
INDENTURE OF TRUST

between the

SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY

and

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., as Trustee

RELATING TO THE

\$ _____
**SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY
SOLID WASTE ENTERPRISE REFUNDING REVENUE BONDS
SERIES 2019A (Non-AMT)**

\$ _____
**SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY
SOLID WASTE ENTERPRISE REVENUE BONDS
SERIES 2019B (AMT)**

Dated as of June 1, 2019

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INDENTURE OF TRUST

THIS TRUST INDENTURE (the “Indenture”) is made and entered into as of June 1, 2019, by and between the SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY, a joint powers authority, operating and acting pursuant to the laws of the State of California (the “Authority”) and THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., a national banking association duly organized and existing under and by virtue of the laws of the United States, as trustee (the “Trustee”).

WITNESSETH:

WHEREAS, the Authority is a joint powers authority, a public body, corporate and politic, duly created, established and authorized to transact business and exercise powers under and pursuant to the provisions of the Constitution and laws of the State of California, including the Joint Exercise of Powers Act (commencing with Section 6500 of the California Government Code) (the “Act”), including the power to issue bonds, notes and other obligations for any of its corporate purposes;

WHEREAS, certain public agencies (the “Member Agencies”) have entered into a Joint Exercise of Powers Agreement pursuant to the Act in December 2000, as modified by a First Amended and Restated Joint Exercise of Powers Agreement dated as of December 14, 2005 and a Second Amended and Restated Joint Exercise of Powers Agreement dated as of June 19, 2013 (the “Agreement”), establishing the Authority for the purpose, among others, of having the Authority issue its obligations to be used to finance and refinance the acquisition, construction and improvement of certain public capital improvements; and

WHEREAS, in order to finance the development, acquisition and construction of certain solid waste facility improvements of the Authority, the Authority has previously issued its Solid Waste Enterprise Revenue Bonds (Shoreway Environmental Center), Series 2009A in an aggregate principal amount of \$53,500,000 (the “2009 Bonds”), secured by Net Revenues (herein defined) of its solid waste collection, processing and disposal facilities (the “Enterprise”), as provided herein; and

WHEREAS, the Authority has determined it is in the best interests of the Authority and the Member Agencies to refinance the 2009 Bonds through the issuance of the Authority’s Solid Waste Enterprise Refunding Revenue Bonds, Series 2019A (Non-AMT) (the “Series 2019A Bonds”); and

WHEREAS, the Authority desires to acquire, construct and/or install certain capital improvements and betterments to the Enterprise (collectively, the “2019 Project”) which constitute a public capital improvement, as that term is defined in the Act, and the Authority has determined it is in the best interests of the Authority and the Member Agencies to finance the costs of the 2019 Project through the issuance of the Authority’s Solid Waste Enterprise Revenue Bonds, Series 2019B (AMT) (the “Series 2019B Bonds” and, together with the Series 2019A Bonds, the “Series 2019 Bonds”); and

WHEREAS, in order to provide for the authentication and delivery of the Series 2019 Bonds (as defined herein), to establish and declare the terms and conditions upon which the Series 2019 Bonds are to be issued and secured and to secure the payment of the principal thereof and interest and premium, if any, thereon, the Authority has authorized the execution and delivery of this Indenture; and

WHEREAS, the proceeds of the Series 2019 Bonds will be used (i) to refinance the 2009 Bonds; (ii) to finance the 2019 Project, (iii) to fund a Series 2019 Reserve Fund for the 2019 Bonds, and (iv) to provide for the costs of issuing the 2019 Bonds; and

WHEREAS, all acts and proceedings required by law necessary to make the Series 2019 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, IN CONSIDERATION OF THE PROMISES AND OF THE MUTUAL AGREEMENTS AND COVENANTS CONTAINED HEREIN AND FOR OTHER VALUABLE CONSIDERATION, THE PARTIES HERETO DO HEREBY AGREE AS FOLLOWS:

ARTICLE I

ARTICLE I DEFINITIONS; EQUAL SECURITY

Section 1.01. Definitions. Unless the context otherwise requires, the terms defined in this Section 1.01 shall for all purposes hereof, and of any amendment hereof or supplement hereto, of the Series 2019 Bonds and of any certificate, opinion, request or other document mentioned herein or therein have the meanings defined herein, the following definitions to be equally applicable to both the singular and plural forms of any of the terms defined herein:

“Act” means the Joint Exercise of Powers Act (commencing with Section 6500 of the California Government Code), including the Marks Roos Local Bond Pooling Act of 1985 (commencing with Section 6584 of the California Government Code), and all laws amendatory thereof or supplemental thereto.

“Additional Revenues” means amounts not already counted as Revenues hereunder which are on deposit in the Revenue Fund or other funds of the Authority (including the Rate Stabilization Fund) and which are legally available for payment of Debt Service.

“Alternate Project” means an alternate project designated by the Authority pursuant to Section 3.13 hereof.

“Authority” means the South Bayside Waste Management Authority, a joint powers authority duly organized and existing under and by virtue of the laws of the State, and its successors or assigns.

“Authorized Officer” means a representative of the Authority designated by resolution of the Authority.

“Bond Counsel” means Stradling Yocca Carlson & Rauth, a Professional Corporation, or any other attorney or firm of attorneys appointed by and acceptable to the Authority, of nationally-recognized experience in the execution and delivery of obligations the interest on which is excludable from gross income for federal income tax purposes under the Code.

“Business Day” means any day other than a Saturday, Sunday or legal holiday or a day on

which banks are authorized to be closed for business in California or on which the Trust Office is authorized to be closed.

“Calendar Year” means the twelve calendar month period commencing on January 1 of each year and terminating on December 31 of such year.

“Certificate of the Authority” means an instrument in writing signed by the Chairperson, Finance Officer or other duly authorized officer of the Authority.

“Closing Date” means June __, 2019.

“Code” means the Internal Revenue Code of 1986, as amended. Each reference to a section of the Code herein shall be deemed to include the United States Treasury Regulations, including temporary and proposed regulations relating to such section which are applicable to the Bonds or the use of the proceeds thereof.

“Consultant’s Report” means a report signed by an Independent Consultant.

“Continuing Disclosure Agreement” shall mean the agreement by that name, dated as of June 1, 2019, between the Authority and the dissemination agent named therein.

“Debt Service” means, for any Calendar Year, the sum of:

(1) the interest falling due on all Outstanding Series 2019 Bonds in such period, assuming that all Outstanding Series 2019 Bonds are retired as scheduled or are redeemed from amounts in the Debt Service Account as scheduled,

(2) the principal amount of all Outstanding Series 2019 Bonds falling due by their terms in such period, plus

(3) the principal amount of all Outstanding Series 2019 Bonds scheduled to be redeemed from amounts in the Debt Service Account in such period.

“Debt Service Account” means the account of that name established by the Trustee pursuant to Section 3.04 hereof.

“Debt Service Payments” mean the payments of Debt Service on the Series 2019 Bonds due hereunder.

“Delivery Costs” means all items of expense directly or indirectly payable by or reimbursable to the Authority relating to the issuance of the Series 2019 Bonds, including but not limited to filing costs, settlement costs, printing costs, reproduction and binding costs, initial fees and charges of the Trustee and its counsel, financing discounts, legal fees and charges, financial and other professional consultant fees, costs of premiums for a bond insurance policy and/or debt service reserve surety policy, costs of rating agencies for credit ratings, fees for execution, transportation and safekeeping of Series 2019 Bonds and charges and fees in connection with the foregoing.

“Delivery Costs Fund” means the fund of that name established by Section 3.02 hereof. “Depository” means (a) initially, DTC, and (b) any other qualified securities depository acting as Depository pursuant to Section 2.11 hereof.

“Depository System Participant” means any participant in the Depository’s book entry system.

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

“Enterprise” means all solid waste collection, processing and disposal facilities and any other facilities related thereto now owned by the Authority, and all other facilities for the collection, processing and disposal of solid waste hereafter acquired by the Authority and determined to be a part of the Enterprise, including all facilities necessary and appropriate for the Authority to meet its service obligations; together with all additions, betterments or improvements to such facilities or any part thereof hereafter acquired by the Authority and all contractual rights (including rights with respect to processing, disposal or other solid waste management facilities which the Authority may possess from time to time), including the Authority’s rights under the Operation Agreement.

“Escrow Account” means the Escrow Account established pursuant to the Escrow Agreement

“Escrow Agent” means The Bank of New York Mellon Trust Company, N.A., in its capacity as Escrow Agent and Trustee pursuant to the Escrow Agreement with respect to the 2009 Bonds.

“Escrow Agreement” means the Escrow Agreement between the Authority and the Escrow Agent, dated as of June 1, 2019.

“Event of Default” means art event of default described in Section 6.01 hereof.

“Federal Securities” means direct obligations of (including obligations issued or held in book entry form on the books of the Department of the Treasury of the United States), or obligations the timely payment of the principal of and interest on which are fully and unconditionally guaranteed by, the United States of America.

“Finance Officer” means the Finance Director of the Authority.

“Fiscal Year” means the twelve calendar month period terminating on June 30 of each year, or any other annual accounting period hereafter selected and designated by the Authority as its Fiscal Year in accordance with applicable law.

“Generally Accepted Accounting Principles” means the uniform accounting and reporting procedures prescribed by the California State Controller or his or her successor for public agencies in the State of California, or failing the prescription of such procedures means generally accepted accounting principles as presented and recommended by the American Institute of Certified Public Accountants or its successor, or by any other generally accepted authority on such procedures, and includes, as applicable, the standards set forth by the Governmental Accounting Standards Board or its successor.

“Indenture” means this Indenture of Trust by and between the Trustee and the Authority, dated as of June 1, 2019 as originally executed and entered into and as it may from time to time be amended or supplemented in accordance herewith.

“Independent Consultant” means any financial or management consultant or firm of such consultants of national reputation generally recognized to be well qualified in matters relating to

systems similar to the Enterprise, appointed and paid by the Authority, and who, or each of whom--

1. is in fact independent and not under the control of the Authority;
2. does not have a substantial financial interest, direct or indirect, in the Authority; and
3. is not connected with the Authority as a council member, officer or employee of the Authority, but may be regularly retained to make reports to the Authority.

“Interest Payment Date” means [March 1, 2020] and each September 1 and March 1 thereafter.

“Maintenance and Operation Costs” of the Enterprise means all reasonable and necessary costs paid or incurred by the Authority for maintaining and operating the Enterprise, determined in accordance with Generally Accepted Accounting Principles, including payments due under or pursuant to the Operation Agreement, disposal costs, all reasonable expenses of management and repair and all other expenses necessary to maintain and preserve the Enterprise in good repair and working order, and including all administrative costs of the Authority that are charged directly or apportioned to the operation of the Enterprise, such as salaries and wages of employees (including any payments related to retirement or post-retirement benefits then-currently payable), overhead, taxes (if any) and insurance premiums, and including all other reasonable necessary costs of the Authority or charges required to be paid by it to comply with the terms hereof or of any Supplemental Indenture, such as compensation, reimbursement and indemnification of the Trustee and fees and expenses of Independent Consultants; but excluding in all cases (i) Debt Service on the Series 2019 Bonds, Parity Obligations and Subordinate Obligations, (ii) the fee payable to the City of San Carlos pursuant to Section 12.6 of the Agreement, (iii) capital improvements to the Enterprise, (iv) depreciation, replacement and obsolescence charges or reserves therefor, and (v) amortization of intangibles or other bookkeeping entries or a similar nature

“Maximum Annual Debt Service” means the highest amount of Debt Service payable with respect to Outstanding Series 2019 Bonds during any Calendar Year.

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

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

“Net Revenues” means, for any period, all of the Revenues during such period less all of the Maintenance and Operation Costs during such period.

“Nominee” means (a) initially, Cede & Co., as nominee of DTC, and (b) any other nominee of a Depository designated pursuant to Section 2.11 hereof.

“Operation Agreement” means the agreement entered into by the Authority with an entity to operate the Shoreway Environmental Center component of the Enterprise.

“Outstanding” when used as of any particular time with reference to Series 2019 Bonds, means (subject to the provisions of Section 8.02) all Series 2019 Bonds except:

- (1) Series 2019 Bonds canceled by the Trustee;
- (2) Series 2019 Bonds paid or deemed to have been paid within the meaning of Section 9.01; and
- (3) Series 2019 Bonds in lieu of or in substitution for which replacement Series 2019 Bonds shall have been executed and delivered hereunder.

“Owner” or “Bond Owner” means the registered owner of any Outstanding Series 2019 Bond.

“Parity Obligations” means all bonds, notes, loan agreements, installment sale agreements, leases or other obligations of the Authority payable from and secured by a pledge of and lien upon any of the Net Revenues incurred on a parity with the payment of the Debt Service Payments pursuant to Section 2.12.

“Payment Fund” means the fund by that name established in Section 3.04 hereof.

“Permitted Investments” means any of the following which at the time of investment are legal investments under the laws of the State of California for the moneys proposed to be invested therein (the Trustee is entitled to conclusively rely upon any direction of the Authority as a certification that such investment constitutes a Permitted Investment):

1. Direct 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, but excluding CATS and TIGRS) or obligations the principal of and interest on which are unconditionally guaranteed by the United States of America.

2. Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies and provided such obligations are backed by the full faith and credit of the United States of America (stripped securities are only permitted if they have been stripped by the agency itself):

Farmers Home Administration (FmHA)
Certificates of beneficial ownership

Federal Housing Administration Debentures (FHA)

General Services Administration
Participation certificates

Government National Mortgage Association (GNMA or “Ginnie Mae”)
GNMA - guaranteed mortgage-backed bonds
GNMA - guaranteed pass-through obligations (participation certificates)
(not acceptable for certain cash-flow sensitive issues.)

U.S. Maritime Administration
Guaranteed Title XI financing

U.S. Department of Housing and Urban Development (HUD)

Project Notes

Local Authority Bonds

New Communities Debentures - U.S. Government guaranteed debentures

U.S. Public Housing Notes and Bonds - U.S. Government guaranteed

public housing notes and bonds

3. Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following non-full faith and credit U.S. government agencies (stripped securities are only permitted if they have been stripped by the agency itself):

Federal Home Loan Bank Enterprise

Senior debt obligations

Federal Home Loan Mortgage Corporation (FHLMC or "Freddie Mac")

Participation certificates

Senior debt obligations

Federal National Mortgage Association (FNMA or "Fannie Mae")

Mortgage-backed securities and senior debt obligations

Resolution Funding Corp. (REFCORP) obligations

Farm Credit Enterprise

Consolidated system-wide bonds and notes

Federal Agriculture Mortgage Association

Tennessee Valley Authority

4. Money market funds registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, and having a rating by S&P of "AAAm-G," "AAA-m," or "AA-m" or a rating by Moody's of "Aaa," "Aal" or "Aa2," including funds for which the Trustee, its parent holding company, if any, or any affiliates or subsidiaries of the Trustee receives and retains a fee for services provided to the fund, whether as a custodian, transfer agent, investment advisor or otherwise.

5. Certificates of deposit secured at all times by collateral described in 1 and/or 2 above. Such certificates must be issued by commercial banks, savings and loan associations or mutual savings banks including the Trustee and its affiliates. The collateral must be held by a third party and the Owners must have a perfected first security interest in the collateral.

6. Trust accounts, trust funds, other deposit products, overnight banking deposits, interest-bearing money market accounts, interest-bearing demand or time deposits (including certificates of deposit) Certificates of deposit, savings accounts, deposit accounts or money market deposits which are fully insured by FDIC or secured at all times by collateral described in (a) and/or (b) above.

7. Investment agreements, including GIC's, forward purchase agreements and reserve fund put agreements.

8. Commercial paper rated, at the time of purchase, "Prime -1" by Moody's and "A- 1" or better by S&P.

9. Bonds or notes issued by any state or municipality which are rated by Moody's or S&P in one of the three highest rating categories assigned by such agencies.

10. Federal funds or bankers acceptances with a maximum term of one year of any bank (including the Trustee and its affiliates) which has an unsecured, uninsured and unguaranteed obligation rating of "Prime -1" or "A3" or better by Moody's and "A-1+" by S&P.

11. Repurchase agreements for 30 days or less, or in the case of the Project Fund, not longer than when the funds are necessary for Project Costs, must follow the following criteria:

(i) Repurchase agreements that provide for the transfer of securities from a dealer bank or securities firm (seller/borrower) to the Trustee (buyer/lender), and the transfer of cash from the Trustee to the dealer bank or securities firm with an agreement that the dealer bank or securities firm will repay the cash plus a yield to the Trustee in exchange for the securities at a specified date.

12. Medium-term Notes: Corporate notes issued by corporations organized and operating within the United States with a rating of "AA" or higher at the time of purchase by a nationally recognized rating service and with a maximum remaining maturity of no more than three (3) years after the date of purchase.

