

INDENTURE OF TRUST

By and Between

BELVEDERE PUBLIC FINANCING AUTHORITY

and

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

Dated as of July 1, 2016

**\$ _____
Belvedere Public Financing Authority
2016 Revenue Bonds**

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INDENTURE OF TRUST

THIS INDENTURE OF TRUST (this "Indenture"), made and entered into as of July 1, 2016, by and between the BELVEDERE PUBLIC FINANCING AUTHORITY, a joint powers authority organized and existing under the laws of the State of California (the "Authority") and U.S. Bank National Association, a national banking association organized and existing under the laws of the United States with a corporate trust office in San Francisco, California, and being qualified to accept and administer the trusts hereby created (the "Trustee");

WITNESSETH:

WHEREAS, the Authority is a joint powers authority duly organized and existing under a Joint Exercise of Powers Agreement (the "Agreement") dated as of May 9, 2016, by and between the City of Belvedere ("City") and the Belvedere Parking Authority, and under Articles 1 through 4 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the "Act"), and is authorized pursuant to Article 4 of the Act (the "Bond Law") to borrow money for the purpose of assisting in the financing and refinancing of certain public programs and projects, and of public capital improvements (as defined in the Act), for the benefit of the City and the Belvedere Parking Authority.

WHEREAS, the City has heretofore conducted special assessment proceedings for certain assessment districts and issued seven series of improvement bonds (collectively, the "Prior AD Bonds") of the City, all as described therein;

WHEREAS, the City desires to prepay and refund Prior AD Bonds through the issuance and sale of bonds (the "Local Obligations") to the Authority.

WHEREAS, the Authority has determined to issue its bonds captioned "Belvedere Public Financing Authority 2016 Revenue Bonds" (the "Bonds"), in the aggregate original principal amount of \$_____, pursuant to and secured by this Indenture in the manner provided herein, for the purpose of acquiring the City Bonds.

WHEREAS, the City will use the proceeds of the sale of the Local Obligations to redeem and pay in full the Prior AD Bonds.

WHEREAS, the City will deposit a portion of the proceeds of the sale of the City Bonds to the Authority in order to defease and redeem the Prior AD Bonds under an Escrow Agreement (the "Escrow Agreement") to be entered into between the City and The Bank of New York Mellon Trust Company, N.A., as escrow agent.

WHEREAS, in order to provide for the authentication and delivery of the Bonds, to establish and declare the terms and conditions upon which the Bonds are to be issued and to secure the payment of the principal thereof and interest thereon, the Authority has authorized the execution and delivery of this Indenture pursuant to Authority Resolution No. _____ adopted by the Board of Directors of the Authority on _____, 2016.

WHEREAS, all acts and proceedings required by law necessary to make the Bonds, when executed by the Authority, authenticated and delivered by the Trustee and duly issued, the valid, binding and legal special obligations of the Authority, and to constitute this Indenture a

valid and binding agreement for the uses and purposes herein set forth in accordance with its terms, have been done and taken, and the execution and delivery of the Indenture have been in all respects duly authorized.

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

ARTICLE 1

STATUTORY AUTHORITY AND DEFINITIONS

Section 1.01. Definitions. Unless the context otherwise requires, the terms defined in this Section shall for all purposes of this Indenture and of any Supplemental Indenture and of the Bonds and of any certificate, opinion, request or other documents herein mentioned have the meanings herein specified.

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

“Administrative Expenses” means the fees and expenses of the Trustee and the Authority incurred in carrying out their respective duties hereunder, including but not limited to: legal fees and expenses; the costs of all consultants and attorneys retained by or on behalf of the Authority to comply with any state or federal information reporting and disclosure requirements, and to maintain any credit enhancement related to the Bonds.

“Agreement” means that certain Joint Exercise of Powers Agreement dated as of May 9, 2016 by and between the City and the Belvedere Parking Authority, together with any amendments thereof and supplements thereto.

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

“Authority” means the Belvedere Public Financing Authority, a joint powers authority duly organized and existing under the Agreement and under and by virtue of the laws of the State.

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

“Board” means the Board of Directors of the Authority.

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

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

“Bond Register” means the registration books for the Bonds maintained by the Trustee in accordance with Section 2.08 hereof.

“Bonds” means the Bonds authorized by and at any time Outstanding pursuant to the Bond Law and this Indenture, including additional Bonds authorized to be issued for refunding purposes under Section 2.11.

“Bond Year” means each twelve-month period extending from September 3 in one calendar year to September 2 of the succeeding calendar year, except in the case of the initial Bond Year which shall be the period from the Closing Date to September 2, 2016, both dates inclusive.

“Business Day” means a day which is not a Saturday or Sunday or a day of the year on which banks in New York, New York and San Francisco, California, or where the Principal Office of the Trustee is located, are not required or authorized to remain closed.

“Certificate of the Authority” means a certificate in writing signed by the Chair, Vice-Chair, Executive Director, Secretary or Treasurer of the Authority, or by any other officer of the Authority duly authorized by the Board for that purpose.

“Closing Date” means _____, 2016, the date upon which there is a physical delivery of the Bonds in exchange for the purchase price therefor.

“Continuing Disclosure Certificate” means that certain Continuing Disclosure Certificate executed by the Authority, on behalf of itself and the City, and dated the date of issuance and delivery of the Bonds, as originally executed and as it may be amended from time to time in accordance with its terms.

“Code” means the Internal Revenue Code of 1986 as in effect on the date of issuance of the Bonds or (except as otherwise referenced herein) as it may be amended to apply to obligations issued on the date of issuance of the Bonds, together with applicable temporary and final regulations promulgated, and applicable official public guidance published, under the Code.

“Costs of Issuance” means the costs and expenses incurred in connection with the formation of the Authority and the issuance and sale of the Bonds and the issuance and acquisition of the Local Obligations, including without limitation the acceptance and initial annual fees and expenses of the Trustee, Fiscal Agent and Escrow Holder and their counsel, legal fees and expenses, costs of printing the Bonds and the preliminary and final Official Statements, fees of financial consultants, and other fees and expenses set forth in a Request of the Authority.

“Costs of Issuance Fund” shall mean the fund by that name established in Section 3.03.

“City Fiscal Agent Agreement” means the Fiscal Agent Agreement, dated as of July 1, 2016, by and between the City and U.S. Bank National Association, as fiscal agent, relating to the Local Obligations.

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

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

“Escrow Agreement” means the Escrow Deposit and Trust Agreement dated as of July 1, 2016, by and between the City and the Escrow Holder by which the Escrow Fund is established and administered.

“Escrow Fund” means the fund established under the Escrow Agreement.

“Escrow Holder” means The Bank of New York Mellon Trust Company, N.A., acting as Escrow Holder under the Escrow Agreement.

“Event of Default” means any of the events described in Section 8.01.

“Fair Market Value” means the price at which a willing buyer would purchase the investment from a willing seller in a bona fide, arm's length transaction (determined as of the date the contract to purchase or sell the investment becomes binding) if the investment is traded on an established securities market (within the meaning of section 1273 of the Code) and, otherwise, the term "Fair Market Value" means the acquisition price in a bona fide arm's length transaction (as referenced above) if

(A) the investment is a certificate of deposit that is acquired in accordance with applicable regulations under the Code,

(B) the investment is an agreement with specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate (for example, a guaranteed investment contract, a forward supply contract or other investment agreement) that is acquired in accordance with applicable regulations under the Code,

(C) the investment is a United States Treasury Security--State and Local Government Series that is acquired in accordance with applicable regulations of the United States Bureau of Public Debt, or

(D) any commingled investment fund in which the Authority and related parties do not own more than a 10% beneficial interest therein if the return paid by the fund is without regard to the source of the investment.

To the extent required by the applicable regulations under the Code, the term “investment” will include a hedge.

“Federal Securities” means

(A) any direct general obligations of the United States of America (including obligations issued or held in book entry form on the books of the Department of the Treasury of the United States of America), for which the full faith and credit of the United States of America are pledged; and

(B) obligations of any agency, department or instrumentality of the United States of America, the timely payment of principal and interest on which are fully, unconditionally and directly or indirectly secured or guaranteed by the full faith and credit of the United States of America.

“Fiscal Agent” means U.S. Bank National Association, acting in its capacity as the fiscal agent for the Local Obligations, and any successor fiscal agent .

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

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

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

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

“Independent Financial Consultant” means any financial consultant or firm of such consultants experienced in the area for which such consultant is being retained by the Authority, and who, or each of whom –

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

“Information Services” means the Municipal Securities Rulemaking Board Electronic Municipal Market Access (EMMA) system accessible at the emma.msrb.org website, and, in accordance with then current guidelines of the Securities and Exchange Commission, such other services providing information with respect to called bonds as the Authority may designate in a Written Request delivered to the Trustee.

“Interest Account” means the account by that name established and held by the Trustee within the Revenue Fund pursuant to Section 4.02.

“Interest Payment Date” means March 2 and September 2 in each year, beginning March 2, 2017, and continuing thereafter so long as any Bonds remain Outstanding.

“Local Obligations” means the City of Belvedere Consolidated Reassessment and Refunding District of 2016 (Utility Undergrounding Assessment Districts) Limited Obligation Refunding Improvement Bonds purchased from the City with proceeds of the Bonds.

“Maximum Annual Debt Service” means, as of the date of any calculation, the largest Annual Debt Service on the Bonds during the current or any future Bond Year.

“Moody’s” means Moody’s Investors Service, Inc., a corporation organized and existing under the laws of the State of Delaware, and its successors and assigns.

“Original Purchaser” means with respect to the Bonds, Wulff, Hansen & Co.

“Outstanding” when used as of any particular time with reference to Bonds, means (subject to the provisions of Section 9.07 regarding disqualified Bonds) all Bonds theretofore executed, issued and delivered by the Authority under this Indenture except -

(a) Bonds theretofore cancelled by the Trustee or surrendered to the Trustee for cancellation;

(b) Bonds paid or deemed to have been paid within the meaning of Section 9.03 or Bonds called for redemption as described in Section 2.02; and

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

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

“Participating Underwriter” has the meaning given in the Continuing Disclosure Certificate.

“Permitted Investments” means any of the following which at the time of investment are legal investments under the laws of the State for the moneys proposed to be invested therein (provided the Trustee may rely upon any Request of the Authority as a certification to it that such investment constitutes a legal investment under the laws of the State):

A. Federal Securities.

B. U.S. dollar denominated deposit accounts, federal funds and bankers’ acceptances with domestic commercial banks, which may include the Trustee and its affiliates, which have a rating on their short term certificates of deposit on the date of purchase of “P-1” by Moody’s Investors Service (“Moody’s”) and “A-1” or “A-1+” by S&P and maturing not more than 360 calendar days after the date of purchase. (Ratings on holding companies are not considered as the rating of the bank);

C. Commercial paper which is rated at the time of purchase in the single highest classification, “P-1” by Moody’s and “A-1+” by S&P and which matures not more than 270 calendar days after the date of purchase;

D. Investments in a money market fund rated “AAAm” or “AAAm-G” or better by S&P, including such funds for which the Trustee, its affiliates or subsidiaries provide investment advisory or other management services or for which the Trustee or an affiliate of the Trustee serves as investment administrator, shareholder servicing agent, and/or custodian or subcustodian, notwithstanding that (i) the Trustee or an affiliate of the Trustee receives fees from funds for services rendered, (ii) the Trustee collects fees for services rendered pursuant to this Indenture, which are separate from the fees received from such funds, and (iii) services performed for such funds and pursuant to

this Indenture may at times duplicate those provided to such funds by the Trustee or an affiliate of the Trustee;

E. Pre-refunded Municipal Obligations defined as follows: any bonds 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 rating category of Moody's or S&P or any successors thereto; or

(ii) which are fully secured as to principal and interest and redemption premium, if any, by an escrow consisting only of cash or Federal Securities described in subsection (b) and (d) of the definition thereof, which escrow may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate, and which escrow is sufficient, as verified by a nationally recognized independent certified public accountant, to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this paragraph on the maturity date or dates specified in the irrevocable instructions referred to above, as appropriate;

F. Municipal Obligations rated "Aaa/AAA" or general obligations of States with a rating of "A2/A" or higher by both Moody's and S&P.

