Bonds in the event moneys in the Bond Principal Fund and in the Bond Interest Fund are insufficient to make such payments when due, whether on an Interest Payment Date, sinking fund redemption date, maturity date or otherwise; whether on an Interest Payment Date, sinking fund redemption date, maturity date or otherwise. Upon the occurrence of an Event of Default hereunder and the exercise by the Trustee of the remedy specified in Section 10.2(a) of the Agreement and Section 8.2(a) hereof, any moneys in the Debt Service Reserve Fund shall be transferred by the Trustee to the Bond Interest Fund while any Series 2013 Bonds remain outstanding, and with respect to any moneys in excess of the amount required to be transferred to the Bond Interest Fund, to the Bond Principal Fund and applied in accordance with Section 8.5 hereof. On the final maturity date of the Bonds any moneys in the Debt Service Reserve Fund may be used to pay the principal of and interest on the Bonds on such final maturity date. In the event of the redemption of the Bonds in whole (or in part pursuant to Section 5.3A or Section 5.3B hereof), any moneys in the Debt Service Reserve Fund shall be transferred to the Bond Principal Fund and applied to the payment of the principal of and premium, if any, on the Series 2013 Bonds. The Trustee shall value the Investment Obligations in the Debt Service Reserve Fund on each Interest Payment Date at the lesser of their market value or cost. The weighted average maturity of the Investment Obligations in the Debt Service Reserve Fund shall not exceed two (2) years. If on any valuation date the amount in the Debt Service Reserve Fund (determined pursuant to this Section) is greater than the Debt Service Reserve Fund Requirement (Aggregate), such excess shall be transferred by the Trustee as set forth in Section 6.3(b) hereof. If on any valuation date the amount in the Debt Service Reserve Fund (determined pursuant to this Section) is less than the Debt Service Reserve Fund

Requirement (Aggregate), the Trustee shall immediately notify the Borrower in writing of the amount of such deficit and request that the Borrower deposit with the Trustee such amount within five (5) Business Days of its receipt of such notice.

Within five (5) Business Days of any transfer of funds from the Debt Service Reserve Fund to the Bond Principal Fund or the Bond Interest Fund because of a deficiency therein, the Trustee shall give written notice to the Borrower of such transfer and of the amount of the deficiency, if any, of amounts then on deposit in the Debt Service Reserve Fund as of such date and request that the Borrower deposit with the Trustee an amount equal to such deficiency in twelve (12) equal installments to be paid on the next succeeding Disbursement Dates.

Amounts on deposit in the Debt Service Reserve Fund shall be: (a) held in trust solely for the benefit of the Registered Owners and the Beneficial Owners; (b) be applied only in accordance with the provisions of this Indenture; and (c) except as otherwise set forth herein, the Borrower shall have no legal, equitable nor reversionary interest in, or right to, such amounts. In the event of any Act of Bankruptcy by a Borrower, such Borrower undertakes pursuant to the Loan Agreement in no event to assert, claim or contend that any portion of the Debt Service Reserve Fund is property of its bankruptcy estate as defined by 11 U.S.C. § 541.

Section 3.8 Custody of the Debt Service Reserve Fund. The Debt Service Reserve Fund shall be in the custody of the Trustee but in the name of the Authority and the Authority hereby authorizes and directs the Trustee to withdraw sufficient funds from the Debt Service Reserve Fund to pay the principal of, premium, if any, and interest on the Bonds and for the purpose described in Section 3.16(iii) hereof, which authorization and direction the Trustee hereby accepts. In the event there shall be a deficiency in the Bond Principal Fund or the Bond Interest Fund on any payment date for the Bonds, the Trustee shall promptly transfer the amount of such deficiency from the Debt Service Reserve Fund to the Bond Principal Fund or the Bond Interest Fund as applicable, provided that in the event there shall be a deficiency in both the Bond Principal Fund and the Bond Interest Fund amounts transferred from the Debt Service Reserve Fund pursuant to this Section 3.8 shall be transferred first to the Bond Interest Fund to satisfy the deficiency therein and thereafter to the Bond Principal Fund.

Section 3.9 Payments Into and Use of Moneys in the Project Fund; Disbursements. The proceeds of the issuance and delivery of the Bonds remaining after the deposits required by Sections 3.6 and 3.12 hereof shall be deposited in the Project Fund and with respect to each Series of Additional Bonds, the amount deposited in the related subaccount of the Project Fund shall be provided for in the related Supplemental Indenture. Any moneys on deposit in the Project Fund shall only be disbursed to the Borrower upon (i) satisfaction of the requirements set forth in Section 4.2 of the Agreement and (ii) upon submission by the Borrower to the Trustee of a requisition signed by an Authorized Representative of the Borrower and approved in writing by the Consulting Architect in the form attached as Exhibit B to the Agreement or, if the requisition does not relate to a construction cost, a requisition in the form attached as Exhibit B to the Agreement but signed only by an Authorized Representative of the Borrower.

The Trustee is hereby authorized and directed to transfer moneys on deposit in the Project Fund to make each disbursement required by the provisions of Section 4.2 of the Agreement.

The Trustee shall keep and maintain adequate records pertaining to the Project Fund and all disbursements therefrom, and shall provide periodic statements of transactions to the Borrower.

Section 3.10 Completion of the Project. The Completion Date shall be evidenced by the filing with the Trustee of the Completion Certificate required by the provisions of Section 4.2 of the Agreement. As soon as practicable following receipt by the Trustee of the Completion Certificate and in any event not later than the third anniversary of the Closing Date of the Series 2013 Bonds (or if an extension has been obtained as provided in Section 54A(d)(2)(B)(iii) of the Code, the last date of such extension), the Borrower shall pay or cause to be paid to the Trustee an amount equal to any unused proceeds of the Series 2013 Bonds for deposit in the Bond Principal Fund and such funds shall be used for the redemption of Series 2013 Bonds in accordance with Section 5.3 herein.

Section 3.11 Custody of the Project Fund. The Project Fund shall be in the custody of the Trustee but in the name of the Authority, and the Authority authorizes and directs the Trustee to withdraw sufficient funds from the appropriate subaccount of the Project Fund for Costs of the Project requisitioned by the Borrower using a requisition in the form attached to the Agreement as Exhibit B, which authorization and direction the Trustee hereby accepts. In the event of any Act of Bankruptcy by the Borrower, the Borrower undertakes pursuant to the Loan Agreement in no event to assert, claim or contend that any portion of the Project Fund is property of its bankruptcy estate as defined by 11 U.S.C. § 541. Notwithstanding the foregoing, the Trustee shall disburse funds in the Project Fund on the Closing Date of the Series 2013 Bonds as set forth in Section 4.2 of the Agreement.

Section 3.12 Payments into and Use of Moneys in the Cost of Issuance Fund. There shall be deposited into the Cost of Issuance Fund, pursuant to Section 4.1 of the Agreement, \$[\_\_\_\_\_] from the proceeds of the Series 2013 Bonds, which amount shall not exceed 2% of the proceeds of the Series 2013 Bonds, and with respect to each Series of Additional Bonds, there shall be deposited into the Cost of Issuance Fund, the amount as provided in the related Supplemental Indenture. There shall also be retained in the Cost of Issuance Fund interest and any other income received on investments of Cost of Issuance Fund moneys as provided in Section 6.3 hereof. Such moneys shall be expended to pay issuance expenses in accordance with the provisions of Section 4.4 of the Agreement subject to the requirements of Section 3.16 hereof. The Trustee is hereby authorized and directed to issue its checks on the Cost of Issuance Fund for each payment in accordance with Section 4.4 of the Agreement; provided, however, the Trustee is authorized and directed on the Closing Date of the Series 2013 Bonds to pay upon receipt of an invoice from the payee's listed on Exhibit C, amounts not to exceed those as set forth in such exhibit.

The Trustee shall keep and maintain adequate records pertaining to the Cost of Issuance Fund and all payments therefrom, which shall be open to inspection by the Borrower, the Authority or their duly authorized agents during normal business hours of the Trustee.

Section 3.13 Termination of Cost of Issuance Fund. Any amounts remaining on deposit in the Cost of Issuance Fund 90 days after the Closing Date of the Series 2013 Bonds shall be transferred to the Bond Interest Fund. The termination of the Cost of Issuance Fund as it

relates to a Series of Additional Bonds shall be provided for in the related Supplemental Indenture.

Section 3.14 Custody of the Cost of Issuance Fund. The Cost of Issuance Fund shall be in the custody of the Trustee but in the name of the Authority and the Authority authorizes and directs the Trustee to withdraw sufficient funds from the Cost of Issuance Fund for the purposes set forth in Section 4.4 of the Agreement and Section 3.12 hereof, which authorization and direction the Trustee hereby accepts.

Section 3.15 Payments into and Custody of the Repair and Replacement Fund; Disbursements from Repair and Replacement Fund. There shall be deposited into the Repair and Replacement Fund as and when received (a) all payments by the Borrower pursuant to Section 3.22 hereof, if any, (b) all other moneys deposited into the Repair and Replacement Fund pursuant to the Agreement or this Indenture, and (c) all other moneys received by the Trustee when accompanied by directions not inconsistent with the Agreement or this Indenture that such moneys are to be paid into the Repair and Replacement Fund. There shall also be retained in the Repair and Replacement Fund, interest and other income received on investment of moneys in the Repair and Replacement Fund to the extent provided in Sections 6.1 and 6.3 hereof. Any amounts on deposit in the Repair and Replacement Fund in excess of the Repair and Replacement Fund Requirement shall be transferred by the Trustee to the Bond Interest Fund and applied to the payment of interest on the Bonds; provided, however, that the amount remaining in the Repair and Replacement Fund immediately after such transfer shall not be less than the Repair and Replacement Fund Requirement.

The Repair and Replacement Fund shall be in the custody of the Trustee, but in the name of the Authority and, absent an Event of Default hereunder, the Authority hereby authorizes and directs the Trustee to make each disbursement authorized or required by the provisions of this Section 3.15 and to issue its checks therefor. The Trustee shall keep and maintain adequate records pertaining to the Repair and Replacement Fund and all disbursements therefrom and shall annually file an accounting thereof with the Authority and the Borrower. In the event of any Act of Bankruptcy by the Borrower, the Borrower undertakes pursuant to the Loan Agreement in no event to assert, claim or contend that any portion of the Repair and Replacement Fund is property of its bankruptcy estate as defined by 11 U.S.C. § 541.

Payments shall be made from the Repair and Replacement Fund upon receipt by the Trustee of a written requisition in the form of Exhibit D from an Authorized Representative of the Borrower setting forth the amount and the payee for the purpose of paying the cost of extraordinary maintenance and replacements which may be required to keep the Facility in sound condition, including but not limited to replacement of equipment, replacement of any roof or other structural component, exterior painting and the replacement of heating, air conditioning, plumbing and electrical equipment.

Within five (5) Business Days of any payments from the Repair and Replacement Fund, the Trustee shall give written notice to the Borrower of such payments and of the amount of the deficiency, if any, of amounts then on deposit in the Repair and Replacement Fund as of such date and request that the Borrower deposit with the Trustee an amount equal to such deficiency in twelve (12) equal installments to be paid on the next succeeding Disbursement Dates.



Section 3.16 Rebate Fund. There shall be established for each Series of Bonds for which the arbitrage rebate provisions apply a separate subaccount in the Rebate Fund related to such Series of Bonds. There shall be deposited in each subaccount of the Rebate Fund as and when received (i) investment income on moneys in the related Funds to the extent provided in the direction of the Borrower pursuant to Section 4.7 of the Agreement and subject to the limitations in Section 6.3 hereof, (ii) moneys received from the Borrower pursuant to Section 5.1(e) of the Agreement, (iii) moneys transferred to the Rebate Fund from the Debt Service Reserve Fund (but only to the extent that the amount on deposit therein is in excess of the Debt Service Reserve Fund Requirement (Aggregate)), the Project Fund, the Bond Principal Fund or the Bond Interest Fund pursuant to the provisions of this Section, and (iv) all other moneys received by the Trustee when accompanied by directions not inconsistent with the Agreement or this Indenture that such moneys are to be paid into the related subaccount of the Rebate Fund. The Trustee shall cause amounts on deposit in the Rebate Fund to be forwarded to the United States Treasury (at the address provided in the Tax Certificate) at the times and in the amounts set forth in the Borrower's direction pursuant to Section 4.7 of the Agreement.

Within 60 days after the end of each fifth Rebate Year, hereafter, and upon receipt of the Certificate of Borrower required under Section 4.7 of the Agreement, the Trustee, shall deliver to the Authority a certificate stating that the following actions have been taken as required by this Indenture and the Tax Certificate including, but not limited to, (a) any required arbitrage rebate calculations, (b) the transfer of funds to the Rebate Fund to reserve if needed for the anticipated Rebate Amount has been made by Trustee, if any, and (c) payment of the Rebate Amount, if any, by Borrower, in accordance with section 148(f) of the Code.

If, upon the certification required by the immediately preceding paragraph, the moneys on deposit in the Rebate Fund are insufficient for the purposes thereof, subject to the provision of Section 6.3 hereof, the Trustee, after first delivering a demand for such deficiency to the Borrower and no money for such purpose is provided by the Borrower, shall transfer moneys to the Rebate Fund from the following Funds in the following order of priority: the Cost of Issuance Fund, the Project Fund, the Bond Principal Fund, the Bond Interest Fund, the Debt Service Reserve Fund and the Repair and Replacement Fund. This Section shall supersede all other Sections of this Indenture, in order that the exclusion from gross income for the purposes of federal income taxation of interest on the Tax-Exempt Bonds shall not be adversely affected due to inadequate funds in the Rebate Fund, unless the total amount held by the Trustee under all Funds established hereunder is insufficient, and no money for such purpose is provided by the Borrower.

If at any time the Borrower is required to retain the Rebate Analyst but fails to do so, then the Trustee shall retain a Rebate Analyst, at the expense of the Borrower, to calculate the Rebate Amount. If the Trustee is required to retain or pay the Rebate Analyst, then the Trustee, after delivering to the Borrower a demand for payment of an amount sufficient to pay the Rebate Analyst, shall withdraw such amount as may be needed to pay the Rebate Analyst: first, from the Expense Fund and, second, from the Debt Service Reserve Fund (but only to the extent that the amount on deposit therein is in excess of the Debt Service Reserve Requirement), Cost of Issuance Fund, the Repair and Replacement Fund, the Project Fund, the Tax and Insurance Escrow Fund, the Bond Principal Fund and the Bond Interest Fund.

The Trustee shall have the right, but shall not be obligated, to seek written instructions from any Rebate Analyst as it deems necessary, concerning any payments to be made by it from the Rebate Fund and shall be free from any liability for acting in accordance with such reasonable instructions.

The Trustee, on behalf of the Authority, is hereby directed to pay to the United States Treasury from time to time the amounts as required by the report of the Rebate Analyst and pursuant to the direction of the Borrower, provided that the Trustee shall pay over to the United States Treasury: (1) at least once each five years after the issuance date of a Series of Bonds for which rebate arbitrage applies within 60 days of the date as of which the Rebate Amount was calculated, an amount equal to 90% of the Rebate Amount allocable to that Series of Bonds as of such date (and not theretofore paid to the United States Treasury) and (2) not later than 60 days after the redemption, payment at maturity or other retirement of the last bond of a Series of Bonds, 100% of the Rebate Amount allocable to such Series of Bonds.

The Trustee shall retain records of the determination of the amount required to be deposited in the Rebate Fund, of the proceeds of any investments of money in the Rebate Fund, and of the amounts paid to the United States Treasury until the date six years after the discharge of the last of the Bonds.

Section 3.17 Custody of the Rebate Fund. The Rebate Fund shall be in the custody of the Trustee but in the name of the Authority and the Authority authorizes and directs the Trustee to withdraw funds from the Rebate Fund for the purposes set forth in Section 3.16 hereof, which authorization and direction the Trustee hereby accepts.

Section 3.18 Nonpresentment of Bonds. In the event any Bonds, or portions thereof, shall not be presented for payment when the principal thereof becomes due, either at maturity, the date fixed for redemption thereof, or otherwise, if funds sufficient for the payment thereof, including accrued interest thereon, shall have been deposited into the Bond Principal Fund and Bond Interest Fund or otherwise made available to the Trustee for deposit therein, then on and after the date said principal becomes due, all interest thereon shall cease to accrue and all liability of the Authority to the Registered Owner or Registered Owners thereof for the payment of such Bonds, shall forthwith cease, terminate and be completely discharged, and thereupon it shall be the duty of the Trustee to hold such fund or funds in a separate trust account for the benefit of the Registered Owner or Registered Owners of such Bonds, who shall thereafter be restricted exclusively to such fund or funds for any claim of whatever nature on his, her or their part under this Indenture with respect to said Bond or on, or with respect to, said Bond. Such moneys shall not be required to be invested during such period by the Trustee. If any Bond shall not be presented for payment within the period of five (5) years following the date when such Bond becomes due, whether by maturity or otherwise, the Trustee shall return to the Borrower such funds theretofore held by it for payment of such Bond and such Bond shall, subject to the defense of any applicable statute of limitation, thereafter be an unsecured obligation of the Borrower. The obligations of the Trustee under this Section shall be subject, however, to any law applicable to the unclaimed funds or the Trustee providing other requirements for the disposition of unclaimed property.

Section 3.19 Moneys to be Held in Trust. All moneys required to be deposited with or paid to the Trustee under any provision of this Indenture shall be held by the Trustee in trust for the purposes specified in this Indenture, and, except for moneys deposited with or paid to the Trustee for the payment or redemption of specific Bonds and moneys held by the Trustee in the Rebate Fund, the Cost of Issuance Fund, the Tax and Insurance Escrow Fund, and in the separate trust accounts pursuant to Sections 3.18 and 3.20 hereof (to the extent, in the case of moneys held pursuant to Section 3.20 hereof, such moneys are held pending disbursement for repair or replacement of the Project), shall, while held by the Trustee, constitute part of the Trust Estate and be subject to the lien hereof. Moneys held in the Rebate Fund shall be held in trust by the Trustee and shall be applied as provided in Section 3.16 hereof.

Section 3.20 Insurance and Condemnation Proceeds. Reference is hereby made to the provisions of the Agreement wherein it is provided that under certain circumstances the Net Proceeds of insurance payments and condemnation awards are to be paid to the Trustee and to be disbursed and paid out as therein provided. The Trustee hereby accepts and agrees to perform such duties and obligations specified in the Agreement. The Trustee shall fully cooperate with the Borrower in the handling and conduct of any prospective or pending insurable event or condemnation proceeding with respect to the Project or any part thereof. The Trustee may also establish temporary funds or accounts, as necessary, in its books or records in order to facilitate compliance with the provisions of Section 7.1 of the Agreement.

Section 3.21 Repayment to the Borrower from the Funds. Any amounts remaining in the Funds after payment in full of the Bonds (or the establishment of an irrevocable trust for such payment), the fees and expenses of the Trustee and all other amounts required to be paid hereunder and under the Agreement to the Authority and the Trustee (including payments into the Rebate Fund and to the United States), shall be paid to the Borrower upon the expiration of the term of this Indenture.

Section 3.22 Revenue Fund. There shall be deposited in the Revenue Fund Direct Payments and all other monies deposited into the Revenue Fund pursuant to the Agreement or this Indenture.