13. The Local Agency Investment Fund created 'pursuant to Section 16429.1 of the California Government Code, to the extent the Trustee is authorized to register such investment in its name.

14. The San Mateo County Pooled Investment Fund.

15. Time deposits, certificates of deposit and demand deposits not subject to FDIC insurance of any bank domiciled in the United States or of a foreign bank with a branch in the United States so long as the long-term un-secured debt rating of the issuing bank is within one of the three highest rating categories (without regard to any refinement or gradation of the rating category by numerical modifier or otherwise) by S&P, Moody's, or Fitch;

16. Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following entities which, at the time of purchase, are rated in one of the two highest rating categories by at least one Rating Agency (without regard to any refinement or gradation of rating category by numerical modifier or otherwise):

- i. International Bank for Reconstruction and Development ("World Bank")
- ii. Inter-American Development Bank ("IADB")
- iii. Nordic Investment Bank
- iv. Asian Development Bank
- v. Caribbean Development Bank
- vi. African Development Bank

- vii. International Finance Corporation (“IFC”)
- viii. European Bank for Reconstruction and Development (“EBRD”)
- ix. Council of Europe (“COE”)
- x. European Investment Bank (“EIB”)
- xi. Rentenbank
- xii. Swedish Export Kredit
- xiii. Kommunalbanken (“KBN”)

“Principal Office” means the corporate trust office of the Trustee located in San Francisco or Los Angeles, California, except that with respect to presentation of Series 2019 Bonds for payment or for registration of transfer and exchange such term shall mean the office or agency of the Trustee at which, at any particular time, its corporate trust agency business shall be conducted.

“Project Costs” means the cost of any acquisition, construction, refinancing, improvement, repair, modification or delivery of any portion of the 2019 Project, including the costs of site preparation necessary for the installation of such improvements and working capital. Project Costs also include administrative, engineering, legal, financial and other costs incurred by the Authority in connection with the acquisition, delivery and installation of such Project Costs.

“Project Fund” means the fund of that name established by the Trustee pursuant to Section 3.13 hereof.

“Rate Stabilization Fund” means the fund established and maintained by the Authority pursuant to Section 3.14.

“Record Date” means the fifteenth day of the calendar month prior to an Interest Payment Date, whether or not a Business Day.

“Redemption Account” means the account of that name established by the Trustee pursuant to Section 3.04 hereof.

“Reserve Requirement” means, as of any date of calculation, the lesser of (i) 10% of the initial principal amount of the Series 2019 Bonds, (ii) an amount equal to Maximum Annual Debt Service, or (iii) 125% of average annual Debt Service Payments payable hereunder; provided, that as of the Closing Date, the Reserve Requirement shall be equal to the amount set forth in Section 3.02 hereof.

“Responsible Officer” means any officer of the Trustee assigned by the Trustee to administer the trusts established hereunder.

“Revenue Fund” means the fund of the Authority into which it deposits Revenues.

“Revenues” means all gross income and revenue received or receivable by the Authority from the ownership or operation of the Enterprise, determined in accordance with Generally Accepted Accounting Principles, including all rates, fees and charges received by the Authority for the Enterprise and the other services of the Enterprise, revenues from sale of commodities and all proceeds of insurance covering business interruption loss relating to the Enterprise and all other income and revenue howsoever derived by the Authority from the ownership or operation of the Enterprise or arising from the Enterprise, amounts transferred from the Rate Stabilization Fund to the

Revenue Fund pursuant to Section 3.14, and all interest, profits or other income derived from the investment of amounts in any fund or account established pursuant to this Indenture, but excluding any (i) amounts transferred from the Revenue Fund to the Rate Stabilization Fund pursuant to Section 3.14, (ii) any specific charges levied for the express purpose of reimbursing others for all or a portion of the cost of the acquisition or construction of specific facilities, (iii) grants which are designated by the grantor for a specific purpose and are therefore not available for other purposes, or (iv) customers' deposits or any other deposits subject to refund until such deposits have become the property of the Authority, which shall not constitute Revenues.

“S&P” means Standard & Poor’s Ratings Group, a division of McGraw Hill Incorporated, its successors and assigns.

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

“Series 2019 Reserve Fund” means the fund by that name established pursuant to Section 3.06.

“State” means the State of California.

“Subordinate Obligations” means any contracts, bonds or other indebtedness of the Authority payable from the Revenue Fund on a subordinated basis to the payment of the Debt Service Payments.

“Trust Office” means the office of the Trustee designated in Section 10.13 hereof, and such other offices as the Trustee may designate from time to time, except that with respect to presentation of Series 2019 Bonds for payment or for registration of transfer and exchange such term shall mean the office or agency of the Trustee at which, at any particular time, its corporate trust agency business shall be conducted.

“Trustee” means The Bank of New York Mellon Trust Company, N.A., a national banking association duly organized and existing under and by virtue of the laws of the United States, or its successor or any other bank or trust company which may at any time be substituted in its place as provided in Section 7.01.

“Series 2019 Bonds” means, collectively, the Series 2019A Bonds and the Series 2019B Bonds.

“Series 2019A Bonds” means the \$_____ principal amount of South Bayside Waste Management Authority Solid Waste Enterprise Revenue Bonds, Series 2019A issued pursuant to Article II of this Indenture.

“Series 2019B Bonds” means the \$_____ principal amount of South Bayside Waste Management Authority Solid Waste Enterprise Revenue Bonds, Series 2019B issued pursuant to Article II of this Indenture.

“2019 Project” means the development, expansion, acquisition, construction, improvement,

repair, modification or delivery of the Enterprise, including (i) [[construction of a new scale house and related traffic enhancements; (ii) the construction of a new materials recovery facility to be used for the processing of recyclables and the expansion and renovation of the Authority’s existing transfer station to increase unloading space; (iii) the acquisition of equipment to be utilized in the materials recovery facility, and (iv) any Alternate Project]].

“Waste Management Service” means the waste management, processing and disposal service made available or provided by the Enterprise.

Section 1.02. Equal Security. In consideration of the acceptance of the Series 2019 Bonds by the Owners, this Indenture shall be deemed to be and shall constitute a contract by and among the Trustee, the Authority and the Owners to secure the full and final payment of the interest and principal and redemption premiums, if any, to be made by the Authority on the Series 2019 Bonds, subject to the agreements, conditions, covenants and terms contained herein; and all agreements, conditions, covenants and terms contained herein required to be observed or performed by or on behalf of the Trustee shall be for the equal and proportionate benefit, protection and security of all Owners without distinction, preference or priority as to benefit, protection or security of any Series 2019 Bonds over any other Series 2019 Bonds by reason of the number or date thereof or the time of execution or delivery thereof or otherwise for any cause whatsoever, except as expressly provided herein or therein.

ARTICLE II

TERMS AND CONDITIONS OF SERIES 2019 BONDS

Section 2.01. Authorization of Bonds. The Authority hereby authorizes the issuance of the Series 2019A Bonds in the aggregate principal amount of \$_____ and the Series 2019B Bonds in the aggregate principal amount of \$_____. The Series 2019 Bonds shall be designated “South Bayside Waste Management Authority Solid Waste Enterprise Revenue Bonds, Series 2019A” and “South Bayside Waste Management Authority Solid Waste Enterprise Revenue Bonds, Series 2019B.”

Section 2.02. Denominations, Medium, Method and Place of Payment and Dating of Series 2019 Bonds. The Series 2019 Bonds shall be issued in the form of fully registered Series 2019 Bonds in denominations of five thousand dollars (\$5,000) or any integral multiple thereof. Subject to the provisions of Section 2.11 hereto, the interest, principal and redemption premiums, if any, on the Series 2019 Bonds shall be payable by check in lawful money of the United States of America. Subject to the provisions of Section 2.11 hereof, interest on the Series 2019 Bonds shall be payable on their Interest Payment Dates by check mailed via first class mail on the Interest Payment Date by the Trustee to the respective Owners thereof as of the Record Date at their addresses as they appear in the books required to be kept by the Trustee pursuant to the provisions of Section 2.07 hereof or, upon the written request from any Owner of Series 2019 Bonds aggregating at least \$1,000,000 in principal amount, received on or prior to the fifteenth day of the month preceding an applicable Interest Payment Date, by wire in Federal Reserve funds to an account within the United States on the Interest Payment Date, with regard to which such payment is made. The principal of the Series 2019 Bonds shall be payable on September 1 in each of the years and in the principal amounts as follows, or on redemption prior thereto, upon surrender thereof at the Trust Office of the Trustee.

\$ _____
SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY
SOLID WASTE ENTERPRISE REVENUE BONDS
SERIES 2019A (Non-AMT)

Year (September 1)	Principal Amount	Interest Rate	Year (September 1)	Principal Amount	Interest Rate
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\$ _____
SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY
SOLID WASTE ENTERPRISE REVENUE BONDS
SERIES 2019B (AMT)

Year (September 1)	Principal Amount	Interest Rate	Year (September 1)	Principal Amount	Interest Rate
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The Series 2019 Bonds shall be dated as of the Closing Date, and bear interest from the Interest Payment Date immediately preceding the date of authentication thereof by the Trustee, unless such date of authentication is on or after the fifteenth (15th) day of the calendar month prior to an Interest Payment Date, in which case they shall bear interest from such Interest Payment Date, or unless such date of authentication is on or before _____ 15, 2019, in which case they shall bear interest from the Closing Date.

Section 2.03. Interest on the Series 2019 Bonds. Interest on the Series 2019 Bonds shall be paid on each Interest Payment Date at the rates per annum set forth in Section 2.02 hereof, calculated on the basis of a 360-day year consisting of twelve 30-day months.

Section 2.04. Form of Series 2019 Bonds. The Series 2019A Bonds and the Series 2019B Bonds and the assignment to appear thereon shall be in substantially the respective forms set forth in Appendix A hereto with appropriate or necessary insertions, omissions and variations as permitted or required hereby.

Section 2.05. Execution of Series 2019 Bonds. The Series 2019 Bonds shall be executed by the manual or facsimile signature of the Chairperson or Executive Director of the Authority, or their authorized representatives and shall be attested to by the manual or facsimile signature of the Authority Secretary or Assistant Authority Secretary. The Series 2019 Bonds shall be authenticated by the manual signature of an authorized officer of the Trustee.

Section 2.06. Transfer and Exchange of Series 2019 Bonds. Subject to the provisions of Section 2.11 hereof, (a) each Series 2019 Bond shall be transferable only upon a register of the names of each Owner (the “Bond Register”), which shall be kept for that purpose at the Trust Office, by the Owner thereof in person or by his or her attorney duly authorized in writing, upon surrender thereof together with a written instrument of transfer satisfactory to the Trustee duly executed by the Owner or his or her duly authorized attorney. Upon the transfer of any such Series 2019 Bond, the Trustee shall provide in the name of the transferee, a new Series 2019 Bond or Series 2019 Bonds, of the same aggregate principal amount, interest rate and maturity as the surrendered Series 2019 Bonds (unless there has occurred a partial redemption of such Series 2019 Bond pursuant to Section 4.01 hereof, in which case the principal amount of the new Series 2019 Bond shall be equal to the unredeemed principal amount of the Series 2019 Bond submitted for transfer).

(b) The Trustee shall deem and treat the person in whose name any Outstanding Series 2019 Bond shall be registered upon the Bond Register as the absolute owner of such Series 2019 Bond, whether such Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal of and interest on such Series 2019 Bond and for all other purposes, -and all such payments so made to any such Owner or upon his or her order shall be valid and effectual to satisfy and discharge the liability upon such Series 2019 Bond to the extent of the sum or sums so paid, and neither the Authority nor the Trustee shall be affected by any notice to the contrary. The Authority agrees to indemnify and save the Trustee harmless from and against any and all loss, cost, charge, expense, judgment or liability incurred by it, acting in good faith and without negligence or willful misconduct under the Indenture, in so treating such Owner.

In all cases in which the privilege of exchanging or transferring Series 2019 Bonds is exercised, the Trustee shall execute and deliver Series 2019 Bonds in accordance with the provisions of this Article. All Series 2019 Bonds surrendered in any such exchanges or transfers shall forthwith be canceled by the Trustee. For every such exchange or transfer of Series 2019 Bonds, whether temporary or definitive, the Authority and the Trustee may make a charge sufficient to reimburse any of them for any tax, fee or other governmental charge, other than one imposed by the Authority, required to be paid with respect to such exchange or transfer, which sum or sums shall be paid by the person requesting such exchange or transfer as a condition precedent to the exercise of the privilege of making such exchange or transfer. Notwithstanding any other provision hereof, the cost of preparing each new Series 2019 Bond and any other expenses of the Authority or the Trustee incurred in connection therewith (except any applicable tax, fee or other governmental charge other than one imposed by the Authority) shall be paid by the Authority. The Trustee shall not be obliged to effect any exchange or transfer of any Series 2019 Bond during the period after the mailing of notice calling such Series 2019 Bond or a portion thereof for redemption, nor during the fifteen (15) days preceding the giving of such notice of redemption.

The transferor shall also provide or cause to be provided to the Trustee all information necessary to allow the Trustee to comply with any applicable tax reporting obligations, including without limitation any cost basis reporting obligations under Internal Revenue Code Section 6045. The Trustee may rely on the information provided to it and shall have no responsibility to verify or ensure the accuracy of such information.

Section 2.07. Bond Registration Books. The Trustee shall keep or cause to be kept at its Principal Office sufficient books for the registration and transfer of the Series 2019 Bonds, which shall, during normal business hours upon reasonable prior written notice be open to inspection by the Authority; and, upon presentation for such purpose, the Trustee shall, under such reasonable

regulations consistent herewith as it may prescribe, register or transfer or cause to be registered or transferred, on such books, Series 2019 Bonds as herein before provided.

Section 2.08. Temporary Bonds. Pending preparation of the definitive Series 2019 Bonds, any Series 2019 Bonds delivered under the Indenture may be initially delivered in temporary form exchangeable for definitive Series 2019 Bonds when ready for delivery. The temporary Series 2019 Bonds may be printed, lithographed or typewritten, shall be of such denominations as may be determined by the Authority, shall be without coupons and may contain such reference to any of the provisions hereof as may be appropriate. Every temporary Series 2019 Bond shall be authenticated by the Trustee and be delivered by the Trustee upon the same conditions and in substantially the same manner as definitive Series 2019 Bonds. If the Trustee delivers temporary Series 2019 Bonds, it shall authenticate and furnish definitive Series 2019 Bonds without delay and, thereupon, the temporary Series 2019 Bonds shall be surrendered for cancellation at the Principal Office of the Trustee and the Trustee shall deliver in exchange for such temporary Bonds an equal aggregate principal amount of definitive Series 2019 Bonds of authorized denominations of the same interest rate or rates and maturity or maturities. Until so exchanged, the temporary Series 2019 Bonds shall be entitled to the same benefits under the Indenture as definitive Series 2019 Bonds delivered pursuant hereto.

Section 2.09. Bonds Mutilated, Destroyed, Lost or Stolen. If any Series 2019 Bond shall become mutilated, the Trustee, at the expense of the Owner of said Bond, shall authenticate and deliver a new Series 2019 Bond of like tenor in exchange and substitution for the Series 2019 Bond so mutilated, but only upon surrender to the Trustee of the Series 2019 Bond so mutilated. Every mutilated Series 2019 Bond so surrendered to the Trustee shall be canceled by it and destroyed or redelivered to, or upon the order of, the Authority. If any Series 2019 Bond shall be lost, destroyed or stolen, evidence of such loss, destruction or theft shall be submitted to the Trustee, and, if such evidence is satisfactory to the Trustee and if an indemnity satisfactory to the Trustee shall be given, the Trustee, at the expense of the Owner, shall authenticate and deliver a new Series 2019 Bond of like tenor and numbered as the Trustee shall determine in lieu of and in substitution for the Bond so lost, destroyed or stolen. The Trustee may require payment of a reasonable fee for each new Bond delivered under this Section and of the reasonable expenses which may be incurred by the Trustee in carrying out the duties under this Section 2.09. Any Series 2019 Bond issued under the provisions of this Section in lieu of any Series 2019 Bond alleged to be lost, destroyed or stolen shall be equally and proportionately entitled to the benefits hereof with all other Series 2019 Bonds secured by the Indenture. The Trustee shall not be required to treat both the original Series 2019 Bond and any replacement Series 2019 Bond as being Outstanding for the purpose of determining the principal amount of Series 2019 Bonds which may be issued under the Indenture or for the purpose of determining any percentage of Series 2019 Bonds Outstanding under the Indenture, but both the original and replacement Series 2019 Bond shall be treated as one and the same. Notwithstanding any other provision of this Section 2.09, in lieu of delivering a new Series 2019 Bond for a Series 2019 Bond which has been mutilated, lost, destroyed or stolen and which has matured, the Trustee may make payment of such Series 2019 Bond upon receipt of indemnification satisfactory to the Trustee.