"Prepayment Account" means the account by that name established and held by the Trustee within the Revenue Fund pursuant to Section 4.02.

"Principal Account" means the account by that name established and held by the Trustee within the Revenue Fund pursuant to Section 4.02.

"Principal Office" means the corporate trust office of the Trustee set forth in Section 9.12 or such other or additional offices as may be designated by the Trustee.

"Prior AD Bonds" means, collectively, the bonds described in Exhibit A attached to the City Fiscal Agent Agreement and hereby made a part hereof.

"Purchase Fund" means the fund by that name established and held by the Trustee pursuant to Section 3.04.

"Qualified Reserve Fund Credit Instrument" means subject to the proviso below, an insurance policy or surety bond issued by an insurance company and deposited with the Trustee, provided that all of the following requirements are met at the time of acceptance thereof by the Trustee:

(a) the claims paying ability of such insurance company at the time of such issuance is at least "A" from S&P, or "A" from Moody's (in each case, without regard to numerical or other modifier);

(b) such surety bond has a term of at least 12 months;

(c) such surety bond has a stated amount at least equal to the portion of the Reserve Requirement to be satisfied by such Qualified Reserve Fund Credit Instrument; and

(d) the Trustee is authorized pursuant to the terms of such surety bond to draw thereunder an amount equal to any deficiencies which may exist from time to time in the Interest Account or the Principal Account for the purpose of making payments required pursuant to Sections 4.02(a)(1) or (2).

“Reassessments” has the meaning set forth in the City Fiscal Agent Agreement.

“Record Date” means, with respect to any Interest Payment Date, the 15th calendar day of the month preceding such Interest Payment Date, whether or not such day is a Business Day.

“Representation Letter” means the representation letter dated as of the Closing Date for the Bonds from the Authority to DTC.

“Request of the Authority” means a request in writing signed by the Chair, Vice-Chair, Executive Director, Secretary or Treasurer of the Authority, or by any other officer of the Authority duly authorized by the Board for that purpose.

“Reserve Fund” means the fund by that name established, held and administered by the Trustee under Section 4.03.

“Reserve Requirement” means, as of any date of calculation, the least of

- (i) 10% of the initial principal amount of the Bonds,
- (ii) Maximum Annual Debt Service on the Outstanding Bonds, or
- (iii) 125% of average Annual Debt Service on the Outstanding Bonds.

“Responsible Officer” when used with respect to the Trustee, means any officer or employee within the Principal Office of the Trustee (or any successor group of the Trustee) having direct responsibility for the administration of this Indenture and also means, with respect to a particular corporate trust matter, any other officer to whom such matter is referred because of his knowledge of and familiarity with the particular subject. It also means any officer of the Trustee assigned to administer the Trustee’s duties under this Indenture.

“Revenue Fund” means the fund by that name established and held by the Trustee pursuant to Section 4.02.

“Revenues” means:

- (a) all amounts received from the City pursuant to any Local Obligations,

(b) any proceeds of the Bonds originally deposited with the Trustee and all moneys deposited and held from time to time by the Trustee in the funds and accounts established hereunder (other than the Costs of Issuance Fund and the Surplus Fund); and

(c) investment income with respect to any moneys held by the Trustee in the funds and accounts established hereunder (other than the Surplus Fund).

“S&P” means Standard & Poor’s Ratings Services, a division of The McGraw-Hill Companies, Inc., a corporation organized and existing under the law of the State of New York, and its successors and assigns.

“Securities Depositories” means The Depository Trust Company, 55 Water Street, 50th Floor, New York, N.Y. 10041-0099 Attn. Call Notification Department, Fax (212) 855-7232, and, in accordance with then current guidelines of the Securities and Exchange Commission, such other addresses and such other securities depositories as the Authority may designate in a Request of the Authority delivered to the Trustee.

“Serial Bonds” means all Bonds other than Term Bonds.

“State” means the State of California.

“Supplemental Indenture” means any indenture, agreement or other instrument hereafter duly executed by the Authority in accordance with the provisions of Article 7 of this Indenture.

“Surplus Fund” means the fund by that name established and held by the Trustee pursuant to Section 4.04.

“Term Bonds” means the Bonds maturing on September 2, 20____.

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

“Yield” has the meaning given to such term in the Code, which as of the Closing Date is _____% for the Bonds.

Section 1.02. Rules of Construction.

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

Section 1.03. Authorization and Purpose of Bonds.

The Authority has reviewed all proceedings heretofore taken relative to the authorization of the Bonds and has found, as a result of such review, and hereby finds and determines, that all things, conditions and acts required by law to exist, happen and/or be performed precedent to and in the issuance of the Bonds do exist, have happened and have been performed in due time, form and manner as required by law, and the Authority is now authorized under the

Agreement and the Bond Law and each and every requirement of law, to issue the Bonds in the manner and form provided in this Indenture. Accordingly, the Authority hereby authorizes the issuance of the Bonds pursuant to the Bond Law and this Indenture for the purpose of providing funds to acquire the Local Obligations and paying Costs of Issuance.

Section 1.04. Equal Security.

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

The Bonds are limited obligations of the Authority as set forth in Section 9.1 hereof.

ARTICLE 2
ISSUANCE OF BONDS

Section 2.01. Terms of Bonds.

(a) *Principal Amount and Designation.* The Bonds authorized to be issued by the Authority under and subject to the Bond Law and the terms of this Indenture shall be dated the Closing Date and be designated the “Belvedere Public Financing Authority 2016 Revenue Bonds,” which shall be issued in the original aggregate principal amount of \$_____.

(b) *Registered Form; Denominations; Dated Date.* The Bonds shall be issued in fully registered form without coupons in denominations of \$5,000 or any integral multiple thereof. The Bonds shall be dated as of the Closing Date.

(c) *CUSIP Identification Numbers.* “CUSIP” identification numbers shall be imprinted on the Bonds, but such numbers will not constitute a part of the contract evidenced by the Bonds and any error or omission with respect thereto shall not constitute cause for refusal of any purchaser to accept delivery of and pay for the Bonds. In addition, failure on the part of the Authority or the Trustee to use such CUSIP numbers in any notice to Owners shall not constitute an event of default or any violation of the Authority’s contract with such Owners and shall not impair the effectiveness of any such notice.

(d) *Maturities, Interest Rates.* The Bonds shall mature and become payable on September 2 in each of the years, and shall bear interest at the rates per annum, as follows:

Maturity Date (September 2)	Principal Amount	Interest Rate
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(E) *Calculation of Interest.* The Bonds shall bear interest at the rates set forth above payable on the Interest Payment Dates in each year. Interest shall be calculated on the basis of a 360-day year composed of twelve 30-day months. Each Bond shall bear interest from the Interest Payment Date next preceding the date of authentication thereof unless

(i) it is authenticated on an Interest Payment Date, in which event it shall bear interest from such date of authentication, or

(ii) it is authenticated prior to an Interest Payment Date and after the close of business on the Record Date preceding such Interest Payment Date, in which event it shall bear interest from such Interest Payment Date, or

(iii) it is authenticated prior to the Record Date preceding the first Interest Payment Date, in which event it shall bear interest from the Closing Date;

provided, however, that if at the time of authentication of a Bond, interest is in default thereon, such Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon.

(f) *Method of Payment.* Interest on the Bonds (including the final interest payment upon maturity or earlier redemption) is payable by check of the Trustee mailed on the Interest Payment Dates by first class mail to the registered Owner thereof at the registered Owner's address as it appears on the registration books maintained by the Trustee at the close of business on the Record Date preceding the Interest Payment Date, or by wire transfer (i) to the Securities Depository (so long as the Bonds are in book-entry form pursuant to this Indenture), or (ii) to an account within the United States made on such Interest Payment Date upon written instructions of any Owner of \$1,000,000 or more in aggregate principal amount of Bonds, which shall continue in effect until revoked in writing, or until such Bonds are transferred to a new Owner.

The principal of the Bonds and any premium on the Bonds are payable by check in lawful money of the United States of America upon surrender of the Bonds at the Principal Office of the Trustee. All Bonds paid by the Trustee pursuant to this Section shall be canceled by the Trustee. The Trustee shall destroy the canceled Bonds and issue a certificate of destruction thereof to the Authority.

Section 2.02. Redemption of Bonds.

(A) Redemption.

(i) *Optional Redemption.* The Bonds maturing on or before September 2, 20__, are not subject to optional call and redemption prior to maturity. The Bonds maturing on and after September 2, 20__, are subject to optional call and redemption prior to maturity, as a whole or in part among such maturities as are selected by the Authority and by lot within a maturity, on any date on or after September 2, 20__, from funds derived by the Authority from any source, at a redemption price equal to the principal amount of the Bonds to be optionally redeemed, together with accrued interest thereon to the date fixed for redemption, without premium.

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

(ii) *Mandatory Redemption from Redemption of Local Obligations due to Prepayments of Reassessments.* The Bonds are subject to mandatory call and redemption prior to maturity, as a whole or in part among such maturities as are selected by the Authority and by lot within a maturity, on any Interest Payment Date on or after

September 2, 20__, from amounts received by the Authority due to the redemption of Local Obligations from the prepayment of Reassessments, at a redemption price (expressed as a percentage of the principal amount of the Bonds to be redeemed), as set forth below, together with accrued interest thereon to the date fixed for redemption:

<u>Redemption Date</u>	<u>Redemption Price</u>
September 2, 20__, through March 2, 20__	103%
September 2, 20__, and March 2, 20__	102
September 2, 20__, and March 2, 20__	101
September 2, 20__, any Interest Payment Date thereafter	100

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

(iii) *Mandatory Sinking Payment Redemption.* The Bonds maturing on September 2, 20__ (the "20__ Term Bonds"), are subject to mandatory sinking payment redemption in part on September 2, 20__, and on each September 2 thereafter to maturity, by lot, at a redemption price equal to the principal amount thereof to be redeemed, together with accrued interest to the date fixed for redemption, without premium, from sinking payments as follows:

20__ Term Bonds

<u>Redemption Date</u> <u>(September 2)</u>	<u>Sinking</u> <u>Payments</u>
------------------------------------------------	-----------------------------------

20__ (maturity)

The amounts in the foregoing table shall be reduced pro rata as a result of any prior partial optional redemption of the Bonds under Section 2.02(A)(i) or partial mandatory redemption of the Bonds under Section 2.02(A)(ii), as specified by the Authority to the Trustee.

(B) *Notice to Trustee.* The Authority shall give the Trustee written notice of its intention to redeem Bonds pursuant to Section 2.02(A)(i) or Section 2.02(A)(ii) not less than 45 days prior to the applicable redemption date and shall specify the principal amount of Bonds to be redeemed.