On each Disbursement Date specified below, the Trustee shall, from monies held on deposit in the Revenue Fund, make disbursements and transfers in the following order of priority, the requirements of each such disbursement or transfer (including the making up of any deficiencies resulting from Lease payments to the Borrower which were not sufficient to make disbursements or transfers due on any prior Disbursement Date) on the specified Disbursement Date to be satisfied, and the results of such satisfaction being taken into account before any disbursement or transfer is made subsequent in priority:

FIRST: on each Disbursement Date commencing after the date of issuance of the Series 2013 Bonds, for deposit in the Bond Interest Fund: after taking into consideration earnings or capitalized interest amounts then on deposit in the Bond Interest Fund, (a) an amount equal to one-third (1/3) of the interest due on the Series 2013 Bonds on the next succeeding Interest Payment Date; plus (b) all amounts due as to interest on the Series 2013 Bonds on the immediately

preceding Disbursement Date as described in this paragraph which have not otherwise been credited or transferred to the Bond Interest Fund;

SECOND: on each Disbursement Date commencing twelve months prior to the final maturity date of the Series 2013 Bonds or the date, if any, on which the Series 2013 Bonds become subject to mandatory sinking fund redemption, for deposit in the Bond Principal Fund: (a) an amount equal to one-twelfth of the principal due on the Series 2013 Bonds on the next succeeding Principal Payment Date; plus (b) all amounts due as to principal on the Series 2013 Bonds on the immediately preceding Disbursement Date as described in this paragraph which have not otherwise been credited or transferred to the Bond Principal Fund;

THIRD: on each Disbursement Date commencing after the date of issuance of the Series 2013 Bonds to the Debt Service Reserve Fund, the amount required, if any, under Section 3.7 hereof, to restore the balance in the Debt Service Reserve Fund to the Debt Service Reserve Requirement in twelve (12) equal installments;

FOURTH: on each Disbursement Date commencing after the date of issuance of the Series 2013 Bonds, to the Debt Service Reserve Fund (unless the amount on deposit on any Interest Payment Date in the Debt Service Reserve Fund equals or exceeds the Debt Service Reserve Fund Requirement (in which event no additional deposits are required)), an amount equal to one-twelfth the Debt Service Reserve Requirement (Annual), and thereafter the amount required, if any, due to a transfer to the Bond Principal Fund or Bond Interest Fund pursuant to Section 3.7 hereof, to restore the balance in the Debt Service Reserve Fund to the Debt Service Reserve Requirement (Aggregate) in twelve (12) equal installments;

FIFTH: on the Disbursement Date following receipt by the Trustee of the Rebate Analyst report and direction from the Borrower pursuant to Section 4.7 of the Agreement, to the Rebate Fund, any amount required of the Borrower to be deposited in the Rebate Fund;

SIXTH: on each Disbursement Date commencing after the date of issuance of the Series 2013 Bonds (i) to the Expense Fund, an amount equal to one-twelfth of the Trustee's Fees and Trustee's Expenses due on the next invoiced date with respect to the Trustee's Fees, plus (ii) to the Expense Fund, an amount which is sufficient to pay the Authority's Annual Fee, which is then payable, plus (iii) to the Expense Fund, an amount which is sufficient to pay Remarketing Agent Fees, if any, which are then payable, plus (iv) any amount previously due as described under (i), (ii) or (iii) of this paragraph but that remains unpaid because of an insufficiency in Pledged Revenues available therefore;

SEVENTH: on each Disbursement Date commencing after the date of issuance of the Series 2013 Bonds, to the Tax and Insurance Escrow Fund, an amount equal to (i) the payment required to be made pursuant to Section 5.1(c) of

the Agreement, plus (ii) all amounts that were previously due under (i) of this paragraph but were not transferred because of an insufficiency in Revenues available therefor;

EIGHTH: on each Disbursement Date commencing after the date of issuance of the Series 2013 Bonds, to the Repair and Replacement Fund, the amount required, if any, under the Agreement, to restore the balance in or fund the Repair and Replacement Fund to the Repair and Replacement Fund Requirement in twelve (12) equal installments not to exceed the Repair and Replacement Fund Requirement;

NINTH: on each Disbursement Date commencing after the date of issuance of the Series 2013 Bonds to the Expense Fund, an amount equal to a fraction of any amount owed as payment for the services of the Rebate Analyst where the numerator is such amount and the denominator is the number of Disbursement Dates that will occur during the period between the last date on which such amounts were paid or, if such fees have not yet been paid, the Closing Date of the Series 2013 Bonds and the next date on which such payment becomes due and owing;

TENTH: on each Disbursement Date commencing after the date of issuance of the Series 2013 Bonds to any third-party lender, any amount, as directed by Borrower to the Trustee, to make principal and interest payments on any outstanding Short-Term Debt; and

ELEVENTH: on each Disbursement Date commencing after the date of issuance of the Series 2013 Bonds, all amounts remaining on deposit in the Revenue Fund after the Trustee has made the disbursements required in FIRST through TENTH above, to the Borrower, if not in default under the Agreement.

The Trustee shall apply the funds comprising the Loan Payments as set forth in this Section 3.22 hereof. Any Loan Payments remaining on deposit with the Trustee after all monthly payments required by this Section 3.22 hereof have been made shall be transferred within one Business Day by the Trustee to the operations account of the Borrower, which account information shall be provided to the Trustee by the Borrower.

Section 3.23 Expense Fund. There shall be deposited into the Expense Fund as and when received (a) all moneys transferred from the Revenue Fund to the Expense Fund pursuant to Section 3.22 hereof, (b) all other moneys required to be deposited therein pursuant to the Agreement or this Indenture, and (c) all other moneys received by the Trustee when accompanied by directions from an Authorized Representative of the Borrower not inconsistent with the Agreement or this Indenture that such moneys are to be paid into the Expense Fund.

Section 3.24 Use of Moneys in the Expense Fund. The Authority hereby authorizes and directs the Trustee to withdraw sufficient funds from the Expense Fund to pay the following expenses as invoiced: (a) to the Trustee an amount equal to the annual Trustee's Fees

and Trustee's Expenses; (b) the Rebate Analyst fee; (c) the Authority's Annual Fee; and (d) any Remarketing Agent Fees.

Section 3.25 Tax and Insurance Escrow Fund.

(a) The Trustee shall deposit into the Tax and Insurance Escrow Fund all amounts required to be deposited therein pursuant to this Indenture, including but not limited to the payments required to be made by the Borrower pursuant to Section 5.1(c) of the Agreement.

(b) Amounts on deposit in the Tax and Insurance Escrow Fund shall be used to:

(i) pay real property or ad valorem taxes with respect to the Project(s);  
and

(ii) pay premiums for the insurance policies required to be maintained by the Borrower pursuant to the Agreement.

(c) The Trustee shall, at the request of an Authorized Representative of the Borrower, disburse moneys from the Tax and Insurance Escrow Fund in payment of the costs set forth in subsections (b)(i) and (ii) above upon receipt by the Trustee of requisitions in the form of Exhibit F to the Agreement signed by an Authorized Representative of the Borrower:

(i) stating with respect to each payment to be made:

(A) the date of the requisition,

(B) the name and address of the entity to whom payment is due,

(C) the amount to be paid,

(D) that each obligation mentioned therein has been properly incurred, is a proper charge against the Tax and Insurance Escrow Fund, and has not been the basis of any previous withdrawal, and

(E) that the disbursement requested will be used to pay taxes or insurance, or to reimburse the Borrower of such, with respect to the Project as described in subsection (b) above; and

(ii) accompanied by a bill, invoice or statement of account for such obligation.

Notwithstanding the foregoing, the Trustee and Authority shall have the right, but not the obligation, to withdraw moneys from the Tax and Insurance Escrow Fund at any time and to use those funds to pay the items described in subsection (b) above without a requisition from an Authorized Representative of the Borrower in order to maintain the insurance with respect to

any Project as provided in subsection (b) above or to prevent any of the items described in subsection (b) above from becoming past due.

## ARTICLE IV

### COVENANTS OF THE AUTHORITY

Section 4.1 Performance of Covenants. The Authority covenants that it will faithfully perform at all times any and all covenants, undertakings, stipulations and provisions contained in this Indenture, in any and every Bond and in all proceedings of the Authority pertaining thereto. The Authority covenants, represents, warrants and agrees that:

(a) The Authority is duly authorized under the Constitution and laws of the State, including particularly and without limitation the JPA Agreement and the Act, to: (i) issue the Bonds and to execute and deliver this Indenture, and (ii) pledge and assign the Trust Estate in the manner and to the extent herein set forth for the benefit of the Registered Owners to secure the payment of principal and interest and any premium on the Bonds in accordance with the terms and provisions of this Indenture and the Bonds.

(b) All actions on its part required for the issuance of the Bonds and the execution and delivery of the Authority Documents have been duly and effectively taken or will be duly taken as provided herein.

(c) This Indenture is a valid and enforceable instrument of the Authority and that the Bonds in the hands of the Registered Owners thereof are and will be valid and enforceable obligations of the Authority according to the terms thereof, except as the enforceability thereof may be limited by insolvency, bankruptcy, reorganization, moratorium or other laws affecting the enforcement of creditors' rights generally or against public corporations such as the Authority and by the application of general principles of equity.

Section 4.2 Instruments of Further Assurance. The Authority covenants that at the expense of the Borrower, it will do, execute, acknowledge, and deliver or cause to be done, executed, acknowledged, and delivered by the parties within its control, such instruments supplemental hereto and such further acts, instruments, and transfers as the Trustee may reasonably require for the better assuring, transferring, mortgaging, conveying, pledging, assigning, and confirming unto the Trustee, the Authority's interest in and to all interests, revenues, proceeds, and receipts pledged hereby to the payment of the principal of, premium, if any, and interest on the Bonds in the manner and to the extent contemplated herein. The Authority shall be under no obligation to prepare, record, or file any such instruments or transfers.

Section 4.3 Payment of Principal, Premium, if any, and Interest. The Authority will promptly pay or cause to be paid the principal of, premium, if any, and interest on all Bonds issued hereunder according to the terms hereof. The principal, premium, if any, and interest payments are payable solely from the Trust Estate, which is hereby specifically pledged to the payment thereof in the manner and to the extent herein specified. Nothing in the Bonds or

in this Indenture shall be considered or construed as pledging any funds or assets of the Authority other than those pledged hereby or creating any liability of the Authority's officers, council persons, counsel, employees or other agents.

NONE OF THE AUTHORITY, ANY AUTHORITY MEMBER OR ANY PERSON EXECUTING THE SERIES 2013 BONDS IS LIABLE PERSONALLY ON THE BONDS OR SUBJECT TO ANY PERSONAL LIABILITY OR ACCOUNTABILITY BY REASON OF THEIR ISSUANCE. THE BONDS ARE LIMITED OBLIGATIONS OF THE AUTHORITY, PAYABLE SOLELY FROM AND SECURED BY THE PLEDGE OF THE TRUST ESTATE UNDER THIS INDENTURE. NEITHER THE AUTHORITY, ITS MEMBERS, THE STATE OF CALIFORNIA, NOR ANY OF ITS POLITICAL SUBDIVISIONS SHALL BE DIRECTLY, INDIRECTLY, CONTINGENTLY OR MORALLY OBLIGATED TO USE ANY OTHER MONIES OR ASSETS TO PAY ALL OR ANY PORTION OF THE DEBT SERVICE DUE ON THE BONDS, TO LEVY OR TO PLEDGE ANY FORM OF TAXATION WHATEVER THEREFOR OR TO MAKE ANY APPROPRIATION FOR THEIR PAYMENT. THE BONDS ARE NOT A PLEDGE OF THE FAITH AND CREDIT OF THE AUTHORITY, ITS MEMBERS, THE STATE OF CALIFORNIA OR ANY OF ITS POLITICAL SUBDIVISIONS NOR DO THEY CONSTITUTE INDEBTEDNESS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION. THE AUTHORITY HAS NO TAXING POWER. THE AUTHORITY SHALL NOT BE LIABLE FOR PAYMENT OF THE PRINCIPAL OF, PREMIUM OR INTEREST ON THE BONDS OR ANY OTHER COSTS, EXPENSES, LOSSES, DAMAGES, CLAIMS OR ACTIONS OF ANY CONCEIVABLE KIND ON ANY CONCEIVABLE THEORY, UNDER OR BY REASON OF OR IN CONNECTION WITH THE INDENTURE, THE BONDS OR ANY OTHER DOCUMENTS, EXCEPT ONLY TO THE EXTENT AMOUNTS ARE RECEIVED FOR THE PAYMENT THEREOF FROM THE BORROWER UNDER THE LOAN AGREEMENT.

Section 4.4 [Reserved].

Section 4.5 Unrelated Bond Issues. Subsequent to the issuance of the Bonds, the Authority expects to issue various series of bonds in connection with the financing of other projects (said bonds together with any bonds issued by the Authority between the date hereof and issuance of the Bonds shall be referred to herein as the "Other Bonds"). Any pledge, mortgage, or assignment made in connection with any Other Bonds shall be protected, and any funds pledged or assigned for the payment of principal, premium, if any, or interest on the Other Bonds shall not be used for the payment of principal, premium, if any, or interest on the Bonds. Correspondingly, any pledge, mortgage, or assignment made in connection with the Bonds shall be protected, and any funds pledged or assigned for the payment of the Bonds shall not be used for the payment of principal, premium, if any, or interest on the Other Bonds.

Section 4.6 Security Instruments. The Trustee has received a recorded Mortgage and filed financing statements, as recorded with the Los Angeles County recorder's office or filed with the California Secretary of State, accordingly (in the form prepared on the date of issuance of the Bonds). The Trustee will cause all supplements thereto to be recorded, registered and filed by the Borrower. The Trustee shall cause any continuation statements to be filed as required by law with cooperation of the Borrower. Any recording expenses will be paid for by the Borrower.



Section 4.7 Rights Under the Agreement. The Authority will observe all of the obligations, terms and conditions required on its part to be observed or performed under the Agreement. The Authority agrees that to the extent the Agreement gives the Trustee some right or privilege, or in any way attempts to confer upon the Trustee the ability for the Trustee to protect the security for payment of the Bonds, that such part of the Agreement shall be as though it were set out in this Indenture in full.

The Authority agrees that the Trustee as assignee of the Agreement may enforce, in its name or in the name of the Authority, all rights of the Authority and all obligations of the Borrower under and pursuant to the Agreement (subject to certain exceptions stated in the granting clauses hereof including the Authority's Unassigned Rights) for and on behalf of the Registered Owners, whether or not the Authority is in default hereunder.

Section 4.8 Performance Obligations. Any performance by the Authority of all duties and obligations imposed upon it hereby, the exercise by it of all powers granted to it hereunder, the carrying out of all covenants, agreements and promises made by it hereunder, and the liability of the Authority for all covenants hereunder, shall be limited solely to the Trust Estate, including revenues and receipts derived from the Agreement, the Promissory Notes and the Mortgage, and the Authority and its officers and directors shall not be responsible for its or their duties, obligations, powers or covenants hereunder except to the extent of the Trust Estate.

Subject to Section 4.3 hereof, the Authority shall have no liability or obligation with respect to the payment of the principal of, premium, if any, or interest on the Bonds. None of the provisions of this Indenture shall require the Authority to expend or risk its own funds or to otherwise incur financial liability in the performance of any of its duties or in the exercise of any of its rights or powers hereunder, unless payable from the revenues pledged hereunder, or the Authority shall first have been adequately indemnified to its satisfaction against the cost, expense, and liability which may be incurred thereby. The Authority shall not be under any obligation hereunder to perform any record keeping, it being understood that such services shall be performed or provided by the Trustee or the Borrower. The Authority covenants that it will faithfully perform at all times any and all covenants, undertakings, stipulations, and provisions expressly contained in this Indenture, in every Bond executed, authenticated, and delivered hereunder, in the Agreement and in all of its proceedings pertaining thereto; provided, however, that (a) the Authority shall not be obligated to take any action or execute any instrument pursuant to any provision hereof until it shall have been requested to do so by the Borrower or the Trustee, and (b) the Authority shall have received the instrument to be executed, and, at the Authority's option, shall have received from the Borrower assurance satisfactory to the Authority that the Authority shall be reimbursed for its reasonable expenses incurred or to be incurred in connection with taking such action or executing such instrument.

The Agreement sets forth covenants and obligations of the Authority and the Borrower, and reference is hereby made to the same for a detailed statement of said covenants and obligations. The Authority agrees to cooperate in the enforcement of all covenants and obligations of the Borrower under the Agreement and agrees that the Trustee, in its name, may enforce all rights of the Authority (other than the Authority's Unassigned Rights) and all obligations of the Borrower under and pursuant to the Agreement and on behalf of the Registered Owners, whether or not the Authority has undertaken to enforce such rights and obligations.

Section 4.9 Limitations on Liability. Notwithstanding any other provision of this Indenture to the contrary:

(a) The obligations of the Authority with respect to the Bonds are not general obligations of the Authority but are limited obligations of the Authority payable by the Authority solely from the Trust Estate.

(b) Nothing contained in the Bonds or in this Indenture shall be considered as assigning or pledging any funds or assets of the Authority other than the Trust Estate.

(c) The Bonds are not and will not be a debt of the State, the Authority or of any other political subdivision of the State, and none of the State, the Authority or any other political subdivision of the State is or will be liable for the payment of the Bonds.

(d) Neither the faith and credit nor the taxing power of the Authority, the State nor of any other political subdivision of the State are pledged to the payment of the principal of and interest and any premium on the Bonds.

(e) No failure of the Authority to comply with any term, condition, covenant or agreement in this Indenture or in any document executed by the Authority in connection with the Mortgage, or the issuance, sale and delivery of the Bonds shall subject the Authority to liability for any claim for damages, costs or other charges except to the extent that the same can be paid or recovered from the Trust Estate.

(f) The Authority shall not be required to advance any money derived from any source other than the Trust Estate, Net Income Available for Debt Service and other assets pledged under this Indenture for any of the purposes in this Indenture mentioned, whether for the payment of the principal of or interest on the Bonds or for any other purpose of this Indenture.

Section 4.10 Tax Covenants. The Authority agrees that:

(a) it will neither make nor direct the Trustee to make any investment or other use of the proceeds of any Tax-Exempt Bonds or the Series 2013 Bonds that would cause the Series 2013 Bonds or any Tax-Exempt Bonds to be “arbitrage bonds” as that term is defined in Section 148(a) of the Code and that it will comply with the requirements of the Code throughout the term of the Series 2013 Bonds and any Tax-Exempt Bonds;

(b) it (i) will take, or use its best efforts to require to be taken, all actions that may be required of the Authority for the interest on any Tax-Exempt Bonds to be and remain not included in gross income for federal income tax purposes and (ii) will not take or authorize to be taken any actions within its control that would adversely affect that status under the provisions of the Code;

(c) it (i) will take, or use its best efforts to require to be taken, all actions that may be required of the Authority to maintain the designation of the Series 2013 Bonds as Qualified School Construction Bonds qualifying for Direct Payments for federal income

tax purposes and (ii) will not take or authorize to be taken any actions within its control that would adversely affect that status under the provisions of the Code; and

(d) it 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 Series 2013 Bonds or any Tax-Exempt Bonds to be “federally guaranteed” within the meaning of Section 149(b) of the Code.

In furtherance of the covenants in this Section 4.10, the Authority and the Borrower shall execute, deliver and comply with the provisions of the Tax Certificate, which is by this reference incorporated into this Indenture and made a part of this Indenture (which incorporation shall not be construed as imposing additional duties or obligations on the Trustee in addition to those contained herein and in the Tax Certificate), and by its acceptance of this Indenture the Trustee acknowledges receipt of the Tax Certificate and acknowledges its incorporation into this Indenture by this reference. The Trustee agrees that in those instances where it exercises discretion over the investment of funds, it shall not knowingly make any investment inconsistent with paragraph (a).

It is understood that the Borrower has assumed in the Agreement the responsibility of complying with the requirements of the Code to preserve the federal income tax exemption of the interest on any Tax-Exempt Bonds and the status of the Series 2013 Bonds as Qualified School Construction Bonds.

## ARTICLE V

### REDEMPTION AND TENDER OF BONDS PRIOR TO MATURITY

Section 5.1 Optional Redemption of Bonds. The Series 2013 Bonds shall be subject to redemption prior to maturity as follows:

(a) Initial Interest Rate Period. The Series 2013 Bonds are subject to redemption at the option of the Authority (which option shall be exercised upon written direction of the Borrower) from prepayment of the Series 2013 Note made by the Borrower pursuant to Section 11.1 of the Agreement in whole or in part on [\_\_\_\_\_, 20\_\_] (less than all of such Series 2013 Bonds to be selected as provided in Section 5.4 hereof), at a redemption price of 100% of the principal amount to be redeemed, together with accrued interest to the date fixed for redemption.