Section 2.10. Evidence of Signatures of Bond Owners and Ownership of Bonds. Any request, direction, consent, revocation of consent, or other instrument in writing required or permitted by the Indenture to be signed or executed by Series 2019 Bond Owners may be in any number of concurrent instruments of similar tenor, and may be signed or executed by such Series 2019 Bond Owners in person or by their attorneys or agents appointed by an instrument in writing for that

purpose. Proof of the execution of any such instrument, or of any instrument appointing any such attorney or agent, and of the holding and ownership of Series 2019 Bonds shall be sufficient for any purpose hereof (except as otherwise herein provided), if made in the Form of the Assignment attached to the Series 2019 Bond in Appendix A hereto.

Nothing contained in this Article shall be construed as limiting the Trustee to such proof, it being intended that the Trustee may accept any other evidence of the matters herein stated which to the Trustee may seem sufficient. Any request or consent of the Owner of any Series 2019 Bond shall bind every future Owner of the same Series 2019 Bond in respect of anything done or suffered to be done by the Authority or the Trustee in pursuance of such request or consent.

Section 2.11. Book Entry System.

(a) Original Delivery. The Series 2019 Bonds shall be initially delivered in the form of a separate single fully registered Series 2019 Bond (which may be typewritten) for each maturity. Upon initial delivery, the ownership of each such Series 2019 Bond shall be registered on the Bond Register kept by the Trustee in the name of the Nominee. Except as provided in subsection (c), the ownership of all of the Outstanding Series 2019 Bonds shall be registered in the name of the Nominee.

With respect to Series 2019 Bonds the ownership of which shall be registered in the name of the Nominee, the Authority and the Trustee shall have no responsibility or obligation to any Depository System Participant or to any person on behalf of which the Authority holds an interest in the Series 2019 Bonds. Without limiting the generality of the immediately preceding sentence, the Authority and the Trustee shall have no responsibility or obligation with respect to (i) the accuracy of the records of the Depository, the Nominee or any Depository System Participant with respect to any ownership interest in the Series 2019 Bonds, (ii) the delivery to any Depository System Participant or any other person, other than a Series 2019 Bond Owner as shown in the Bond Register, or any notice with respect to the Series 2019 Bonds, including any notice of redemption, (iii) the selection by the Depository of the beneficial interests in the Series 2019 Bonds to be redeemed in the event the Authority elects to redeem the Series 2019 Bond in part, (iv) the payment to any Depository System Participant or any other person, other than a Bond Owner as shown in the Bond Register, of any amount with respect to principal, premium, if any, or interest on the Series 2019 Bonds, or (v) any consent given or other action taken by the Depository as Owner of the Series 2019 Bonds. The Authority and the Trustee may treat and consider the person in whose name each Series 2019 Bond is registered as the absolute owner of such Series 2019 Bonds for the purpose of payment of principal of, premium, if any, and interest on such Series 2019 Bonds for the purpose of giving notices of redemption and other matters with respect to such Series 2019 Bonds, for the purpose of registering transfers of ownership of such Series 2019 Bonds, and for all other purposes whatsoever. The Trustee shall pay the principal of and the interest and premium, if any, on the Series 2019 Bonds only to the respective Owners or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge all obligations with respect to payment of principal of and interest and premium, if any, on the Series 2019 Bonds to the extent of the sum or sums so paid. No person other than an Owner shall receive a Series 2019 Bond evidencing the obligation of the Authority to make payments of principal, interest and premium, if any, pursuant to this Indenture. Upon delivery by the Depository to the Nominee of written notice to the effect that the Depository has determined to substitute a new Nominee in its place, and subject to the provisions herein with respect to Record Dates, such new nominee shall become the Nominee hereunder for all purposes; and upon receipt of such a notice of the Authority shall promptly, but in no event later than

two (2) Business Days after receipt thereof, deliver a copy of the same to the Trustee.

(b) Representation Letter. In order to qualify the Bonds for the Depository's book-entry system, to the extent it has not already done so the Authority shall execute and deliver to such Depository a letter (the "Letter of Representations") representing such matters as shall be necessary to so qualify the Series 2019 Bonds. The execution and delivery of such letter shall not in any way limit the provisions of subsection (a) above or in any other way impose upon the Authority or the Trustee any obligation whatsoever with respect to persons having interests in the Series 2019 Bonds other than the Series 2019 Bond Owners. In addition to the execution and delivery of such letter, the Authority may take any other actions, not inconsistent with this Indenture, to qualify the Series 2019 Bonds for the Depository's book-entry program.

(c) Transfers Outside Book-Entry System. In the event that either (i) the Depository determines not to continue to act as Depository for the Series 2019 Bonds, or (ii) the Authority determines to terminate the Depository as such, then the Authority shall thereupon discontinue the book-entry system with such Depository. In such event, the Depository shall cooperate with the Authority and the Trustee in the issuance of replacement Series 2019 Bonds by providing the Trustee with a list showing the interests of the Depository System Participants in the Series 2019 Bonds, and by surrendering the Series 2019 Bonds, registered in the name of the Nominee, to the Trustee on or before the date such replacement Series 2019 Bonds are to be issued. The Depository, by accepting delivery of the Series 2019 Bonds, agrees in the Letter of Representations to be bound by the provisions of this subsection (c). If, prior to the termination of the Depository acting as such, the Authority fails to identify another qualified securities depository to replace the Depository, then the Series 2019 Bonds shall no longer be required to be registered in the Bond Register in the name of the Nominee, but shall be registered in whatever name or names the Owners transferring or exchanging Series 2019 Bonds shall designate, in accordance with the provisions of this Section 2.11 hereof.

In the event the Authority determines that it is in the best interests of the beneficial owners of the Series 2019 Bonds that they be able to obtain Series 2019 Bonds, the Authority may notify the Depository System Participants of the availability of such Series 2019 Bond through the Depository. In such event, the Trustee will, at the expense of the Authority, authenticate, transfer and exchange Series 2019 Bonds as required by the Depository and others in appropriate amounts; and whenever the Depository so requests, the Authority shall cooperate with the Depository in taking appropriate action (i) to make available one or more separate Series 2019 Bonds evidencing the Series 2019 Bonds to any Depository System Participant having Series 2019 Bonds credited to its account with the Depository, or (ii) to arrange for another qualified securities depository to maintain custody of a single Series 2019 Bond evidencing such Series 2019 Bonds, all at the Authority's expense.

(d) Payments to the Nominee. Notwithstanding any other provision of the Indenture to the contrary, so long as any Series 2019 Bond is registered in the name of the Nominee, all payments with respect to principal of and interest and premium, if any, on such Series 2019 Bonds and all notices with respect to such Series 2019 Bonds shall be made and given, respectively, as provided in the Letter of Representations or as otherwise instructed in writing by the Depository.

(e) In connection with any proposed transfer outside the Book-Entry Only system, the Authority or DTC shall provide or cause to be provided to the Trustee all information necessary to allow the Trustee to comply with any applicable tax reporting obligations, including without limitation any cost basis reporting obligations under Internal Revenue Code Section 6045.

The Trustee may rely on the information provided to it and shall have no responsibility to verify or ensure the accuracy of such information.

Section 2.12. Parity Obligations.

(a) So long as any Series 2019 Bonds are Outstanding, the Authority shall not issue or incur any obligations payable from Net Revenues senior or superior to the Debt Service Payments and interest thereon. The Authority may at any time issue Parity Obligations payable from Net Revenues on a parity with the Debt Service Payments in such principal amount as shall be determined by the Authority. The Authority may issue or incur any such Parity Obligations subject to the following specific conditions which are hereby made conditions precedent to the issuance and delivery of such Parity Obligations:

(1) No Event of Default shall have occurred and be continuing (unless the express purpose of the Parity Obligations is to cure such Event of Default);

(2) The Net Revenues for twelve consecutive months out of the eighteen months preceding the date of the issuance of the Parity Obligations, as shown by a written certificate of the Authority on file with the Trustee; plus

(i) An allowance for Net Revenues for such twelve month period from any additions, betterments or improvements to the Enterprise which have been made from any source but which, during all or any part of such period, were not in service, in an amount equal to one hundred per cent (100%) of the amount by which the Net Revenues would have been increased if such addition, betterment or improvement had been in service during the whole of such twelve month period, as shown by a written certificate of the Authority on file with the Trustee; and

(ii) An allowance for increased Net Revenues arising from any increase in the rates, fees and charges for the Enterprise which became effective prior to the date of the issuance of such additional Parity Obligations but which, during all or any part of such twelve month period, was not in effect, in an amount equal to one hundred per cent (100%) of the amount by which the Net Revenues would have been increased if such increase in rates, fees and charges had been in effect during the whole of such period, as shown by a Certificate of the Authority on file with the Trustee,

shall have produced a sum equal to at least 1.40 times the highest amount of principal and interest payable during any Calendar Year on all then Outstanding Series 2019 Bonds and any Parity Obligations; provided, that in the event all or any portion of the Parity Obligations is to be issued for the purpose of refunding any Series 2019 Bonds or Parity Obligations then Outstanding, interest and principal payments on the Series 2019 Bonds or Parity Obligations to be so refunded from the proceeds of such Parity Obligations being issued shall be excluded from the foregoing computation of highest amount of principal and interest payable during any Calendar Year.

(3) With respect to any additional Parity Obligation, the Authority may, in its sole discretion (but is not required to), establish a reserve fund in an amount not to exceed the limits set forth herein.

The provisions of subsection (2) of this Section shall not apply to any Parity Obligations issued for the purpose of refunding or prepaying the principal of and interest and premium (if any) on any Outstanding Series 2019 Bonds or on any outstanding Parity Obligations, if at the time of the incurring of such Parity Obligations, the Authority certifies in writing that the annual debt service with respect to such Parity Obligations will not exceed, in any Calendar Year, the annual debt service on the Outstanding Series 2019 Bonds or Parity Obligations to be refunded, as applicable.

(b) The Authority may at any time execute or issue Subordinate Obligations.

ARTICLE III

PROCEEDS OF SERIES 2019 BONDS; PLEDGE OF NET REVENUES

Section 3.01. Delivery of Series 2019 Bonds; Payment of Debt Service. The Trustee is hereby authorized to authenticate the Series 2019 Bonds and upon receipt of the proceeds of sale thereof deliver the Series 2019 Bonds to the initial purchaser thereof upon receipt of a Certificate of the Authority.

The Authority shall pay Debt Service Payments, without offset or deduction of any kind, by payment in immediately available funds which constitute legal tender of the United States of America. The obligation of the Authority to make Debt Service Payments from Net Revenues is absolute and unconditional, and until such time as all Debt Service Payments shall have been fully paid and the Series 2019 Bonds are no longer Outstanding (or provision for the payment thereof shall have been made pursuant to Article IX), the Authority will not, under any circumstances, discontinue, abate or suspend any payment due hereunder when due, whether or not the Enterprise is operating or operable or has been completed, or whether or not the Enterprise is condemned, damaged, destroyed or seized or its use is suspended, interfered with, reduced or curtailed or terminated in whole or in part, and such payments shall not be subject to reduction whether by offset, counterclaim, defense, recoupment, abatement, suspension, deferment or otherwise and shall not be conditional upon the performance or nonperformance by any party of any agreement or covenant contained herein for any cause whatsoever.

In order to provide for the timely payment of Debt Service Payments, the Authority agrees and covenants that it will, from Net Revenues on deposit in the Revenue Fund, on the dates set forth in Section 3.11 below, deposit with the Trustee the amounts set forth in such Section. The Authority will make such deposits without preference or priority over any payment due on any Parity Obligations, and in the event of any insufficiency of such money ratably without any discrimination or preference, in accordance with the applicable resolution, ordinance or agreement.

Section 3.02. Depositing of Proceeds of Series 2019 Bonds. On the Closing Date the Trustee shall receive the amounts from the sale of the Series 2019 Bonds as set forth below, and apply such amounts as set forth below:

	<u>Series 2019A Bonds</u>	<u>Series 2019B Bonds</u>
Principal Amount		
Plus Net Original Issue Premium		
Less Underwriter's Discount		
Plus Amounts Available from 2009 Bonds		
Total		
 <u>Application of Amounts</u>		
Deposit to Escrow Fund for Series 2009 Bonds		
Deposit to Project Fund		
Deposit to Series 2019 Reserve Fund		
Deposit to Delivery Costs Fund		
Total		

The Trustee may establish temporary funds or accounts in its records to facilitate such deposits or transfers.

Section 3.03. Deposit of Debt Service Payments. All Debt Service Payments with respect to the Series 2019 Bonds shall be paid directly by the Authority to the Trustee as set forth in Section 3.11. Such payments received by the Trustee shall be held in trust by the Trustee under the terms hereof and shall be deposited by it as and when received in the Debt Service Account of the Payment Fund, which fund the Trustee hereby agrees to establish and maintain so long as any Series 2019 Bonds are Outstanding.

Section 3.04. Payment Fund. Within the Payment Fund the Trustee shall establish a Debt Service Account and a Redemption Account. Debt Service Payments made by the Authority shall be deposited by the Trustee in the Debt Service Account. Such payments shall be net of amounts already on deposit therein that are in excess of the amount required to accumulate therein pursuant to Section 3.01. The Trustee shall transfer the money contained in the Debt Service Account and the Redemption Account at the following respective times in the following respective accounts in the following order of priority in the manner hereinafter provided, each of which accounts the Trustee hereby agrees to establish and maintain so long as any Series 2019 Bonds are Outstanding, and the money in each of such accounts shall be disbursed only for the purposes and uses hereinafter authorized:

(a) Debt Service Account. All moneys in the Debt Service Account shall be used and withdrawn by the Trustee solely for the purpose of paying principal of and interest on the Series 2019 Bonds on each Interest Payment Date or mandatory redemption dates, as applicable.

(b) Redemption Account. The Trustee, on the optional redemption date specified in the Certificate of the Authority filed with the Trustee at the time that any moneys to accomplish any such optional redemption are paid to the Trustee, shall deposit in the Redemption Account the amount of such payment. All money in the Redemption Account shall be used and withdrawn by the Trustee solely for the purpose of paying the interest and principal on the Series 2019 Bonds to be optionally redeemed on their respective redemption dates.

Section 3.05. Use of Money in the Delivery Costs Fund.

(a) The Trustee shall disburse funds from the Delivery Costs Fund to pay Delivery Costs only upon receipt of a signed certificate (stating the amount to be disbursed and the party or parties being paid) approved by the Authorized Officer of the Authority and accompanied by an invoice or statement for each such amount. Each requisition by any Authorized Officer of the Authority shall be sufficient evidence to the Trustee of the facts stated therein and the Trustee shall have no duty to confirm the accuracy of such facts.

(b) Upon payment of all Delivery Costs, which shall be determined by a certificate to that effect by an Authorized Officer of the Authority delivered to the Trustee, or upon the date occurring four one year after the Closing Date, whichever occurs first, the Trustee shall transfer all funds remaining in the Delivery Costs Fund to the Project Fund, and the Delivery Costs Fund shall thereupon be closed.

Section 3.06. Series 2019 Reserve Fund; Replenishment. The Trustee hereby agrees to establish and maintain so long as any Series 2019 Bonds are Outstanding the Series 2019 Reserve Fund. The Series 2019 Reserve Fund shall initially be funded in an amount equal to the Reserve Requirement. The Trustee shall hold the Series 2019 Reserve Fund in trust and shall apply moneys in the Series 2019 Reserve Fund in accordance with the following provisions.

If, two (2) Business Days prior to any Interest Payment Date, the moneys in the Payment Fund does not equal the amount required to be paid to the Series 2019 Bond Owners on such date, the Trustee shall transfer from the Series 2019 Reserve Fund to the Payment Fund the amount of such insufficiency; provided, if the Series 2019 Reserve Fund is funded with a surety bond, insurance policy or other comparable credit facility as described below, the Trustee shall take such action as is necessary to make a claim under the surety bond or insurance policy, respectively, so that the amount of such insufficiency is paid or available to the Trustee on such Interest Payment Date under the terms of such instrument.

If, following valuation or calculation thereof, the amount available and contained in the Series 2019 Reserve Fund (valued as provided in Section 10.09 hereof) exceeds the Reserve Requirement and if the Trustee does not have actual knowledge of an Event of Default hereunder, the Trustee shall withdraw the amount of such excess from the Series 2019 Reserve Fund. The Trustee shall deposit such amount in the Debt Service Account. For purposes of determining the amount on deposit in the Series 2019 Reserve Fund, the Trustee shall make a valuation of the Series 2019 Reserve Fund as of June 30 of each year. Except for such withdrawals, all money in the Series 2019 Reserve Fund shall be used and withdrawn by the Trustee solely for the purpose of making the payments of principal and interest on the Series 2019 Bonds in the event that amounts on deposit in the Payment Fund are insufficient for such purposes.