(C) *Purchase of Bonds in Lieu of Redemption.* In lieu of any redemption under Section 2.02(A), moneys in the Revenue Fund may be used and withdrawn by the Trustee for purchase of Outstanding Bonds, upon the filing with the Trustee of Request of the Authority requesting such purchase, at public or private sale as and when, and at such prices (including brokerage and other charges) as such written direction may provide, but in no event may Bonds be purchased at a price in excess of the principal amount thereof, plus interest accrued to the

date of purchase and any premium which would otherwise be due if such Bonds were to be redeemed in accordance with this Indenture.

(D) Redemption Procedure by Trustee. The Trustee shall cause notice of any redemption to be mailed by first class mail, postage prepaid, at least 30 days but not more than 60 days prior to the date fixed for redemption, to the Original Purchaser, to the Securities Depositories, to the Information Service, and to the respective registered Owners of any Bonds designated for redemption, at their addresses appearing on the Bond registration books in the Principal Office of the Trustee; but such mailing shall not be a condition precedent to such redemption and failure to mail or to receive any such notice, or any defect therein, shall not affect the validity of the proceedings for the redemption of such Bonds.

Such notice shall

(i) state the redemption date and the redemption price and, if less than all of the then Outstanding Bonds are to be called for redemption, shall designate the CUSIP numbers and Bond numbers of the Bonds to be redeemed by giving the individual CUSIP number and Bond number of each Bond to be redeemed or shall state that all Bonds between two stated Bond numbers, both inclusive, are to be redeemed or that all of the Bonds of one or more maturities have been called for redemption;

(ii) state as to any Bond called in part the principal amount thereof to be redeemed;

(iii) require that the Bonds be then surrendered at the Principal Office of the Trustee for redemption at the said redemption price or such other place of payment as may be designated in said notice;

(iv) state that further interest on the Bonds will not accrue from and after the redemption date; and

(v) for optional redemption state whether the redemption notice is conditioned on the availability of funds.

Upon the payment of the redemption price of Bonds being redeemed, each check or other transfer of funds issued for such purpose shall, to the extent practicable, bear the CUSIP number identifying, by issue and maturity, the Bonds being redeemed with the proceeds of such check or other transfer.

Upon surrender of Bonds redeemed in part only, the Authority shall execute and the Trustee shall authenticate and deliver to the Owner, at the expense of the Authority, a new Bond or Bonds, of the same series and maturity, of authorized denominations in aggregate principal amount equal to the unredeemed portion of the Bond or Bonds.

(E) Selection of Bonds for Redemption. Whenever provision is made in this Indenture for the redemption of less than all of the Bonds of a single maturity, the Trustee shall select the Bonds of that maturity to be redeemed by lot in any manner which the Trustee in its sole discretion deems appropriate. For purposes of such selection, the Trustee shall treat each Bond as consisting of separate \$5,000 portions and each such portion shall be subject to redemption as if such portion were a separate Bond.

(F) Conditional Redemption Notice and Rescission of Redemption. Any notice of optional redemption under Section 2.02(A)(i) may specify that redemption of the Bonds designated for redemption on the specified date will be subject to the receipt by the Authority or the Trustee, as applicable, of moneys sufficient to cause such redemption (and will specify the proposed source of such moneys), and neither the Authority nor the Trustee will have any liability to the Owners of any Bonds, or any other party, as a result of the Authority's failure to redeem the Bonds designated for redemption as a result of insufficient moneys therefor.

Additionally, the Authority may rescind any optional redemption of the Bonds under Section 2.02(A)(i), and notice thereof, for any reason on any date prior to the date fixed for such redemption by causing written notice of the rescission to be given to the Owners of the Bonds so called for redemption. Notice of rescission of redemption will be given in the same manner in which notice of redemption was originally given. The actual receipt by the Owner of any Bond of notice of such rescission will not be a condition precedent to rescission, and failure to receive such notice or any defect in such notice will not affect the validity of the rescission. Neither the Authority nor the Trustee will have any liability to the Owners of any Bonds, or any other party, as a result of the Authority's decision to rescind a redemption of any Bonds pursuant to this Indenture.

(G) Effect of Redemption. From and after the date fixed for redemption, if funds available for the payment of the principal of, and interest and any premium on, the Bonds so called for redemption have been deposited in the Revenue Fund, such Bonds so called shall cease to be entitled to any benefit under this Indenture other than the right to receive payment of the redemption price, and no interest shall accrue thereon on or after the redemption date specified in such notice.

All Bonds redeemed and purchased by the Trustee pursuant to this Section shall be canceled by the Trustee. The Trustee shall destroy the canceled Bonds and issue a certificate of destruction thereof to the Authority.

Section 2.03. Form of Bonds.

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

Section 2.04. Execution of Bonds.

The Bonds shall be signed in the name and on behalf of the Authority with the manual or facsimile signatures of its Chair or Vice-Chair and attested with the manual or facsimile signature of its Secretary or any assistant duly appointed by the Board, and shall be delivered to the Trustee for authentication by it.

If any officer of the Authority who has signed any of the Bonds ceases to be such officer before the Bonds so signed have been authenticated or delivered by the Trustee or issued by the Authority, such Bonds may nevertheless be authenticated, delivered and issued and, upon such authentication, delivery and issue, shall be as binding upon the Authority as though the individual who signed the same had continued to be such officer of the Authority. Also, any Bond may be signed on behalf of the Authority by any individual who on the actual date of the

execution of such Bond is the proper officer although on the nominal date of such Bond such individual was not such officer.

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

Section 2.05. Transfer of Bonds.

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

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

Section 2.06. Exchange of Bonds.

Bonds may be exchanged at the Principal Office of the Trustee for Bonds of the same tenor and maturity and of other authorized denominations. No Bonds selected for redemption shall be subject to exchange pursuant to this Section, nor shall any Bond be subject to exchange during the fifteen days prior to the selection of Bonds for redemption.

Section 2.07. Temporary Bonds.

The Bonds may be issued initially in temporary form exchangeable for definitive Bonds when ready for delivery. The temporary Bonds may be printed, lithographed or typewritten, shall be of such denominations as may be determined by the Authority and may contain such reference to any of the provisions of this Indenture as may be appropriate. Every temporary Bond shall be executed by the Authority and be registered and authenticated by the Trustee upon the same conditions and in substantially the same manner as the definitive Bonds. No Bonds selected for redemption shall be subject to transfer pursuant to this Section nor shall any Bond be subject to transfer during the fifteen days prior to the selection of Bonds for redemption. If the Authority issues temporary Bonds, it will execute and furnish definitive Bonds without delay, and thereupon the temporary Bonds may be surrendered for cancellation, in exchange therefor at the Principal Office of the Trustee, and the Trustee shall authenticate and deliver in exchange for such temporary Bonds an equal aggregate principal amount of definitive Bonds of authorized denominations. Until so exchanged, the temporary Bonds shall be entitled to the same benefits under this Indenture as definitive Bonds authenticated and delivered hereunder.

Section 2.08. Bond Register.

The Trustee will keep or cause to be kept at its Principal Office sufficient records for the registration and transfer of the Bonds, which shall be the Bond Register and shall at all times during regular business hours be open to inspection by the Authority with reasonable notice; and, upon presentation for such purpose, the Trustee shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on said records, Bonds as hereinbefore provided.

Section 2.09. Bonds Mutilated, Lost, Destroyed or Stolen.

If any Bond becomes mutilated, the Authority, at the expense of the Owner of said Bond, shall execute, and the Trustee shall thereupon authenticate and deliver, a new Bond of like tenor and authorized denomination in exchange and substitution for the Bond so mutilated, but only upon surrender to the Trustee of the Bond so mutilated. Every mutilated Bond so surrendered to the Trustee shall be cancelled by it and delivered to, or upon the order of, the Authority.

If any Bond issued hereunder is lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Trustee and, if such evidence be satisfactory to it and indemnity satisfactory to it, the Authority, at the expense of the Bond Owner, shall execute, and the Trustee shall thereupon authenticate and deliver, a new Bond of like tenor in lieu of and in substitution for the Bond so lost, destroyed or stolen (or if any such Bond has matured or has been called for redemption, instead of issuing a substitute Bond the Trustee may pay the same without surrender thereof upon receipt of indemnity satisfactory to the Trustee.

The Trustee may require payment of a reasonable fee for each new Bond issued under this Section and of the expenses which may be incurred by the Authority and the Trustee. Any Bond issued under the provisions of this Section in lieu of any Bond alleged to be lost, destroyed or stolen shall constitute an original contractual obligation on the part of the Authority whether or not the Bond alleged to be lost, destroyed or stolen at any time enforceable by anyone, and shall be equally and proportionately entitled to the benefits of this Indenture with all other Bonds secured by this Indenture.

Section 2.10. Book-Entry System.

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

(b) With respect to Bonds registered in the Bond Register in the name of Cede & Co., as nominee of DTC, the Authority and the Trustee shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co. or any DTC Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any DTC Participant or any other person, other than an Owner, as shown in the Bond Register, of any notice with respect to the Bonds, including any notice of redemption, or (iii) the payment to any DTC Participant or any other person, other than an Owner, as shown in the Bond Register, of any amount with respect to principal of, premium, if any, interest on the Bonds. The Authority and the Trustee may treat and consider the person in whose name each Bond is registered in the Bond Register as the holder and absolute owner of such Bond for the purpose of payment of principal, premium, if any, and interest on such Bond, for the purpose of giving notices of redemption and other matters with respect to such Bond, for the purpose of registering transfers with respect to such Bond, and for all other purposes whatsoever. The Trustee shall pay all principal of, premium, if any, and interest on the Bonds only to or upon the order of the respective Owners, as shown in the Bond Register, as provided in Section 2.08 hereof, or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the Authority's obligations with respect to payment of principal of, premium, if any, and interest on the Bonds to the extent of the sum or sums so paid. No person other than an Owner, as shown in the Bond Register, shall receive a certificated Bond evidencing the obligation of the Authority to make payments of principal, premium, if any, and interest pursuant to this Indenture. Upon delivery by DTC to the Trustee of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions herein with respect to record dates, the word "Cede & Co." in this Indenture shall refer to such new nominee of DTC.

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

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

(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 Outstanding Bonds be registered in the Bond Register in the name of Cede & Co., or any other nominee of DTC, is not in the best interest of the Beneficial Owners of such Bonds.

(iii) Upon the termination of the services of DTC with respect to the Bonds pursuant to subsection 2.10(d)(ii)(B) hereof, or upon the discontinuance or termination of the services of DTC with respect to the Bonds pursuant to subsection 2.10(d)(i) or subsection 2.10(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 Authority is obligated to deliver Bond certificates, as described in this Indenture and the Bonds shall no longer be restricted to being registered in the Bond Register in the name of Cede & Co. as nominee of DTC, but may be registered in whatever name or names DTC shall designate to the Trustee in writing, in accordance with the provisions of this Indenture.

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

Section 2.11. Additional Bonds Only for Refunding.

The Authority may from time to time issue additional Bonds but only to refund and discharge the Bonds or any portion thereof in accordance with the Act. Any additional Bonds shall constitute Bonds hereunder and shall be secured by a lien on the Revenues and funds pledged for the payment of the Bonds hereunder on a parity with all other Outstanding Bonds hereunder.

Section 2.12. No Acceleration.

The principal of the Bonds shall not be subject to acceleration hereunder. Nothing in this Section shall in any way prohibit the redemption of Bonds under Section 2.02, or the defeasance of the Bonds and discharge of this Indenture under Section 9.03.

ARTICLE 3

DEPOSIT AND APPLICATION OF PROCEEDS

Section 3.01. Issuance of Bonds.

Upon the execution and delivery of this Indenture, the Authority shall execute and deliver the Bonds in the principal amounts set forth in Section 2.01 to the Trustee for authentication and delivery to the Original Purchaser thereof upon the Request of the Authority.