(b) Term Interest Rate Period. During a Term Interest Rate Period, the Series 2013 Bonds shall be subject to optional redemption at the option of the Authority (which option shall be exercised upon written direction of the Borrower) from prepayment of the Series 2013 Note made by the Borrower pursuant to Section 11.1 of the Agreement during the periods specified below (measured from the first day of the applicable Term Interest Rate Period) in whole at any time or in part from time to time, at the redemption prices (expressed as a percentage of principal amount) specified below together with accrued interest, if any, to the date fixed for redemption:

<u>Length of Term Interest Rate Period (expressed in years)</u>	<u>Redemption Prices</u>
greater than 10	after 10 years at 100%
less than or equal to 10 and greater than 7	after 5 years at 100%
less than or equal to 7 and greater than 4	after 3 years at 100%
less than or equal to 4 and greater than 1	after 2 years at 100%
less than or equal to 1	at any time at 100%

(c) In case of optional redemption described in paragraph (a) or (b) above, the Borrower shall, at least 45 days prior to the redemption date (unless a shorter notice shall be satisfactory to the Trustee), deliver a written request to the Authority and the Trustee notifying the Authority and the Trustee of such redemption date, of the principal amount of Bonds to be redeemed and evidence of the Borrower's ability to deliver Protected Funds to redeem such Bonds on the anticipated redemption date, and shall deliver to the Trustee, on or before the date set for such redemption, Protected Funds sufficient to pay the redemption price of all Bonds subject to redemption.

(d) Notwithstanding anything in this Section 5.1 to the contrary, the Series 2013 Bonds are subject to optional redemption prior to maturity at the direction of the Borrower, as a whole and not in part, on the earliest practicable date for which notice can be given following the occurrence of a Determination of Disqualification, at a redemption price equal to 100% of the principal amount hereof plus accrued interest to the redemption date.

Section 5.2 Redemption of Bonds Upon Damage, Destruction, Condemnation or Failure to Complete.

(a) Following the Conversion Date, the Bonds may be redeemed at the option and upon the direction of the Borrower to the Authority and the Trustee, in whole or in part on any Business Day from and to the extent of funds on deposit under this Indenture and available for this purpose at a redemption price equal to the principal amount of each Bond to be redeemed plus accrued interest to the redemption date, upon the occurrence of any of the following events:

(i) The Facilities shall have been damaged or destroyed in whole or in part to such extent that, as expressed in a Consulting Architect's Certificate filed with the Trustee, either (A) the Facilities cannot reasonably be restored within a period of 12 consecutive months to the condition thereof immediately preceding such damage or destruction, (B) the Borrower is thereby prevented from carrying on its normal operations for a period of 12 consecutive months, (C) the cost of restoration thereof would exceed the Net Proceeds of insurance carried thereon

pursuant to the requirements of Section 6.3 of the Agreement or (D) the final maturity of the Bonds is within five (5) years of the date of such damage or destruction.

(ii) Title to, or the temporary use of, all or any substantial part of the Facilities shall have been taken under the exercise of the power of eminent domain by any governmental issuer, or Person, firm or corporation acting under governmental authority or because of a defect in title.

(iii) As a result of any changes in the Constitution of the State or the Constitution of the United States of America or of legislative or administrative action (whether state or federal) or by final decree, judgment or order of any court or administrative body (whether state or federal) entered after the contest thereof by the Borrower in good faith, the Agreement shall have become void or unenforceable or impossible of performance in accordance with the intent and purposes of the parties as expressed in the Agreement. Redemption pursuant to this subsection (iii) shall be in whole only.

Only Net Proceeds of insurance or a condemnation award shall be used for a partial redemption of Bonds pursuant to subsections (a)(i) or (ii) of this Section 5.2.

#### Section 5.3 Redemption Upon Failure to Expend Available Project Proceeds.

If on the date that is three years from the issuance of the Series 2013 Bonds (or if an extension has been obtained as provided in Section 54A(d)(2)(B)(iii) of the Code, the last date of such extension) it is determined that less than 100 percent of the “available project proceeds” (as defined in Section 54A(e)(4) of the Code) have been expended for qualified purposes described in Section 54F(a)(1) of the Code, the Authority shall, within 90 days after the end of such period, provide written notification to the Trustee to redeem a portion of the Series 2013 Bonds in an amount to be determined in the same manner as the amount of nonqualified bonds required to be redeemed under Section 142 of the Internal Revenue Code (the “Redemption Amount”) and pro rata among the remaining maturity dates of the Series 2013 Bonds, provided, however, that such redemption shall only be made upon the delivery of an opinion of nationally recognized bond counsel that such redemption is necessary to maintain the status of the Series 2013 Bonds as Qualified School Construction Bonds for purposes of Section 54F of the Code.

Section 5.3A. Redemption Upon Default Under Agreement. All or a portion of the Bonds, as applicable, are subject to redemption at par, in whole or in part, as soon as is practicable following the Trustee’s receipt of notice of an uncured default under the Agreement and at the direction of at least a majority of the Owners of the Bonds Outstanding in an amount equal to the extent of the Borrower’s obligation thereunder from amounts received from the foreclosure or nonjudicial sale of the Facilities and, if necessary, amounts on deposit in the Debt Service Reserve Fund. In such event, the Bonds, in an amount equal to the Borrower’s loan obligation, shall be called for redemption as set forth in Sections 5.4 and 5.5 hereof. To the extent there is a deficiency in the amount of monies received from the foreclosure or nonjudicial sale when added to amounts on deposit in the Debt Service Reserve Fund to redeem such amount of the Bonds, the Borrower undertakes pursuant to the Loan Agreement to promptly provide to the Trustee any additional funds required to redeem the necessary amount of remaining Bonds

Outstanding and to the extent there still remains a deficiency, the Trustee shall redeem Bonds as set forth in Section 5.4 hereof.

Section 5.3B. Redemption Upon Failed Remarketing. All or a portion of the Bonds, as applicable, are subject to redemption at par, in whole or in part, on any Business Day for which notice of redemption may be given hereunder during the period commencing on the date of a failed remarketing as set forth in Section 5.11(h) hereof and ending on the six month anniversary thereof, at the direction of at least a majority of the Owners of the Bonds Outstanding and in an amount not to exceed and from monies then on deposit in, the Debt Service Reserve Fund. To the extent the Bonds are redeemed in part as set forth in this Section 5.3B, the Trustee shall redeem Bonds as set forth in Section 5.4 hereof.

Section 5.4 Method of Selecting Bonds. In the event that less than all of the Outstanding Bonds in a Series shall be redeemed, the Bonds of such Series and from each maturity will be selected by lot by the Trustee across all maturities, or if less than all of the Bonds of a Series in a single maturity shall be redeemed, the selection of Bonds or portions thereof to be redeemed shall be selected by lot by the Trustee (or by random drawing while the Bonds are held in book-entry form) in any manner which the Trustee deems reasonable. If Bonds of various Series are to be redeemed in part, the Bonds of each Series shall be selected by lot by the Trustee.

Section 5.5 Notices of Redemption. All or a portion of the Bonds shall be called for optional redemption by the Trustee as herein provided upon receipt by the Trustee at least 45 days prior to the redemption date of a certificate of the Authorized Representative of Borrower specifying the principal amount of the Bonds to be called for redemption, the applicable redemption price or prices, and the provision or provisions of this Indenture pursuant to which such Bonds are to be called for redemption, provided that such certificate shall not be required with respect to a sinking fund redemption and Bonds shall be called for redemption by the Trustee pursuant to such Section without the necessity of any action by the Borrower. In the case of every redemption, the Trustee shall cause notice of such redemption by mailing by first class mail a copy of the redemption notice to the Registered Owners of the Bonds designated for redemption in whole or in part, at their addresses as the same shall last appear upon the registration records, in each case not more than 60 nor less than 20 days prior to the redemption date, provided, however, that failure to give such notice, or any defect therein, shall not affect the validity of any proceedings for the redemption of such Bonds. The Trustee shall not mail any notice of redemption pursuant to Section 5.1(a) or (b) unless it has received from the Borrower, at least 45 days before the redemption date specified in the notice of redemption, sufficient evidence of the Borrower's ability to deliver Protected Funds to redeem all such Bonds called for redemption on the anticipated redemption date. If adequate Protected Funds are not received by the Trustee on the redemption date, no Bonds shall be redeemed. The Trustee shall furnish the Borrower with a copy of each notice of redemption given with respect to any optional redemption under Section 5.1 hereof as soon as practicable after the delivery of notice to the Registered Owners of the Bonds.

Each notice of redemption shall specify conditions precedent to redemption, if any, the date fixed for redemption, the redemption price, the place or places of payment, that payment will be made upon presentation and surrender of the Bonds to be redeemed, that interest accrued

to the date fixed for redemption will be paid as specified in said notice, and that on and after said date interest thereon will cease to accrue. If less than all the Outstanding Bonds are to be redeemed, the notice of redemption shall specify the numbers of the Bonds or portions thereof to be redeemed.

Section 5.6 Bonds Due and Payable on Redemption Date; Interest Ceases to Accrue. On the redemption date specified in any notice of redemption of the Borrower delivered pursuant to Section 5.5 hereof, an amount of Protected Funds sufficient to redeem all the Bonds called for redemption at the appropriate redemption price, including accrued interest to the date fixed for redemption, shall be deposited with the Trustee by the Borrower. On the redemption date the principal amount of each Bond to be redeemed, together with the accrued interest thereon to such date and redemption premium, if any, shall become due and payable; and from and after such date, notice having been given and deposit having been made in accordance with the provisions of this Article, then, notwithstanding that any Bonds called for redemption shall not have been surrendered, no further interest shall accrue on any of such Bonds. From and after such date of redemption (such notice having been given and such deposit having been made) the Bonds to be redeemed shall not be deemed to be Outstanding hereunder, and the Authority shall be under no further liability in respect thereof, as provided in Section 3.18 hereof.

Section 5.7 Cancellation. All Bonds which have been redeemed and all Bonds delivered to the Trustee by the Borrower for cancellation shall be cancelled by the Trustee and destroyed as provided in Section 2.9 hereof.

Section 5.8 Partial Redemption of Bonds. Upon surrender of any Bond for redemption in part only, the Authority shall execute and the Trustee shall authenticate and deliver to the Registered Owner thereof, the cost of which shall be paid by the Borrower, a new Bond or Bonds of the same maturity and of Authorized Denominations, in an aggregate principal amount equal to that portion of the Bond not redeemed.

Section 5.9 Purchase in Lieu of Redemption. If, at any time, Bonds are subject to redemption, the Borrower may direct the Trustee to purchase Bonds which would otherwise be subject to redemption from money available for such redemption under this Indenture or other money provided to the Trustee by the Borrower and deposited by the Trustee in a separate account hereunder to be established by the Trustee at such time and such Bonds shall be cancelled upon purchase. The purchase price of such Bonds shall not exceed the then applicable redemption price thereof. Written notice of such election must be given to the Trustee not less than five (5) Business Days prior to the date the Trustee must send notice of redemption.

Section 5.10 Mandatory Tender for Purchase of Bonds. (1) On the Conversion Date and in the amount for which the Borrower has not given direction for an optional redemption of the Bonds pursuant to Section 5.1(a) hereof at least 45 days prior to the Conversion Date and (2) on the first day of each Term Interest Rate Period (each a “Remarketing Date”), the Owner of any Series 2013 Bond shall tender such Bond for purchase as provided below and such Bond shall be purchased or deemed purchased as provided in Section 5.11(a)(iii) hereof at a Purchase Price equal to the principal amount thereof plus accrued and unpaid interest thereon. Subject to Section 5.11 hereof, payment of the Purchase Price of such Bond shall be made by 3:00 p.m., New York City time, on the Remarketing Date, in the same manner as

payment of interest on the Bonds, to the Owner of record or Participant with respect to Book-Entry Bonds. If the Bonds are not Book-Entry Bonds, the Owner shall deliver such Bonds not later than 11:00 a.m., New York City time, on the Remarketing Date to the Tender Agent at its Designated Office, accompanied by an instrument of transfer thereof, in form satisfactory to the Tender Agent, with the signature guaranteed in accordance with the guidelines set forth by one of the nationally recognized medallion signature programs. If the Bonds are Book-Entry Bonds, the tendering Participant shall transfer on the registration books of DTC the beneficial ownership interests in such Bonds tendered for purchase to the account of the Trustee or a Participant acting on behalf of the Trustee.

Section 5.11 Purchase and Remarketing of Bonds.

(a) Notice of Bonds Delivered for Purchase. Whenever the Bonds are Book-Entry Bonds, all references in this Section 5.11 to the Tender Agent shall instead mean the Trustee, as the context may require.

(i) The Trustee shall, no later than 90 days prior to the Conversion Date, inform the Remarketing Agent, the Borrower and the Authority that the Bonds shall be subject to mandatory tender on the Conversion Date pursuant to Section 5.10 hereof in an amount equal to the Bonds for which the Trustee does not receive direction by the Borrower at least 45 days prior to the Conversion Date to be optionally redeemed pursuant to Section 5.1 hereof.

(ii) As soon as practicable, the Tender Agent shall give telephonic, telegraphic or telecopier notice, promptly confirmed in writing, to the Trustee, specifying the Remarketing Date and the principal amount of Bonds required to be tendered for purchase in accordance with Section 5.10. The Trustee shall promptly forward said notice to the Remarketing Agent, the Borrower and the Authority.

(iii) The Tender Agent shall purchase, but only from the sources of funds listed below, Bonds required to be purchased in accordance with Section 5.10 from the Owners thereof by 3:00 p.m., New York City time, on the date such Bonds are required to be purchased at the Purchase Price provided in Section 5.10. Funds for the payment of such Purchase Price shall be derived from the proceeds of the sale of Bonds (but only such remarketing proceeds as are received from purchasers of the Bonds pursuant to Section 5.11(b) hereof) furnished to the Tender Agent or the Trustee, as applicable, by the Remarketing Agent; provided, however that such proceeds shall not have been derived from the Authority or the Borrower.

(iv) The provisions of this Section 5.11(a)(iv) shall not apply at any time to any Book-Entry Bonds. With respect to any Bonds tendered for purchase or required to be tendered for purchase as to which sufficient funds to accomplish such purchase are available to the Tender Agent:



(A) Such Bonds shall be deemed purchased for all purposes of this Indenture, irrespective of whether or not such Bonds shall have been presented to the Tender Agent, and the former Owner or Owners of such Bonds shall have no claim thereon, under this Indenture or otherwise for any amount other than the Purchase Price thereof and such Bonds shall no longer be deemed to be Outstanding for purposes of this Indenture and the Bond Registrar shall so note on the Bond Register for the Bonds.

(B) Subject to Section 5.11(f) hereof, in the event that any Bonds shall not be presented to the Tender Agent, the Tender Agent shall segregate and hold the moneys for the Purchase Price of such Bonds in trust, uninvested for the benefit of the former Owners of such Bonds, who shall, except as provided in the following paragraphs, thereafter be restricted exclusively to such moneys for the satisfaction of any claim for the Purchase Price of such Bonds.

(C) In the event that any Bonds shall not be presented to the Tender Agent at the time specified in Section 5.10 (an “Undelivered Bond”), then the Authority shall execute and deliver to the Tender Agent and the Tender Agent shall authenticate a new Bond or Bonds, as the case may be (each a “Replacement Bond”), in an aggregate principal amount equal to the principal amount of the Undelivered Bonds bearing a number or numbers not contemporaneously outstanding. Every Bond authenticated and delivered as provided in the preceding sentence shall be entitled to all the benefits of this Indenture equally and proportionately with any and all other Bonds duly issued hereunder. The Tender Agent shall maintain a record of any Undelivered Bonds, together with the names and addresses of the former Owners thereof.

(D) If on any Business Day any Bonds which have been deemed purchased as provided in Section 5.11(a)(iv)(A) hereof are delivered to the Tender Agent subsequent to the date and time specified for such delivery for payment of the Purchase Price thereof and are accompanied by an instrument of transfer thereof, in form satisfactory to the Tender Agent, executed in blank by the Owner thereof with the signature of such Owner guaranteed in accordance with the guidelines set forth by one of the nationally recognized medallion signature programs, the Tender Agent shall (subject to Section 5.11(f)) pay the Purchase Price of such Bond to the Owner no later than 12:00 noon, New York City time, on the next succeeding Business Day. Any such Bond so delivered to the Tender Agent shall be cancelled and delivered to the Trustee.

(b) Remarketing of Bonds; Notice of Interest Rates.

(i) The Remarketing Agent shall determine the rate of interest to be borne by the Bonds as provided in Section 2.16 hereof and shall furnish to the Trustee and the Tender Agent in a timely manner all information necessary for the

Tender Agent and the Trustee to carry out their respective duties hereunder, including, but not limited to, the interest rates applicable to all Bonds.

(ii) The Remarketing Agent shall periodically inform the Trustee pursuant to the Letter of Representations described in Section 2.12, if so requested, of the rate of interest borne by the Bonds from time to time.

(iii) The Remarketing Agent shall use its best efforts to sell any Bonds tendered for purchase to new purchasers, provided, however, that the Owners of the Bonds at the time of such tender shall have the first right to purchase the Bonds so tendered by the Remarketing Agent. Not later than 4:00 p.m. (New York time) on the Business Day before the Remarketing Date, the Remarketing Agent shall in writing notify the Trustee, the Tender Agent, the Borrower and the Authority of the amount of Bonds that have been remarketed as of such time and are to be purchased on the Remarketing Date. By 12:45 p.m. (New York time) on the Remarketing Date, the Tender Agent shall in writing update such notification to inform the Trustee of the actual amount of remarketing proceeds on hand.

(c) Delivery of Remarketed Bonds.

(i) The Trustee and the Tender Agent each shall respectively hold all Bonds delivered to them in trust for the benefit of the respective Owners thereof or for the benefit of the Participants until moneys representing the Purchase Price of such Bonds shall have been delivered to or for the account of or to the order of such Owners or Participants. The Trustee and the Tender Agent (or after five days, as provided in Section 5.11(f), the Trustee) each shall hold all moneys for the purchase of Bonds in trust in non-commingled funds for the benefit of the person or entity which shall have so delivered such moneys until Bonds purchased with such moneys shall have been delivered to or for the account of such person or entity. Neither the Authority nor the Borrower shall have any right, title, or interest in or to any moneys held by the Trustee, the Tender Agent or the Remarketing Agent. Bonds purchased pursuant to Section 5.10 hereof, including without limitation any Replacement Bond issued pursuant to Section 5.11(a)(iii)(C), shall be registered by the Trustee and made available to the Remarketing Agent by 1:30 p.m., New York City time, or transferred on the registration books of DTC on the date of such purchase or the date the ownership interest shall be transferred to the new Participants on the books of DTC, against payment in immediately available funds or evidence of immediately available funds in the form of a federal reserve wire number. The Tender Agent shall notify the Trustee of each Bond registered and delivered pursuant to this subsection (c)(i).

(ii) In the event that the Remarketing Agent is able to remarket any Bonds required to be purchased pursuant to Section 5.10 hereof after the time on which the Remarketing Agent is required to provide its first notice to the Trustee and the Tender Agent as specified in Section 5.11(b)(iii), but in no event later than 12:45 p.m. New York City time, on the Remarketing Date, the Remarketing

Agent shall give or cause the Trustee or Tender Agent, as applicable, to give a new notice in the manner and containing the details set forth in this Section 5.11, as soon as practicable after such remarketing. The Bonds so remarketed shall be registered by the Trustee in the names of the purchasers thereof as soon as practicable thereafter on the Remarketing Date or the next succeeding Business Day or transferred on the registration books of DTC to the account of Participants furnished to the Trustee or Tender Agent, as applicable, by the Remarketing Agent.