If amounts on deposit in the Series 2019 Reserve Fund shall, at any time, be less than the applicable Reserve Requirement, such deficiency shall be made up by the Authority from Net Revenues available after required payment of Debt Service Payments over a twelve (12) month period in twelve equal monthly installments, as provided in Section 3.11 hereof, and the Series 2019 Reserve Fund shall be valued monthly until amounts on deposit therein equal the Reserve Requirement.

In lieu of making the Series 2019 Reserve Fund deposits in compliance with Section 3.06, or

in replacement of moneys then on deposit in the Series 2019 Reserve Fund, the Authority may, without the consent of the Owners, and with an opinion of nationally recognized bond counsel that such delivery complies with the provisions hereof, deliver to the Trustee a surety bond or an insurance policy securing an amount, together with moneys on deposit in the Series 2019 Reserve Fund, equal to the Reserve Requirement. Such surety bond or insurance policy shall be issued by an insurance company whose unsecured debt obligations (or for which obligations secured by such insurance company's insurance policies) are rated, at the time of delivery, in one of the two the highest rating category of Moody's or S&P (without regard to qualifier). Such surety bond or insurance policy shall have a term of no less than the final maturity of the Bonds.

The Trustee shall, on a pro rata basis with respect to the portion of the Series 2019 Reserve Fund held in the form of surety bonds and insurance policies (calculated by reference to the maximum amounts of such surety bonds and insurance policies and the amount of the initial deposit of such cash), draw under each surety bond or insurance policy, in a timely manner and pursuant to the terms of such surety bond or insurance policy to the extent necessary in order to obtain sufficient funds on or prior to the date such funds are needed as required herein.

Following the replacement of moneys then on deposit in the Series 2019 Reserve Fund by a surety bond or insurance policy as provided herein, any moneys on deposit in the Series 2019 Reserve Fund in excess of the Reserve Requirement shall be transferred by the Trustee to the Payment Fund or the Project Fund, at the written direction of the Authority, to be credited as provided herein.

Section 3.07. Held in Trust. The moneys and investments held by the Trustee under Sections 3.03, 3.04, 3.05 and 3.06 are irrevocably held in trust for the benefit of the Owners, and for the purposes herein specified, and such moneys, and any income or interest earned thereon, shall be expended only as provided in this Indenture, and shall not be subject to levy or attachment or lien by or for the benefit of any creditor of the Trustee or the Authority.

Section 3.08. Commingling of Moneys in Funds. The Trustee is directed by the Authority to commingle any of the funds held by it pursuant to this Indenture into a separate fund or funds for investment purposes only; provided, however, that all funds or accounts held by the Trustee hereunder shall be accounted for separately notwithstanding such commingling by the Trustee.

Section 3.09. Arbitrage Covenant. The Authority has covenanted in Section 5.09 hereof that it will make no use of the proceeds of the Series 2019 Bonds which would cause the Series 2019 Bonds to be "arbitrage bonds" subject to federal income taxation by reason of Section 148 of the Internal Revenue Code of 1986, as amended. The Trustee hereby covenants with the Owners of the Series 2019 Bonds that it will comply with the express provisions of this Indenture and will follow the written directions of the Authority and, notwithstanding anything to the contrary contained herein, so long as the Trustee shall have complied with the written instructions of the Authority, if any, with respect to making any rebate to the United States of America, the Trustee shall conclusively be deemed to have complied with its obligations hereunder and shall not be liable if the Series 2019 Bonds become arbitrage bonds.

Section 3.10. Pledge of Net Revenues and Other Funds. All of the Net Revenues are hereby irrevocably pledged to the punctual payment of the Debt Service Payments and payments with respect to any Parity Obligations, and such Net Revenues shall not be used for any other purpose while any of the Series 2019 Bonds remain Outstanding, except as provided herein. This

pledge shall constitute a first lien on the Net Revenues for the payment of the Debt Service Payments and payments with respect to Parity Obligations, and payments in accordance with the terms hereof and thereof.

Section 3.11. Receipt and Deposit of Revenues; Revenue Fund.

The Authority covenants and agrees that all Net Revenues, when and as received, will be received and held by the Authority in trust for the benefit of Series 2019 Bond Owners and payments with respect to Parity Obligations. The Authority further covenants and agrees that all Revenues, when and as received, will be deposited by the Authority in the Revenue Fund (which the Authority hereby covenants and agrees to maintain so long as any Series 2019 Bonds remain Outstanding) and will be accounted for and held in trust for the benefit of Series 2019 Bond Owners and for payments with respect to Parity Obligations in the Revenue Fund. All Revenues and Net Revenues shall be disbursed, allocated and applied solely to the uses and purposes set forth in this Article III.

All Revenues in the Revenue Fund shall be set aside by the Authority or deposited by the Authority with the Trustee, or the trustee or fiscal agent with respect to Parity Obligations, as the case may be, as follows and in the following order of priority:

(1) Maintenance and Operation Costs of the Enterprise. In order to carry out and effectuate the pledge and lien contained herein, the Authority agrees and covenants to pay all Maintenance and Operation Costs of the Enterprise (including amounts reasonably required to be set aside in contingency reserves for Maintenance and Operation Costs of the Enterprise, the payment of which is not then immediately required) from the Revenue Fund as they become due and payable.

(2) Debt Service Funds. Debt Service Payments payable pursuant to Section 3.01 hereof and all other payments relating to principal and interest on or with respect to Parity Obligations, shall be paid in accordance with the terms hereof and of such Parity Obligations, without preference or priority, and in the event of any insufficiency of such moneys, ratably without any discrimination or preference.

On or before the third to last Business Day of each month which precedes an interest payment date with respect to the Series 2019 Bonds or any Parity Obligations, the Authority shall transfer from the Revenue Fund for deposit with the Trustee in the Debt Service Account (with respect to the Series 2019 Bonds) or any debt service account established with respect to any Parity Obligations, an amount of Revenues equal to the amount of interest becoming due and payable on the Outstanding Series 2019 Bonds or Parity Obligations on the interest payment date without preference or priority, and in the event of any insufficiency of such moneys, ratably without any discrimination or preference. No deposit need be made into the Debt Service Account if the amount contained therein is at least equal to the interest to become due on the Series 2019 Bonds on the next Interest Payment Date.

On or before the third to last Business Day of each month which precedes a principal payment date with respect to the Series 2019 Bonds or any Parity Obligations, the Authority shall transfer from the Revenue Fund for deposit with the Trustee in the Debt Service Account (with respect to the Series 2019 Bonds) or debt service account established with respect to Parity Obligations, an amount of Revenues equal to the aggregate amount of principal becoming due and payable on the Series 2019 Bonds or Parity Obligations on the

next principal payment date without preference or priority, and in the event of any insufficiency of such moneys, ratably without any discrimination or preference. No deposit need be made into the Debt Service Account if the amount contained therein is at least equal to the principal to become due on all Series 2019 Bonds on the next principal payment date.

(3) Reserve Funds. Payments required pursuant to Section 3.06 hereof, or with respect to Parity Obligations, to replenish debt service reserve funds established for Parity Obligations shall be made in accordance with the terms hereof and such Parity Obligations, without preference or priority, and in the event of any insufficiency of such moneys, ratably without any discrimination or preference. Pursuant to Section 3.06, on or before the last Business Day of each month, the Authority shall transfer from the Revenue Fund for deposit with the Trustee in the Series 2019 Reserve Fund such amount of Revenues as shall be required to restore the Series 2019 Reserve Fund to an amount equal to the Reserve Requirement in twelve equal monthly installments. No deposit need be made into the Series 2019 Reserve Fund so long as there shall be in the Series 2019 Reserve Fund an amount required by Section 3.06 to be on deposit therein.

(4) General Expenditures; Surplus. All Revenues not required to be withdrawn pursuant to the provisions of (1) through (3) above shall be used for expenditure for any lawful purpose of the Authority, including, but not limited to, payment of Maintenance and Operation Costs of the Enterprise, payment of any rebate requirement or payment of any Subordinate Obligation, or for deposit into a Rate Stabilization Fund or other reserve fund.

The parties hereto acknowledge that although all Parity Obligations are secured equally and ratably by applicable Net Revenues, moneys with respect to obligations other than the Series 2019 Bonds may be held by the Trustee or by trustees other than the Trustee under documents and agreements other than the Indenture, and the Indenture imposes no obligations upon the Trustee with respect to such other obligations. The Authority shall make such transfers from the Revenue Fund necessary to effectuate such obligations' parity claim on such Net Revenues contemplated hereby.

Section 3.12. Liability of Authority Limited. Notwithstanding anything contained herein, the Authority shall not be required to advance any moneys derived from any source of income other than Net Revenues legally available therefor in the Revenue Fund and the other funds provided herein for the payment of the Debt Service Payments or for the performance of any agreements or covenants contained herein required to be performed by it. The Authority may, however, but shall not be required to, advance moneys for any such purpose so long as such moneys are derived from a source legally available for such purpose and may be legally used by the Authority for such purpose.

The obligation of the Authority to make the Debt Service Payments and the other amounts due hereunder is a special obligation of the Authority payable solely from the moneys legally available and pledged therefor hereunder, does not constitute a debt of the Authority, its Member Agencies or of the State of California or of any political subdivision thereof within the meaning of any constitutional or statutory debt limitation or restriction, and does not constitute an obligation of the Authority for which the Authority or any Member Agency is obligated to levy or pledge, or has levied or pledged, any form of taxation. The Series 2019 Bonds do not constitute a pledge of the faith and credit of the Authority or its Member Agencies.

Section 3.13. Project Fund. The Trustee will establish a Project Fund for the Authority, and the Trustee shall keep such fund separate and apart from all other funds and accounts held by it, and

shall administer such fund as provided herein. All money in the Project Fund shall be held by the Trustee in trust and shall be applied by the Trustee for the payment of Project Costs and the expenses incidental thereto (including reimbursement to the Authority for any such costs or expenses theretofore paid by it whether or not paid prior to the date hereof).

Before any payment is made from the Project Fund by the Trustee, the Authority shall file with the Trustee a requisition in the form attached hereto as Appendix B. Each such requisition shall be sufficient evidence to the Trustee of the facts stated therein and the Trustee shall have no duty to confirm the accuracy of such facts. Upon receipt of each such requisition, the Trustee shall pay the amount set forth therein as directed by the terms thereof from moneys on deposit in the Project Fund, except that the Trustee shall not make any such payment if it has received a stop notice or any other notice of any lien, right to lien or attachment upon, or claim affecting the right to receive payment of, any of the money to be so paid which has not been released or will not be released simultaneously with such payment, or for which the Authority has other remedies legally available, other than materialmen's or mechanics' liens accruing by mere operation of law.

The Authority may change the specifications of the Series 2019 Project, so long as such change does not substantially alter the nature of the Series 2019 Project; provided, however, that the Authority, in its sole discretion, may designate an Alternate Project.

Upon receipt of written notice from the Authority, the Trustee shall transfer first to the Series 2019 Reserve Fund until the amount therein equals the Reserve Requirement, and thereafter to the Payment Fund all remaining moneys in the Project Fund or the amount specified by the Authority, to be credited to the payment of the Debt Service Payments as the same shall become due and payable.

Section 3.14. Rate Stabilization Fund. The Authority will maintain a fund, or establish through journal entries or other accounting conventions relating to existing funds of the Authority, in either case to be known as the "Rate Stabilization Fund." From time to time the Authority may deposit or designate in the Rate Stabilization Fund from Revenues such amounts as the Authority shall determine, provided that deposits for each Calendar Year may be made until (but not after) 150 days following the end of such Calendar Year. The District may withdraw amounts from the Rate Stabilization Fund for transfer to the Revenue Fund for inclusion in Revenues for any Calendar Year, such withdrawals to be made until (but not after) 150 days after the end of such Calendar Year. All interest or other earnings on deposits or designations in the Rate Stabilization Fund shall be withdrawn therefrom and accounted for as Revenues. Amounts withdrawn from the Rate Stabilization Fund will be added to Revenues for the purpose of determining Revenues and amounts deposited in the Rate Stabilization Fund will be subtracted from Revenues for the purpose of determining Revenues provided, however, that amounts on deposit in the Rate Stabilization Fund as of the date of issuance of the Series 2019 Bonds shall not be deducted from Revenues for purposes of determining Revenues under the Indenture for Calendar Year 2019.

ARTICLE IV

REDEMPTION OF SERIES 2019 BONDS

Section 4.01. Terms of Redemption.

(a) Mandatory Extraordinary Casualty Redemption. The Series 2019 Bonds are subject to redemption, in whole or in part on any date, from the Net Proceeds of insurance or

condemnation with respect to the Enterprise, which Net Proceeds are deposited in the Payment Fund and credited towards the prepayment of the Debt Service Payments, at a redemption price equal to the principal amount of the Series 2019 Bonds to be redeemed, together with accrued interest to the date fixed for redemption, without premium.

(b) Optional Redemption. The Series Bonds maturing on or before September 1, 20__ are not subject to optional redemption prior to their respective stated maturities. The Series 2019 Bonds maturing on or after September 1, 20__ are subject to optional redemption on any date on or after September 1, 20__, in whole or in part, at a redemption price equal to the principal amount thereof to be redeemed together with accrued interest to the redemption date, without a premium.

(c) Mandatory Sinking Fund Redemption of Bonds. The Series 2019A Bonds maturing September 1, 20__ shall be subject to mandatory sinking fund redemption in part, by lot, commencing on September 1, 20__, from mandatory sinking fund payments set aside in the Payment Fund, 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, in the aggregate respective principal amounts and on the dates set forth below:

Redemption Date (September 1)	Redemption Amount
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The Series 2019B Bonds maturing September 1, 20__ shall be subject to mandatory sinking fund redemption in part, by lot, commencing on September 1, 20__, from mandatory sinking fund payments set aside in the Payment Fund, 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, in the aggregate respective principal amounts and on the dates set forth below:

Redemption Date (September 1)	Redemption Amount
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If some but not all of such Term Bonds have been redeemed pursuant to subsection (a) or (b) above, the total amount of all related future sinking fund payments shall be reduced by the aggregate principal amount of such Term Bonds so redeemed, to be allocated among such sinking fund payments on a pro rata basis as determined by the Authority (notice of which determination which shall include a revised sinking fund schedule shall be given by the Authority to the Trustee).

(d) Purchase in Lieu of Redemption. In lieu, or partially in lieu, of such call and redemption, moneys of the Authority may be used to purchase Outstanding Series 2019 Bonds in the manner hereinafter provided. Purchases of Outstanding Series 2019 Bonds may be made by the Authority prior to the selection of Series 2019 Bonds for redemption by the Trustee, at public or private sale as and when and at such prices as the Authority may in its discretion determine but only at prices (including brokerage or other expenses) of not more than par plus applicable accrued interest and redemption premiums, and any accrued interest payable upon the purchase of Series 2019 Bonds may be paid from the amount in the Payment Fund for payment of interest on the following Interest Payment Date.

Section 4.02. Selection of Series 2019 Bonds for Redemption. In the event that part, but not all, of the Series 2019 Bonds are to be redeemed (except for mandatory sinking fund redemption), the Series 2019 Bonds to be redeemed shall be selected by the Trustee among maturities as designated in writing by the Authority and by lot within a maturity; provided, however, that, as shall be set forth in a Certificate of the Authority, the Series 2019 Bonds may be redeemed by any maturity or maturities selected by the Authority, and by lot within a maturity. For the purpose of the selection described in this Section, all Series 2019 Bonds registered in the name of the same Owner shall be aggregated and treated as a single Series 2019 Bond held by such Owner. Notwithstanding any of the foregoing, in any such partial redemption the Trustee shall call the Series 2019 Bonds in integral multiples of \$5,000.

Section 4.03. Notice of Redemption. When redemption is authorized or required pursuant to this Article, the Trustee shall give notice (the "Redemption Notice"), at the expense of the Authority, of the redemption of the Series 2019 Bonds. Such Redemption Notice shall specify: (a) the Series 2019 Bonds or designated portions thereof (in the case of redemption of the Series 2019 Bonds in part but not in whole) which are to be redeemed, (b) the date of redemption, (c) the place or places where the redemption will be made, including the name and address of any paying agent, (d) the redemption price, (e) the CUSIP numbers (if any) assigned to the Series 2019 Bonds to be redeemed, (f) if less than all the Series 2019 Bonds of a maturity are to be redeemed, the certificate numbers of the Series 2019 Bonds to be redeemed and, in the case of any Series 2019 Bond to be redeemed in part only, the amount of such Series 2019 Bond to be redeemed, and (g) the original issue date, interest rate and stated maturity date of each Series 2019 Bond to be redeemed in whole or in part. Such Redemption Notice shall further state that on the specified date there shall become due and payable upon each Series 2019 Bond or portion thereof being redeemed the redemption price, together with interest accrued to the redemption date, and that from and after such date interest with respect thereto shall cease to accrue and be payable. Such notice in respect of optional or extraordinary casualty redemption shall not be provided unless there has been deposited with the Trustee funds sufficient to pay such redemption price (except in the case of redemption resulting from the issuance of refunding obligations).