Section 3.02. Application of Proceeds of Sale of Bonds.

(a) Upon the receipt of payment for the Bonds on the Closing Date, the Trustee shall apply the net proceeds of sale thereof, equal to \$_____ (calculated as the original principal amount of the Bonds (\$_____), plus net original issue premium of \$_____, and less an Underwriter's discount of \$_____), as follows:

- (i) The Trustee shall deposit \$_____ in the Purchase Fund;
- (ii) The Trustee shall deposit \$_____ in the Reserve Fund; and
- (iii) The Trustee shall deposit \$_____ in the Costs of Issuance Fund.

The Trustee may, in its discretion, establish a temporary fund or account in its books and records to facilitate such transfers.

Section 3.03. Costs of Issuance Fund.

The Trustee shall establish and maintain a fund to be held by the Trustee known as the "Costs of Issuance Fund" into which shall be deposited the amounts set forth in Section 3.02(b) above.

The moneys in the Costs of Issuance Fund shall be used to pay Costs of Issuance from time to time upon receipt of a Request of the Authority in the form attached hereto as Exhibit B.

On the date which is 180 days following the Closing Date, or upon the earlier receipt by the Trustee of a Request of the Authority stating that all Costs of Issuance have been paid, the Trustee shall transfer all remaining amounts in the Costs of Issuance Fund to the Revenue Fund. Upon such transfer the Costs of Issuance Fund shall be closed.

The Authority may at any time file a Request of the Authority requesting that the Trustee retain a specified amount in the Costs of Issuance Fund and transfer to the Revenue Fund all remaining amounts.

Section 3.04. Purchase Fund.

The Trustee shall establish and maintain a separate fund to be known as the "Purchase Fund" into which shall be deposited the net proceeds of the sale of the Bonds pursuant to Section 3.02(a). The Trustee shall use the proceeds of the Bonds to purchase the Local Obligations on the Closing Date. Upon receipt of the Local Obligations, the Trustee shall deposit the Local Obligations in the Revenue Fund.

Section 3.05. Validity of Bonds.

The validity of the authorization and issuance of the Bonds shall not be affected in any way by any proceedings taken by the Authority or the City with respect to the application of the proceeds of the Bonds, and the recital contained in the Bonds that the same are issued pursuant to the Bond Law shall be conclusive evidence of their validity and of the regularity of their issuance.

ARTICLE 4

REVENUES; FLOW OF FUNDS

Section 4.01. Pledge of Revenues; Assignment of Rights.

(a) *Pledge of Revenues.* Subject to the provisions of Sections 6.03 and 10.03, the Bonds shall be secured by a first lien on and pledge (which shall be effected in the manner and to the extent hereinafter provided) of all of the Revenues. The Bonds shall be equally secured by a pledge, charge and lien upon the Revenues without priority for any Bond over any other Bond; and the payment of the interest on and principal of the Bonds and any premiums upon the redemption of any thereof shall be and are secured by an exclusive pledge, charge and lien upon the Revenues.

So long as any of the Bonds are Outstanding, the Revenues shall not be used for any purpose except as is expressly permitted by this Indenture.

(b) *Assignment to Trustee.* The Authority hereby transfers in trust and assigns to the Trustee, for the benefit of the Owners from time to time of the Bonds, all of the Revenues and all of the right, title and interest of the Authority in the Local Obligations, subject to the terms of this Indenture. The Trustee shall be entitled to and shall collect and receive all of the Revenues, and any Revenues collected or received by the Authority shall be deemed to be held, and to have been collected or received, by the Authority as the agent of the Trustee and shall forthwith be paid by the Authority to the Trustee.

The Trustee also shall be entitled to and subject to the provisions of this Indenture, shall take all steps, actions and proceedings reasonably necessary in its judgment to enforce, either jointly with the Authority or separately, all of the rights of the Authority and all of the obligations of the City under the Local Obligations.

(c) *Release of Funds.* Upon the deposit with the Trustee of moneys sufficient to pay all principal of, premium, if any, and interest on the Bonds and upon satisfaction of all claims against the Authority hereunder with respect to the Bonds, including without limitation all fees, charges and expenses of the Trustee and the Authority that are properly payable hereunder, or upon the making of adequate provisions for the payment of such amounts as permitted hereby, all moneys remaining in all funds and accounts pertaining to the Bonds, except any amounts required to be rebated to the United States of America pursuant to Section 5.07, and except moneys necessary to pay principal of, premium, if any, and interest on the Bonds, which shall be held by the Trustee and paid to the Authority pursuant to Section 9.03, shall be paid to the City free of the lien of this Indenture.

Section 4.02. Receipt, Deposit and Application of Revenues; Revenue Fund.

(a) The Trustee shall establish and maintain a separate trust fund to be known as the "Revenue Fund" and the following separate accounts therein: the "Interest Account," the "Principal Account" and the "Prepayment Account."

All Revenues described in clause (a) of the definition thereof in Section 1.01 shall be promptly deposited by the Trustee upon receipt thereof in the Revenue Fund.

Any Revenues which represent the payment of delinquent principal of or interest on the Local Obligations shall immediately be deposited in the Reserve Fund to the extent necessary to replenish the Reserve Requirement, with any amount in excess of that needed for such replenishment remaining in the Revenue Fund.

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

(1) *Interest Account.* On each Interest Payment Date and redemption date, the Trustee shall deposit in the Interest Account an amount required to cause the aggregate amount on deposit in the Interest Account to equal the amount of interest due or becoming due and payable on such Interest Payment Date on the Bonds or to be paid on the Bonds being redeemed on such date. No deposit need be made into the Interest Account if the amount contained therein is at least equal to the interest becoming due and payable upon the Bonds on the next succeeding Interest Payment Date or redemption date, as applicable. All moneys in the Interest Account shall be used and withdrawn by the Trustee solely for the purpose of paying interest on the Bonds as it shall become due and payable (including accrued interest on any of the Bonds redeemed prior to maturity). In the event that the amounts on deposit in the Interest Account on any Interest Payment Date or redemption date, after any transfers from the Reserve Fund pursuant to Section 4.03 hereof, are insufficient for any reason to pay the aggregate amount of interest then coming due and payable on the Bonds, the Trustee shall apply such amounts to the payment of interest on each of the Bonds on a pro rata basis.

(2) *Principal Account.* On each Interest Payment Date and redemption date on which the principal of the Bonds shall be payable, the Trustee shall deposit in the Principal Account an amount required to cause the aggregate amount on deposit in the Principal Account to equal the principal amount of, and premium (if any) on, the Bonds coming due and payable on such Interest Payment Date, or required to be redeemed on such date pursuant to Section 2.02(a); provided, however, that no amount shall be deposited to effect an optional redemption pursuant to Section 2.02(a)(i) unless the Trustee has first received a certificate of an Independent Financial Consultant to the effect that such deposit to effect an optional redemption of the Bonds will not impair the ability of the Authority to make timely payment of the principal of and interest on the Bonds, assuming for such purposes that the City continues to make timely payment on all Local Obligations not then in default. All moneys in the Principal Account shall be used and withdrawn by the Trustee solely for the purpose of

- (i) paying the principal of the Bonds at the maturity thereof,
- (ii) paying the principal of the Term Bonds upon the mandatory sinking fund redemption thereof pursuant to Section 2.02(a)(iii), or
- (iii) paying the principal of and premium (if any) on any of the Bonds upon the optional redemption thereof pursuant to Section 2.02(a)(i).

If the amounts on deposit in the Principal Account on any Interest Payment Date or date of redemption, after any transfers from the Reserve Fund pursuant to Section 4.03 hereof, are insufficient for any reason to pay the aggregate principal amount of, and premium (if any) on, the Bonds then coming due and payable (whether at maturity or upon the redemption thereof), the Trustee shall apply such amounts in the following order of priority: first, to the payment of the principal of the Bonds which mature by their terms on such Interest Payment Date, and second, to the payment of the principal of the Bonds to be redeemed through mandatory sinking payment redemption pursuant to Section 2.02(a)(iii), in each case on a pro rata basis.

(3) *Prepayment Account.* All funds received by the Authority from the prepayment of the Local Obligations due to prepayments of the Reassessments shall be deposited in the Prepayment Account to redeem Bonds pursuant to Section 2.02(a)(ii) herein.

(4) *Reserve Fund.* On each Interest Payment Date and redemption date on which the balance in the Reserve Fund is less than the Reserve Requirement, after making the deposits required above, the Trustee shall transfer from the Revenue Fund an amount sufficient to increase the balance in the Reserve Fund to the Reserve Requirement; provided, however, that the value of the moneys deposited therein, as invested, shall be valued at market value on such transfer date for purposes of making such determination.

(b) If on any Interest Payment Date the amount on deposit in the Revenue Fund is inadequate to make the transfers described in (a) above as a result of a payment default on the Local Obligations, the Trustee shall immediately notify the Authority of the amount needed to make the required deposits under (a) above. If, following such notice, the Trustee receives additional payments from the City to cure such shortfall, the Trustee shall deposit such amounts to the Revenue Fund for application as set forth above.

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

Section 4.03. Establishment and Application of Reserve Fund.

(a) The Trustee shall establish and maintain a separate trust fund to be known as the "Reserve Fund" which shall be administered as provided in this Section. There shall be maintained in the Reserve Fund an amount equal to the Reserve Requirement.

(b) Available amounts in the Reserve Fund shall be used solely for the purposes set forth in this Section 4.03. Subject to the limitations set forth in the following paragraphs, amounts in the Reserve Fund may be applied to pay the principal of, including sinking fund payments, and interest on the Bonds when due in the event that the moneys in the Interest Account and the Principal Account of the Revenue Fund are insufficient therefor.

In addition, funds held in the Reserve Fund may be applied in connection with an optional redemption or a special mandatory redemption pursuant to Section 2.02(a) or a defeasance pursuant to Section 9.03 hereof of the Bonds in whole or in part, or when the balance therein equals the principal and interest due on the Bonds to and including maturity, or

in accordance with the provisions of Section 4.03(d) below, to pay the principal of and interest due on the Bonds to maturity.

(c) Amounts transferred in connection with a redemption or a defeasance of Bonds shall be transferred from the Reserve Fund through a redemption of the a proportionate amount of the Local Obligations. Any amounts in the Reserve Fund in excess of what the Reserve Requirement will be following an optional redemption, special mandatory redemption or partial defeasance of the Bonds shall be applied toward the optional redemption, special mandatory redemption or defeasance of the Bonds, as applicable.

(d) If the amounts in the Interest Account or the Principal Account of the Revenue Fund are insufficient to pay the principal of, including sinking fund payments, or interest on the Bonds when due, the Trustee shall withdraw from the Reserve Fund for deposit in the Interest Account and the Principal Account, as applicable, moneys necessary for such purposes.

(e) [Reserved]

(f) Any cash on deposit in the Reserve Fund, if any, in excess of the Reserve Requirement not transferred in accordance with the preceding paragraphs shall be withdrawn from the Reserve Fund on each Interest Payment Date and transferred to the Interest Account of the Revenue Fund.

(g) The Authority shall have the right at any time to direct the Trustee to release from the Reserve Fund any cash then on deposit therein, in whole or in part, by tendering to the Trustee:

(i) a Qualified Reserve Account Credit Instrument, and

(ii) an opinion of Bond Counsel stating that neither the release of such funds nor the acceptance of such Qualified Reserve Account Credit Instrument will cause interest on the Bonds to become includable in gross income for purposes of federal income taxation.