(d) Delivery of Proceeds of Sale. The proceeds from the remarketing of any Bonds received by the Remarketing Agent shall be transferred by the Remarketing Agent to the Tender Agent or the Trustee, as applicable, no later than 12:15 p.m., New York City time, on the Remarketing Date and, upon receipt thereof, the Tender Agent or the Trustee, as applicable, shall immediately apply such proceeds to the payment of the Purchase Price of Bonds to the Owners or Beneficial Owners thereof pursuant to Section 5.11(c)(i).

(e) Conditions. If, not less than one Business Day preceding the Remarketing Date:

(i) the Remarketing Agent shall have notified the Trustee and the Tender Agent pursuant to Section 5.11(b) of the remarketing of the Bonds and that the proceeds from the remarketing or other funds equal to the amount needed to purchase the remarketed Bonds on the Remarketing Date are expected to be available to the Trustee or the Tender Agent, as applicable, on the Remarketing Date in an amount equal to the principal amount of the Outstanding Bonds;

(ii) there shall be on deposit with the Trustee, from funds provided by the Borrower, an amount sufficient to pay estimated remarketing expenses, or provision for the payment of the estimated remarketing expenses shall have been made to the satisfaction of the Trustee and the Remarketing Agent;

(iii) the Authority shall have notified the Trustee in writing that it has approved as to form and substance any disclosure document or offering materials which, in the opinion of counsel to the Authority and the Remarketing Agent, is necessary to be used in connection with the remarketing of the Bonds;

(iv) either evidence of Investment Grade Rating on the Series 2013 Bonds or a letter of each Beneficial Owner regarding the Series 2013 Bonds in substantially the form attached hereto as Exhibit E, acceptable to the Authority has been provided;

(v) the Trustee shall have received, as necessary, a duly executed copy of a supplemental indenture, supplementing and amending this Indenture to reflect any change in the Debt Service Reserve Fund Requirement (Annual) or any other modifications necessary in connection with the remarketing; and

(vi) the Trustee shall have received certification from the Lessee that for the Fiscal Year following the Remarketing Date, the Net Income Available for Debt Service is equal to at least 1.10 times Maximum Annual Debt Service on all Indebtedness then outstanding, taking into account the interest rate to be in effect with respect to the Outstanding Bonds on and after the Remarketing Date; and

(vii) the Trustee shall have received an opinion of Bond Counsel to the effect that the remarketing of the Bonds will not affect adversely the exclusion from gross income, for federal income tax purposes, of the interest payable on the Bonds or the status of the Bonds as Qualified School Construction Bonds, as applicable,

then the Trustee shall immediately give notice to the Remarketing Agent, the Tender Agent, the Authority and the Borrower that (a) all conditions precedent to the remarketing of the Bonds have been satisfied and (b) the sale and settlement of the Outstanding Bonds is expected to occur on the Remarketing Date. Following the Trustee's notice, the Outstanding Bonds shall be sold to the purchasers identified by the Remarketing Agent for delivery and settlement as set forth in Sections 5.11(c) and 5.11(d) on the Remarketing Date.

(f) Unclaimed Moneys. The Tender Agent shall, at the end of the fifth Business Day after the Remarketing Date, transfer all remaining funds representing Undelivered Bonds pursuant to the provisions of Section 5.11(a) to the Trustee for deposit by the Trustee into a segregated account for the Bonds to be designated the "Unclaimed Moneys Account." The Trustee shall hold funds on deposit in the Unclaimed Moneys Account in trust uninvested for the payment of the Purchase Price thereof to the former Owners of such Bonds as required by the provisions of Section 5.11(a). Upon receipt by the Tender Agent of an Undelivered Bond, the Tender Agent shall request funds from the Trustee for the Purchase Price of such Bond and shall pay such Purchase Price to the party entitled to such payment as soon as practicable. Any such moneys so held in trust by the Tender Agent shall be held uninvested until paid to the person entitled thereto or paid to the Trustee as provided herein.

(g) Establishment of Accounts. The Trustee or the Tender Agent, as applicable, may establish such accounts with respect to moneys received from the purchase of Bonds as it deems necessary in order to carry out the provisions of this Section.

(h) Failed Remarketing. If, not less than one (1) Business Day preceding a Remarketing Date, any condition set forth in Section 5.11(e) has not been satisfied, then, (a) the Remarketing Agent shall not sell any of the Bonds on the Remarketing Date, (b) the Trustee shall, not less than one (1) Business Day preceding the Remarketing Date, give notice of that fact to the Authority, the Tender Agent, the Remarketing Agent, and Borrower, (c) the Bonds shall bear interest at a Term Interest Rate, provided, however, that such Term Interest Rate shall be the same interest rate as the interest rate on the Bonds as was in effect immediately prior to such Remarketing Date, and provided further that the duration of the corresponding Term Interest Rate Period shall be six months, and (d) the Owners of the Series 2013 Bonds shall retain the Bonds which Bonds shall be

subject to mandatory tender as set forth in Section 5.10 hereof on the first day of the next succeeding Term Interest Rate Period.

Section 5.12 Appointment and Succession of Remarketing Agent.

(a) Appointment; Duties. The Authority appoints [\_\_\_\_\_] as the Remarketing Agent for the Bonds. The Remarketing Agent shall advise the Borrower, the Trustee, the Tender Agent and the Authority of its address for purposes of receipt of notices to be given to the Remarketing Agent under this Indenture and shall signify its acceptance of the duties and obligations imposed upon it under this Indenture by a written instrument of acceptance delivered to the Authority, the Borrower and the Trustee. Under such acceptance, the Remarketing Agent must agree, with respect to each remarketing of Bonds:

(i) to establish the Term Interest Rate and to remarket the Bonds pursuant to and in accordance with the terms of the Indenture;

(ii) to give the notices provided for or otherwise required in the Indenture;

(iii) to hold all Bonds delivered to it under this Indenture in trust for the benefit of the Owners of the Bonds which shall have so delivered such Bonds until such Bonds are required to be delivered to the Trustee under this Indenture or until moneys representing the purchase price of such Bonds shall have been delivered to or for the account of or to the order of such Owners;

(iv) to hold all moneys, if any, delivered to it under this Indenture for the purchase of Bonds in trust in non-commingled funds for the benefit of the purchaser delivering such moneys until such moneys are required to be delivered to the Trustee or the Tender Agent, as applicable, under this Indenture; and

(v) to keep such books and records with respect to all actions taken and all funds and securities received, held and delivered under this Indenture as shall be consistent with prudent industry practice and to make such books and records available for inspection by the Authority, the Trustee and the Borrower at all reasonable times.

(b) Merger; Consolidation; Sale of Business. Any legal entity into which the Remarketing Agent may be merged, or with which it may be consolidated, or to which its investment banking business and assets may be sold or transferred as a whole or substantially as a whole, shall be and become the successor Remarketing Agent under this Indenture and shall be vested with all the powers, rights, obligations and duties under this Indenture as was its predecessor, without the execution or filing of any instrument by any party to this Indenture.

(c) Resignation. The Remarketing Agent may at any time resign and be discharged of the duties and obligations created by this Indenture by giving at least 90 days' prior written notice to the Authority, the Borrower, the Tender Agent and the

Trustee, provided that such resignation shall become effective prior to the expiration of such 90 day period upon, or shall not take effect in any event until, the date on which a successor Remarketing Agent approved in writing by the Authority shall have been appointed, shall have executed a written instrument accepting its duties and obligations and signifying its rights under this Indenture and shall be serving as Remarketing Agent under this Indenture.

(d) Removal. The Remarketing Agent may be removed at any time, upon thirty (30) days notice, by any instrument in writing executed by the Borrower or the Authority (provided that the Borrower is not in default under any Borrower Documents and provided that no event shall have occurred which, with notice or the lapse of time or both, would constitute such a default) delivered to the former Remarketing Agent, the Authority, the Borrower, the Tender Agent and the Trustee. The Borrower shall remove the Remarketing Agent at any time, upon thirty (30) days notice, by an instrument in writing, executed by the Borrower, at the direction of the Authority or a majority of the Owners of the Bonds Outstanding. If the Remarketing Agent fails to perform its duties under this Indenture (as determined by the Authority) the Authority will have the right, with or without cause, to remove the Remarketing Agent upon thirty (30) days notice by an instrument in writing filed with the Remarketing Agent, the Trustee, the Tender Agent and the Borrower; provided that no such removal shall be effective unless contemporaneously with such removal a successor Remarketing Agent shall be appointed in the manner provided in this Indenture and the duties and obligations of the Remarketing Agent under this Indenture must be accepted by the successor Remarketing Agent.

(e) Successor Remarketing Agent. In the event of the resignation or removal of the Remarketing Agent, or in the event the Remarketing Agent shall be dissolved, or if the property or affairs of the Remarketing Agent shall be taken under the control of any state or federal court or administrative body, or if the Remarketing Agent shall have ceased to conduct its investment banking business, or if the authorization of the Remarketing Agent to conduct its investment banking business or to hold funds or securities of customers shall have been terminated or suspended by any regulatory body having jurisdiction over the affairs of the Remarketing Agent, by reason of insolvency, bankruptcy, violation of capitalization requirements, or for any other reason, a successor Remarketing Agent meeting the requirements set forth in Section 5.13(f) herein shall be appointed by the Borrower with the prior written consent of the Authority (provided that the Borrower is not in default under any Borrower Documents and provided that no event shall have occurred which, with notice or the lapse of time or both, would constitute such a default) and written notice of such appointment shall be filed with the Trustee and the Authority. If the Borrower is disqualified from making such appointment, a successor Remarketing Agent may be appointed by the Authority or the Trustee; notice of such appointment shall be given to the Trustee, the Authority and the Borrower, as applicable. The former Remarketing Agent shall pay over, assign and deliver any moneys and Bonds held by it in such capacity to the successor Remarketing Agent when appointed, or, if no successor Remarketing Agent is appointed within 30 days, to the Trustee.

(f) Qualifications of Successor Remarketing Agent. Any successor Remarketing Agent shall be a member of the Financial Industry Regulatory Authority, or a commercial bank (or a separate department or division of one of the foregoing) which is a registered Municipal Securities Dealer, shall have a capitalization of at least \$10,000,000 and shall be authorized by law to perform all the duties imposed upon it by this Indenture and applicable law.

Section 5.13 Duties of Remarketing Agent with Respect to Remarketing. In addition to the duties and responsibilities of the Remarketing Agent prior to the remarketing of Bonds specified in this Indenture, the Remarketing Agent shall:

(a) not less than 15 Business Days prior to each Remarketing Date, submit to the Trustee a statement for all remarketing expenses which have been or are expected to be incurred by or are payable to the Remarketing Agent, together with statements or other appropriate information concerning any other remarketing expenses known to the Remarketing Agent which are payable to other parties;

(b) not more than 10 days prior to each Remarketing Date, offer the Bonds for sale, establish the Term Interest Rate in the manner contemplated herein, and give notice to the Trustee, the Authority, the Tender Agent and the Borrower of the Term Interest Rate;

(c) not later than 4:00 p.m. New York time on the Business Day prior to the Remarketing Date (a) advise the Trustee, the Borrower, the Tender Agent and the Authority whether the Bonds have been remarketed, and if the Bonds have been remarketed, commit to transfer to the Tender Agent or the Trustee, as applicable, by 12:15 noon, New York time, on the Remarketing Date, an amount equal to the purchase price of all Bonds sold by the Remarketing Agent together with the purchase price of all Bonds, if any, to be purchased by the Remarketing Agent for its own account, (b) deliver to the Trustee and the Tender Agent information as to denominations, names and addresses of the purchasers of the Bonds and such other information with respect to the Bonds which have been remarketed by the Remarketing Agent as shall be necessary to enable the Trustee to prepare definitive Bonds for delivery to the purchasers of such Bonds, and (c) deliver to the Trustee all Bonds to be purchased on the Remarketing Date, if any, which may have been delivered to the Remarketing Agent; and

(d) not less than one Business Day prior to the Remarketing Date, notify the Trustee and the Authority if the Remarketing Agent was unable to remarket all of the Bonds; and

(e) not later than 12:15 p.m., New York time, on the Remarketing Date, deliver to the Trustee or the Tender Agent, as applicable, all proceeds of remarketing, if any, which have been deposited with the Remarketing Agent.

Section 5.14 Appointment and Succession of Tender Agent.

(a) Appointment; Duties. The Tender Agent shall designate its principal office and signify its acceptance of all of the duties and obligations imposed upon it

hereunder by a written instrument of acceptance delivered to the Authority, the Trustee and the Remarketing Agent. The Tender Agent shall perform the duties provided for in this Indenture and in exercising such duties shall be entitled to the same rights and immunities applicable to the Trustee as set forth in this Indenture and shall not be liable for any action or omission to act except for negligence or willful misconduct. Notwithstanding any provision of this Indenture to the contrary, the Tender Agent shall not be responsible for any misconduct or negligence on the part of any agent, correspondent, attorney or receiver appointed with due care by it hereunder. When acting as co-authenticating agent hereunder, the Tender Agent shall promptly notify the Trustee in writing transfers and exchanges of Bonds. The Authority appoints the Trustee as the initial Tender Agent for the Bonds.

(b) Merger; Consolidation; Sale of Business. Any legal entity into which the Tender Agent may be merged, or with which it may be consolidated, or to which its corporate trust business and assets may be sold or transferred as a whole or substantially as a whole, shall be and become the successor Tender Agent under this Indenture and shall be vested with all the powers, rights, obligations and duties under this Indenture as was its predecessor, without the execution or filing of any instrument by any party to this Indenture.

(c) Resignation. The Tender Agent may at any time resign and be discharged of the duties and obligations created by this Indenture by giving at least 90 days' prior written notice to the Authority, the Borrower, the Remarketing Agent and the Trustee, provided that such resignation shall become effective prior to the expiration of such 90 day period upon, or shall not take effect in any event until, the date on which a successor Tender Agent approved in writing by the Authority shall have been appointed, shall have executed a written instrument accepting its duties and obligations and signifying its rights under this Indenture and shall be serving as Tender Agent under this Indenture. If no successor is appointed within 90 days after the notice of resignation then, the Holder of any Outstanding Bond or any retiring Tender Agent may apply to any court of competent jurisdiction for the appointment of a successor Tender Agent to act until such time as a successor shall have been appointed as provided above. Any successor appointed by a court shall immediately and without further act be superseded by any successor appointed as above provided.

(d) Removal. The Tender Agent may be removed at any time, upon thirty (30) days notice, by any instrument in writing executed by the Borrower or the Authority (provided that the Borrower is not in default under any Borrower Documents and provided that no event shall have occurred which, with notice or the lapse of time or both, would constitute such a default) delivered to the former Tender Agent, the Authority, the Borrower, the Remarketing Agent and the Trustee. The Borrower shall remove the Tender Agent at any time, upon thirty (30) days notice, by an instrument in writing, executed by the Borrower, at the direction of the Authority or a majority of the Owners of the Bonds Outstanding. If the Tender Agent fails to perform its duties under this Indenture (as determined by the Authority) the Authority will have the right, with or without cause, to remove the Tender Agent upon thirty (30) days notice by an instrument in writing filed with the Tender Agent, the Trustee, the Remarketing Agent and the



Borrower; provided that no such removal shall be effective unless contemporaneously with such removal a successor Tender Agent shall be appointed in the manner provided in this Indenture and the duties and obligations of the Tender Agent under this Indenture must be accepted by the successor Tender Agent.

(e) Successor Tender Agent. In the event of the resignation or removal of the Tender Agent, or in the event the Tender Agent shall be dissolved, or if the property or affairs of the Tender Agent shall be taken under the control of any state or federal court or administrative body, or for any other reason, a successor Tender Agent meeting the requirements set forth in Section 5.14(f) herein shall be appointed by the Borrower with the prior written consent of the Authority (provided that the Borrower is not in default under any Borrower Documents and provided that no event shall have occurred which, with notice or the lapse of time or both, would constitute such a default) and written notice of such appointment shall be filed with the Trustee and the Authority. If the Borrower is disqualified from making such appointment, a successor Tender Agent may be appointed by the Authority or the Trustee; notice of such appointment shall be given to the Trustee, the Authority and the Borrower, as applicable. The former Tender Agent shall pay over, assign and deliver any moneys and Bonds held by it in such capacity to the successor Tender Agent when appointed, or, if no successor Tender Agent is appointed within 30 days, to the Trustee.

(f) Qualifications of Successor Tender Agent. Any successor Tender Agent shall be a bank or trust company (in each case having trust powers) organized and doing business under the laws of the United State of America or any state and shall have a capitalization of at least \$10,000,000 and shall be authorized by law to perform all the duties imposed upon it by this Indenture and applicable law.

## ARTICLE VI

### INVESTMENTS

Section 6.1 Investment of Revenue Fund, Bond Principal Fund, Bond Interest Fund, Debt Service Reserve Fund, Project Fund, Cost of Issuance Fund, Tax and Insurance Escrow Fund, Expense Fund, Rebate Fund and Repair and Replacement Fund. So long as no Event of Default exists, on written instructions received by the Trustee from an Authorized Representative of the Borrower on which instructions the Trustee may conclusively rely, any moneys held as part of the Funds shall be invested by the Trustee in Investment Obligations (a) with respect to the Expense Fund, the Cost of Issuance Fund and the Tax and Insurance Escrow Fund, maturing in the amounts and at the times necessary to provide funds to make the payments to which such moneys are applicable, (b) with respect to the Bond Principal Fund and the Bond Interest Fund, maturing in the amounts and at the times necessary to provide funds to make the necessary principal and interest payments, as applicable, and with respect to the Rebate Fund, maturing in the amounts and at the times necessary to provide funds to make the payments to which such moneys are applicable as determined by the Trustee, and (c) with respect to the Debt Service Reserve Fund, the Repair and Replacement Fund, the Revenue Fund and the Project Fund, maturing in the amounts and at the times necessary to provide funds to make the payments to which such moneys are applicable. Investments in the Debt Service Reserve Fund are further

subject to Section 5.14(a)(vi) in the event that a sinking fund schedule is established in connection with a Remarketing of the Bonds. If no such direction is received by the Trustee, the Trustee shall invest and reinvest such moneys in any investment referred to in subsection (e) of the definition of Investment Obligations. All such Investment Obligations purchased shall mature or be redeemable on a date or dates prior to the time when the moneys so invested will be required for expenditure. The Trustee shall value the Investment Obligations held within the Funds on each Interest Payment Date to the extent required by Article III. In computing for any purpose hereunder the amount in any Fund on any date, Investment Obligations purchased shall be valued at the lesser of their market value or cost. The Trustee shall sell and reduce to cash a sufficient portion of such investments whenever the cash balance in a Fund is insufficient for the purposes of such Fund. The Trustee agrees to retain the documentation with respect to investments of moneys in the Funds as required and as described in the Tax Certificate. The Trustee may make any and all investments permitted by the provisions of this Section through its trust or bond departments.

The Authority acknowledges that to the extent regulations of the comptroller of the currency or any other regulatory entity grant the Authority the right to receive brokerage confirmations of the 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 semiannual cash transaction statements which include the detail for all investment transactions made by the Trustee hereunder.

Section 6.2 Tax Status of the Interest on the Qualified School Construction Bonds. The Authority hereby acknowledges that in order to ensure that the tax status of the interest on the Series 2013 Bonds as Qualified School Construction Bonds qualifying for Direct Payments is not adversely affected, it has secured from the Borrower the covenants set forth in Section 4.8 of the Agreement and in the Tax Certificate.

Section 6.3 Allocation and Transfers of Investment Income. Any investments shall be held by or under the control of the Trustee and shall be deemed at all times a part of the Fund from which the investment was made. Any loss resulting from such investments shall be charged to such Fund or appropriate subaccount therein. Any interest or other gain from any Fund from any investment or reinvestment pursuant to Section 6.1 hereof realized shall be retained therein or shall be allocated and transferred as follows:

(a) Any interest or other gain realized as a result of any investments or reinvestments of moneys in the Bond Principal Fund and the Bond Interest Fund shall be retained in the respective Fund unless a deficiency exists in the Debt Service Reserve Fund at the time such interest is received or other gain is realized in the Bond Principal Fund or Bond Interest Fund, as the case may be, in which case such interest or other gain shall be paid into the Debt Service Reserve Fund forthwith.