The Authority shall provide the Trustee with a notice of redemption at least thirty (30) days prior to the redemption date.

Subject to the provisions stated above, the Trustee shall take the following actions with respect to such Redemption Notice:

(a) (i) At least thirty (30) but not more than forty-five (45) days prior to the redemption date or (ii) immediately upon receipt of Net Proceeds from insurance or condemnation awards which are to be used to redeem Series 2019 Bonds, the Trustee shall cause Redemption

Notices to be given to the respective Owners of Series 2019 Bonds designated for redemption by first class mail, postage redeemed, at their addresses appearing on the Bond Register maintained by the Trustee.

(b) At least thirty (30) days prior to the redemption date, such Redemption Notice shall be given to each of the Securities Depositories.

Neither failure to receive any Redemption Notice nor any defect in such Redemption Notice so given shall affect the sufficiency of the proceedings for the redemption of such Series 2019 Bonds. Each check or other payment method used by the Trustee for the purpose of redeeming Series 2019 Bonds shall bear the CUSIP number identifying, by issue and maturity, the Series 2019 Bonds being redeemed with the proceeds of such check or other transfer.

The Authority shall have the right to specify in any notice of optional redemption that the redemption described in such notice is conditional and may be canceled and annulled if for any reason funds will not be or are not available on the date fixed for prepayment for the payment in full of the Series 2019 Bonds then called for redemption, and such cancellation shall not constitute an Event of Default under this Indenture. The Authority and the Trustee shall have no liability to the Owners or any other party related to or arising from such cancellation of redemption. The Trustee shall mail notice of such cancellation of redemption in the same manner as the original notice of redemption was sent.

Section 4.04. Partial Redemption of Series 2019 Bonds. Upon surrender of any Series 2019 Bond redeemed in part only, the Trustee shall authenticate and deliver to the Owner thereof a new Series 2019 Bond or Series 2019 Bonds equal to the unredeemed principal amount of the Series 2019 Bond surrendered.

Section 4.05. Effect of Redemption. Notice having been given as aforesaid, and the moneys for the redemption, including interest to the applicable redemption date of the Series 2019 Bonds to be redeemed, having been set aside in the Redemption Account or Payment Fund, the portion of Series 2019 Bonds to be redeemed shall become due and payable on said redemption date, and, upon presentation and surrender thereof at the office or offices specified in said notice, said Series 2019 Bonds shall be paid at the unpaid principal amount and premium, if any, with respect thereto, plus any unpaid and accrued interest to said redemption date.

If, on said redemption date, moneys sufficient for the redemption of all the Series 2019 Bonds to be redeemed, together with interest to said redemption date shall be held by the Trustee so as to be available therefor on such redemption date, and, if notice of redemption thereof shall have been given as aforesaid, then, from and after said redemption date, interest with respect to the portion of Series 2019 Bonds to be redeemed shall cease to accrue and become payable. If said moneys shall not be so available on said redemption date, interest with respect to such portion of Series 2019 Bonds shall continue to be payable until paid at the same rates as they would have been payable had they not been called for redemption. All moneys held by or on behalf of the Trustee for the redemption of particular Series 2019 Bonds shall be held in trust for the account of the Owners of the Series 2019 Bonds so to be redeemed for the lesser of two (2) years or the period ending one day prior to the date such moneys would escheat to the State. Subject to any applicable escheat laws, after the earlier of two (2) years or the period ending one day prior to the date such moneys would escheat to the State, the Trustee will pay over to the Authority the unclaimed money for the years to which such money applies, if any, and thereafter the Owners of such Series 2019 Bonds shall be entitled to

payment on their Series 2019 Bonds only from the Authority and only from the amounts so paid to the Authority. The Trustee shall have no obligation to determine what applicable escheat law applies, but shall only be required to follow the Authority's written instructions to comply with this Section.

ARTICLE V

COVENANTS OF THE AUTHORITY AND THE TRUSTEE

Section 5.01. Compliance with Indenture. The Authority will not suffer or permit any material default by it to occur hereunder, but will faithfully comply with, keep, observe and perform all the agreements, conditions, covenants and terms hereof required to be complied with, kept, observed and performed by it.

Section 5.02. Observance of Laws and Regulations. The Authority will faithfully comply with, keep, observe and perform all valid and lawful obligations or regulations now or hereafter imposed on it by contract, or prescribed by any law of the United States of America or of the State of California, or by any officer, board or commission having jurisdiction or control, as a condition of the continued enjoyment of each and every franchise, right or privilege now owned or hereafter acquired by it, including their right to exist and carry on their respective businesses, to the end that such franchises, rights and privileges shall be maintained and preserved and shall not become abandoned, forfeited or in any manner impaired.

Section 5.03. Prosecution and Defense of Suits. The Authority will promptly, upon request of the Trustee or the Owners of not less than ten percent (10%) of the Outstanding Series 2019 Bonds, take such action from time to time as may be necessary or proper to remedy or cure any cloud upon or defect in the title to the Enterprise or any part thereof, whether now existing or hereafter developing, will prosecute all actions, suits or other proceedings as may be appropriate for such purpose and will indemnify and save the Trustee and every Owner harmless from all cost, damage, expense or loss, including reasonable attorneys' fees, which they or any of them may incur by reason of any such cloud, defect, action, suit or other proceeding.

Section 5.04. Accounting Records and Statements. The Trustee will keep proper accounting records in which complete and correct entries shall be made of all transactions made by the Trustee relating to the receipt, deposit and disbursement of the Debt Service Payments, and such accounting records shall be available for inspection by the Authority or any Owner or his or her agent duly authorized in writing on any Business Day upon reasonable notice at reasonable hours and under reasonable conditions prescribed by the Trustee. So long as any Series 2019 Bonds are Outstanding, the Trustee will furnish each month to the Authority and any Owner who may so request in writing (at the expense of such Owner) a statement covering the receipts, deposits and disbursements of the Debt Service Payments for the preceding monthly period; provided, that the Trustee shall not be obligated to deliver an accounting for any fund or account that (i) has a balance of zero, or (ii) has not had any activity since the last reporting date.

Section 5.05. Further Assurances. Whenever and so often as requested to do so by the Trustee or any Owner, the Authority will promptly execute and deliver or cause to be executed and delivered all such other and further assurances, documents or instruments and promptly do or cause to be done all such other and further things as may be necessary or reasonably required in order to further and more fully vest in the Trustee and the Owners all advantages, benefits, interests, powers, privileges and rights conferred or intended to be conferred upon them by this Indenture.

Section 5.06. Against Encumbrances. The Authority hereby covenants that there is no pledge of or lien on Net Revenues senior to the pledge and lien securing the Series 2019 Bonds. The Authority will not make any pledge of or place any lien on the Net Revenues, provided that the Authority may at any time, or from time to time, pledge or encumber the Net Revenues in connection with the issuance or execution of Parity Obligations or other obligations permitted by Section 2.12 hereof, or subordinate to the pledge of Net Revenues herein.

Section 5.07. Against Sale or Other Disposition of Property. The Authority will not sell, lease, encumber or otherwise dispose of the Enterprise or any part thereof; provided however, any real or personal property which has become nonoperative or which is not needed for the efficient and proper operation of the Enterprise, or any material or equipment which has become worn out, may be sold or exchanged at not less than the fair market value thereof and the proceeds (if any) of such sale or exchange shall be deposited in the Revenue Fund.

The Authority will not enter into any agreement or lease which would impair the ability of the Authority to meet the covenant set forth in Section 5.16 hereof or which would otherwise impair the rights of the Owners or the operation of the Enterprise.

Section 5.08. Against Competitive Facilities. The Authority will not, to the extent permitted by law, acquire, purchase, maintain or operate and will not, to the extent permitted by law and within the scope of its powers, permit any other public or private agency, corporation, district or political subdivision or any person whomsoever to acquire, purchase, maintain or operate any solid waste management system competitive with the Enterprise, unless the governing board of the Authority determines by resolution that any such actions with respect to competitive facilities will not materially adversely affect the ability of the Authority to fulfill its obligations under this Indenture.

Section 5.09. Tax Covenants.

(a) General. The Authority hereby covenants that, notwithstanding any other provisions of this Indenture, it shall not take any action, or fail to take any action, if such action or failure to take action would adversely affect the exclusion from gross income of interest on the Series 2019 Bonds under Section 103 of the Code. The Authority shall not, directly or indirectly, use or permit the use of proceeds of the Series 2019 Bonds or any of the property financed or refinanced with proceeds of the Series 2019 Bonds, or any portion thereof in such manner as would result in the loss of exclusion from gross income for federal income tax purposes of interest on the Series 2019 Bonds.

(b) Qualification as Exempt Facility Bonds. The Authority shall not take any action, or fail to take any action, if any such action or failure to take action would cause the Series 2019 Bonds to be other than “exempt facility bonds” financing and refinancing solid waste disposal facilities within the meaning of Section 142(a)(6) of the Code, and in furtherance thereof, shall not make any use of the proceeds of the Series 2019 Bonds, or of any of the facilities financed or refinanced with the proceeds of the Series 2019 Bonds, or any portion thereof, as would cause the Series 2019 Bonds not to qualify under Section 142(a) of the Code as “exempt facility bonds,” financing and refinancing solid waste disposal facilities. To that end, so long as any Series 2019 Bonds are outstanding, the Authority, with respect to such proceeds and property and such other funds, will comply with applicable requirements of the Code and all regulations of the United States Department of the Treasury issued thereunder, including under Section 103 of the Code, to the extent

such requirements are, at the time, applicable and in effect. The Authority shall establish reasonable procedures necessary to ensure continued compliance with the Code and the continued qualification of the facilities financed or refinanced with the proceeds of the Series 2019 Bonds as solid waste disposal facilities.

(c) Arbitrage. The Authority shall not, directly or indirectly, use or permit the use of any proceeds of any Series 2019 Bonds, or of any property financed or refinanced thereby, or other funds of the Authority, or take or omit to take any action, that would cause the Series 2019 Bonds to be “arbitrage bonds” within the meaning of Section 148 of the Code. To that end, the Authority shall comply with all requirements of Section 148 of the Code and all regulations of the United States Department of the Treasury issued thereunder to the extent such requirements are, at the time, in effect and applicable to the Series 2019 Bonds.

(d) Federal Guarantee. The Authority shall not make any use of the proceeds of the Series 2019 Bonds or any other funds of the Authority, or take or omit to take any other action, that would cause the Series 2019 Bonds to be “federally guaranteed” within the meaning of Section 149(b) of the Code.

(e) Compliance with Tax Certificate and Agreement. In furtherance of the foregoing tax covenants of this Section 5.09, the Authority covenants that it will comply with the provisions of the Tax Certificate, which is incorporated herein as if fully set forth herein. These covenants shall survive payment in full or defeasance of the Series 2019 Bonds.

Section 5.10. Maintenance and Operation of the Enterprise; Budgets; Operation Agreement. The Authority will maintain and preserve the Enterprise in good repair and working order at all times and will operate the Enterprise in an efficient and economical manner. The Authority will pay all Maintenance and Operation Costs of the Enterprise as they become due and payable.

The Authority shall provide or cause the provision of sufficient capacity for the disposal of solid waste generated within the service areas of the members of the Authority, so as to enable it to comply with the rate covenants set forth in Section 5.16 hereof; provided, that the Authority may provide such capacity by making available transfer and/or disposal facilities owned and operated by the Authority or by making contractual or other arrangements for the use of transfer and/or disposal facilities (either inside or outside the geographic boundaries of the members of the Authority) owned or operated by persons other than the Authority. The Authority shall also carry out and enforce the provisions of the Operation Agreement; provided that nothing in this Indenture shall be construed to interfere with the Authority’s judgment in determining what remedies to enforce in the event of a default under the Operation Agreement. Prior to expiration or termination of the then-current term of the Operation Agreement, the Authority shall make arrangements for continued operations of the Enterprise through a successor operator, or through the use of employees of the Authority. In addition, prior to expiration or termination of the then-current term of any agreement providing for landfill disposal of materials remaining after processing at the Enterprise, the Authority shall make arrangements for any continuing landfill disposal that may be required.

The Authority covenants and agrees that it will provide in the Operation Agreement that any Revenues, when and as received by the operator designated thereunder, will be received and held in trust by such operator, and shall be accounted for separately and apart from all other money, funds, accounts or other resources of such operator.

Section 5.11. Payment of Claims. The Authority will pay and discharge any and all lawful claims for labor, materials or supplies which, if unpaid, might become a lien on the Net Revenues or any part thereof or on any funds in the control of the Authority or the Trustee prior or superior to the lien of the Series 2019 Bonds or which might impair the security of the Series 2019 Bonds; provided the Authority shall not be obligated to make such payment so long as the Authority contests such payment in good faith.

Section 5.12. Compliance with Contracts. The Authority will comply with, keep, observe and perform all material agreements, conditions, covenants and terms, expressed or implied, required to be performed by it contained in all contracts for the use of the Enterprise and all other contracts affecting or involving the Enterprise to the extent that the Authority is a party thereto.

Section 5.13. Insurance. (a) The Authority will procure and maintain insurance on the Enterprise with commercial insurers or through participation in a joint powers insurance authority, in such amounts, with such deductibles and against such risks (including accident to or destruction of the Enterprise) as are usually insurable in accordance with industry standards with respect to similar enterprises.

In the event of any damage to or destruction of the Enterprise caused by the perils covered by such insurance, the proceeds of such insurance shall be applied to the repair, reconstruction or replacement of the damaged or destroyed portion of the Enterprise. The Authority shall cause such repair, reconstruction or replacement to begin promptly after such damage or destruction shall occur and to continue and to be properly completed as expeditiously as possible, and shall pay out of the proceeds of such insurance all costs and expenses in connection with such repair, reconstruction or replacement so that the same shall be completed and the Enterprise shall be free and clear of all liens and claims.

If the proceeds received by reason of any such loss shall exceed the costs of such repair, reconstruction or replacement, the excess shall be applied to the redemption of Series 2019 Bonds as provided in Section 4.01(a); provided, if the Authority delivers to the Trustee a Certificate of the Authority certifying that the ability of the Authority to meet its obligations hereunder will not be substantially impaired (which determination shall be final and conclusive) by the repair, reconstruction or replacement of any damaged or destroyed portion of the Enterprise, then proceeds received in excess of the costs of such repair, reconstruction or replacement may be used for any legal purpose of the Authority.

Alternatively, if the proceeds of such insurance are sufficient to enable the Authority to retire all outstanding Parity Obligations and the Series 2019 Bonds and all other amounts due hereunder, the Authority may elect not to repair, reconstruct or replace the damaged or destroyed portion of the Enterprise, and thereupon such proceeds shall be applied to the redemption of Series 2019 Bonds as provided in Section 4.01(a) and to the payment of all other amounts due hereunder, and as otherwise required by the documents pursuant to which such Parity Obligations were issued.

(b) The Authority will procure and maintain commercial general liability insurance covering claims against the Authority for bodily injury or death, or damage to property, occasioned by reason of the ownership or operation of the Enterprise, such insurance to afford protection in such amounts and against such risks as are usually covered in connection with similar enterprises.

(c) The Authority will procure and maintain workers' compensation insurance against liability for compensation under the Workers' Compensation Insurance and Safety Act of California, or any act hereafter enacted as an amendment or supplement or in lieu thereof, such insurance to cover all persons employed in connection with the Enterprise.

(d) All policies of insurance required to be maintained herein shall provide that the Trustee shall be given thirty (30) days' written notice of any intended cancellation thereof or reduction of coverage provided thereby, provided, however, the Trustee shall not be responsible for the sufficiency of any insurance herein required.

(e) In lieu of obtaining insurance coverage as required by this Section, such coverage may be maintained by the Authority in the form of self-insurance so long as the Authority certifies to the Trustee that (i) the Authority has segregated amounts in a special insurance reserve meeting the requirements of this Section; (ii) an Insurance Consultant certifies annually, on or before January 1 of each year in which self-insurance is maintained, in writing to the Trustee that the Authority's general insurance reserves are actuarially sound and are adequate to provide the necessary coverage and the Trustee may conclusively rely thereon; and (iii) such reserves are held in a separate trust fund by an independent trustee. Any statements of self-insurance shall be delivered to the Trustee. The Authority shall pay or cause to be paid when due the premiums for all insurance policies required hereby.