Upon tender of such items to the Trustee, and upon delivery by the Authority to the Trustee of written calculation of the amount permitted to be released from the Reserve Fund (upon which the Trustee may conclusively rely), the Trustee shall transfer such funds from the Reserve Fund to the Authority to be used for any lawful purpose that does not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Bonds. The Trustee shall comply with all documentation relating to a Qualified Reserve Account Credit Instrument as shall be required to maintain such Qualified Reserve Account Credit Instrument in full force and effect and as shall be required to receive payments thereunder if and to the extent required to make any payment when and as required under this Section.

Upon the expiration of any Qualified Reserve Account Credit Instrument, the Agency shall either (i) replace such Qualified Reserve Account Credit Instrument with a new Qualified Reserve Account Credit Instrument, or (ii) deposit or cause to be deposited with the Trustee an amount of funds equal to the Reserve Requirement.

However, the Authority shall have no obligation to replace any Qualified Reserve Account Credit Instrument following a rating downgrade or insolvency of the Qualified Reserve Account Credit Instrument provider.

Section 4.04. Surplus Fund.

The Trustee shall establish and maintain a separate fund to be known as the “Surplus Fund” which shall be administered as provided in this Section.

Amounts in the Surplus Fund shall no longer be considered Revenues and are not pledged to repay the Bonds.

So long as the Local Obligations are outstanding under the terms of the City Fiscal Agent Agreement, on September 2 of each year after setting aside any amount specified in a Request of the Authority as necessary to pay Administrative Expenses (which shall be paid by the Trustee upon receipt of a Request of the Authority), the remaining balance in the Surplus Fund shall be transferred by the Trustee to the Fiscal Agent, in the amounts as shall be set forth in a Request of the Authority, for credit to the Redemption Fund established under the City Fiscal Agent Agreement and held by the Fiscal Agent.

If all City is no longer obligated to collect Reassessments to repay Local Obligations, then any amounts in the Surplus Fund may be used by the Authority for any lawful purpose, including, but not limited to, the payment of Administrative Expenses or any other purpose as specified in a Request of the Authority delivered to the Trustee.

Section 4.05. Investments.

All moneys in any of the funds or accounts established with the Trustee under this Indenture shall be invested by the Trustee solely in Permitted Investments, as directed pursuant to the Request of the Authority filed with the Trustee at least 2 Business Days in advance of the making of such investments. In the absence of any such Request of the Authority the Trustee shall invest any such moneys in Permitted Investments described in clause (D) of the definition thereof, provided, however, that any such investment shall be made by the Trustee only if, prior to the date on which such investment is to be made, the Trustee has received a Written Request of the Authority specifying a specific money market fund and, if no such Written Request of the Authority is so received, the Trustee shall hold such moneys uninvested.

The Authority shall make note of any investment of funds hereunder in excess of the Yield on the Bonds, so that appropriate actions can be taken to assure compliance with Section 5.07.

Obligations purchased as an investment of moneys in any fund shall be deemed to be part of such fund or account, subject, however, to the requirements of this Indenture for transfer of interest earnings and profits resulting from investment of amounts in funds and accounts. Whenever in this Indenture any moneys are required to be transferred by the Authority to the Trustee, such transfer may be accomplished by transferring a like amount of Permitted Investments. Any Permitted Investments that are registrable securities shall be registered in the name of the Trustee.

The Trustee and its affiliates may act as sponsor, advisor, depository, principal or agent in the acquisition or disposition of any investment. The Trustee shall not incur any liability for losses arising from any investments made pursuant to this Section. The Trustee shall not be required to determine the legality of any investments.

The Trustee is hereby authorized, in making or disposing of any investment permitted by this Section, to deal with itself (in its individual capacity) or with any one or more of its affiliates, whether it or such affiliate is acting as an agent of the Trustee or for any third person or dealing as principal for its own account.

Investments in any and all funds and accounts may be commingled in a separate fund or funds for purposes of making, holding and disposing of investments, notwithstanding provisions herein for transfer to or holding in or to the credit of particular funds or accounts of amounts received or held by the Trustee hereunder, provided that the Trustee shall at all times account for such investments strictly in accordance with the funds and accounts to which they are credited and otherwise as provided in this Indenture.

The Trustee shall sell at Fair Market Value, or present for redemption, any investment security whenever it is necessary to provide moneys to meet any required payment, transfer, withdrawal or disbursement from the fund or account to which such investment security is credited, and the Trustee shall not be liable or responsible for any loss resulting from the acquisition or disposition of such investment security in accordance with this Indenture.

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

Section 4.06. Valuation and Disposition of Investments.

(a) Except as otherwise provided in subsection (B) below, the Authority covenants that all investments of amounts deposited in any fund or account created by or pursuant to this Indenture, or otherwise containing gross proceeds of the Bonds (within the meaning of section 148 of the Code), will be acquired, disposed of, and valued (as of the date that valuation is required by this Indenture or the Code) at Fair Market Value.

(b) Investments in funds or accounts (or portions thereof) that are subject to a yield restriction under applicable provisions of the Code and (unless valuation is undertaken at least annually) investments in the Reserve Fund will be valued at their present value (within the meaning of section 148 of the Code).

Section 4.07. [Reserved].

Section 4.08. [Reserved].

ARTICLE 5

COVENANTS OF THE AUTHORITY

Section 5.01. Punctual Payment.

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

Section 5.02. Extension of Payment of Bonds.

The Authority shall not directly or indirectly extend or assent to the extension of the maturity of any of the Bonds or the time of payment of any claims for interest by the purchase of such Bonds or by any other arrangement, and in case the maturity of any of the Bonds or the time of payment of any such claims for interest shall be extended, such Bonds or claims for interest shall not be entitled, in case of any default hereunder, to the benefits of this Indenture, except subject to the prior payment in full of the principal of all of the Bonds then Outstanding and of all claims for interest thereon which have been so extended.

Nothing in this Section shall be deemed to limit the right of the Authority to issue Bonds for the purpose of refunding any Outstanding Bonds, and such issuance shall not be deemed to constitute an extension of maturity of the Bonds.

Section 5.03. Against Encumbrances.

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

Section 5.04. Power to Issue Bonds and Make Pledge and Assignment.

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

Section 5.05. Accounting Records and Financial Statements.

The Trustee shall at all times keep, or cause to be kept, proper books of record and account, prepared in accordance with corporate trust industry standards in which complete and accurate entries shall be made of transactions relating to the proceeds of Bonds, the Revenues,

the Local Obligations and all funds and accounts established pursuant to this Indenture. Such books of record and account shall be available for inspection by the Authority and the City upon reasonable prior notice during regular business hours and under reasonable circumstances.

Monthly, the Trustee shall prepare and file with the Authority a statement setting forth:

(a) amounts withdrawn from and deposited into each fund and account maintained by the Trustee under this Indenture;

(b) the balance on deposit in each fund and account as of the date for which such statement is prepared; and

(c) a brief description of all obligations held as investments in each fund and account;

provided, that the Trustee shall not be obligated to provide an accounting for any fund or account that has a balance of \$0.00 and has not had any activity since the last reporting date.

Section 5.06. Reserved.

Section 5.07. Tax Covenants.

(a) *Generally.* The Authority shall not take any action or permit to be taken any action within its control which would cause or which, with the passage of time if not cured would cause, interest on the Bonds to become includable in gross income for federal income tax purposes.

(b) *Private Activity Bond Limitation.* The Authority shall assure that the proceeds of the Bonds are not used in a manner which would cause the Bonds to become “private activity bonds” within the meaning of section 141(a) of the Code or to meet the private loan financing test of Section 141(c) of the Code.

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

(d) *No Arbitrage.* The Authority shall not take, or permit or suffer to be taken by the Trustee, the City or otherwise, any action with respect to the Bond proceeds which, if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the Closing Date, would have caused the Bonds to be “arbitrage bonds” within the meaning of Section 148 of the Code.

(e) *Rebate of Excess Investment Earnings.* The Authority shall calculate or cause to be calculated all amounts of excess investment earnings with respect to the Bonds which are required to be rebated to the United States of America under Section 148(f) of the Code, at the times and in the manner required under the Code. The Authority shall pay when due an amount equal to excess investment earnings to the United States of America in such amounts, at such times and in such manner as may be required under the Code, such payments to be made from any source of legally available funds of the Authority. The Authority shall keep or cause to be kept, and retain or cause to be retained for a period of six years following the retirement of the Bonds, records of the determinations made under this subsection (e).

The Trustee has no duty to monitor the compliance by the Authority with any of the covenants contained in this Section.

Section 5.08. Reserved.

Section 5.09. Local Obligations.

Subject to the provisions of this Indenture, the Authority and the Trustee shall use reasonable efforts to collect all amounts due from the City pursuant to the Local Obligations and shall diligently enforce, and take all steps, actions and proceedings reasonably necessary for the enforcement of all of the rights of the Authority thereunder and for the enforcement of all of the obligations of the City thereunder. The Authority shall instruct the City to cause the Fiscal Agent to authenticate and deliver to the Trustee the Local Obligations registered in the name of the Trustee.

The Authority, the Trustee and the City may at any time consent to, amend or modify any of the Local Obligations pursuant to the terms thereof upon satisfaction of the following conditions:

(a) with the prior consent of the Owners of a majority in aggregate principal amount of the Bonds then Outstanding, or

(b) without the consent of any of the Bond Owners, if such amendment or modification is for any one or more of the following purposes -

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

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

(iii) to amend any provision thereof to the extent necessary to comply with the Code, but only if and to the extent such amendment will not adversely affect the exclusion from gross income of the interest on any of the Bonds under the Code, in the opinion of nationally-recognized bond counsel.

Section 5.10. Sale of Local Obligations.

Notwithstanding anything in this Indenture to the contrary, the Authority may cause the Trustee to sell by Request of the Authority, from time to time, all or a portion of an issue of Local Obligations, provided that the Authority shall deliver to the Trustee:

(a) a certificate of an Independent Financial Consultant to the effect that, following the disposition of such Local Obligations, the Revenues as described in clause (a) of the definition thereof in Section 1.01 to be paid to the Trustee (assuming the timely payment of amounts due thereon with respect to any Local Obligations not then in

default), together with interest and principal due on any non-callable Federal Securities irrevocably pledged to the repayment of the Bonds, will be sufficient to pay the principal of and interest on the Bonds when due; and

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

Upon compliance with the foregoing conditions, the Trustee shall disburse the proceeds of the sale of such Local Obligations to the Authority or upon the receipt of a Request of the Authority shall deposit such proceeds in the Revenue Fund.

Section 5.11. Continuing Disclosure.

The Authority does hereby covenant and agree that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate.

Notwithstanding any other provision of this Indenture, failure of the Authority to comply with the Continuing Disclosure Certificate shall not be considered an Event of Default; however, the Trustee (at the written direction of any Participating Underwriter or the Owners of at least 25% aggregate principal amount of Outstanding Bonds, shall, but only to the extent funds have been provided to it or it has been otherwise indemnified to its satisfaction from any cost, liability, expense or additional charges of the Trustee whatsoever, including, without limitation, fees and expenses of its attorneys) or any Bondowner or Beneficial Owner may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Authority to comply with its obligations under this Section.

For purposes of this Section, "Beneficial Owner" means any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

Section 5.12. Compliance with Reporting Requirements of Bond Law. The Authority hereby covenants and agrees that it will comply with and carry out all of the reporting requirements of the Bond Law, including, but not limited to, Section 6599.1 thereof.

ARTICLE 6
THE TRUSTEE

Section 6.01. Appointment of Trustee.