(b) Any interest or other gain realized as a result of any investments or reinvestments of moneys in the Debt Service Reserve Fund shall be credited to the Debt Service Reserve Fund if the amount therein is less than the Debt Service Reserve Fund Requirement (Aggregate). If the amount in the Debt Service Reserve Fund is greater than the Debt Service Reserve Fund Requirement (Aggregate), such amount in excess of

the Debt Service Reserve Fund Requirement (Aggregate) shall be paid monthly into the Bond Interest Fund while any Bonds remain outstanding.

(c) Any interest or other gain realized as a result of any investments or reinvestments of moneys in the Repair and Replacement Fund shall be credited to the Repair and Replacement Fund if the amount therein is less than the Repair and Replacement Fund Requirement. If the amount in the Repair and Replacement Fund is greater than the Repair and Replacement Fund Requirement, such amount in excess of the Repair and Replacement Fund Requirement shall be paid monthly into the Bond Interest Fund while any Bonds remain outstanding.

(d) Except upon the redemption of the Bonds pursuant to Section 5.3 hereof, any interest or other gain realized as a result of any investments or reinvestments of moneys in the Project Fund shall be retained in the Project Fund until the Completion Date, and used to pay for costs of the Project and thereafter any remaining amount, shall be paid monthly into the Bond Interest Fund while any Bonds remain outstanding to be used to pay interest on the Bonds and the Borrower shall receive a credit of such amount against its monthly payment owed pursuant to Section 5.1(a) of the Agreement.

(e) Any interest or other gain actually realized in cash (as opposed to unrealized market increases) as a result of any investments or reinvestments of moneys in the Cost of Issuance Fund, and the Revenue Fund shall be retained in the respective Fund.

(f) Any interest or other gain actually realized in cash (as opposed to unrealized market increases) as a result of any investments or reinvestments of moneys in the Expense Fund, shall be transferred to the Revenue Fund.

Notwithstanding the provisions of this Section, any interest or other gain from any Fund shall be transferred to the Rebate Fund to the extent required on behalf of the Borrower pursuant to Section 4.7 of the Agreement, except that no such transfer shall be made from any Fund if such transfer would cause the amount then on deposit in such Fund to be less than required by the provisions of this Indenture.

## ARTICLE VII

### DISCHARGE OF INDENTURE

Section 7.1 Discharge of this Indenture. If, when the Bonds secured hereby shall be paid in accordance with their terms (or payment of the Bonds has been provided for in the manner set forth in the following paragraph), together with all other sums payable hereunder, all amounts payable to the Authority and the Trustee under the Agreement and all amounts payable to the United States pursuant to Section 148 of the Code, have been paid then this Indenture and the Trust Estate and all rights granted hereunder shall thereupon cease, terminate and become void and be discharged and satisfied. Also if all Outstanding Bonds secured hereby shall have been purchased by the Borrower and delivered to the Trustee for cancellation, and all other sums payable hereunder, all amounts payable to the Authority and the Trustee under the

Agreement and all amounts payable to the United States pursuant to Section 148 of the Code have been paid, or provision shall have been made for the payment of the same, then this Indenture and the Trust Estate and all rights granted hereunder shall thereupon cease, terminate and become void and be discharged and satisfied. In such events, upon the request of the Borrower, the Trustee shall assign and transfer to the Borrower all property then held by the Trustee hereunder with respect to the Borrower and shall execute such documents as may be reasonably required by the Borrower and shall turn over to the Borrower the surplus in any Fund pursuant to Section 3.21 hereof, except to the extent otherwise required by Section 4.8 of the Agreement.

Payment of any Outstanding Bond shall, prior to the maturity or redemption date thereof, be deemed to have been provided for within the meaning and with the effect expressed in this Section if: (a) in case said Bond is to be redeemed on any date prior to its maturity except a mandatory sinking fund redemption, the Borrower shall have given to the Trustee in form satisfactory to it irrevocable instructions to give notice of redemption of such Bond on said redemption date, such notice to be given in accordance with the provisions of Section 5.5 hereof, (b) there shall have been deposited with the Trustee either cash moneys in an amount which shall be sufficient, or Government Obligations which shall not contain provisions permitting the redemption thereof at the option of the Authority, the principal of and the interest on which when due, and without any reinvestment thereof, will provide moneys which, together with the moneys, if any, deposited with or held by the Trustee at the same time, shall be sufficient to pay when due the principal of and premium, if any, and interest due and to become due on said Bond on and prior to the redemption date or maturity date thereof, as the case may be, (c) there shall have been delivered to the Trustee a certificate from a firm of certified public accountants or other financial services firm acceptable to the Trustee certifying as to the sufficiency of the deposit made pursuant to the preceding clause (b), (d) there shall have been delivered to the Trustee and the Authority an opinion of Bond Counsel satisfactory to the Trustee and the Authority that said Bond is deemed paid within the meaning of this Indenture and such payment does not adversely affect the exclusion from gross income of interest on the Tax-Exempt Bonds or the status of any Outstanding Bonds as Qualified School Construction Bonds, as applicable (e) there shall have been delivered to the Trustee and the Authority an Opinion of Counsel satisfactory to the Trustee and the Authority that (i) the escrow deposit will not constitute a voidable preference or transfer under the Federal Bankruptcy Code or any other similar state or federal statute in the event the Authority or the Borrower becomes a debtor within the meaning of the Federal Bankruptcy Code or comes within the protection of such similar state or federal statute (“Insolvency Event”) and (ii) in such Insolvency Event, the escrow deposit will not be treated as part of the estate of the Authority or the Borrower, and (f) in the event said Bond is not by its terms subject to redemption within the next 45 days, the Borrower shall have given the Trustee in form satisfactory to it irrevocable instructions to give, as soon as practicable in the same manner as the notice of redemption is given pursuant to Section 5.5 hereof, a notice to the Registered Owner of such Bond that the deposit required by (b) above has been made with the Trustee and that payment of said Bond has been provided for in accordance with this Section and stating such maturity or redemption date upon which moneys are to be available for the payment of the principal of and premium, if any, and interest on said Bond. Neither such securities nor moneys deposited with the Trustee pursuant to this Section or principal or interest payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal of and premium, if any, and interest on said Bond;

provided any cash received from such principal or interest payments on such securities deposited with the Trustee, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities of the type described in clause (b) of this paragraph maturing at times and in amounts sufficient to pay when due the principal of and premium, if any, and interest to become due on said Bond on or prior to such redemption date or maturity date thereof, as the case may be. At such time as payment of a Bond has been provided for as aforesaid, such Bond shall no longer be secured by or entitled to the benefits of this Indenture, except for the purpose of any payment from such moneys or securities deposited with the Trustee.

The release of the obligations of the Authority and Borrower under this Section shall be without prejudice to the right of the Trustee or the Authority to be paid reasonable compensation for all services rendered by it hereunder and all its reasonable expenses, charges and other disbursements incurred on or about the administration of the trust hereby created and the performance of its powers and duties hereunder.

Notwithstanding anything contained herein to the contrary, provision shall not be made for the payment of any Bonds if such provision would constitute an advance refunding under the Code, unless simultaneously with such provision for payment, the Borrower delivers to the Authority and the Trustee an opinion of nationally recognized Bond Counsel acceptable to the Authority and the Trustee to the effect that such provision will not adversely affect the exclusion from gross income of the interest on the Tax-Exempt Bonds or the status of any Outstanding Bonds as Qualified School Construction Bonds, as applicable.

The provisions contained in this Section 7.1 apply equally to the discharge of the lien of this Indenture for all of the Bonds or any portion thereof.

Section 7.2 Survival. Notwithstanding the payment in full of the Bonds, the discharge of this Indenture as set forth in Section 7.1 above, and the termination or expiration of the Agreement and the Mortgage, all provisions in this Indenture concerning (a) the tax-exempt status of the Tax-Exempt Bonds (including, but not limited to provisions concerning Rebate), (b) the interpretation of this Indenture, (c) the governing law, (d) the forum for resolving disputes, (e) the Authority's right to rely on facts or certificates, (f) the indemnity of the Authority and Authority's directors, officers, counsel, advisors, and agents from liability, (g) the Authority's lack of pecuniary liability, and (h) the indemnity of the Trustee and the rights, powers and duties of the Trustee as may be necessary and convenient for the payment of amounts due or to become due on the Bonds and the registration, transfer, exchange and replacement of Bonds, shall survive and remain in full force and effect.

## ARTICLE VIII

### DEFAULTS AND REMEDIES

Section 8.1 Events of Default. Each of the following is hereby defined as and shall be deemed an "Event of Default" under this Indenture:

(a) Failure in the payment by the Authority of the principal of or premium, if any, on any Bond when the same shall become due and payable, whether at the stated maturity thereof, on a sinking fund payment date or upon proceedings for redemption.

(b) Failure in the payment by the Authority of any installment of interest on any Bond when the same shall become due and payable.

(c) Failure shall be made in the observance or performance of any covenant, agreement, contract or other provision in the Bonds or this Indenture (other than as referred to in (a) or (b) of this Section) and such default shall continue for a period of 30 days after written notice to the Authority, the Borrower and the Trustee from the Registered Owners of at least a majority in aggregate principal amount of the Bonds then Outstanding or to the Authority and the Borrower from the Trustee specifying such default and requiring the same to be remedied, provided, with respect to any such failure covered by this subsection (c), no Event of Default shall be deemed to have occurred so long as a course of action adequate to remedy such failure shall have been commenced within such 30-day period and shall thereafter be diligently prosecuted to completion and the failure shall be remedied thereby within 90 days of such notification.

(d) A Determination of Taxability.

(e) A Determination of Disqualification.

(f) The occurrence of an Event of Default (as defined therein) under the Loan Agreement upon direction of the Owners of a majority of all Bonds Outstanding that such event shall constitute an Event of Default under this Indenture.

Upon the occurrence of an Event of Default under this Indenture, the Trustee shall promptly notify the Registered Owners and the Borrower by facsimile of such occurrence, which notification shall set forth the specific nature of the Event of Default or Defaults and shall also state what actions are being taken or are being considered to be taken by the Trustee, the Authority or the Borrower (to the extent the Trustee has knowledge such actions are being taken by the Authority or the Borrower) to remedy such Event of Default. Throughout the continuance of any Event of Default hereunder, the Trustee shall promptly notify the Registered Owners of any plan or proposal of any defaulting party or the Borrower relating to the curing of such Event of Default which is known to the Trustee.

The time periods for cure set forth in (c) above shall not be applicable to any events or actions which cause or might cause a Determination of Taxability or a Determination of Disqualification.

Section 8.2 Remedies for Events of Default Under This Indenture. Upon the occurrence of an Event of Default hereunder, the Trustee may exercise and, at the direction of the Owners of a majority of the aggregate principal amount of all the Bonds Outstanding, shall exercise the following rights and remedies:

(a) Acceleration. The Trustee (i) may by notice in writing given to the Authority and the Borrower, or (ii) shall, upon the written request of the Owners of a

majority of all Bonds Outstanding, declare the principal amount of all Bonds then Outstanding and the interest accrued thereon to be immediately due and payable and said principal and interest shall thereupon become immediately due and payable. Upon any declaration of acceleration hereunder, the Trustee shall immediately declare all Loan Payments under the Agreement to be immediately due and payable as provided in Section 10.2 of the Agreement. The Owners of a majority of the Bonds Outstanding shall have the right to annul such declaration of acceleration by providing notice in writing to the Trustee, the Authority and the Borrower.

(b) Receivership. Upon the filing of a bill in equity or other commencement of judicial proceedings to enforce the rights of the Trustee and of the Registered Owners, the Trustee shall be entitled as a matter of right to the appointment of a receiver or receivers of the rents, revenues, income, products and profits related to the Borrower and the Facilities, pending such proceedings, but, notwithstanding the appointment of any receiver, trustee or other custodian, the Trustee shall be entitled to the possession and control of any cash, securities or other instruments at the time held by, or payable or deliverable under the provisions of this Indenture to, the Trustee.

(c) Foreclosure. The Trustee shall have the right to foreclose on all or any portion of the property subject to the Mortgage or any interest of the Authority therein to the extent permitted by a mortgagee by the laws of the State and exercise all of the rights and remedies of a secured party under the Uniform Commercial Code of the State with respect thereto, and to realize upon the security interest in the Pledged Revenues and to exercise all of the rights and remedies of a secured party under the Uniform Commercial Code of the State with respect thereto. Notwithstanding any provision herein to the contrary, the Trustee shall have the absolute right, regardless of direction from the Registered Owner or group of Registered Owners, to refuse to foreclose on the property subject to the Mortgage or any interest of the Authority as stated above unless a determination has been made of the potential environmental liability and indemnification satisfactory to the Trustee has been provided to the Trustee.

(d) Suit for Judgment on the Bonds. The Trustee shall be entitled to sue for and recover judgment, either before or after or during the pendency of any proceedings for the enforcement of the lien of this Indenture, for the enforcement of any of its rights, or the rights of the Registered Owners, but any such judgment against the Authority shall be enforceable only against the Trust Estate. No recovery of any judgment by the Trustee shall in any manner or to any extent affect the lien of this Indenture or any rights, powers or remedies of the Trustee hereunder, or any lien, rights, powers or remedies of the Registered Owners of the Bonds, but such lien, rights, powers and remedies of the Trustee and of the Registered Owners shall continue unimpaired as before.

No right or remedy is intended to be exclusive of any other right or remedy, but each and every such right or remedy shall be cumulative and in addition to any other right or remedy given hereunder or now or hereafter existing at law or in equity or by statute.

If any Event of Default hereunder shall have occurred and if requested by the Registered Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding,

and after being indemnified or receiving other assurances as provided in Section 9.1 hereof, then the Trustee shall be obligated to exercise such one or more of the rights and powers conferred by this Section as the Trustee, being advised by counsel, shall deem most expedient in the interests of the Registered Owners.

Section 8.3 Direction of Remedies and Assignment of Trustee's Rights. Anything in this Indenture to the contrary notwithstanding, the Holders of a majority of an aggregate principal amount of the Bonds Outstanding shall have the right, at any time, to the extent permitted by law, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the time, method, and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of this Indenture, or for the appointment of a receiver, or any other proceedings or remedies hereunder provided that such direction shall not be otherwise than in accordance with the provisions hereof. The Trustee shall not be required to act on any direction given to it pursuant to this Section unless indemnified or receiving other assurances as provided in Section 9.1 hereof. Notwithstanding the foregoing and anything in this Indenture to the contrary, upon the occurrence of an Event of Default under this Indenture the Trustee shall, upon receipt of a written direction by the Owners of 100% of the aggregate principal amount of all the Bonds Outstanding, assign all the Trustee's rights and interests under this Indenture, including but not limited to, the Trustee's right to exercise remedies hereunder, and the Owners of 100% of the aggregate principal amount of all the Bonds Outstanding shall be entitled to exercise any rights and remedies under this Indenture as though they were the Trustee.

Section 8.4 Rights and Remedies of Registered Owners. Except for the rights of the Owners of 100% of the aggregate principal amount of all the Bonds Outstanding as provided in Section 8.3 of the Indenture, no Registered Owner of any Bond shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement of this Indenture or for the execution of any trust hereof or for the appointment of a receiver or any other remedy hereunder, unless a default has occurred of which the Trustee has been notified as provided in Section 9.1 hereof, or of which by Section 9.1 hereof it is deemed to have notice, nor unless such default shall have become an Event of Default and the Registered Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding shall have made written request to the Trustee and shall have offered reasonable opportunity either to proceed to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name, nor unless they have also offered to the Trustee indemnity or other assurances as provided in Section 9.1 hereof nor unless the Trustee shall thereafter fail or refuse to exercise within a reasonable period of time (not to exceed 30 days) the powers hereinbefore granted, or to institute such action, suit or proceeding in its own name; and such notification, request, and offer of indemnity or other assurances are hereby declared in every case at the option of the Trustee to be conditions precedent to the execution of the powers and trusts of this Indenture, and to any action or cause of action for the enforcement of this Indenture, or for the appointment of a receiver or for any other remedy hereunder; it being understood and intended that no one or more Registered Owners of the Bonds shall have the right in any manner whatsoever to affect, disturb or prejudice the lien of this Indenture by his, her or their action or to enforce any right hereunder except in the manner herein provided and that all proceedings at law or in equity shall be instituted, had, and maintained in the manner herein provided and for the equal benefit of the Registered Owners of the Bonds then Outstanding. Nothing in this Indenture contained shall,



however, affect or impair the right of any Registered Owner of Bonds to enforce the payment, by the institution of any suit, action or proceeding in equity or at law, of the principal of, premium, if any or interest on any Bond at and after the maturity thereof, or the obligation of the Authority to pay the principal of, premium, if any, and interest on each of the Bonds to the respective Registered Owners of the Bonds at the time and place, from the source and in the manner herein and in the Bonds expressed.

Section 8.5 Application of Moneys. All moneys received by the Trustee pursuant to any right given or action taken under the provisions of this Article shall, after payment of the costs and expenses of the proceedings resulting in the collection of such moneys, including the expenses, liabilities and advances incurred or made by the Trustee, the costs and expenses of the Registered Owners, any Rebate Amounts, be held or deposited into the Bond Principal Fund and the Bond Interest Fund during the continuance of an Event of Default and shall be applied as follows:

(a) Unless the principal of all the Bonds shall have become or shall have been declared due and payable, all such moneys shall be applied:

FIRST, to the payment to the Persons entitled thereto of all installments of interest then due on the Bonds, in the order of the maturity of the installments of such interest and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the Persons entitled thereto, without any discrimination or privilege; and

SECOND, to the payment to the Persons entitled thereto of the unpaid principal of and premium, if any, on any of the Bonds which shall have become due (other than Bonds called for redemption for the payment of which moneys are held pursuant to the provisions of this Indenture), in the order of their due dates and, if the amount available shall not be sufficient to pay in full Bonds due on any particular date, together with such interest, then to the payment ratably, according to the amount of principal due on such date, to the Persons entitled thereto, without any discrimination or privilege.

(b) If the principal of all of the Bonds entitled to share equally in such moneys, shall have become or shall have been declared due and payable, all such moneys shall be applied to the payment of the principal and interest then due and unpaid on the Bonds without preference or priority of principal over interest or interest over principal, or of any installment of interest over any other installment of interest, or of any such Senior Bond over any other such Senior Bond, ratably, according to the amounts due respectively for principal and interest, to the Persons entitled thereto without any discrimination or preference except as to any difference in the respective rates of interest specified in the Bonds.

Whenever moneys are to be applied pursuant to the provisions of this Section, such moneys shall be applied at such times, and from time to time, as the Trustee shall determine, having due regard to the amount of such moneys available for application and the likelihood of

additional moneys becoming available for such application in the future. Whenever the Trustee shall apply such funds, it shall fix the date (which shall be an Interest Payment Date unless it shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such dates shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the deposit of any such moneys and of the fixing of any such date, and shall not be required to make payment to the Registered Owner of any Bond until such Bond shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

Whenever all of the Bonds, the premium, if any, and interest thereon have been paid under the provisions of this Section and all expenses and fees of the Trustee and the Authority, including the Authority's Administration Fee and the Authority's Annual Fee, and all other amounts to be paid to the Authority or the Trustee hereunder or under the Agreement have been paid, any balance remaining in the Funds shall be applied as provided in Section 3.21 hereof.

Section 8.6 Trustee May Enforce Rights Without Bonds. All rights of action and claims under this Indenture or any of the Bonds Outstanding may be enforced by the Trustee without the possession of any of the Bonds or the production thereof in any trial or proceedings relative thereto; and any suit or proceeding instituted by the Trustee shall be brought in its name as Trustee, without the necessity of joining as plaintiffs or defendants any Registered Owners of the Bonds.