Section 5.14. Books and Accounts; Financial Statements. The Authority shall keep proper books of record and accounts of the Enterprise, separate from all other records and accounts, in which complete and correct entries shall be made of all transactions relating to the Enterprise. Said books shall, upon prior request, be subject to the inspection of the Trustee (who shall have no duty to inspect) or the Owners of not less than ten percent (10%) of the Outstanding Series 2019 Bonds, or their representatives authorized in writing, upon not less than two (2) Business Days' prior notice to the Authority.

The Authority shall cause the books and accounts of the Enterprise to be audited annually by an independent certified public accountant or firm of certified public accountants, not more than two hundred and seventy (270) days after the close of each Fiscal Year, and shall make a copy of such report available for inspection by the Series 2019 Bond Owners at the office of the Authority and at the principal corporate trust office of the Trustee. Such audit may be part of an audit of the Enterprise.

The Trustee shall not be required to review, and shall not be deemed to have notice of, the contents of the books and records of the Authority, any financial statement or statement of insurance coverage delivered to the Trustee under this Section 5.14 or Section 5.10 or 5.13, it being expressly understood that the Trustee shall only receive and hold such documents as repository for examination and copying by any Owner at such Owner's expense during business hours on Business Days.

Section 5.15. Payment of Taxes and Compliance with Governmental Regulations. The Authority will pay and discharge all taxes, assessments and other governmental charges, if any, which may hereafter be lawfully imposed upon the Enterprise or any part thereof or upon the Net Revenues when the same shall become due. The Authority will duly observe and conform with all valid regulations and requirements of any governmental authority relative to the operation of the Enterprise or any part thereof, but the Authority shall not be required to make such payments, or to comply with any regulations or requirements, so long as the payment or validity or application

thereof shall be contested in good faith.

Section 5.16. Amount of Rates and Charges. (a) The Authority will, at all times while any of the Series 2019 Bonds remain Outstanding, fix, prescribe and collect rates, fees and charges, and collect such other revenues in connection with the Enterprise which, when added to the Additional Revenues, will yield Revenues in each Calendar Year at least sufficient, after making reasonable allowances for contingencies and errors in the estimates, to pay the following amounts due in each Calendar Year in the order below set forth:

(1) All current Maintenance and Operation Costs.

(2) The interest on and principal of the Series 2019 Bonds and any Parity Obligations as they become due and payable.

(3) All payments required for compliance with the terms hereof, including restoration of the Series 2019 Reserve Fund to an amount equal to the Reserve Requirement (or reimbursement to the provider of any amounts paid pursuant to a reserve fund surety policy relating to the Series 2019 Bonds), and of any documents providing for the issuance of Parity Obligations pursuant to Article II hereof.

(4) All payments to meet any other obligations of the Authority which are charges, liens or encumbrances upon, or payable from, the Revenues.

(b) In addition to the requirements of the foregoing subsection (a), the Authority will, at all times while any of the Series 2019 Bonds remain Outstanding, fix, prescribe and collect rates, fees and charges in connection with the Enterprise for each Calendar Year so as to yield Net Revenues during such Calendar Year equal to at least 1.40 times the Debt Service in such Calendar Year plus scheduled principal and interest payments on or with respect to any Parity Obligations.

The Authority may make or permit to be made adjustments from time to time in such rates, fees and charges and may make or permit to be made such classification thereof as it deems necessary, but shall not reduce or permit to be reduced such rates, fees and charges below those then in effect unless the Revenues from such reduced rates, fees and charges will at all times be sufficient to meet the requirements of this section.

(c) If the Authority violates the covenants set forth in subsections (a) or (b) hereof, such violation shall not, in and of itself, be a default under this Indenture and shall not give rise to a declaration of an Event of Default if (i) the Revenues do not decrease below 1.00 times annual principal and interest payable with respect to the Series 2019 Bonds, Parity Obligations, amounts sufficient to maintain the Series 2019 Reserve Fund at the Reserve Requirement, and Maintenance and Operation Costs of the Enterprise, and (ii) within 120 days after the date such violation is discovered, the Authority hires an Independent Consultant to review the revenues and expenses of the Enterprise and abides by such consultant's recommendations to revise the schedule of rates, fees and charges and to revise any Maintenance and Operation Costs of the Enterprise insofar as practicable and to take such other actions as are necessary so as to produce Net Revenues to cure such violation for future compliance; provided, however, that if the Authority does not cure such violation within twelve (12) months succeeding the date such violation is discovered, an Event of Default shall be deemed to have occurred under Section 6.01(b).

(d) The Authority shall furnish to the Trustee, by one hundred and twenty (120) days after each December 31, a certificate of the Authority certifying that the Authority has complied with its rate covenant contained in subsections (a) and (b) above for the preceding Calendar Year.

Section 5.17. Collection of Rates and Charges; Competitive Tipping Fees. The Authority will have in effect at all times rules and regulations requiring all users of the Waste Management Service to pay the rates, fees and charges applicable to the Waste Management Service provided or made available to such users. Such rules and regulations shall also provide for the billing of rates, fees and charges not paid at time of use and for a due date and a delinquency date for each bill. In each case where such bill remains unpaid in whole or in part after such bill becomes delinquent, the Authority may refuse to provide or make available Waste Management Service to such user until all delinquent rates, fees and charges and penalties have been paid in full.

Except in connection with the receipt of federal or State funding, or as required as a condition to the acquisition or operation of the Project, the Authority will not permit any part of the Enterprise, or any facility thereof, to be used, or taken advantage of, free of charge by any person, firm or corporation, or by any public agency (including the United States of America, the State of California and any public corporation, political subdivision, city, county, district or agency of any thereof), excepting only that the Authority may without charge use the services and facilities of the Enterprise.

The Authority will, to the extent permitted by law, use its best efforts and take whatever actions are within the scope of its powers to ensure that the tipping fees charged by the Authority for the disposal of solid waste remain competitive with the tipping fees charged by other operations similar to the Enterprise in the vicinity of the Enterprise; provided, however, that in no event shall this covenant be construed to limit or affect the obligation of the Authority to set rates, charges and tipping fees hereunder, including but not limited to, under Sections 2.12 and 5.16 hereof.

Section 5.18. Eminent Domain Proceeds. If all or any part of the Enterprise shall be taken by eminent domain proceedings, the Net Proceeds thereof shall be applied as follows:

(a) If (1) the Authority delivers to the Trustee a Certificate of the Authority showing (i) the estimated loss of annual Net Revenues, if any, suffered or to be suffered by the Authority by reason of such eminent domain proceedings, (ii) a general description of the additions, betterments, extensions or improvements to the Enterprise proposed to be acquired by the Authority from any Net Proceeds, and (iii) an estimate of the additional annual Net Revenues to be derived from such additions, betterments, extensions or improvements, and (2) on the basis of such certificate, determines that the estimated additional annual Net Revenues will sufficiently offset the estimated loss of annual Net Revenues resulting from such eminent domain proceedings so that the ability of the Authority to meet its obligations hereunder will not be substantially impaired (which determination shall be final and conclusive); then the Authority shall promptly proceed with the acquisition of such additions, betterments, extensions or improvements substantially in accordance with such Certificate of the Authority and such Net Proceeds shall be applied for the payment of the costs of such acquisition, and any balance of such Net Proceeds not required by the Authority for such purpose shall be applied to pay the Series 2019 Bonds, and any Parity Obligations, on a pro rata basis in the manner provided herein and in the instruments authorizing such Parity Obligations.

(b) If the foregoing conditions are not met, then such Net Proceeds shall be applied to pay the Series 2019 Bonds, and any Parity Obligations, on a pro rata basis in the manner provided herein and in the instruments authorizing such Parity Obligations.

Section 5.19. Continuing Disclosure to Owners. The Authority and the Trustee shall comply with and carry out all of their respective duties under the Continuing Disclosure Agreement. Notwithstanding any other provisions of this Indenture, failure of the Authority or the Trustee to comply with the Continuing Disclosure Agreement shall not be considered an Event of Default; provided, however, that the Trustee shall, at the written direction of any Participating Underwriter (as defined in the Continuing Disclosure Agreement) or the holders of any Outstanding Series 2019 Bonds, but only to the extent indemnified for its fees and expenses, including those of its attorneys, or any holder or beneficial owner of the Series 2019 Bonds may, take such actions as may be necessary and appropriate to compel performance, including seeking mandate or specific performance by court order.

Section 5.20. Rebate of Excess Investment Earnings to United States.

(a) Obligation to Calculate Excess Investment Earnings. The Authority shall calculate or cause to be calculated, and shall provide or cause to be provided written notice to the Trustee of, the excess investment earnings (as defined in the Code, "Excess Investment Earnings") at such times and in such manner as may be required pursuant to the Code. The Authority shall inform the Trustee how frequently calculations are to be made, and shall ensure that a copy of all such calculations is given promptly to the Trustee. The Trustee may rely conclusively upon the Authority's determinations, calculations and certifications required by this Section. The Trustee shall have no responsibility to independently make any calculation or determination or to review the District's calculations hereunder.

(b) Rebate to United States. The Authority agrees to deposit with the Trustee, promptly upon the receipt of any calculations made pursuant to the preceding subsection (a), the amount of Excess Investment Earnings so calculated. The Trustee shall deposit all amounts paid to it for such purpose by the Authority in the Rebate Fund, which fund the Trustee hereby agrees to establish when required to deposit any funds therein and maintain so long as any Series 2019 Bonds are Outstanding. The Trustee shall pay to the United States of America from the amounts on deposit in the Rebate Fund such amounts as shall be identified pursuant to written notice filed with the Trustee by the Authority for such purpose from time to time. Payments to the United States of America shall be made to the address prescribed by the Code as the same may be from time to time in effect with such reports and statements as may be prescribed by the Code. Following payment in full to the United States of America of all amounts due and owing under this subsection (b) and under the Code, the Trustee shall withdraw from the Rebate Fund and transfer to the Authority all amounts remaining on deposit in the Rebate Fund.

(c) Investment Transactions. The Authority shall assure that Excess Investment Earnings are not paid or disbursed except as required in this Section 5.20. To that end the Authority shall assure that investment transactions are on an arm's-length basis. In the event that Permitted Investments consist of certificates of deposit or investment contracts, investment in such Permitted Investments shall be made in accordance with the procedures described in the Code.

(d) Maintenance of Records. The Authority shall keep, and retain for a period of six (6) years following the retirement of the Series 2019 Bonds, records of the determinations made pursuant to this Section 5.20.

(e) Engagement of Professional Services. In order to provide for the administration of this Section 5.20, the Authority may provide for the employment of independent

attorneys, accountants and consultants compensated on such reasonable basis as the Authority may deem appropriate.

(f) Modification of this Section. Any of the provisions of this Section 5.20 may be amended, modified or deleted in any manner whatsoever in the event that the Authority shall cause to be filed with the Trustee written directions making such amendment, modification or deletion, which written directions are accompanied by an opinion of Bond Counsel stating that such amendment, modification or deletion will not cause interest on the Series 2019 Bonds to be includable in gross income of the Bond Owners for federal income tax purposes.

Section 5.21. Provision of Solid Waste Services and No Voluntary Withdrawal from Enterprise. While any Series 2019 Bonds remain Outstanding, the Authority, to the extent permitted by law, will use its best efforts and take whatever actions are within the scope of its powers at all times to provide Waste Management Services within the service area of the Enterprise and to require all Authority members to direct solid waste from their jurisdictions to be delivered to the Authority's facilities as provided in the Agreement. Except as otherwise permitted by Section 5.07 hereof, the Authority shall not voluntarily withdraw from or abandon the Enterprise while any Series 2019 Bonds remain outstanding. In the event of loss or damage to any material portion of the Enterprise or the occurrence of any other event which prevents the Authority from accepting solid waste at the Enterprise or any portion thereof, the Authority will use its best efforts to take whatever actions are within its powers to provide other facilities or services necessary to provide the Waste Management Services necessary to maintain Net Revenues as required under this Indenture.

Section 5.22. Waste Delivery. While any Series 2019 Bonds remain Outstanding, the Authority shall, to the extent permitted by law, use its best efforts and take whatever actions are within the scope of its powers to ensure that sufficient solid waste is processed and disposed of through the Enterprise to generate Net Revenues as required by this Indenture. Specifically, the Authority shall use its best efforts to enforce its rights pursuant to the Operation Agreement, to the extent permitted by law, to require the delivery of members' waste to the Enterprise.

Section 5.23. Maintenance of Existence. The Authority agrees that while any Series 2019 Bonds remain Outstanding it will take all legal action necessary to maintain its existence as a joint exercise of powers authority pursuant to the laws of the State of California.

ARTICLE VI

DEFAULT AND LIMITATIONS OF LIABILITY

Section 6.01. Events of Default. If one or more of the following Events of Default shall happen:

(a) default shall be made in the due and punctual payment by the Authority of any Debt Service Payment when and as the same shall become due and payable;

(b) default shall be made by the Authority in the performance of any of the agreements or covenants contained herein required to be performed by it, and such default shall have continued for a period of sixty (60) days after the Authority shall have been given notice in writing of such default by the Trustee;

(c) the Authority shall file a petition seeking arrangement or reorganization under federal bankruptcy laws or any other applicable law of the United States of America or any state therein, or if a court of competent jurisdiction shall approve a petition filed with the consent of the Authority seeking arrangement or reorganization under the federal bankruptcy laws or any other applicable law of the United States of America or any state therein, or if under the provisions of any other law for the relief or aid of debtors any court of competent jurisdiction shall assume custody or control of the Authority or of the whole or any substantial part of its property; or

(d) an event of default shall have occurred with respect to any Parity Obligations;

If an Event of Default shall occur, then, and in each and every such case during the continuance of such Event of Default, the Trustee may, subject to the provisions of Section 6.02, exercise any remedies available to the Trustee and the Series 2019 Bond Owners in law or at equity.

The Trustee shall notify the Authority promptly of any default under Section 6.01(a) hereof. The Trustee shall apply amounts on deposit in the funds and accounts in accordance with Section 6.07 hereof.

Section 6.02. Remedies of the Trustee. The Trustee may (subject to the receipt of indemnity as provided herein):

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

(b) by suit in equity enjoin any acts or things which are unlawful or violate the rights of the Trustee or the Series 2019 Bond Owners hereunder;

(c) intervene in judicial proceedings that affect the Series 2019 Bonds or the security therefor or hereunder; or

(d) by suit in equity upon the happening of an Event of Default require the Authority and its officers and employees to account as the trustee of an express trust.

Section 6.03. Non-Waiver. A waiver of any default or breach of duty or contract by the Trustee or the 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 of duty or contract. No delay or omission by the Trustee or the Owners to exercise any right or remedy accruing upon any default or breach of duty or contract shall impair any such right or shall be construed to be a waiver of any such default or breach of duty or contract or an acquiescence therein, and every right or remedy conferred upon the Trustee or the Owners by law or by this Article may be enforced and exercised from time to time and as often as shall be deemed expedient by the Trustee.

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

Section 6.04. Remedies Not Exclusive. No remedy herein conferred upon or reserved to the Trustee is intended to be exclusive of any other remedy, and each such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing in law or in equity or by statute or otherwise and may be exercised without exhausting and without regard to any other remedy conferred by any other law.

Section 6.05. No Liability by the Trustee to the Owners. Except for the duty of the Trustee to make payments of principal, redemption premiums and interest with respect to the Series 2019 Bonds from moneys received from the Authority, the Trustee will not have any obligation or liability to the Owners with respect to the payment when due of the Debt Service Payments by the Authority, or with respect to the performance by the Authority of the other agreements and covenants required to be performed by it contained herein.

Section 6.06. Limitation on Owners' Right to Bring Suit. No Owner of any Series 2019 Bond shall have any right to institute any proceeding, judicial or otherwise, under or with respect to this Indenture, or for the appointment of a receiver or trustee or for any other remedy hereunder, at law or in equity, unless:

- (1) such Owner has previously given written notice to the Trustee of a continuing Event of Default;
- (2) the owners of not less than a majority in principal amount of the Series 2019 Bonds Outstanding shall have made written request to the Trustee to institute proceedings in respect of such Event of Default in its own name as Trustee hereunder;
- (3) such Owner or Owners have offered to the Trustee reasonable indemnity, satisfactory to the Trustee, against the costs, expenses and liabilities to be incurred in compliance with such request; and
- (4) the Trustee for sixty (60) days after its receipt of such notice, request and offer of indemnity has failed to institute any such proceeding.

It being understood and intended that no one or more Owners shall have any right in any manner whatever by virtue of, or by availing of, any provision of this Indenture to affect, disturb or prejudice the lien of this Indenture or the rights of any other Owners or to obtain or to seek to obtain priority or preference over any other Owners or to enforce any right under this Indenture, except in the manner herein provided and for the equal and ratable benefit of all Series 2019 Bonds and Parity Obligations. Notwithstanding the foregoing, the Owner of any Series 2019 Bond shall have the right which is absolute and unconditional to receive payment of interest on such Series 2019 Bond when due in accordance with the terms thereof and hereof and the principal of such Series 2019 Bond at the stated maturity thereof and to institute suit for the enforcement of any such payment in accordance with the provisions of this Indenture and such rights shall not be impaired without the consent of such Owner.