U.S. Bank National Association, with a corporate trust office in San Francisco, California, a national banking association organized and existing under and by virtue of the laws of the United States of America, is hereby appointed Trustee by the Authority for the purpose of receiving all moneys required to be deposited with the Trustee hereunder and to allocate, use and apply the same as provided in this Indenture. The Authority agrees that it will maintain a Trustee with a combined capital and surplus (or in the case of a domestic branch of a foreign bank, a parent bank meeting such requirements) of at least \$75,000,000, and subject to supervision or examination by federal or state authority, so long as any Bonds are Outstanding. If such national banking association, bank or trust company publishes a report of condition at least annually pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purpose of this Section 6.01 the combined capital and surplus as set forth in its most recent report of condition so published shall be used to determine whether the foregoing requirements of this Section 6.01 have been satisfied.

The Trustee is hereby authorized to pay the principal of and interest and redemption premium (if any) on the Bonds when duly presented for payment at maturity, or on redemption or purchase prior to maturity, and to cancel all Bonds upon payment thereof. The Trustee shall keep accurate records of all funds administered by it and of all Bonds paid and discharged.

Section 6.02. Acceptance of Trusts.

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

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

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

(c) The Trustee shall not be responsible for any recital herein, or in the Bonds, or for any of the supplements thereto or instruments of further assurance, or for the sufficiency of the security for the Bonds issued hereunder or intended to be secured hereby and the Trustee shall not be bound to ascertain or inquire as to the observance or performance of any covenants,

conditions or agreements on the part of the Authority hereunder. The Trustee shall have no responsibility, opinion, or liability with respect to any information, statement, or recital in any offering memorandum, official statement, or other disclosure material prepared or distributed with respect to the issuance of the Bonds.

(d) Except as provided in Section 3.02, the Trustee shall not be accountable for the use of any proceeds of sale of the Bonds delivered hereunder. The Trustee may become the Owner of Bonds secured hereby with the same rights which it would have if not the Trustee; may acquire and dispose of other bonds or evidences of indebtedness of the Authority with the same rights it would have if it were not the Trustee; and may act as a depository for and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Owners of Bonds, whether or not such committee shall represent the Owners of the majority in aggregate principal amount of the Bonds then Outstanding.

(e) The Trustee shall be protected in acting, in good faith and without negligence, upon any notice, request, consent, certificate, order, affidavit, letter, telegram or other paper or document believed by it to be genuine and correct and to have been signed or sent by the proper person or persons. Any action taken or omitted to be taken by the Trustee in good faith and without negligence pursuant to this Indenture upon the request or authority or consent of any person who at the time of making such request or giving such authority or consent is the Owner of any Bond, shall be conclusive and binding upon all future Owners of the same Bond and upon Bonds issued in exchange therefor or in place thereof. The Trustee shall not be bound to recognize any person as an Owner of any Bond or to take any action at his request unless the ownership of such Bond by such person shall be reflected on the Bond Register.

(f) As to the existence or non-existence of any fact or as to the sufficiency or validity of any instrument, paper or proceeding, the Trustee shall be entitled to rely upon a Certificate of the Authority as sufficient evidence of the facts therein contained and prior to the occurrence of a Event of Default hereunder of which the Trustee has been given notice or is deemed to have notice, as provided in Section 6.02(h) hereof, shall also be at liberty to accept a Certificate of the Authority to the effect that any particular dealing, transaction or action is necessary or expedient, but may at its discretion secure such further evidence deemed by it to be necessary or advisable, but shall in no case be bound to secure the same.

(g) The permissive right of the Trustee to do things enumerated in this Indenture shall not be construed as a duty and it shall not be answerable for other than its negligence or willful misconduct. The immunities and exceptions from liability of the Trustee shall extend only to its officers, directors, and employees. In the event of negligence or misconduct of an agent or attorney of the Trustee, the Trustee shall diligently pursue all remedies of the Trustee against such agent or attorney.

(h) The Trustee shall not be required to take notice or be deemed to have notice of any Event of Default hereunder except where a Responsible Officer has actual knowledge of such Event of Default, except for the failure by the Authority to make any of the payments to the Trustee required to be made by the Authority pursuant hereto, including payments on the Local Obligations, or failure by the Authority to file with the Trustee any document required by this Indenture to be so filed subsequent to the issuance of the Bonds, unless a Responsible Officer shall be specifically notified in writing of such default by the Authority, or by the Owners of at least 25% in aggregate principal amount of the Bonds then Outstanding and all notices or other instruments required by this Indenture to be delivered to the Trustee must, in order to be

effective, be delivered to a Responsible Officer at the Principal Office of the Trustee, and in the absence of such notice so delivered the Trustee may conclusively assume there is no Event of Default hereunder except as aforesaid. Delivery of a notice to the officer and address for the Trustee set forth in Section 9.12 hereof, as updated by the Trustee from time to time, shall be deemed notice to a Responsible Officer.

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

(j) The Trustee 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 hereof.

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

(l) Before taking the action referred to in Section 8.02 or this Article, the Trustee may require that a satisfactory indemnity bond be furnished for the reimbursement of all expenses to which it may be put and to protect it against all liability, except liability which is adjudicated to have resulted from its negligence or willful misconduct in connection with any such action.

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

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

(o) The Trustee shall not be concerned with or accountable to anyone for the subsequent use or application of any moneys which shall be released or withdrawn in accordance with the provisions hereof.

(p) The Trustee shall not be liable in connection with the performance of its duties hereunder except for its own negligence or willful misconduct.

(q) The Trustee shall not be liable to the parties hereto or deemed in breach or default hereunder if and to the extent its performance hereunder is prevented by reason of force majeure. The term “force majeure” means an occurrence that is beyond the control of the Trustee and could not have been avoided by exercising due care. Force majeure shall include, but not be limited to, acts of God, terrorism, war, riots, strikes, fire, floods, earthquakes, epidemics or other similar occurrences.

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

Section 6.03. Fees, Charges and Expenses of Trustee.

The Trustee shall be entitled to payment and reimbursement by the Authority for reasonable fees for its services rendered hereunder and all advances, counsel fees (including expenses) and other expenses reasonably and necessarily made or incurred by the Trustee in connection with such services. Upon the occurrence of an Event of Default hereunder, but only upon an Event of Default, the Trustee shall have a first lien with right of payment prior to payment of any Bond upon the amounts held hereunder for the foregoing fees, charges and expenses incurred by it respectively. The Trustee’s right to payment of its fees and expenses shall survive the discharge and payment or defeasance of the Bonds and termination of this Indenture, and the resignation or removal of the Trustee.

Section 6.04. Notice to Bond Owners of Default.

If an Event of Default hereunder occurs with respect to any Bonds of which the Trustee has been given or is deemed to have notice, as provided in Section 6.02(h) hereof, then the Trustee shall within no more than 30 days of such occurrence give written notice thereof by first-class mail to the Owner of each such Bond, unless such Event of Default has been cured before the giving of such notice; provided however, that unless such Event of Default consists of the failure by the Authority to make any payment when due, the Trustee may elect not to give such notice if and so long as the Trustee in good faith determines that it is in the best interests of the Bond Owners not to give such notice.

Section 6.05. Intervention by Trustee.

In any judicial proceeding to which the Authority is a party which, in the opinion of the Trustee and its counsel, has a substantial bearing on the interests of Owners of any of the Bonds, the Trustee may intervene on behalf of such Bond Owners, and subject to Section 6.02(1) hereof, shall do so if requested in writing by the Owners of at least 25% in aggregate principal amount of such Bonds then Outstanding.

Section 6.06. Removal of Trustee.

The Owners of a majority in aggregate principal amount of the Outstanding Bonds may or the Authority may, upon 30 days' prior written notice to the Trustee, remove the Trustee initially appointed, and any successor thereto, by an instrument or concurrent instruments in writing delivered to the Trustee. Upon any such removal, the Authority shall appoint a successor or successors thereto; provided that any such successor shall be a bank or trust company meeting the requirements set forth in Section 6.01. Upon such acceptance, the Authority shall cause notice thereof to be given by first class mail, postage prepaid, to the Bond Owners at their respective addresses set forth on the Bond Register.

Section 6.07. Resignation by Trustee.

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

Section 6.08. Appointment of Successor Trustee.

If the Trustee is removed or resigns pursuant to Sections 6.06 or 6.07, respectively, the Authority shall promptly appoint a successor Trustee with respect to the Bonds. If the Authority fails for any reason to appoint a successor Trustee within 30 days following the delivery to the Trustee of the instrument described in Section 6.06 or within 30 days following the receipt of notice by the Authority and the City pursuant to Section 6.07, the Trustee may apply to a court of competent jurisdiction for the appointment of a successor Trustee meeting the requirements of Section 6.01 hereof. Any such successor Trustee appointed by such court shall become the successor Trustee hereunder notwithstanding any action by the Authority purporting to appoint a successor Trustee following the expiration of such 30-day period.

Section 6.09. Merger or Consolidation.

Any company into which the Trustee may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the Trustee may sell or transfer all or substantially all of its corporate trust business, provided that such company shall meet the requirements set forth in Section 6.01, shall be the successor to the Trustee and vested with all of the title to the trust estate and all of the trusts, powers, discretions, immunities, privileges and all other matters as was its predecessor, without the execution or filing of any paper or further act, anything herein to the contrary notwithstanding.

Section 6.10. Concerning any Successor Trustee.

Every successor Trustee appointed hereunder shall execute, acknowledge and deliver to its predecessor and also to the Authority an instrument in writing accepting such appointment hereunder and thereupon such successor, without any further act, deed or conveyance, shall become fully vested with all the estates, properties, rights, powers, trusts, duties and obligations

of its predecessors; but such predecessor shall, nevertheless, on the Request of the Authority, or of the Trustee's successor, execute and deliver an instrument transferring to such successor all the estates, properties, rights, powers and trusts of such predecessor hereunder; and every predecessor Trustee shall deliver all securities and moneys held by it as the Trustee hereunder to its successor. Should any instrument in writing from the Authority be required by any successor Trustee for more fully and certainly vesting in such successor the estate, rights, powers and duties hereby vested or intended to be vested in the predecessor Trustee, any and all such instruments in writing shall, on request, be executed, acknowledged and delivered by the Authority.

Section 6.11. Appointment of Co-Trustee.

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

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

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

Section 6.12. Indemnification; Limited Liability of Trustee.

The Authority further covenants and agrees to indemnify and save the Trustee and its officers, directors, agents and employees, harmless against any loss, cost, expense and liabilities (including without limitation, fees and expenses of its attorneys) which it may incur arising out of or in the exercise and performance of its powers and duties hereunder, including the reasonable costs and expenses of defending against any claim of liability, but excluding any

and all losses, expenses and liabilities which are due to the negligence or intentional misconduct of the Trustee, its officers, directors, agents or employees.

No provision in this Indenture shall require the Trustee to risk or expend its own funds or otherwise incur any financial liability hereunder if it shall have reasonable grounds for believing repayment of such funds or adequate indemnity against such liability or risk is not assured to it. The Trustee shall not be liable for any action taken or omitted to be taken by it in accordance with the direction of a majority (or any lesser amount that may direct the Trustee in accordance with the provisions of the Indenture) of the Owners of the principal amount of Bonds Outstanding relating to the time, method and place of conducting any proceeding or remedy available to the Trustee under this Indenture. Such indemnification shall survive termination of this Indenture and discharge of the Bonds, resignation or removal of the Trustee.

ARTICLE 7

MODIFICATION AND AMENDMENT OF THE INDENTURE

Section 7.01. Amendment Hereof.