Section 8.7 Proofs of Claim. In case of the pendency of any receivership, insolvency, liquidation, bankruptcy, reorganization, arrangement, adjustment, composition or other judicial proceeding relative to the Authority or the Borrower or any other obligor upon the Bonds or the property of the Authority, the Trustee (irrespective of whether the principal of the Bonds shall then be due and payable, from prepayment on the Promissory Notes, as therein expressed or by declaration or otherwise and irrespective of whether the Trustee shall have made any demand on the Authority and/or the Borrower for the payment of overdue principal or interest) shall be entitled and empowered, by intervention of such proceeding or otherwise,

(a) to file and prove a claim for the whole amount of principal, premium, if any, and interest owing and unpaid in respect of the Bonds then Outstanding and to file such other papers or documents as may be necessary or advisable in order to have the claims of the Trustee (including any claim for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel) and of the Owners allowed in such judicial proceeding; and to collect and receive any moneys or other property payable or deliverable on any such claims and to distribute the same;

(b) and any receiver, assignee, trustee, liquidator, sequestrator (or other similar official) in any such judicial proceeding is hereby authorized by each Owner to make such payments to the Trustee, and, in the event that the Trustee shall consent to the making of such payments directly to the Owners, to pay to the Trustee any amount due to it for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agent and counsel.

So long as any Bonds are Outstanding the Trustee is hereby appointed, and the successive respective Owners of the Bonds, by taking and holding the same, shall be conclusively deemed to have so appointed the Trustee, the true and lawful attorney-in-fact of the respective Owners of the Bonds, with authority to make or file, in the respective names of the Owners of the Bonds or on behalf of all Owners of the Bonds, as a class, any proof of debt, amendment to proof of debt, petition or other documents and to execute any other papers and documents and to do and perform any and all acts and things for and on behalf of all Owners of the Bonds as a class, as may be necessary or advisable in the opinion of the Trustee, in order to have the respective claim of the Owners of the Bonds against the Authority, the Borrower or any other obligor allowed in receivership, insolvency, liquidation, bankruptcy or other proceeding, to which the Authority, the Borrower or any other obligor, as the case may be, shall be a party. The Trustee shall have full power of substitution and delegation in respect of any such powers.

Section 8.8 Delay or Omission No Waiver. No delay or omission of the Trustee or of any Registered Owner to exercise any right or power accruing upon any default shall exhaust or impair any such right or power or shall be construed to be a waiver of any such default, or acquiescence therein; and every power and remedy given by this Indenture may be exercised from time to time and as often as may be deemed expedient.

Section 8.9 No Waiver of One Default to Affect Another.

No waiver of any default hereunder, whether by the Trustee or the Registered Owners, shall extend to or affect any subsequent or any other then existing default or shall impair any rights or remedies consequent thereon.

Section 8.10 Discontinuance of Proceedings on Default; Position of Parties Restored.

In case the Trustee or the Registered Owners shall have proceeded to enforce any rights under this Indenture and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Trustee or the Registered Owners, then and in every such case the Authority, the Trustee and the Registered Owners shall be restored to their former position and rights hereunder with respect to the Trust Estate, and all rights, remedies, and powers of the Authority, the Trustee and the Registered Owners shall continue as if no such proceedings had been taken.

Section 8.11 Waivers of Events of Default.

The Trustee, upon prior written consent of the Owners of two-thirds in aggregate principal amount of the Bonds Outstanding, may, and at the direction of the Owners of two-thirds in aggregate principal amount of the Bonds Outstanding shall, waive any Event of Default hereunder and its consequences and rescind any declaration of acceleration of maturity of principal of and interest on the Bonds; provided, however, that there shall not be waived (a) any Event of Default in the payment of the principal of or premium on any Outstanding Bonds at the date of maturity or redemption thereof or any default in the payment when due of the interest on any such Bonds, unless prior to such waiver or rescission, all arrears of interest or all arrears of payments of the principal and premium, if any, and all expenses of the Trustee, and all amounts

to be paid to the Authority and the Trustee hereunder and under the Agreement, in connection with such default shall have been paid or provided for or, (b) any default in the payment of amounts under the Tax Certificate. In case of any such waiver or rescission, or in case any proceedings taken by the Trustee on account of any such default shall have been discontinued or abandoned or determined adversely to the Trustee, then and in every such case the Authority, the Trustee and the Registered Owners shall be restored to their former positions and rights hereunder respectively, but no such waiver or rescission shall extend to or affect any subsequent or other default, or impair any rights or remedies consequent thereon.

## ARTICLE IX

### CONCERNING THE TRUSTEE

Section 9.1 Duties of the Trustee. 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, and no implied covenants or obligations shall be read into this Indenture against the Trustee:

(a) The Trustee, prior to the occurrence of an Event of Default and after the curing of all Events of Default which may have occurred, undertakes to perform such duties and only such duties as are specifically set forth in this Indenture. In case an Event of Default has occurred (which has not been cured or waived), the Trustee shall exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as a reasonable corporate indenture trustee would exercise or use under similar circumstances.

(b) The Trustee may execute any of the trusts hereof or powers hereunder and perform any of its duties by or through attorneys, agents, receivers or employees but shall be not answerable for the negligent conduct of the same selected in accordance with the standards specified above and in subsection (g) of this Section, and shall be entitled to act upon an Opinion of Counsel concerning all matters of the trust hereof and its duties hereunder, and may in all cases pay such reasonable compensation to all such attorneys, agents, receivers and employees as may reasonably be employed in connection with the trusts hereof. The Trustee may act upon an Opinion of Counsel and shall not be responsible for any loss or damage resulting from any action or nonaction taken by or omitted to be taken in good faith in reliance upon such Opinion of Counsel.

(c) The Trustee shall not be responsible for any recital herein or in the Bonds (except in respect to the certificate of authentication of the Trustee endorsed on the Bonds), or for insuring the Project or collecting any insurance moneys or for the validity of the execution by the Authority of this Indenture or of any supplements hereto or instruments of further assurance, or for the sufficiency of the security for the Bonds issued hereunder or intended to be secured hereby, or for the value of or title to the Project, and the Trustee shall not be bound to ascertain or inquire as to the performance or observance of any covenants, conditions or agreements on the part of the Authority, or on the part of the Borrower, except as hereinafter set forth; but the Trustee may require of the Borrower full information and advice as to the performance of the covenants,

conditions, and agreements as to the condition of the Project contained herein or in the Agreement. The Trustee shall not be responsible or liable for any loss suffered in connection with any investment of funds made by it in accordance with Section 6.1 hereof.

(d) The Trustee shall not be accountable for the use of any Bonds authenticated or delivered hereunder. The Trustee may become the Registered Owner of the Bonds with the same rights which it would have if not Trustee.

(e) The Trustee shall be protected in acting upon any notice, request, consent, certificate, order, affidavit, letter, telegram or other paper or document believed to be genuine and correct and to have been signed or sent by the proper Person or Persons. Any action taken by the Trustee pursuant to this Indenture upon the request or the consent of the Authority or any Person who at the time of making such request or giving such consent is the Registered Owner of any Bonds shall be conclusive and binding upon all future owners of the same Bond and upon Bonds issued in place thereof.

(f) As to the existence or nonexistence of any fact or as to the sufficiency or validity of any instrument, paper or proceeding, the Trustee shall be entitled to rely upon a certificate signed on behalf of the Authority by an Authorized Representative of the Authority or on behalf of the Borrower by an Authorized Representative of the Borrower or such other Person as may be designated for such purpose by the Authority or the Borrower as sufficient evidence of the facts therein contained, prior to the occurrence of a default of which the Trustee has been notified as provided in subsection (h) of this Section, or of which by said subsection it is deemed to have notice.

(g) The permissive rights of the Trustee to do things enumerated in this Indenture shall not be construed as a duty, and the Trustee shall not be answerable for other than its negligence or willful misconduct and shall not be answerable for any negligent act of its attorneys, agents or receivers which have been selected by the Trustee with due care, subject to Section 9.1(a) hereof.

(h) The Trustee shall not be required to take notice or be deemed to have notice of any Event of Default hereunder except an Event of Default in Section 8.1(a) and 8.1(b) hereunder unless an officer in the corporate trust department of the Trustee has actual notice thereof or the Trustee shall be specifically notified in writing of such Event of Default by the Authority or the Registered Owners of at least a majority in aggregate principal amount of 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 at the address of the Trustee provided for in Section 11.9 hereof, and, in the absence of such notice so delivered, the Trustee may conclusively assume that there is no Event of Default except as aforesaid.

(i) All moneys received by the Trustee shall, until used or applied or invested as herein provided, be held in trust in the manner and for the purposes for which they were received but need not be segregated from other funds except to the extent required

by this Indenture or law. The Trustee shall not be under any liability for interest on any moneys received hereunder.

(j) At any and all reasonable times the Trustee, and its duly authorized agents, attorneys, experts, engineers, accountants and representatives, shall have the right, but shall not be required, to inspect any and all of the Trust Estate, including all books, papers and records of the Authority pertaining to the Project and the Bonds.

(k) The Trustee shall 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 premises.

(l) Notwithstanding anything in this Indenture contained, the Trustee shall have the right, but shall not be required, to demand in respect of the authentication of any Bonds, the withdrawal of any cash, the release of any property or any action whatsoever within the purview of this Indenture, any showings, certificates, opinions, appraisals or other information or corporate action or evidence thereof, in addition to that by the terms hereof required, as a condition of such action by the Trustee deemed desirable for the purpose of establishing the right of the Authority or the Borrower to the authentication of any Bonds, the withdrawal of any cash, the release of any property, or the taking of any other action by the Trustee.

(m) Before taking any action under Article VIII hereof, the Trustee may require that indemnity or other assurances satisfactory to it be furnished to it for the reimbursement of all expenses which it may incur and to protect it against all risk and liability by reason of any action so taken, including without limitation any and all environmental liability, and except only any liability which may result from its negligence or willful misconduct. The Trustee may take action without requiring such indemnification or other assurances and in such event, the Trustee shall be entitled to indemnification by the Borrower pursuant to Section 8.6 of the Agreement and to reimbursement of its fees and expenses pursuant to Section 9.2 hereof.

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

(o) The Trustee shall not be responsible for ensuring that the provisions of this Indenture or the Agreement are fair or equitable as they may affect the Borrower.

Section 9.2 Fees and Expenses of Trustee. The Trustee shall be entitled to payment and reimbursement for its reasonable fees for its services rendered hereunder as and when the same become due and all expenses reasonably and necessarily made or incurred by the Trustee in connection with such services, including legal fees and expenses, as and when the same become due as provided in Section 5.1(d) of the Agreement.

Section 9.3 Resignation or Replacement of Trustee. The present or any future Trustee may resign by giving to the Authority, the Borrower and the Registered Owners 60 days' notice of such intent to resign. Such resignation shall take effect no earlier than 60 days after such notice and only upon the appointment of a successor and the acceptance of such trust by the

successor trustee. The present or any future Trustee may be removed at any time by an instrument in writing by either the Authority or by the Registered Owners of a majority in aggregate principal amount of the Bonds and such removal shall take effect immediately on the appointment of a successor trustee. The Trustee may also be removed at any time for any breach of the Trustee obligations set forth herein. If, in the case of resignation or removal of the Trustee, no successor is appointed within 90 days after the notice of resignation or within 60 days after removal, as the case may be, then, the Holder of any Outstanding Bond or any retiring Trustee may apply to any court of competent jurisdiction for the appointment of a successor Trustee to act until such time as a successor shall have been appointed as provided above. Any successor appointed by a court shall immediately and without further act be superseded by any successor appointed as above provided.

In case the present or any future Trustee shall at any time resign or be removed or otherwise become incapable of acting, a successor may be appointed by the Registered Owners of a majority in aggregate principal amount of the Bonds Outstanding by an instrument or concurrent instruments signed by such Registered Owners, or their attorneys-in-fact duly appointed; provided that the Authority may appoint a successor until a new successor shall be appointed by the Registered Owners as herein authorized. The Authority upon making such appointment shall forthwith give notice thereof to the Registered Owners and the Borrower, which notice may be given concurrently with the notice of resignation given by any resigning Trustee. Any successor so appointed by the Authority shall immediately and without further act be superseded by a successor appointed in the manner above provided by the Registered Owners of a majority in aggregate principal amount of the Bonds then Outstanding.

Every successor shall always be a bank or trust company in good standing, be qualified to act hereunder, be subject to examination by a federal or state authority and have capital and surplus of not less than \$75,000,000. Any successor appointed hereunder shall execute, acknowledge and deliver to the Authority an instrument accepting such appointment hereunder, and thereupon such successor shall, without any further act, deed or conveyance, become vested with all the estates, properties, rights, powers and trusts of its predecessor in the trust hereunder with like effect as if originally named as Trustee herein; but the Trustee retiring shall, nevertheless, on the written demand of its successor, execute and deliver an instrument conveying and transferring to such successor, upon the trusts herein expressed, all the estates, properties, rights, powers and trusts of the predecessor (subject, however, to the terms and conditions herein set forth, including, without limitation, the right of the predecessor Trustee to be paid and reimbursed in full for its fees and expenses pursuant to Section 9.2 hereof and to be indemnified pursuant to Section 8.6 of the Agreement), who shall duly assign, transfer and deliver to the successor all properties and moneys held by it under this Indenture. Should any instrument in writing from the Authority be reasonably required by any successor for such vesting and confirming, the Authority shall execute, acknowledge and deliver the said deeds, conveyances and instruments on the request of such successor.

The notices provided for in this Section to be given to the Registered Owners shall be given by the Trustee by mailing to the Registered Owners of the Bonds at their addresses as the same shall last appear upon the registration records. The notices provided for in this Section to be given to the Authority, the Borrower and the retiring Trustee shall be given in accordance with Section 11.9 hereof.

Section 9.4 Conversion, Consolidation or Merger of Trustee. Any bank or trust company into which the Trustee or its successor may be converted, merged or with which it may be consolidated, or to which it may sell or transfer its corporate trust business as a whole shall be the successor of the Trustee under this Indenture with the same rights, powers, duties and obligations and subject to the same restrictions, limitations and liabilities as its predecessor, all without the execution or filing of any papers or any further act on the part of any of the parties hereto, anything herein to the contrary notwithstanding. In case any of the Bonds to be issued hereunder shall have been authenticated, but not delivered, any successor Trustee may adopt the certificate of any predecessor Trustee, and deliver the same as authenticated; and, in case any of such Bonds shall not have been authenticated, any successor Trustee may authenticate such Bonds in the name of such successor Trustee.

## ARTICLE X

### SUPPLEMENTAL INDENTURES AND AMENDMENTS OF THE AGREEMENT AND THE MORTGAGE

Section 10.1 Supplemental Indentures Not Requiring Consent of Registered Owners. The Authority may and, at the request of the Borrower, the Trustee may, without the consent of, but with notice to, the Registered Owners, enter into such indentures supplemental hereto (which supplemental indentures shall thereafter form a part hereof) for any one or more or all of the following purposes:

- (a) To add to the covenants and agreements of the Authority contained in this Indenture for the protection or benefit of the Registered Owners, other covenants and agreements thereafter to be observed for the protection or benefit of the Registered Owners, or to surrender or limit any right or power herein reserved or conferred upon the Authority;
- (b) To cure any ambiguity, or to cure, correct or supplement any defect or inconsistent provision contained in this Indenture, or to make any provisions with respect to matters arising under this Indenture or for any other purpose if such provisions are necessary or desirable and do not materially adversely affect the interests of the Registered Owners of the Bonds;
- (c) To subject to the lien of this Indenture additional revenues, properties or collateral;
- (d) To modify, alter, amend or supplement this Indenture in such a manner as shall permit the qualification hereof under the Trust Indenture Act of 1939, as from time to time amended; or
- (e) To provide for the issuance of Additional Bonds in accordance with Section 2.11 hereof or the remarketing of the Bonds in accordance with Section 5.11 hereof.



Section 10.2 Supplemental Indentures Requiring Consent of Registered Owners. Exclusive of supplemental indentures covered by Section 10.1 hereof, the Registered Owners of not less than  $66\frac{2}{3}\%$  in aggregate principal amount of the Bonds then Outstanding shall have the right, from time to time, to consent to and approve the execution by the Authority and the Trustee of such indenture or indentures supplemental hereto as shall be deemed necessary or desirable by the Authority for the purpose of modifying, altering, amending, adding to, or rescinding, in any particular, any of the terms or provisions contained in this Indenture; provided, however, that without the consent of the Registered Owners of all the Bonds at the time Outstanding and adversely affected thereby nothing herein contained (exclusive of supplemental indentures covered by Section 10.1 hereof) shall permit, or be construed as permitting:

- (a) an extension of the maturity of, or a reduction of the principal amount of, or a reduction of the rate of, or extension of the time of payment of interest on, or a reduction of a premium payable upon any redemption of, any Bond;
- (b) the deprivation of the Registered Owner of any Bond then Outstanding of the lien or the priority of the lien created by this Indenture (other than as permitted hereby when such Bond was initially issued);
- (c) a privilege or priority of any Bond or Bonds over any other Bond or Bonds; or
- (d) a reduction in the aggregate principal amount of the Bonds, if any, required for consent to such supplemental indenture or amendment to the Agreement.

If at any time the Authority shall request the Trustee to enter into such supplemental indenture for any of the purposes of this Section, the Trustee shall, upon being indemnified by the Borrower (to the extent reasonably required by the Trustee) with respect to expenses, mail by first-class mail notice of the proposed execution of such supplemental indenture to the Registered Owners of the Bonds at their addresses as the same shall last appear upon the registration records. Such notice shall briefly set forth the nature of the proposed supplemental indenture and shall state that copies thereof are on file at the designated office of the Trustee for inspection by all Registered Owners. If, within 60 days following the mailing of such notice, the Registered Owners of the requisite principal amount of the Bonds Outstanding at the time of the execution of any such supplemental indenture shall have consented to and approved the execution thereof as herein provided, no Registered Owner of any Bond shall have any right to object to any of the terms and provisions contained therein, or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Trustee or the Authority from executing the same or from taking any action pursuant to the provisions thereof.

Section 10.3 Execution of Supplemental Indentures. The Trustee is authorized to join with the Authority in the execution of any such supplemental indenture and to make further agreements and stipulations which may be contained therein, but the Trustee shall not be obligated to enter into any such supplemental indenture which materially adversely affects its rights, duties, or immunities under this Indenture. For supplemental indentures under Section 10.2, the Trustee shall require delivery of an opinion of Bond Counsel acceptable to the Trustee

to the effect that each such supplemental indenture (a) has been validly authorized and duly executed by the Authority and is enforceable against the Authority in accordance with its terms, (b) will not adversely affect the qualification of the Bonds as obligations which may be issued pursuant to the JPA Agreement and the Act, (c) will not adversely affect the exclusion from gross income of interest on the Tax-Exempt Bonds for federal income tax purposes or the status of any Outstanding Bonds as Qualified School Construction Bonds, as applicable and (d) is permitted pursuant to the terms of this Indenture. Any supplemental indenture executed in accordance with the provisions of this Article shall thereafter form a part of this Indenture and all the terms and conditions contained in any such supplemental indenture as to any provision authorized to be contained therein shall be deemed to be part of this Indenture for any and all purposes. In case of the execution and delivery of any supplemental indenture, express reference may be made thereto in the text of the Bonds issued thereafter, if any.

Section 10.4 Authority Consent Required to Less Restrictive Requirements of Indenture and Agreement. The Authority has imposed certain requirements on the Trustee, the Borrower, or operation of the Facilities, or the Bonds which are more restrictive than those required by the JPA Agreement and the Act, the Treasury Regulations, or the Code, and, for that reason, any proposed amendment, modification, or supplement to this Indenture or the Agreement which provides for less restrictive covenants than required by the Authority, but permitted by law, shall require the Authority's consent, which may be withheld for any reason.