Section 6.07. Application of Funds Upon Default. All monies received by the Trustee or by any receiver pursuant to any right given or action taken under the provisions of this Article VI shall, after payment of Maintenance and Operation Costs of the Enterprise, be deposited in the Debt Service Account and all moneys so deposited during the continuance of an Event of Default (other than moneys for the payment of Series 2019 Bonds which have previously matured), together with

all moneys in the funds and accounts maintained by the Trustee under Article III hereof, after payment of the reasonable costs and fees of, and the reasonable fees, expenses, liabilities and advances incurred or made by the Trustee (including fees and expenses of its attorneys and advisors), shall be applied as follows:

First: To the payment to the persons entitled thereto of all installments of interest then due on the Series 2019 Bonds and any Parity Obligations, with interest on overdue installments, if lawful, at the rate per annum borne by the Series 2019 Bonds, in the order of the maturity of the installments of such interest, and, if the amount available shall not be sufficient to pay in full any particular installment of interest, then to the payment ratably according to the amounts due on such installment, to the persons entitled thereto without any discrimination or privilege; and

Second: To the payment to the persons entitled thereto of the unpaid principal of any of the Series 2019 Bonds and any Parity Obligations which shall have become due (other than Series 2019 Bonds called for redemption for the payment of which moneys are held pursuant to the provisions of this Indenture), with interest on such Series 2019 Bonds at their rate from the respective dates upon which they became due, in the order of their due dates, and, if the amount available shall not be sufficient to pay in full Series 2019 Bonds and any Parity Obligations due on any particular date, together with such interest, then to the payment ratably, according to the amount of principal and interest due on such date, to the persons entitled thereto without any discrimination or privilege.

Whenever the Trustee shall apply such moneys, it shall fix the date (which shall be an Interest Payment Date unless it shall deem another date more suitable) upon which date such application is to commence and upon such date interest on the amounts of principal and interest to be paid on such date shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the deposit with it of any such moneys and of the fixing of any such date and of the special record date in accordance with Article II hereof. The Trustee shall not be required to make payment to the Owner of any unpaid Series 2019 Bond until such Series 2019 Bond shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

ARTICLE VII

THE TRUSTEE

Section 7.01. Trustee; Duties, Removal and Resignation. By executing and delivering the Indenture, the Trustee accepts the duties and obligations of the Trustee provided in the Indenture, but only upon the terms and conditions set forth in the Indenture.

The Authority, in its sole discretion, or the Owners of a majority in aggregate principal amount of all Series 2019 Bonds Outstanding may, by thirty (30) days prior written request, remove the Trustee initially a party hereto, and any successor thereto, and in such event, or in the event the Trustee resigns, the Authority shall appoint a successor Trustee, but any such successor shall be a bank, national banking association or trust company having an office in Los Angeles or San Francisco, California, having (or if such bank, national banking association or trust company is a member of a bank holding company system, its bank holding company shall have) a combined

capital (exclusive of borrowed capital) and surplus of at least Fifty Million Dollars (\$50,000,000) and subject to supervision or examination by federal or state authority. If such bank, national banking association or trust company publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purposes of this Section the combined capital and surplus of such bank, national banking association or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of conditions so published.

The Trustee may at any time resign by giving written notice to the Authority and by giving to the Series 2019 Bond Owners notice by mailing a notice of such resignation to their addresses appearing in the Bond Register. Upon receiving any such notice of resignation, the Authority shall promptly appoint a successor Trustee by an instrument in writing; provided, however, that in the event that the Authority does not appoint a successor Trustee within thirty (30) days following receipt of such notice of resignation, the resigning Trustee may petition at the expense of the Authority an appropriate court having jurisdiction to appoint a successor Trustee or to resign. Subject to the prior sentence, any resignation or removal (as described above) of the Trustee shall not become effective until written acceptance of appointment by the successor Trustee under the Indenture.

Any Trustee which shall resign or be removed pursuant to this Section shall be entitled to compensation in accordance with Section 7.02 and to reimbursement for all reasonable and proper expenses and advances incurred and not previously reimbursed for its activities in connection with the Indenture and for any indemnification due pursuant to the Indenture and not previously paid. Any Trustee which resigns or is removed, upon payment of its unpaid compensation and expenses hereunder, shall fully discharge all the right, title and interest of the retiring Trustee and amounts on deposit hereunder shall vest in said successor Trustee, and such retiring Trustee shall promptly pay over, assign and deliver to the successor Trustee any money or other property on deposit pursuant hereto then held by such Trustee, and deliver any and all records, or copies thereof, in respect of the Trustee which it may have.

Section 7.02. Compensation of the Trustee. The Authority shall pay from time to time, upon receipt of a statement, to the Trustee reasonable compensation for the Trustee's services and shall reimburse the Trustee for all its reasonable advances and expenditures incurred by it in the exercise and performance of its powers and duties under the Indenture. The Trustee, with the consent of the Authority (which consent shall not be unreasonably withheld, and which consent shall not be required if the Authority is in default hereunder), shall select and employ an attorney to represent the Trustee in any legal proceedings. The lien of the Trustee on amounts held by it under the Indenture for its services rendered under the Indenture shall be superior to the rights of the Series 2019 Bond Owners to receive scheduled payments of principal and interest with respect to their Series 2019 Bonds.

The Authority shall hold harmless and indemnify the Trustee for all costs, claims, expenses and liabilities incurred by or asserted against the Trustee in the performance of its duties under this Indenture or any related document, including any such reasonable costs, claims, expenses, including reasonable fees and expenses and liabilities incurred in the course of defending itself against any claims or actions or enforcing any remedies under this Indenture or any related document. Any such indemnity shall not extend to any costs, claims, expenses or liabilities adjudicated to have been caused by the negligence or willful misconduct of the Trustee. The indemnification of the Trustee under this Indenture shall extend to its directors, officers, employees and agents. The obligations of the Authority under this Section shall survive the payment of the Series 2019 Bonds and the

discharge of this Indenture.

Section 7.03. Protection to Trustee. The Authority shall indemnify, protect and hold the Trustee harmless and the Trustee shall incur no liability for acting upon any notice, resolution, consent, order, certificate, report, certificate or other paper or document reasonably believed by it to be genuine and to have been signed or presented by the proper party or parties. The Trustee, in its discretion, may consult with counsel, who may be counsel to the Authority, with regard to legal questions, and the advice or opinion of such counsel, in the absence of negligence or willful misconduct on the part of the Trustee, shall be full and complete authorization and protection in respect of any action taken or suffered by it under the Indenture in good faith in accordance therewith.

Whenever in the administration of its duties under the Indenture, the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action under the Indenture, such matter (unless other evidence in respect thereof be specifically prescribed in the Indenture) may, in the absence of negligence or willful misconduct on the part of the Trustee, be deemed to be conclusively proved and established by the certificate of an Authorized Officer of the Authority and such certificate shall be full warranty to the Trustee for any action taken or suffered under the provisions of the Indenture upon the faith thereof, but in its discretion the Trustee may, in lieu thereof (but shall not be obligated to), accept other evidence of such matter.

The Trustee may in good faith buy, sell, own, hold and deal in any of the Series 2019 Bonds issued pursuant to the Indenture, and may join in any action which any Owner may be entitled to take with like effect as if the Trustee were not a party to the Indenture. The Trustee and its affiliates, either as sponsor, advisor, principal or agent, may also engage in or be interested in any financial or other transaction with the Authority, and may act as depository, trustee, or agent for any committee or body of Owners of Series 2019 Bonds or other obligations of the Authority as freely as if it were not Trustee under the Indenture.

The recitals, statements and representations contained in this Indenture or in the Series 2019 Bonds, save only the Trustee's authentication of the Series 2019 Bonds, shall be taken and construed as made by and on the part of the Authority, and not by the Trustee, and the Trustee does not assume, and shall not have, any responsibility or obligation for the correctness of any thereof. The Trustee shall not be deemed to make any representations with respect to the security afforded by this Indenture.

The Trustee may execute any of the trusts or powers hereof and perform the duties required of it under the Indenture by or through attorneys, agents, or receivers, and shall be entitled to advice of counsel concerning all matters of trust and its duty under the Indenture. The Trustee shall be fully reimbursed by the Authority for reasonable expenses incurred in connection with the performance of its obligations under the Indenture. The Trustee, with the consent of the Authority (which consent shall not be unreasonably withheld, and which consent shall not be required if the Authority is in default hereunder), shall select and employ an attorney to represent the Trustee in any legal proceedings. Upon any default by, or misconduct of, any agent, attorney or receiver appointed by the Trustee, the Trustee shall fully pursue all remedies available to it against such attorney, agent or receiver, and the proceeds of the exercise of such remedies shall be used to reimburse the Authority for any loss it may have suffered as a result of the default or misconduct of such agent, attorney or receiver.

Before taking any remedial action hereunder the Trustee may require that a satisfactory indemnity bond or other indemnity satisfactory to the Trustee be furnished for the reimbursement of all reasonable expenses to which it may be put and to protect it against all liability which may be incurred in connection with the taking of such action, except liability which is adjudicated to have resulted from its negligence or willful misconduct; provided, however, the Trustee shall not seek such indemnity prior to making payments on the Series 2019 Bonds.

The Trustee, prior to the occurrence of an Event of Default, and after the curing or waiving of all Events of Default which may have occurred, undertakes to perform only such duties as are specifically set forth in this Indenture. The Trustee shall, during the existence of any Event of Default (which has not been cured or waived), exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as a reasonable person would exercise or use in the conduct of such person's own affairs.

The Trustee shall not be deemed to have knowledge of an Event of Default (except in connection with a failure of the Authority to make Debt Service Payments when due) until a Responsible Officer has actual knowledge thereof, or until notified in writing of such Event of Default.

The Trustee shall have no responsibility with respect to any information, statement, or recital in any official statement, offering memorandum or any other disclosure material prepared or distributed with respect to the Series 2019 Bonds.

No provision of this Indenture or any other document related hereto shall require the Trustee to risk or advance its own funds or otherwise incur any financial liability in the performance of its duties or the exercise of its rights hereunder.

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

The Trustee shall not be liable for any action taken or not taken by it in accordance with the direction of a majority (or other percentage provided for herein) in aggregate principal amount of Series 2019 Bonds outstanding relating to the exercise of any right, power or remedy available to the Trustee.

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

The Trustee shall have the right to accept and act upon instructions, including funds transfer instructions ("Instructions") given pursuant to this Indenture and delivered using Electronic Means ("Electronic Means" shall mean the following communications methods: e-mail, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Trustee, or another method or system specified by the Trustee as available for use in connection with its services hereunder); provided, however, that the Authority shall provide to the Trustee an incumbency certificate listing officers with the authority to provide such Instructions ("Authorized Officers") and containing specimen signatures of such Authorized Officers, which incumbency certificate shall be amended by the Authority whenever a person is to be added or deleted from the listing. If the Authority elects to give the Trustee Instructions using Electronic Means and the Trustee in its discretion elects to act upon such

Instructions, the Trustee's understanding of such Instructions shall be deemed controlling. The Authority understands and agrees that the Trustee cannot determine the identity of the actual sender of such Instructions and that the Trustee shall conclusively presume that directions that purport to have been sent by an Authorized Officer listed on the incumbency certificate provided to the Trustee have been sent by such Authorized Officer. The Authority shall be responsible for ensuring that only Authorized Officers transmit such Instructions to the Trustee and that the Authority and all Authorized Officers are solely responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and/or authentication keys upon receipt by the Authority. 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 directions conflict or are inconsistent with a subsequent written instruction. The Authority agrees: (i) to assume all risks arising out of the use of Electronic Means to submit Instructions 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; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting Instructions to the Trustee and that there may be more secure methods of transmitting Instructions than the method(s) selected by the Authority; (iii) that the security procedures (if any) to be followed in connection with its transmission of Instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) to notify the Trustee immediately upon learning of any compromise or unauthorized use of the security procedures.

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.

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.

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

Section 7.04. Payment Limited. All payments to be made by the Trustee under and pursuant to this Indenture shall be made only from the corpus, income and proceeds of the amounts on deposit pursuant hereto and only to the extent that the Trustee shall have received sufficient contribution, income and proceeds in accordance with the terms of this Indenture.

Section 7.05. 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 be eligible under Section 7.01 hereof, shall be the successor to the Trustee without the execution or filing of any paper or further act, anything herein to the contrary notwithstanding.

Section 7.06. Funds and Accounts. The Trustee may establish such funds and accounts as it reasonably deems necessary or appropriate to perform its obligations hereunder.

ARTICLE VIII

AMENDMENT OF OR SUPPLEMENT TO INDENTURE

Section 8.01. Amendment or Supplement by Consent of Owners. The Indenture may be amended in writing by agreement between the Authority and the Trustee, with the written consents of the Owners of a majority in aggregate principal amount of the Series 2019 Bonds, but no such amendment or supplement shall (i) reduce the rate of interest evidenced by the Series 2019 Bonds or extend the time of payment of such interest or reduce the amount of principal thereof or extend the Maturity Date thereof without the prior written consent of the Owners thereof, or (ii) reduce the percentage of Owners of Series 2019 Bonds whose consent is required for the execution of any amendment of or supplement to the Indenture, or (iii) modify any rights or obligations of the Trustee without its prior written consent thereto.

This Indenture and the rights and obligations of the Authority, of the Trustee and the Owners of the Series 2019 Bonds may also be modified or amended from time to time and at any time by a Supplemental Indenture which the Authority and the Trustee may enter into, but without the consent of any Bond Owners, including, without limitation, for any one or more of the following purposes:

(a) to add to the covenants and agreements of the Authority other covenants and agreements thereafter to be observed, to pledge or assign additional security for the Series 2019 Bonds (or any portion thereof), or to surrender any right or power herein reserved to or conferred upon the Authority;

(b) to make such provisions for the purpose of curing any ambiguity, inconsistency or omission, or of curing or correcting any defective provision, contained in this Indenture, or in regard to matters or questions arising under this Indenture, as the Authority or the Trustee may deem necessary or desirable;

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

(d) to make such additions, as may be necessary or desirable to assure exemption from federal income taxation of interest on the Series 2019 Bonds; or

(e) to authorize the issuance of Parity Obligations.

In the event of any such amendment or supplement, copies of such amendment or supplement and any other documents relating thereto shall be provided by the Authority to Moody's and S&P (provided such rating agencies are currently rating the Series 2019 Bonds, or any Parity Obligations) at least fifteen (15) days prior to the effective date thereof.

The Trustee may in its discretion, but shall not be obligated to, enter into any such Supplemental Indenture authorized by this Section which materially adversely affects the Trustee's own rights, duties or immunities under this Indenture or otherwise.

Prior to the Trustee entering into any Supplemental Indenture hereunder, the Authority shall deliver to the Trustee an opinion of Bond Counsel stating, in substance, that such Supplemental Indenture has been adopted in compliance with the requirements of this Indenture.

Section 8.02. Disqualified Bonds. Series 2019 Bonds owned or held by or for the account of the Authority shall not be deemed Outstanding for the purpose of any consent or other action or any calculation of Outstanding Series 2019 Bonds provided in this Article VIII, and shall not be entitled to consent to or take any other action provided in this Article VIII, and the Trustee may adopt appropriate regulations to require each Owner, before his or her consent provided for herein shall be deemed effective, to reveal if the Bonds as to which such consent is given are disqualified as provided in this Section 8.02. Upon request of the Trustee, the Authority shall specify in a certificate to the Trustee those Bonds disqualified pursuant to this Section and the Trustee may conclusively rely on such certificate.

ARTICLE IX

DEFEASANCE

Section 9.01. Defeasance. Any Outstanding Series 2019 Bonds shall be paid and discharged in any one or more of the following ways:

(a) by paying or causing to be paid the principal of and interest on such Series 2019 Bonds Outstanding, as and when the same become due and payable;

(b) by depositing with the Trustee, in trust, before maturity, money which, together with the amounts which are then on deposit in the Payment Fund and the Series 2019 Reserve Fund and available therefor, is fully sufficient to pay such Series 2019 Bonds, including all principal and interest; or

(c) by depositing with the Trustee, (or such other fiduciary as determined by the Authority) under an escrow deposit and trust agreement, cash and/or non-callable Federal Securities (the "Defeasance Obligations") in such amount as an certified public accountant shall determine will, together with the interest to accrue thereon and moneys then on deposit (or a pro rata share thereof) in the Payment Fund and Series 2019 Reserve Fund available therefor, together with the interest to accrue thereon, be fully sufficient to pay and discharge such Series 2019 Bonds (including all principal and interest) at or before their respective maturity dates.