(a) *Modification With the Consent of Owners.* This Indenture and the rights and obligations of the Authority and of the Owners of the Bonds may be modified or amended at any time by a Supplemental Indenture which shall become binding when the written consent of the Owners of a majority in aggregate principal amount of the affected Bonds then Outstanding are filed with the Trustee.

No such modification or amendment shall

(i) extend the maturity of or reduce the interest rate on any Bond or otherwise alter or impair the obligation of the Authority to pay the principal, interest or redemption premiums at the time and place and at the rate and in the currency provided therein of any Bond without the express written consent of the Owner of such Bond,

(ii) reduce the percentage of Bonds required for the written consent to any such amendment or modification, or

(iii) without written consent of the Trustee, modify any of the rights or obligations of the Trustee.

(b) *Modification Without the Consent of Owners.* This Indenture and the rights and obligations of the Authority and of the Owners of the Bonds may also be modified or amended at any time by a Supplemental Indenture which shall become binding upon adoption, without consent of any Bond Owners, to the extent permitted by law but only for any one or more of the following purposes-

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

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

(iii) to amend any provision hereof relating to the Code as may be necessary or appropriate to assure compliance with the Code and the exclusion from gross income of interest on the Bonds, including, but not limited to, amending the procedures set forth in Section 5.08 hereof with respect to the calculation of rebatable arbitrage; or

(iv) to amend the provisions of Section 4.04 hereof.

(c) *Opinion of Bond Counsel.* The Trustee may obtain an opinion of Bond Counsel that any such Supplemental Indenture entered into by the Authority and the Trustee complies with the provisions of this Article 7 and the Trustee may conclusively rely upon such opinion.

Section 7.02. Effect of Supplemental Indenture.

From and after the time any Supplemental Indenture becomes effective pursuant to this Article 7, this Indenture shall be deemed to be modified and amended in accordance therewith, the respective rights, duties and obligations of the parties hereto or thereto and all Owners of Outstanding Bonds, as the case may be, shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modification and amendment, and all the terms and conditions of this Indenture for any and all purposes.

Section 7.03. Endorsement or Replacement of Bonds After Amendment.

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

Section 7.04. Amendment by Mutual Consent.

The provisions of this Article 7 shall not prevent any Bond Owner from accepting any amendment as to the particular Bond held by him, provided that due notation thereof is made on such Bond.

ARTICLE 8

EVENTS OF DEFAULT AND REMEDIES OF BOND OWNERS

Section 8.01. Events of Default.

The following events shall be Events of Default hereunder.

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

(b) Default in the due and punctual payment of any installment of interest on any Bond when it becomes due and payable.

(c) Default by the Authority in the observance of any of the other covenants, agreements or conditions on its part contained in this Indenture or in the Bonds, if such default has continued for a period of 30 days after written notice thereof, specifying such default and requiring the same to be remedied, has been given to the Authority by the Trustee, or to the Authority and the Trustee by the Owners of not less than 25% in aggregate principal amount of the Bonds at the time Outstanding; provided that such default (other than a default arising from nonpayment of the Trustee's fees and expenses, which must be cured within such 30 day period unless waived by the Trustee) shall not constitute a Event of Default hereunder if the Authority commences to cure such default within said 30-day period and thereafter cures such default within a 60-day period of time.

(d) The filing by the Authority of a petition or answer seeking reorganization or arrangement under the federal bankruptcy laws or any other applicable law of the United States of America, or if a court of competent jurisdiction approves a petition, filed with or without the consent of the Authority, seeking reorganization under the federal bankruptcy laws or any other applicable law of the United States of America, or if, under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction assumes custody or control of the Authority or of the whole or any substantial part of its property.

Section 8.02. Remedies; Rights of Bond Owners.

Upon the occurrence of a Event of Default, the Trustee may pursue any available remedy at law or in equity to enforce the payment of the principal of, premium, if any, and interest on the Outstanding The Bonds, and to enforce any rights of the Trustee under or with respect to this Indenture. In the event of a Event of Default arising out of a nonpayment of Trustee's fees and expenses, the Trustee may sue the Authority to seek recovery of its fees and expenses; provided, however, that such recovery may be made only from the funds of the Authority and not from Revenues.

If a Event of Default has occurred and continues and if requested so to do by the Owners of at least 25% in aggregate principal amount Outstanding of the Bonds and indemnified as provided in Section 6.02(1), the Trustee shall be obligated to exercise such one

or more of the rights and powers conferred by this Article 8, as the Trustee, being advised by counsel, shall deem most expedient in the interests of the Bond Owners.

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

No delay or omission to exercise any right or power accruing upon any Event of Default shall impair any such right or power or shall be construed to be a waiver of any such Event of Default or acquiescence therein; such right or power may be exercised from time to time as often as may be deemed expedient.

Section 8.03. Application of Revenues and Other Funds After Default.

All amounts received by the Trustee pursuant to any right given or action taken by the Trustee under the provisions of this Indenture relating to the Bonds shall be applied by the Trustee in the following order upon presentation of the several the Bonds, and the stamping thereon of the amount of the payment if only partially paid, or upon the surrender thereof if fully paid –

First, to the payment of the costs and expenses of the Trustee in declaring such Event of Default and in carrying out the provisions of this Article 8, including reasonable compensation to its agents, attorneys and counsel, and to the payment of all other outstanding fees and expenses of the Trustee;

Second, to the payment of the whole amount of interest on and principal of the Bonds then due and unpaid; provided, however, that in the event such amounts shall be insufficient to pay in full the full amount of such interest and principal, then such amounts shall be applied in the following order of priority;

First to the payment of all installments of interest on the Bonds then due and unpaid, and

Second, to the payment of all installments of principal of the Bonds then due and unpaid;

Third, to the Authority to the extent of its Administrative Expenses.

Subject to the provisions set forth above, upon a Event of Default, any or all moneys held in the funds and accounts under the Indenture shall be applied to pay the redemption prices of, or any amount due in respect of principal or interest on, the Bonds.

Section 8.04. Power of Trustee to Control Proceedings.

If the Trustee, upon the happening of a Event of Default, has taken any action, by judicial proceedings or otherwise, pursuant to its duties hereunder, whether upon its own discretion, or upon the request of the Owners of 25% in aggregate principal amount of the Bonds then Outstanding, it shall have full power, in the exercise of its discretion for the best interests of the Owners of the Bonds, with respect to the continuance, discontinuance, withdrawal, compromise, settlement or other disposal of such action; provided, however, that

the Trustee shall not, unless there no longer continues a Event of Default, discontinue, withdraw, compromise or settle, or otherwise dispose of any litigation pending at law or in equity, if at the time there has been filed with it a written request signed by the Owners of 25% in aggregate principal amount of the Outstanding Bonds hereunder opposing such discontinuance, withdrawal, compromise, settlement or other such litigation.

Any suit, action or proceeding which any Owner of the Bonds shall have the right to bring to enforce any right or remedy hereunder may be brought by the Trustee for the equal benefit and protection of all Owners of the Bonds similarly situated and the Trustee is hereby appointed (and the successive respective Owners of the Bonds issued hereunder, by taking and holding the same, shall be conclusively deemed so to have appointed it) the true and lawful attorney in fact of the respective Owners of the Bonds for the purposes of bringing any such suit, action or proceeding and to do and perform any and all acts and things for and on behalf of the respective Owners of the Bonds as a class or classes, as may be necessary or advisable in the opinion of the Trustee as such attorney-in-fact.

Section 8.05. Appointment of Receivers.

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

Section 8.06. Non-Waiver.

Nothing in this Article 8 or in any other provision of this Indenture, or in the Bonds, shall affect or impair the obligation of the Authority, which is absolute and unconditional, to pay the interest on and principal of the Bonds to the respective Owners of the Bonds at the respective dates of maturity, as herein provided, out of the Revenues and other moneys herein pledged for such payment.

A waiver of any default or breach of duty or contract by the Trustee or any Bond Owners shall not affect any subsequent default or breach of duty or contract, or impair any rights or remedies on any such subsequent default or breach. No delay or omission of the Trustee or any Owner of any of the Bonds to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein; and every power and remedy conferred upon the Trustee or Bond Owners by the Bond Law or by this Article 8 may be enforced and exercised from time to time and as often as shall be deemed expedient by the Trustee or the Bond Owners, as the case may be.

Section 8.07. Rights and Remedies of Bond Owners.

No Owner of any Bond issued hereunder shall have the right to institute any suit, action or proceeding at law or in equity, for any remedy under or upon this Indenture, unless

(a) such Owner has previously given to the Trustee written notice of the occurrence of a Event of Default;

(b) the Owners of 25% in aggregate principal amount of all the Bonds then Outstanding shall have made written request upon the Trustee to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name;

(c) said Owners have tendered to the Trustee indemnity reasonably acceptable to the Trustee against the costs, expenses and liabilities to be incurred in compliance with such request; and

(d) the Trustee refuses or fails to comply with such request for a period of 60 days after such written request is received by, and said tender of indemnity has been made to, the Trustee.

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

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

Section 8.08. Termination of Proceedings.

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

ARTICLE 9
MISCELLANEOUS

Section 9.01. Limited Liability of Authority.

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

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

Section 9.02. Benefits of Indenture Limited to Parties.

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

Section 9.03. Discharge of Indenture.

If the Authority shall pay and discharge any or all of the Outstanding Bonds in any one or more of the following ways:

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

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

(c) by irrevocably depositing with the Trustee or an escrow bank as fiduciary meeting the financial requirements set forth in Section 6.01 hereof, in trust, Federal

Securities set forth in (a), (b) or (d) of the definition thereof (each a “Defeasance Obligation”) in such amount as an Independent Accountant determines will, together with the interest to accrue thereon and available moneys then on deposit in the funds and accounts established with the Trustee pursuant to this Indenture and available for such purpose, be fully sufficient to pay and discharge the indebtedness on such Bonds (including all principal, interest and redemption premiums) at or before their respective maturity dates;

and if such Bonds are to be redeemed prior to the maturity thereof, notice of such redemption has been mailed pursuant to Section 2.02(c) or provision satisfactory to the Trustee is made for the mailing of such notice, then, at the Request of the Authority, and notwithstanding that any of such Bonds have not been surrendered for payment, the pledge of the Revenues and other funds provided for in this Indenture with respect to such Bonds, and all other pecuniary obligations of the Authority under this Indenture with respect to such Bonds, shall cease and terminate, except only the obligation of the Authority to comply with the covenants contained in Section 5.07 hereof, to pay or cause to be paid to the Owners of such Bonds not so surrendered and paid all sums due thereon from amounts set aside for such purpose as aforesaid, and to pay all expenses and costs of the Trustee.

Any funds thereafter held by the Trustee, which are not required for said purposes, shall be paid over to the Authority or, upon a Request of the Authority, to the City.

Section 9.04. Successor is Deemed Included in All References to Predecessor.

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

Section 9.05. Content of Certificates.

Every Certificate of the Authority with respect to compliance with a condition or covenant provided for in this Indenture (except the certificate of destruction provided for in Section 9.11 hereof) shall include

(a) a statement that the person or persons making or giving such certificate have read such covenant or condition and the definitions herein relating thereto;

(b) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate are based;

(c) a statement that, in the opinion of the signers, they have made or caused to be made such examination or investigation as is necessary to enable them to express an informed opinion as to whether or not such covenant or condition has been complied with; and

(d) a statement as to whether, in the opinion of the signers, such condition or covenant has been complied with.

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

Section 9.06. Execution of Documents by Bond Owners.