Section 10.5 Consent of Borrower. Anything herein to the contrary notwithstanding, a supplemental indenture under this Article shall not become effective unless and until the Borrower shall have consented to the execution and delivery of such supplemental indenture.

Section 10.6 Amendments, etc., of the Agreement Not Requiring Consent of Registered Owners. The Authority and the Trustee may, without the consent of but with notice to the Registered Owners, consent to any amendment, change or modification of the Agreement as may be required (a) by the provisions of the Agreement or this Indenture (including the issuance of Additional Bonds), (b) for the purpose of curing any ambiguity or formal defect or omission, or (c) in connection with any other change therein which is not to the adverse prejudice of the Trustee or the Registered Owners of the Bonds.

Section 10.7 Amendments, etc., of the Agreement Requiring Consent of Registered Owners. Except for the amendments, changes or modifications referred to in Section 10.6 hereof, neither the Authority nor the Trustee shall consent to any other amendment, change or modification of the Agreement without the giving of notice and the written approval or consent of the Registered Owners of not less than  $66\frac{2}{3}\%$  in aggregate principal amount of the Bonds at the time Outstanding, subject to the same limitations set forth in Section 10.2 hereof. Such notice and consent shall be given and procured as provided in Section 10.2 hereof. If at any time the Authority shall request the consent of the Trustee to any such proposed amendment, change or modification of the Agreement under this Section 10.7, the Trustee shall, upon being indemnified by the Borrower seeking an amendment to the Agreement with respect to expenses, cause notice of such proposed amendment, change or modification to be given in the same manner as provided in Section 10.2 hereof. Such notice shall briefly set forth the nature of such proposed amendment, change or modification and shall state that copies of the instrument

embodying the same are on file at the designated office of the Trustee for inspection by all Registered Owners. If, within 60 days following the mailing of such notice, the Registered Owners of the requisite principal amount of the Bonds Outstanding at the time of the execution of any such amendment, change or modification shall have consented to and approved the execution of the agreement reflecting such amendment, change or modification thereof as herein provided, no Registered Owner of any Bond shall have any right to object to any of the terms and provisions contained therein, or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Trustee or the Authority from executing the same or from taking any action pursuant to the provisions thereof.

Section 10.8 Execution of Amended Agreement. The Trustee shall, prior to its consent to any supplemental amendment or change to the Agreement under Section 10.7, require delivery of an opinion of Bond Counsel acceptable to the Trustee to the effect that such supplemental amendment or change to the Agreement (a) has been validly authorized and duly executed by the Authority and the Borrower and is enforceable against the Authority and the Borrower in accordance with its terms, (b) will not adversely affect the qualification of the Bonds as obligations which may be issued pursuant to the JPA Agreement and the Act, (c) will not adversely affect the exclusion from gross income of interest on the Tax-Exempt Bonds for federal income tax purposes or the status of any Outstanding Bonds as Qualified School Construction Bonds, as applicable and (d) is permitted pursuant to the terms of this Indenture. After execution thereof, any supplemental amendment, modification or change to the Agreement executed in accordance with the provisions of this Article shall thereafter form a part of the Agreement and all the terms and conditions contained in any such amendment, modification or change to the Agreement as to any provision authorized to be contained therein shall be deemed to be part of the Agreement for any and all purposes.

Section 10.9 [Reserved]

Section 10.10 Amendments, etc., of the Mortgage Not Requiring Consent of Registered Owners. The Trustee may, without the consent of but with notice to the Registered Owners, consent to any amendment, change or modification of the Mortgage as may be required (a) by the provisions of the Mortgage or this Indenture, (b) for the purpose of curing any ambiguity or formal defect or omission, or (c) in connection with any other change therein which is not to the material adverse prejudice of the Trustee or the Registered Owners of the Bonds.

Section 10.11 Amendments, etc., of the Mortgage Requiring Consent of Registered Owners. Except for the amendments, changes or modifications referred to in Section 10.10 hereof, the Trustee shall not consent to any other amendment, change or modification of the Mortgage without the giving of notice and the written approval or consent of the Registered Owners of no less than  $66\frac{2}{3}\%$  in aggregate principal amount of the Bonds at the time Outstanding, subject to the same limitations set forth in Section 10.2 hereof. Such notice and consent shall be given and procured as provided in Section 10.2 hereof. If at any time the Borrower or the Lessee shall request the consent of the Trustee to any such proposed amendment, change or modification of the Mortgage, the Trustee shall, upon being indemnified by the Borrower or the Lessee with respect to expenses, cause notice of such proposed amendment, change or modification to be given in the same manner as provided in Section 10.2 hereof. Such notice shall briefly set forth the nature of such proposed amendment, change or

modification and shall state that copies of the instrument embodying the same are on file at the designated office of the Trustee for inspection by all Registered Owners. If, within 60 days following the mailing of such notice, the Registered Owners of the requisite principal amount of the Bonds Outstanding at the time of the execution of any such amendment, change or modification shall have consented to and approved the execution of the agreement reflecting such amendment, change or modification thereof as herein provided, no Registered Owner of any Bond shall have any right to object to any of the terms and provisions contained therein, or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Trustee from executing the same or from taking any action pursuant to the provisions thereof.

Section 10.12 Execution of Amended Mortgage. The Trustee shall, prior to its consent to any supplemental amendment or change to the Mortgage under Section 10.11, require delivery of an opinion of Bond Counsel acceptable to the Trustee to the effect that such supplemental amendment or change to the Mortgage (a) has been validly authorized and duly executed by the Borrower or the Lessee (as applicable) and is enforceable against the Borrower or the Lessee (as applicable) thereunder in accordance with its terms, (b) will not adversely affect the qualification of the Bonds as obligations which may be issued pursuant to the JPA Agreement and the Act, (c) will not adversely affect the exclusion from gross income of interest on any tax-exempt Bonds for federal income tax purposes or the status of any Outstanding Bonds as Qualified School Construction Bonds, as applicable and (d) is permitted pursuant to the terms of this Indenture. After execution thereof, any supplemental amendment, modification or change to the Mortgage executed in accordance with the provisions of this Article shall thereafter form a part of the Mortgage and all the terms and conditions contained in any such amendment, modification or change to the Mortgage as to any provision authorized to be contained therein shall be deemed to be part of the Mortgage for any and all purposes.

Section 10.13 Copies of Supplements and Amendments to the Rating Agency. A copy of any supplement or amendment entered into pursuant to this Article X shall be sent by the Trustee to any Rating Agency immediately upon execution thereof, if any such Rating Agency currently rates any Series of Bonds.

Section 10.14 Amendments, Etc., of the Lease Not Requiring Consent of Registered Owners. The Authority and the Trustee may, without the consent of or notice to the Registered Owners, consent to any amendment, change or modification of the Lease as may be required (a) by the provisions of the Lease or this Indenture, (b) for the purpose of curing any ambiguity or formal defect or omission, or (c) in connection with any other change therein which is not to the material adverse prejudice of the Trustee or the Registered Owners of the Bonds.

Section 10.15 Amendments, Etc., of the Lease Requiring Consent of Registered Owners. Except for the amendments, changes or modifications referred to in Section 10.14 hereof, neither the Authority nor the Trustee shall consent to any other amendment, change or modification of the Lease without giving notice to and receiving the written approval or consent of the Registered Owners of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding, subject to the same limitations set forth in Section 10.2 hereof. Such notice and consent shall be given and procured as provided in Section 10.2 hereof. If at any time Borrower shall request the consent of the Trustee to any such proposed amendment, change or

modification of the Lease, the Trustee shall cause notice of such proposed amendment, change or modification to be given in the same manner as provided in Section 10.2 hereof. Such notice shall briefly set forth the nature of such proposed amendment, change or modification and shall state that copies of the instrument embodying the same are on file at the principal office of the Trustee for inspection by all Registered Owners. If, within sixty days following the mailing of such notice, the Registered Owners of the requisite principal amount of the Bonds Outstanding at the time of the execution of any such amendment, change or modification shall have consented to and approved the execution of the agreement reflecting such amendment, change or modification thereof as herein provided, no Registered Owner of any Bond shall have any right to object to any of the terms and provisions contained therein, or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Trustee or the Authority from executing the same or from taking any action pursuant to the provisions thereof.

Section 10.16 Execution of Amended Lease. The Trustee shall, prior to its consent to any supplemental amendment or change to the Lease, require delivery of an opinion of nationally recognized municipal bond counsel addressed to the Trustee and the Authority to the effect that such supplemental amendment or change to the Lease (a) has been validly authorized and duly executed by Borrower and the lessee thereunder and is enforceable against Borrower and the lessee thereunder in accordance with its terms, (b) will not adversely affect the qualification of the Bonds as obligations which may be issued pursuant to the Act, (c) will not adversely affect the exclusion from gross income of interest on the Tax-Exempt Bonds for federal income tax purposes or the status of any Outstanding Bonds as Qualified School Construction Bonds, as applicable and (d) is permitted pursuant to the terms of this Indenture. After execution thereof, any supplemental amendment, modification or change to the Lease executed in accordance with the provisions of this Article shall thereafter form a part of the Lease and all the terms and conditions contained in any such amendment, modification or change to the Lease as to any provision authorized to be contained therein shall be deemed to be part of the Lease for any and all purposes.

## ARTICLE XI

### MISCELLANEOUS

Section 11.1 Evidence of Signature of Registered Owners and Ownership of Bonds. Any request, consent or other instrument which this Indenture may require or permit to be signed and executed by the Registered Owners may be in one or more instruments of similar tenor, and shall be signed or executed by such Registered Owners in Person or by their attorneys appointed in writing. Proof of the execution of any such instrument or of an instrument appointing any such attorney, or the Registered Ownership of Bonds shall be sufficient (except as otherwise herein expressly provided) if made in the following manner, but the Trustee may, nevertheless, in its discretion require further or other proof in cases where it deems the same desirable:

(a) The fact and date of the execution by any Registered Owner or his or her attorney of such instrument may be proved by the certificate of any officer authorized to take acknowledgments in the jurisdiction in which he purports to act that the Person signing such request or other instrument acknowledged to him the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before a notary public.

(b) The Registered Ownership of any Bond and the amount and numbers of such Bonds and the date of owning the same shall be proved by the registration records of the Authority kept by the Trustee.

Any request or consent of the Registered Owner of any Bond shall bind all future owners of such Bond in respect of anything done or suffered to be done by the Authority or the Trustee in accordance therewith.

Section 11.2 Parties Interested Herein. With the exception of rights herein expressly conferred on the Borrower, nothing in this Indenture expressed or implied is intended or shall be construed to confer upon or to give to, any Person other than the Authority, the Trustee and the Registered Owners of the Bonds, any right, remedy or claim under or by reason of this Indenture or any covenant, condition or stipulation hereof; and all the covenants, stipulations, promises and agreements in this Indenture contained by and on behalf of the Authority shall be for the sole and exclusive benefit of the Authority, the Trustee and the Registered Owners of the Bonds.

Section 11.3 Titles, Headings, Etc. The titles and headings of the articles, sections, and subsections of this Indenture have been inserted for convenience of reference only and shall in no way modify or restrict any of the terms or provisions hereof.

Section 11.4 Severability. In the event any provision of this Indenture shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 11.5 Third Party Beneficiaries. Each of the Authority Indemnified Parties (other than the Authority) shall be considered to be intended third party beneficiaries of this Indenture. Nothing in this Indenture shall confer any right upon any Person other than the parties hereto and the specifically designated third party beneficiaries of this Indenture.

Section 11.6 Governing Law. This Indenture shall be governed by and construed in accordance with the laws and judicial decisions of the State, except as such laws may be preempted by any federal rules, regulations and laws applicable to the Authority. The parties hereto expressly acknowledge and agree that any judicial action to interpret or enforce the terms of this Indenture against the Authority shall be brought and maintained in the Superior Court of California of the County of Los Angeles or the United States District Court for the Central District of California.

Section 11.7 Execution in Counterparts. This Indenture may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 11.8 Limitation of Liability of Officials of Authority. Anything in this Indenture to the contrary notwithstanding, it is expressly understood and agreed by the parties hereto that the Authority may rely conclusively on the truth and accuracy of any certificate, opinion, notice, or other instrument furnished to the Authority by the Trustee or the Borrower as to the existence of any fact or state of affairs required hereunder to be noticed by the Authority.

Subject to the provisions of the following paragraph, no recourse shall be had for the enforcement of any obligation, covenant, promise, or agreement of the Authority contained in this Indenture, any other Authority Documents, or in any Bond or for any claim based hereon or otherwise in respect hereof or upon any obligation, covenant, promise, or agreement of the Authority contained in any agreement, instrument, or certificate executed in connection with the Project or the issuance and sale of the Bonds, against any of the Authority Indemnified Parties, whether by virtue of any Constitutional provision, statute, or rule of law, or by the enforcement of any assessment or penalty or otherwise; it being expressly agreed and understood that no personal liability whatsoever shall attach to, or be incurred by, any of the Authority Indemnified Parties, either directly or by reason of any of the obligations, covenants, promises, or agreements entered into by the Authority with the Borrower or the Trustee, or to be implied therefrom as being supplemental hereto or thereto, and that all personal liability of that character against each of the Authority Indemnified Parties, by the execution of the Bonds, this Indenture, and the other Authority Documents, and as a condition of, and as part of the consideration for, the execution of the Bonds, this Indenture, and the other Authority Documents, is expressly waived and released.

No agreements or provisions contained herein, nor any agreement, covenant, or undertaking by the Authority in connection with the Project or the issuance, sale, and/or delivery of the Bonds shall give rise to any pecuniary liability of the Authority or a charge against its general credit, or shall obligate the Authority financially in any way, except as may be payable from the revenues pledged hereby for the payment of the Bonds and their application as provided in this Indenture. No failure of the Authority to comply with any term, covenant, or agreement contained in the Bonds, this Indenture or the Agreement, or in any document executed by the Authority in connection with the Project or the issuance and sale of the Bonds, shall subject the Authority to liability for any claim for damages, costs, or other financial or pecuniary charge, except to the extent the same can be paid or recovered from the revenues pledged for the payment of the Bonds or other revenues derived under the Agreement. Nothing herein shall preclude a proper party in interest from seeking and obtaining, to the extent permitted by law, specific performance against the Authority for any failure to comply with any term, condition, covenant, or agreement herein; provided that no costs, expenses, or other monetary relief shall be recoverable from the Authority, except as may be payable from the revenues pledged under this Indenture for the payment of the Bonds or other revenue derived under the Agreement. No provision, covenant, or agreement contained herein, or any obligations imposed upon the Authority, or the breach thereof, shall constitute an indebtedness of the Authority within the meaning of any State constitutional or statutory limitation or shall constitute or give rise to a charge against the Authority's general credit. In making the agreements, provisions, and covenants set forth in this Indenture, the Authority has not obligated itself, except with respect to the application of the revenues pledged in this Indenture for the payment of the Bonds or other revenues derived under the Agreement.

Except during the continuance of an Event of Default, the Borrower shall have the duty to direct the Trustee to invest or reinvest all money held for the credit of funds established by this Indenture in accordance with Article VI of this Indenture.

Section 11.9 Notices. Except as otherwise provided in Section 8.1, all notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when mailed by certified mail return receipt requested, postage prepaid, overnight courier or by electronic transmission with confirmation of receipt of such transmission, addressed as follows:

If to the Authority: Independent Cities Finance Authority  
P.O. Box 1750  
Palmdale, California 93590  
Attention: Program Administrator  
Telephone: (877) 906-0941  
Facsimile: (661) 285-0481

with a copy to: Ballard Spahr LLP  
201 South Main Street, Suite 800  
Salt Lake City, Utah 84111  
Attention: Ryan R. Warburton, Esq.  
Telephone: (801) 531-3000  
Facsimile: (801) 531-3001

If to the Borrower: [Alliance HS 18 SPE]  
c/o Alliance College Ready Public Schools  
1940 South Figueroa Street  
Los Angeles, California 90007  
Attention: Chief Financial Officer  
Telephone: (213) 943-4930  
Facsimile: (213) 943-4931

with a copy to: [Musick, Peeler & Garrett LLP  
One Wilshire Boulevard, Suite 2000  
Los Angeles, California 90017  
Attention: Brian Holman, Esq.  
Telephone: (213) 629-7711  
Facsimile: (213) 624-1376]

If to the Trustee: Zions First National Bank  
[ADDRESS]  
[CITY, STATE] 83702  
Attention: Corporate Trust  
Telephone: [PHONE]  
Facsimile: [FAX]



If to the Lessee: Alliance Bloomfield Technology Academy  
c/o Alliance College Ready Public Schools  
1940 South Figueroa Street  
Los Angeles, California 90007  
Attention: Chief Financial Officer  
Telephone: (213) 943-4930  
Facsimile: (213) 943-4931

Section 11.10 Payments Due on Holidays. If the date for making any payment or the last day for performance of any act or the exercise of any right, as provided in this Indenture, is not a Business Day, such payment may be made or act performed or right exercised on the next succeeding Business Day unless otherwise provided herein with the same force and effect as if done on the nominal date provided in this Indenture.

Section 11.11 No Personal Liability of Officials of the Authority or the Trustee. No covenant or agreement contained in the Bonds or in this Indenture shall be deemed to be the covenant or agreement of any elected or appointed official, officer, agent, servant or employee of the Authority in his or her individual capacity or any officer, agent, servant or employee of the Trustee in his or her individual capacity, and neither the members of the governing body of the Authority nor any official executing the Bonds, including any officer or employee of the Trustee, shall be liable personally on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof.

Section 11.12 Bonds Owned by the Authority or the Borrower. In determining whether Registered Owners of Bonds in the requisite aggregate principal amount have concurred in any direction, consent or waiver under this Indenture, Bonds which are owned by the Authority or the Borrower or by any Person directly or indirectly controlling or controlled by or under direct or indirect common control with the Borrower (unless the Authority, the Borrower or such Person owns all the Bonds which are then Outstanding) shall be disregarded and deemed not to be Outstanding for the purpose of any such determination, except that, for the purpose of determining whether the Trustee shall be protected in relying on any such direction, consent or waiver, only the Bonds which the Trustee knows are so owned shall be so disregarded. The Bonds so owned which have been pledged in good faith may be regarded as Outstanding if the pledgee establishes to the satisfaction of the Trustee the pledgee's right so to act with respect to such Bonds and that the pledgee is not the Authority or the Borrower or any Person directly or indirectly controlling or controlled by or under direct or indirect common control with the Borrower. In case of a dispute as to such right, any decision by the Trustee taken upon the advice of counsel shall be full protection to the Trustee.

Section 11.13 [Reserved].

Section 11.14 Right to Inspect. Following reasonable notice to the Borrower, at any and all reasonable times, the Trustee, and the Authority and their duly authorized agents, attorneys, experts, engineers, accountants and representatives, shall have the right during regular business hours to inspect fully the Facilities, including all books and records of the Borrower (excluding records the confidentiality of which may be protected by law), and to make such

copies and memoranda from and with regard thereto as may be desired; provided however, that any disclosure to any third party of the results of any such inspection shall be made only if required by law and then only with proper respect and due regard for the confidentiality requests of donors to the Borrower.

Additionally, at the direction of the Borrower, the Authority hereby appoints the Trustee to keep or cause to be kept proper books of record and account in which complete and correct entries shall be made of all transactions relating to the receipts and disbursements received or disbursed according to this Indenture, and such books shall be available for inspections by the Registered Owner of any of the Bonds and by the Borrower during normal business hours of the Trustee and upon reasonable notice to Trustee.

Section 11.15 Incorporation of Terms of Loan Agreement. The parties hereto acknowledge and agree that to the extent applicable, the terms and provisions of the Loan Agreement are incorporated herein as if they were contained in this Indenture.

Section 11.16 Notices To Registered Owners. Notwithstanding anything herein or in the Borrower Documents to the contrary, the Trustee shall give written notice per direction of the Borrower to the Registered Owners and any nationally recognized municipal securities information repository, if applicable, as soon as is practicable after a corporate trust officer of the Trustee has actual knowledge thereof of the following events:

- (i) partial prepayment of the Loan;
- (ii) default under this Indenture, the Agreement or any of the Borrower Documents;
- (iii) a draw on the Debt Service Reserve Fund;
- (iv) any casualty, act of condemnation or loss;
- (v) defeasance of any portion of the Bonds;
- (vi) any transfer of a beneficial interest in the Borrower;
- (vii) pending sale of any part of the Facilities;
- (viii) appointment of a successor Trustee or additional Trustee or the change of name of a Trustee;
- (ix) any supplements or amendments to this Indenture, the Agreement or the Mortgage, other than those described in Sections 10.1, 10.6 and 10.10;
- (x) adverse tax opinions, the issuance by the Internal Revenue Service of final determinations of taxability, Notice of Proposed Issue (IRS Form 5701-TEB) or other material notices, determinations or events affecting the tax-exempt status of the Tax-Exempt Bonds or the status of the Series 2013 Bonds as Qualified School Construction Bonds;

(xi) (A) Bond calls (which are other than mandatory sinking fund or scheduled redemptions) not otherwise contingent on an event and (B) tender offers;

(xii) release, substitution or sale of property securing repayment of the Bonds;

(xiii) bankruptcy, insolvency, receivership or similar event of the Borrower; and

(xiv) any name change of the Trustee.

The Trustee shall also comply with the notice requirements set forth in Section 8.5 of the Loan Agreement.

(Remainder of this page intentionally left blank.)

IN WITNESS WHEREOF, the Authority and the Trustee have caused this Indenture to be executed in their respective corporate names by their duly authorized officers, all as of the date first above written.

INDEPENDENT CITIES FINANCE  
AUTHORITY, as Authority

By: \_\_\_\_\_  
President

ATTEST:

By: \_\_\_\_\_  
Program Administrator

ZIONS FIRST NATIONAL BANK, as  
Trustee

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

Name: \_\_\_\_\_

Title: \_\_\_\_\_

(Signature Page to Trust Indenture – Alliance Broadway School)

EXHIBIT A

(FORM OF BOND)

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION (“DTC”), TO THE AUTHORITY OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE, OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

EXCEPT AS OTHERWISE PROVIDED IN THE INDENTURE, THIS BOND MAY BE TRANSFERRED, IN WHOLE BUT NOT IN PART, ONLY TO ANOTHER NOMINEE OF THE SECURITIES DEPOSITORY (AS DEFINED HEREIN) OR TO A SUCCESSOR SECURITIES DEPOSITORY OR TO A NOMINEE OF A SUCCESSOR SECURITIES DEPOSITORY.

UNLESS THE BONDS HAVE RECEIVED AN INVESTMENT GRADE RATING, THE BONDS MAY BE TRANSFERRED ONLY TO AN “ACCREDITED INVESTOR” AS THAT TERM IS DEFINED IN RULE 501 OF REGULATION D UNDER THE SECURITIES ACT OR A “QUALIFIED INSTITUTIONAL BUYER” AS THAT TERM IS DEFINED UNDER RULE 144A OF THE SECURITIES ACT. ANY TRANSFER IN VIOLATION OF THIS PROVISION SHALL BE NULL AND VOID.

INDEPENDENT CITIES FINANCE AUTHORITY  
CHARTER SCHOOL REVENUE BONDS  
(ALLIANCE BLOOMFIELD TECHNOLOGY ACADEMY PROJECT),  
SERIES 2013

(TAXABLE QUALIFIED SCHOOL CONSTRUCTION BONDS - DIRECT SUBSIDY)

NO. RA-\_\_\_\_\_ \$ \_\_\_\_\_

<u>MATURITY DATE</u>	<u>DATED</u>	<u>INITIAL INTEREST RATE</u>	<u>CUSIP</u>
[_____, 20__]	April __, 2013	[._____] % per annum	[_____]

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: \_\_\_\_\_ AND NO/100THS DOLLARS\*\*\*

INDEPENDENT CITIES FINANCE AUTHORITY, a joint powers authority organized and existing under the laws of the State of California (herein called the "Authority"), for value received, hereby promises to pay, from the sources hereinafter described, the principal amount stated above in lawful money of the United States of America to the Registered Owner named above, or registered assigns, on the maturity date stated above (unless this Bond shall have been called for prior redemption, in which case on such redemption date), upon the presentation and surrender hereof at the designated corporate trust office of Zions First National Bank, as trustee (the "Trustee") under a Trust Indenture, dated as of April 1, 2013 (the "Indenture"), by and between the Authority and the Trustee, and to pay, from like sources, to the Person who is the Registered Owner hereof on the 1<sup>st</sup> calendar day of the month in which the Interest Payment Date occurs (the "Regular Record Date") by check or draft mailed to such Registered Owner (except that Registered Owners of at least \$1,000,000 in aggregate principal amount of the Bonds (as defined herein) Outstanding may, by written request received by the Trustee at least 10 Business Days (as defined in the Indenture) prior to the Regular Record Date, receive payment of interest by wire transfer at the address specified in such request, which address must be in the continental United States) at his or her address as it last appears on the registration books kept for that purpose at the offices of the Trustee, interest on said sum in like coin or currency from the date hereof payable on each Interest Payment Date, until payment of the principal hereof has been made or provided for. Any such interest not so timely paid or duly provided for shall cease to be payable to the Registered Owner hereof at the close of business on the Regular Record Date and shall be payable to the Registered Owner hereof at the close of business on a Special Record Date for the payment of any defaulted interest. Such Special Record Date shall be fixed by the Trustee whenever moneys become available for payment of the defaulted interest, and notice of the Special Record Date shall be given to the Registered Owners of the Bonds not less than 10 days prior thereto.

This Bond is issued bearing interest at the Initial Interest Rate set forth above as provided in Article II of the Indenture. As provided in and subject to the terms of the Indenture, the Bonds shall, after the Conversion Date pay interest at the Term Interest Rate. Determinations of interest rates, adjustments between interest rates and conversion of interest rate periods shall be as provided in the Indenture.

THIS BOND IS A SPECIAL LIMITED OBLIGATION OF THE AUTHORITY, PAYABLE SOLELY FROM THE REVENUES AND MONEYS, FUNDS AND ACCOUNTS PLEDGED BY THE INDENTURE. THE STATE OF CALIFORNIA IS NOT OBLIGATED TO PAY THE PRINCIPAL OF THIS BOND NOR THE INTEREST THEREON, NOR ARE THE FAITH AND CREDIT OF THE STATE OF CALIFORNIA PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THIS BOND.

This Bond is one of Independent Cities Finance Authority Charter School Revenue Bonds (Alliance Bloomfield Technology Academy Project), Series 2013 (Taxable Qualified School Construction Bonds - Direct Subsidy) (the "Series 2013 Bonds") duly authorized by the Authority in the aggregate principal amount of \$[10,750,000], issued under and pursuant to the Indenture. The Series 2013 Bonds have been issued under the JPA Agreement and the Act to: (i) finance the costs of acquiring, constructing, improving and furnishing facilities and the related site located at 7907 Santa Fe Avenue in Los Angeles County, California for lease to Alliance Bloomfield Technology Academy, a California non-profit public benefit corporation (the

“Lessee”) (ii) pay capitalized interest during construction and (iii) pay certain issuance expenses (collectively, the “Series 2013 Project”).

As provided in the Indenture, Additional Bonds of the Authority may be issued and secured on a parity basis with the Series 2013 Bonds. Such Additional Bonds may be issued from time to time in one or more series, in various principal amounts, may mature at different times, may bear interest at different rates and may otherwise vary as provided in the Indenture, and the aggregate principal amount of such Additional Bonds to be issued under the Indenture is limited only as provided in the Indenture.

This Bond is a special, limited obligation of the Authority payable solely from and secured by (a) a pledge of certain rights of the Authority under and pursuant to the Loan Agreement dated as of April 1, 2013 (the “Agreement”), between the Authority and [Alliance HS 18 SPE] (the “Borrower”), (b) a pledge of the Funds and Pledged Revenues as defined in the Indenture (other than the Rebate Fund) and (to the extent provided in the Indenture) all trust accounts created under the Indenture and the Agreement, and (c) an assignment of the Authority’s security interest in the Pledged Revenues (as defined in and subject to the Indenture) of the Borrower to the extent permitted by law. The loan payments required by the Borrower under the Agreement constitute limited obligations of the Borrower and are secured by a Deed of Trust, Assignment of Rents and Lease, Security Agreement and Fixture Filing, dated as of April [ ], 2013 (the “Mortgage”), on the land and improvements comprising the Series 2013 Project as described therein.

The Series 2013 Bonds are subject to mandatory tender and optional and mandatory redemption on the dates, at the prices and following such notice as set forth in the Indenture.

This Bond is fully transferable by the Registered Owner hereof in Person or by his or her duly authorized attorney on the registration books kept by the Trustee, upon surrender of this Bond together with a duly executed written instrument of transfer satisfactory to the Trustee; subject, however, to the terms of the Indenture which limit the transfer and exchange of Bonds during certain periods. Upon such transfer a new fully registered bond of Authorized Denomination for the same aggregate principal amount will be issued to the transferee in exchange therefor, all subject to the terms, limitations and conditions set forth in the Indenture. The Trustee and the Authority shall require the payment by any Registered Owner of this Bond requesting exchange or transfer of the reasonable expenses of the Authority, if any, of a reasonable transfer or exchange fee and of any tax or other governmental charge required to be paid with respect to such exchange or transfer. The Authority and the Trustee may deem and treat the Person in whose name this Bond is registered as the absolute owner hereof, whether or not this Bond shall be overdue, for the purpose of receiving payment and for all other purposes, except to the extent otherwise provided herein and in the Indenture with respect to Regular Record Dates and Special Record Dates for the payment of interest, and neither the Authority nor the Trustee shall be affected by any notice to the contrary.

Notwithstanding the foregoing, so long as the ownership of the Bonds is maintained in book-entry form by The Depository Trust Company (the “Securities Depository”) or a nominee thereof, this Bond may be transferred in whole but not in part only to the Securities Depository or a nominee thereof or to a successor Securities Depository or its nominee.

To the extent permitted by, and as provided in, the Indenture, modifications or amendments of the Indenture, or of any indenture supplemental thereto, and of the rights and obligations of the Authority and of the Registered Owners of the Bonds may be made by the Authority and the Trustee but without the consent of the Registered Owners of the Bonds in certain cases described in the Indenture, including any change which does not materially adversely affect the interests of the Registered Owners of the Bonds, but also including provision for the issuance of Additional Bonds. Certain other amendments may be made by the Authority and the Trustee with the consent of the Registered Owners of not less than  $66\frac{2}{3}\%$  in aggregate principal amount of the Bonds then Outstanding; provided, however, that no such modification or amendment shall be made which will constitute an extension of the maturity of, or a reduction in the principal amount of, or a reduction of the rate of interest on or extension of the time of payment of interest on, or a reduction of any premium payable upon redemption of, any Bond, which are unconditional unless consented to by all Registered Owners adversely affected by such change. Any such consent by the Registered Owner of this Bond shall be conclusive and binding upon such Registered Owner and upon all future Registered Owners of this Bond and of any Bond issued upon the transfer or exchange of this bond whether or not notation of such consent is made upon this Bond.

Except for the rights of the Owners of 100% of the aggregate principal amount of all the Bonds Outstanding as provided in the Indenture, the Registered Owner of this Bond shall have no right to enforce the provisions of the Indenture or to institute action to enforce the pledge, assignment or covenants made therein or to take any action with respect to an event of default under the Indenture or to institute, appear in, or defend any suit, action or other proceeding at law or in equity with respect thereto, except as provided in the Indenture. In case an event of default under the Indenture shall occur, the principal of all the Bonds at any such time outstanding may be declared or may become due and payable, upon the conditions and in the manner and with the effect provided in the Indenture. The Indenture provides that such declaration may in certain events be rescinded by the Trustee, with the consent of the Registered Owners of a requisite principal amount of the Bonds then outstanding.

None of the members of the board of directors of the Borrower, the Board of the Authority or any Person executing the Bonds shall be liable personally on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof.

The liability and obligations of the Authority under the Agreement and the Indenture with respect to all or any portion of the Bonds may be discharged at or prior to the maturity or redemption of the Bonds upon the making of provision for the payment thereof on the terms and conditions set forth in the Agreement and the Indenture.

No covenant or agreement contained in the Bonds or in the Indenture shall be deemed to be the covenant or agreement of any appointed official, council person, officer, agent, servant or employee of the Authority in his or her individual capacity or of any officer, agent, servant or employee of the Trustee in his or her individual capacity, and neither the members of the governing body of the Authority nor any official executing the Bonds, including any officer or employee of the Trustee, shall be liable personally on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof.



No covenant or agreement contained in the Agreement shall be deemed to be the covenant or agreement of any appointed official, officer, agent, board member, servant or employee of the Borrower in his or her individual capacity, and the members of the governing body of the Borrower shall not be liable personally or be subject to any personal liability or accountability by reason of the execution and delivery thereof.

It is hereby certified, recited and declared that all conditions, acts and things required by the Constitution or statutes of the State or by the JPA Agreement, or the Act or the Indenture to exist, to have happened or to have been performed precedent to or in the issuance of this Bond exist, have happened and have been performed.

Copies of the Indenture, the Agreement, the Mortgage and other documents relating to the Bonds are on file at the designated office of the Trustee, and reference is made to those instruments for the provisions relating, among other things, to the limited liability of the Borrower and the Authority, the terms of and security for the Bonds, the custody and application of the proceeds of the Bonds, the rights and remedies of the Registered Owners of the Bonds, amendments, and the rights, duties and obligations of the Authority and the Trustee to all of which the Registered Owner hereof, by acceptance of this Bond, assents.

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

(Remainder of this page intentionally left blank.)

IN WITNESS WHEREOF, INDEPENDENT CITIES FINANCE AUTHORITY has caused this Bond to be signed in its name and on its behalf by the manual or facsimile signature of its President and attested by the manual or facsimile signature of its Secretary.

INDEPENDENT CITIES FINANCE  
AUTHORITY

By: \_\_\_\_\_  
President

ATTEST:

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

(FORM OF CERTIFICATE OF AUTHENTICATION)

This is one of the Series 2013 Bonds described in the within mentioned Trust Indenture.

Date of Authentication: April \_\_, 2013

Zions First National Bank, as Trustee

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

(FORM OF ASSIGNMENT)

ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto

---

(Social Security or Federal Taxpayer Identification Number)

---

(Please print or typewrite Name and Address, including Zip Code, of Assignee)

the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints the Trustee under the Indenture as registrar and attorney to register the transfer of the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

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

Signature guaranteed by:

---

NOTICE: Signature(s) must be guaranteed by an “eligible guarantor institution” that is a member of or a participant in a “signature guarantee program” (e.g., the Securities Transfer Agents Medallion Program, the Stock Exchange Medallion Program or the New York Stock Exchange, Inc. Medallion Signature Program.

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NOTICE: The signature of the Registered Owner to this assignment must correspond with the name as it appears on the face of the within Bond in every particular, without alteration or enlargement or any change whatsoever.

EXHIBIT B

[RESERVED]



EXHIBIT D

FORM OF REPAIR AND REPLACEMENT FUND REQUISITION

To: Zions First National Bank  
[TRUSTEE ADDRESS]  
[CITY, STATE] [ZIP]  
Attention: [\_\_\_\_\_] ]  
Telephone: [Phone]  
Facsimile: [FAX]

Re: \$[10,750,000] Independent Cities Finance Authority Charter School Revenue Bonds  
(Alliance Bloomfield Technology Academy Project) Series 2013 (Taxable Qualified  
School Construction Bonds – Direct Subsidy)

The undersigned, an Authorized Representative of [Alliance HS 18 SPE] (the  
“Borrower”) hereby requests a disbursement of \$\_\_\_\_\_ from the Repair and  
Replacement Fund established under the Trust Indenture with respect to the Bonds, and certifies  
to the Trustee that such amount is required to make repairs of the Project as allowed under the  
Loan Agreement and Indenture. The undersigned acknowledges and agrees that, subsequent to  
such disbursement, the Repair and Replacement Fund shall be replenished in accordance with the  
requirements of the Indenture.

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

[ALLIANCE HS 18 SPE]

By: Alliance for College-Ready Public  
Schools, its sole member

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

Name: \_\_\_\_\_

Title: \_\_\_\_\_

EXHIBIT E

FORM OF LETTER OF BENEFICIAL OWNER

Independent Cities Finance Authority  
Palmdale, California

Zions First National Bank  
[CITY, STATE]

CVC Capital, LLC  
Greenwood Village, Colorado

The undersigned, an authorized representative of \_\_\_\_\_, a \_\_\_\_\_ (the "Beneficial Owner"), does hereby represent and agree, as follows:

1. The Beneficial Owner is purchasing \$\_\_\_\_\_ outstanding aggregate principal amount of the \$\_\_\_\_\_ Charter School Revenue Bonds (Alliance Bloomfield Technology Academy Project) Series 2013 (Taxable Qualified School Construction Bonds - Direct Subsidy) (the "Series 2013 Bonds") of the Independent Cities Finance Authority (the "Authority"), which Series 2013 Bonds have been issued and delivered on the date of this Certificate.

2. The Beneficial Owner acknowledges that the Series 2013 Bonds are not general obligations of the Authority, but are special, limited obligations payable and secured solely as provided for in the Trust Indenture (the "Indenture") dated as of April 1, 2013 between the Authority and Zions First National Bank, as Trustee.

3. The Beneficial Owner has full power and authority to carry on its business as currently conducted.

4. The Beneficial Owner has the ability to bear the economic risks of an investment in the Series 2013 Bonds, and is an "accredited investor" as that term is defined in Rule 501 of Regulation D promulgated under the of the Securities Act of 1933, as amended (the "Securities Act"), or a "qualified institutional buyer" as that term is defined under Rule 144A of the Securities Act.

5. The Beneficial Owner is not now and has never been controlled by, or under common control, with [Alliance HS 18 SPE] (the "Borrower"). The Borrower has never been and is not now controlled by the Beneficial Owner.

6. The Beneficial Owner is sufficiently knowledgeable and experienced in financial and business matters, including the purchase and ownership of municipal and other tax-exempt obligations, to be able to evaluate the risks and merits of the investment represented by the purchase of the Series 2013 Bonds, and it is capable of and has made its own investigation of the Borrower and the Series 2013 Project in connection with its decision to purchase the Series 2013 Bonds.



7. The Series 2013 Bonds are being purchased by the Beneficial Owner for the purpose of investment and the Beneficial Owner intends to hold the Series 2013 Bonds for its own account as a long term investment, without a current view to any distribution or sale of the Series 2013 Bonds. The Beneficial Owner acknowledges that it may need to bear the risks of this investment for an indefinite time, since any sale prior to maturity may not be possible. Notwithstanding the foregoing, the undersigned has the right to sell, offer for sale, pledge, transfer, convey, hypothecate, mortgage or dispose of the Series 2013 Bonds at some future date determined by it, provided that such disposition is not in violation of the restrictions on sale, assignment, negotiation or transfer of the Series 2013 Bonds set forth in paragraph 9 below.

8. The Beneficial Owner acknowledges that the Series 2013 Bonds will not be listed on any stock or other securities exchange and were issued without registration under the provisions of the Securities Act, or any state securities laws. The Beneficial Owner acknowledges that the Series 2013 Bonds will not carry any rating from any rating service.

9. The Beneficial Owner agrees that, unless the bonds have received an investment grade rating, the beneficial ownership of the Series 2013 Bonds may be transferred only to an "accredited investor" as that term is defined in Rule 501 of Regulation D under the Securities Act or to a "qualified institutional buyer" as that term is defined under Rule 144A of the Securities Act. Any transfer in violation of this requirement shall be null and void.

IN WITNESS WHEREOF, the undersigned has hereunto set its hands this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

\_\_\_\_\_,  
as Beneficial Owner

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

Its: \_\_\_\_\_