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

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

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

Section 9.07. Disqualified Bonds.

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

Section 9.08. Waiver of Personal Liability.

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

Section 9.9. Partial Invalidity.

If any one or more of the covenants or agreements, or portions thereof, provided in this Indenture on the part of the Authority (or of the Trustee) to be performed should be contrary to law, then such covenant or covenants, such agreement or agreements, or such portions thereof, shall be null and void and shall be deemed separable from the remaining covenants and agreements or portions thereof and shall in no way affect the validity of this Indenture or of the Bonds; but the Bond Owners shall retain all rights and benefits accorded to them under the Bond Law or any other applicable provisions of law.

The Authority hereby declares that it would have entered into this Indenture and each and every other section, paragraph, subdivision, sentence, clause and phrase hereof and would have authorized the issuance of the Bonds pursuant hereto irrespective of the fact that any or more sections, paragraphs, subdivisions, sentences, clauses or phrases of this Indenture or the application thereof to any person or circumstance may be held to be unconstitutional, unenforceable or invalid.

Section 9.10. Destruction of Cancelled Bonds.

Whenever in this Indenture provision is made for the surrender to the Authority or the Trustee of any Bonds which have been paid or cancelled under this Indenture, the Trustee shall destroy such Bonds and furnish to the Authority a certificate of such destruction.

Section 9.11. Funds and Accounts.

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

Section 9.12. Notices.

Any notice, request, complaint, demand, communication or other paper shall be sufficiently given and shall be deemed given when delivered or mailed by registered or certified mail, postage prepaid, or sent by facsimile, addressed as follows:

If to the Authority:	Belvedere Public Financing Authority 450 San Rafael Avenue
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	Belvedere, CA 94920-2336 Attention: Treasurer
If to the City:	City of Belvedere 450 San Rafael Avenue Belvedere, CA 94920-2336 Attention: City Manager
If to the Trustee:	U.S. Bank National Association 1 California Street, Suite 1000 San Francisco, CA 94111 Attention: _____

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

Section 9.13. Unclaimed Moneys.

Anything in this Indenture to the contrary notwithstanding, and subject to the escheat laws of the State, any moneys held by the Trustee in trust for the payment and discharge of any of the Bonds that remain unclaimed for 2 years after the date when such Bonds have become due and payable, either at their stated maturity dates or by call for earlier redemption, if such moneys were held by the Trustee at such date, or for 2 years after the date of deposit of such moneys if deposited with the Trustee after said date when such Bonds become due and payable, shall be repaid by the Trustee to the Authority, as its absolute property and free from trust, and the Trustee shall thereupon be released and discharged with respect thereto and the Bond Owners shall look only to the Authority for the payment of such Bonds; provided, however, that before being required to make such payment to the Authority, the Trustee shall, at the expense of Authority, cause to be mailed to the Owners of all such Bonds, at their respective addresses appearing on the Bond Register, a notice that said moneys remain unclaimed and that, after a date in said notice, which date shall not be less than 30 days after the date of mailing such notice, the balance of such moneys then unclaimed will be returned to the Authority.

Section 9.14. Payment Due on Other than a Business Day.

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

Section 9.15. Parties Interested in this Indenture. Nothing in this Indenture expressed or implied is intended or shall be construed to confer upon, or to give or grant to, any person or entity, other than the Authority, the City, 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 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.

[Signatures on the following page]

IN WITNESS WHEREOF, the BELVEDERE PUBLIC FINANCING AUTHORITY has caused this Indenture to be signed by its Chair and attested to by its Secretary, and U.S. Bank National Association, in token of its acceptance of the trust created hereunder, has caused this Indenture to be signed in its corporate name by its officers identified below, all as of the day and year first above written.

BELVEDERE PUBLIC FINANCING
AUTHORITY

By: _____
Chair

ATTEST:
By: _____
Secretary

U.S. BANK NATIONAL ASSOCIATION, as
Trustee

By: _____
Authorized Officer

EXHIBIT A
FORM OF BOND

No. _____

\$ _____

BELVEDERE PUBLIC FINANCING AUTHORITY
2016 REVENUE BONDS

INTEREST RATE	MATURITY DATE	DATED DATE	CUSIP NUMBER
%	September 2, _____	_____, 2016	_____

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: _____ DOLLARS

The BELVEDERE PUBLIC FINANCING AUTHORITY, a joint powers authority organized and existing under the laws of the State of California (the "Authority"), for value received, hereby promises to pay (but only out of the Revenues and other funds hereinafter referred to) to the Registered Owner identified above or registered assigns (the "Registered Owner"), on the Maturity Date identified above (subject to any right of prior redemption hereinafter mentioned), the Principal Amount identified above in lawful money of the United States of America; and to pay interest thereon at the Interest Rate identified above in like money from the Interest Payment Date (as hereinafter defined) next preceding the date of authentication of this Bond (unless this Bond is authenticated on or before an Interest Payment Date and after the fifteenth calendar day of the month preceding such Interest Payment Date, in which event it shall bear interest from such Interest Payment Date, or unless this Bond is authenticated on or prior to January 16, 2016, in which event it shall bear interest from the Dated Date identified above; provided, however, that if, at the time of authentication of this Bond, interest is in default on this Bond, this Bond shall bear interest from the Interest Payment Date to which interest hereon has previously been paid or made available for payment), payable semiannually on September 2 and March 2 in each year, commencing March 2, 2017 (the "Interest Payment Dates") until the Maturity Date stated above or date of redemption of this Bond. The Principal Amount hereof is payable upon presentation and surrender hereof at the Principal Office (as defined in the Indenture) of U.S. Bank National Association, as trustee (the "Trustee"). Interest hereon is payable by check of the Trustee mailed by first class mail on each Interest Payment Date to the Registered Owner hereof at the address of the Registered Owner as it appears on the registration books of the Trustee as of the 15th calendar day of the month preceding such Interest Payment Date, whether or not such day is a Business Day; provided, however, that payment of interest may be made by wire transfer to an account in the United States of America to any registered owner of Bonds in the aggregate principal amount of \$1,000,000 or more upon written instructions of any such registered owner filed with the Trustee for that purpose as of the close of business on the 15th calendar day of the month preceding such Interest Payment Date.

This Bond is a limited obligation of the Authority, payable solely from the Revenues and funds pledged under the Indenture (as defined below). This Bond is not a debt of the City of Belvedere (the "City") or the State of California or any of its political subdivisions (except the Authority and only to the extent set forth in the Indenture), and none of the City, said State or any of its political subdivisions is liable hereon. The Authority has no taxing power.

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

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

The Bonds have been issued to provide funds to purchase limited obligation refunding improvement bonds (the "Local Obligations") being simultaneously issued by the City of Belvedere (the "City"), and to pay the costs of issuing the Bonds and the Local Obligations. The City will apply the net proceeds received from the sale of the Local Obligations to the Authority toward the defeasance and refunding of assessment bonds previously issued by the City. The obligation of the City to make payments of principal and interest on the Local Obligations is a limited obligation secured only as set forth therein.

The Bonds maturing on or before September 2, 20__, are not subject to optional call and redemption prior to maturity. The Bonds maturing on and after September 2, 20__, are subject to optional call and redemption prior to maturity, as a whole or in part among such maturities as are selected by the Authority and by lot within a maturity, on any date on or after September 2, 20__, from funds derived by the Authority from any source, at a redemption price equal to the principal amount of the Bonds to be optionally redeemed, together with accrued interest thereon to the date fixed for redemption, without premium.

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

The Bonds are subject to mandatory call and redemption prior to maturity, as a whole or in part among such maturities as are selected by the Authority and by lot within a maturity, on any Interest Payment Date on or after September 2, 20__, from amounts received by the Authority due to the redemption of Local Obligations from the prepayment of Reassessments, at

a redemption price (expressed as a percentage of the principal amount of the Bonds to be redeemed), as set forth below, together with accrued interest thereon to the date fixed for redemption:

<u>Redemption Date</u>	<u>Redemption Price</u>
September 2, 20__, through March 2, 20__	103%
September 2, 20__, and March 2, 20__	102
September 2, 20__, and March 2, 20__	101
September 2, 20__, any Interest Payment Date thereafter	100

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

The Bonds maturing on September 2, 20__ (the "20__ Term Bonds"), are subject to mandatory sinking payment redemption in part on September 2, 20__, and on each September 2 thereafter to maturity, by lot, at a redemption price equal to the principal amount thereof to be redeemed, together with accrued interest to the date fixed for redemption, without premium, from sinking payments as follows:

20__ Term Bonds

Redemption Date (September 2)	Sinking Payments
------------------------------------------	-----------------------------

20__ (maturity)

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

The Bonds are issuable as fully registered Bonds without coupons in denominations of \$5,000 or any integral multiple thereof. Subject to the limitations and upon payment of the charges, if any, provided in the Indenture, fully registered Bonds may be exchanged at the Principal Office of the Trustee for a like aggregate principal amount and maturity of fully registered Bonds of other authorized denominations.

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

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

notice to the contrary. The Indenture and the rights and obligations of the Authority and of the owners of the Bonds and of the Trustee may be modified or amended from time to time and at any time in the manner, to the extent, and upon the terms provided in the Indenture; provided that no such modification or amendment shall (a) extend the maturity of or reduce the interest rate on any Bond or otherwise alter or impair the obligation of the Authority to pay the principal, interest or redemption premiums at the time and place and at the rate and in the currency provided therein of any Bond without the express written consent of the owner of such Bond, (b) reduce the percentage of Bonds required for the written consent to any such amendment or modification, or (c) without its written consent thereto, modify any of the rights or obligations of the Trustee, all as more fully set forth in the Indenture.

Unless this Bond is presented by an authorized representative of The Depository Trust Company to the Authority or the Trustee for registration or transfer, exchange or payment, and any Bond is registered in the name of Cede & Co., or such other name as requested by an authorized representative of The Depository Trust Company and any payment is made to Cede & Co., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL since the registered owner hereof, Cede & Co., has an interest herein.

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

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

IN WITNESS WHEREOF, the Authority has caused this Bond to be executed in its name and on its behalf by the signatures of its Chair and Secretary all as of the Dated Date identified above.

BELVEDERE PUBLIC FINANCING
AUTHORITY
By: _____
Chair

ATTEST:
By: _____
Secretary

[FORM OF TRUSTEE'S CERTIFICATE OF AUTHENTICATION]

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

Date: _____, 2016

U.S. BANK NATIONAL ASSOCIATION, as Trustee

By: _____
Authorized Signatory

[FORM OF ASSIGNMENT]

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

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

the within-registered Bond and hereby irrevocably constitute(s) and appoints(s)

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

Dated: _____

Signature Guaranteed:

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

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

EXHIBIT B

**BELVEDERE PUBLIC FINANCING AUTHORITY
2016 REVENUE BONDS**

COSTS OF ISSUANCE

PAYMENT REQUEST NO. _____

The Trustee is hereby requested to pay from the Costs of Issuance Fund established by the Indenture of Trust dated as of July 1, 2016 by and between the Trustee and the Belvedere Public Financing Authority, to the person or corporation designated below as Payee, the sum set forth below such designations, in payment of a portion of the Costs of Issuance described below. The amount shown below is due and payable under a purchase order or contract with respect to the Costs of Issuance described below, and has not formed the basis of any prior request for payment.

Payee:
Amount:
Description of Costs of Issuance :

Payee:
Amount:
Description of Costs of Issuance :

DATED: _____, 2016.

BELVEDERE PUBLIC FINANCING
AUTHORITY

By _____
Authorized Officer