In the event of a defeasance as described in paragraph (c) above (i) the Authority shall cause to be delivered, on the deposit date and upon any reinvestment of the defeasance amount, a report of an certified public accountant verifying the sufficiency of the escrow established to pay such Series 2019 Bonds in full on the maturity or redemption date (the "Verification"), (ii) the escrow instructions shall provide that (A) substitution of a Defeasance Obligation shall not be permitted except with another Defeasance Obligation and upon delivery of a new Verification and (B) reinvestment of a Defeasance Obligation shall not be permitted except as contemplated by the original Verification or upon delivery of a new Verification, and (iii) there shall be delivered an opinion of nationally recognized bond counsel to the effect that such Series 2019 Bonds are no longer "Outstanding" under the Indenture. Each Verification and defeasance opinion shall be addressed to the Authority, the Trustee, the escrow agent, if any, and any other parties as are deemed appropriate by the Authority at the time of such refunding. In the event a forward purchase

agreement will be employed in the refunding, such agreement shall be accompanied by such opinions of counsel.

Notwithstanding that some Series 2019 Bonds may not have been surrendered for payment, all obligations of the Authority and the Trustee under the Indenture with respect to such defeased Series 2019 Bonds shall cease and terminate, except only the obligation of the Trustee to pay or cause to be paid to the Owners of such Series 2019 Bonds all sums due thereon and the obligation of the Authority to indemnify and pay the Trustee in accordance with Sections 7.02 and 7.03 hereof.

Any funds held by the Trustee, at the time of one of the events described above in subsections (a), (b) or (c), which are not required for the payment to be made to Owners, or for payments to be made to the Trustee by the Authority, shall be paid over to the Authority pursuant to written instruction from an Authorized Officer of the Authority and delivery of a certificate of a certified public accountant that such funds are not required to be paid to the Owners.

Section 9.02. Unclaimed Moneys. Anything contained herein to the contrary notwithstanding, any money held by the Trustee in trust for the payment and discharge of the interest or principal of the Series 2019 Bonds which remains unclaimed for the lesser of the period ending one day prior to the date such money would escheat to the State or two (2) years after the date when the payments evidenced and represented by such Series 2019 Bonds have become payable, if such money was held by the Trustee at such date, or for the lesser of the period ending one day prior to the date such money would escheat to the State or two (2) years after the date of deposit of such money if deposited with the Trustee after the date when the interest and principal evidenced and represented by such Series 2019 Bonds have become payable, the Trustee shall pay such amounts to the Authority as its absolute property free from trust, and the Trustee shall thereupon be released and discharged with respect thereto and the Owners shall look only to the Authority for interest and principal represented by such Series 2019 Bonds; provided, however, that before being required to make any such payment to the Authority, the Trustee may, at the expense of the Authority, cause to be published once a week for two (2) successive weeks in a financial newspaper a notice that such money remains unclaimed and that after a date named in such notice, which date shall not be less than thirty (30) days after the date of the first publication of such notice, the balance of such money then unclaimed will be returned to the Authority.

ARTICLE X

MISCELLANEOUS

Section 10.01. Benefits of Indenture Limited to Parties. Nothing contained herein, expressed or implied, is intended to give to any person other than the Authority, the Trustee and the Owners any claim, remedy or right under or pursuant hereto, and any agreement, condition, covenant or term contained herein required to be observed or performed by or on behalf of the Authority shall be for the sole and exclusive benefit of the Trustee and the Owners.

Section 10.02. Successor Deemed Included in all References to Predecessor. Whenever either the Authority, the Trustee or any officer thereof is named or referred to herein, such reference shall be deemed to include the successor to the powers, duties and functions that are presently vested in the Authority, the Trustee or such officer, and all agreements, conditions, covenants and terms required hereby to be observed or performed by or on behalf of the Authority, the Trustee or any

officer thereof shall bind and inure to the benefit of the respective successors thereof whether so expressed or not.

Section 10.03. Execution of Documents by Owners. Any declaration, request or other instrument which is permitted or required herein to be executed by Owners may be in one or more instruments of similar tenor and may be executed by Owners in person or by their attorneys appointed in writing. The fact and date of the execution by any Owner or his or her attorney of any declaration, request or other instrument or of any writing appointing such attorney may be proved by the certificate of any notary public or other officer authorized to take acknowledgments of deeds to be recorded in the state or territory in which she purports to act, that the person signing such declaration, request or other instrument or writing acknowledged to him the execution thereof, or by an affidavit of a witness of such execution duly sworn to before such notary public or other officer, or by such other proof as the Trustee or the paying agent, as the case may be, may accept which it may deem sufficient.

Any declaration, request or other instrument in writing of the Owner of any Series 2019 Bond shall bind all future owners of such Bond with respect to anything done or suffered to be done by the Authority or the Trustee in good faith and in accordance therewith.

Section 10.04. Waiver of Personal Liability. No board member, officer or employee of the Authority shall be individually or personally liable for the payment of the interest or principal on the Series 2019 Bonds, but nothing contained herein shall relieve any board member, officer or employee of the Authority from the performance of any official duty provided by any applicable provisions of law or hereby.

Section 10.05. Acquisition of Series 2019 Bonds by the Authority. All Series 2019 Bonds acquired by the Authority, whether by purchase or gift or otherwise, shall be surrendered to the Trustee for cancellation.

Section 10.06. Content of Certificates. Every Certificate of the Authority with respect to compliance with any agreement, condition, covenant or term contained herein shall include (a) a statement that the person or persons making or giving such certificate have read such agreement, condition, covenant or term and the definitions herein relating thereto; (b) 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 agreement, condition, covenant or term has been complied with; and (c) a statement as to whether, in the opinion of the signers, such agreement, condition, covenant or term has been complied with.

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

Section 10.07. Notice by Mail. Any notice required to be given hereunder by mail to any

Owners of Series 2019 Bonds shall be given by mailing a copy of such notice, first class postage redeemed, to the Owners of such Series 2019 Bonds at their addresses appearing in the books required to be kept by the Trustee pursuant to the provisions of Section 2.07 not less than thirty (30) days nor more than sixty (60) days following the action or prior to the event concerning which notice thereof is required to be given unless this Indenture expressly provides a different provision; provided, that receipt of any such notice shall not be a condition precedent to the effect of such notice and failure to receive any such notice shall not affect the validity of the proceedings taken in connection with the action or the event concerning which such notice was given.

Section 10.08. Funds. Any fund or account required to be established and maintained herein by the Trustee may be established and maintained in the accounting records of the Trustee either as an account or a fund, and may, for the purposes of such accounting records, any audits thereof and any reports or statements with respect thereto, be treated either as an account or a fund; but all such records with respect to all such funds shall at all times be maintained in accordance with corporate industry practice and with due regard for the protection of the security of the Series 2019 Bonds and the rights of the owners.

Section 10.09. Investments.

(a) Amounts on deposit in any fund or account created pursuant to this Indenture shall be invested in Permitted Investments which will, as nearly as practicable, mature on or before the dates when such money is anticipated to be needed for disbursement hereunder (which, in the case of the Series 2019 Reserve Fund, may be for a period not in excess of five (5) years), in accordance with such written directions as the Authority may from time to time provide to the Trustee. Amounts on deposit in the Series 2019 Reserve Fund shall be invested by the Trustee, in accordance with written directions from the Authority, in Permitted Investments (i) having an average aggregate weighted term to maturity not greater than five (5) years, or (ii) of any maturity, but callable at par for any purpose required by this Indenture. Investment directions shall be received at least two (2) Business Days prior to the date of making the investment. If no such direction has been received by the Trustee with respect to uninvested moneys held by the Trustee, the Trustee shall invest any such moneys in Permitted Investments described in clause (4) of the definition thereof, provided that as long as the Trustee is The Bank of New York Mellon Trust Company, N.A., the Trustee shall invest such money in the money market fund set forth in the letter of authorization and direction executed by the Authority and delivered to the Trustee. If no specific money market fund has been specified by the Authority, the Trustee shall make a request to the Authority for investment directions. Such moneys shall be held in cash, uninvested, until specific investment directions are provided by the Authority to the Trustee. The Trustee and any affiliates may act as sponsor, advisor, principal or agent in the acquisition or disposition of any such investment. The Trustee shall not be liable or responsible for any loss suffered in connection with any such investment made by it under the terms of and in accordance with this Section 10.09. The Trustee may sell or present for redemption any obligations so purchased whenever it shall be necessary in order to provide moneys to meet any payment of the funds so invested, and the Trustee shall not be liable or responsible for any losses resulting from any such investment sold or presented for redemption. Interest or profit received on such investments shall be deposited to the Series 2019 Reserve Fund to the extent the amount on deposit therein is less than the Reserve Requirement, then to the Project Fund, and, after a certificate of completion is filed by the Authority with the Trustee, thereafter to the Payment Fund.

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 will not receive confirmations to the extent permitted by law. The Trustee will furnish the Authority periodic cash transaction statements which include detail for all investment transactions made by the Trustee hereunder.

The Trustee may make any investments hereunder through its own bond or investment department or trust investment department, or those of its parent or any affiliate.

(b) In computing the amount in any fund or account, Permitted Investments shall be valued at market value, exclusive of accrued interest. Except as provided in Section 3.06 (relating to the valuation of the Series 2019 Reserve Fund), valuation shall occur as determined by the Authority, but not less often than annually, and upon any draw on the Series 2019 Reserve Fund.

(c) Except for investment agreements and repurchase agreements, if at any time after investment therein the Authority provides written notice to the Trustee that (i) a Permitted Investment ceases to meet the criteria set forth in the definition of Permitted Investments and (ii) such obligation, aggregated with other non-conforming investments, exceeds ten percent (10%) of invested funds, such Permitted Investment shall be sold or liquidated. The Trustee may conclusively rely upon such notice and shall not be liable or responsible for any loss suffered in connection with any such sale or liquidation made by it in compliance with such notice.

Section 10.10. Article and Section Headings, Gender and References. The headings or titles of the several articles and sections hereof and the table of contents appended hereto shall be solely for convenience of reference and shall not affect the meaning, construction or effect hereof, and words of any gender shall be deemed and construed to include all genders. All references herein to “Articles,” “Sections” and other subdivisions or clauses are to the corresponding articles, sections, subdivisions or clauses hereof; and the words “hereby,” “herein,” “hereof,” “hereto,” “herewith,” “hereunder” and other words of similar import refer to this Indenture as a whole and not to any particular article, section, subdivision or clause hereof.

Section 10.11. Partial Invalidity. If any one or more of the agreements, conditions, covenants or terms contained herein required to be observed or performed by or on the part of the Authority or the Trustee shall be contrary to law, then such agreement or agreements, such condition or conditions, such covenant or covenants or such term or terms shall be null and void and shall be deemed separable from the remaining agreements, conditions, covenants and terms hereof and shall in no way affect the validity hereof or of the Series 2019 Bonds, and the Owners shall retain all the benefit, protection and security afforded to them under any applicable provisions of law.

Section 10.12. California Law. This Indenture shall be construed and governed in accordance with the laws of the State of California.

Section 10.13. Notices. All written notices to be given hereunder shall be given by certified mail to the party entitled thereto at its address set forth below, or at such other address as such party may provide to the other parties in writing from time to time.

If to the Authority:

South Bayside Waste Management Authority
610 Elm St #202
San Carlos, CA 94070
Attention: Executive Director

If to the Trustee:

The Bank of New York Mellon Trust Company, N.A.
400 South Hope Street, Suite #500
Los Angeles, California 90071
Attention: Corporate Trust Department

Section 10.14. Effective Date. This Indenture shall become effective upon its execution and delivery.

Section 10.15. Execution in Counterparts. This Indenture may be executed in several counterparts, each of which shall be deemed an original, and all of which shall constitute but one and the same instrument.

Section 10.16. Payments Due on Days that are not Business Days. In any case where the date fixed for payment of principal or interest on the Series 2019 Bonds or the date fixed for redemption of Series 2019 Bonds shall not be a Business Day, then payment of such principal or interest or redemption price shall be made on the next succeeding Business Day, with the same force and effect as if made on such non-Business Day and no interest shall accrue on such amounts from and after such non-Business Day.

IN WITNESS WHEREOF, the parties hereto have executed and attested this Indenture by their officers thereunto duly authorized as of the day and year first written above.

THE BANK OF NEW YORK MELLON TRUST
COMPANY, N.A., as Trustee

By: _____
Authorized Officer

SOUTH BAYSIDE WASTE MANAGEMENT
AUTHORITY

By: _____
Executive Director

EXHIBIT A
FORM OF BOND

No. ____

\$ _____

UNITED STATES OF AMERICA
STATE OF CALIFORNIA
SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY
SOLID WASTE ENTERPRISE REVENUE BONDS
SERIES 2019A/2019B

<u>Rate of Interest:</u>	<u>Maturity Date</u>	<u>Dated Date</u>	<u>CUSIP:</u>
%	September 1, ____	_____, 2019	

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: _____

The South Bayside Waste Management Authority, a joint powers authority and public entity duly created and lawfully existing under the laws of the State of California (the "Authority"), for value received, hereby promises to pay (but only out of the Net Revenues hereinafter referred to) to the registered owner specified above or registered assigns on the maturity date specified above (subject to any right of prior redemption provided for) the principal sum specified above, together with interest thereon from the Interest Payment Date (defined below) next preceding the date of authentication hereof (unless such date of authentication is during the period commencing after the fifteenth day of the month preceding an Interest Payment Date (the "Record Date") through and including the next succeeding Interest Payment Date, in which event this Bond shall bear interest from such Interest Payment Date, or unless such date of authentication is on or prior to the first Record Date, in which event it shall bear interest from the Dated Date until the principal hereof shall have been paid at the interest rate per annum specified above, payable on September 1, 2019, and semiannually thereafter on March 1 and September 1 in each year (each, an "Interest Payment Date"); provided, however, that if on the date of authentication of this Bond, interest is then in default on this Bond, such Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment.

The principal of this Bond shall be payable in lawful money of the United States of America at the Principal Office (as provided in the Indenture, defined below) of The Bank of New York Mellon Trust Company, N.A. (the "Trustee"), upon presentation and surrender of this Bond.

Payment of interest on this Bond due on or before the maturity or prior redemption thereof shall be made to the person in whose name such Bond is registered, as of the Record Date preceding the applicable Interest Payment Date, on the registration books kept by the Trustee at its Trust Office, such interest to be paid by check mailed by first class mail on such interest payment date to the registered owner at his or her address as it appears on such books, or, upon the written request from any Owner of Bonds aggregating, at least \$1,000,000, received on or prior to the applicable Record Date, by wire transfer to an account within the United States. Interest on this Bond shall be payable in lawful money of the United States of America and shall be calculated on the basis of a 360-day

year consisting of twelve 30-day months.

This Bond is one of a duly authorized issue of bonds of the Authority designed as its “South Bayside Waste Management Authority Solid Waste Enterprise Revenue Bonds, Series 2019” (the “Bonds”), in the aggregate principal amount of _____ Dollars (\$_____), all of like tenor and date (except for such limitations, if any, as may be required to designate varying numbers, maturities and interest rates), and is issued under and pursuant to the provisions of an indenture of trust, dated as of June 1, 2019 (the “Indenture”), between the Authority and the Trustee.

The Bonds are issued to provide funds to finance certain improvements to the Enterprise. The Bonds are limited obligations of the Authority and are payable, as to interest thereon and principal solely from Net Revenues (as defined in the Indenture). All the Bonds are equally and ratably secured in accordance with the terms and conditions of the Indenture by a pledge of the Net Revenues, which Net Revenues shall be held in trust for the security and payment of the interest on, principal of and redemption premiums, if any, on the Bonds as provided in the Indenture.

The obligation of the Authority to make the Debt Service Payments and the other amounts due hereunder is a special obligation of the Authority payable solely from the moneys legally available and pledged therefore hereunder, does not constitute a debt of the Authority, its Member Agencies or of the State of California or of any political subdivision thereof within the meaning of any constitutional or statutory debt limitation or restriction, and does not constitute an obligation of the Authority for which the Authority or any Member Agency is obligated to levy or pledge, or has levied or pledged, any form of taxation. The Bonds do not constitute a pledge of the faith and credit of the Authority or its Member Agencies.

Copies of the Indenture are on file at the Principal Office of the Trustee. Reference is hereby made to the Indenture and to any and all amendments thereof and supplements thereto for a description of the agreements, conditions, covenants and terms securing the Bonds, for the nature, extent and manner of enforcement of such agreements, conditions, covenants and terms, for the rights and remedies of the Owners of the Bonds with respect thereto and for the other agreements, conditions, covenants and terms upon which the Bonds are executed and delivered thereunder.

To the extent and in the manner permitted by the terms of the Indenture, the provisions of the Indenture may be amended or supplemented in writing by the parties thereto (in certain instances without the consent of the Owners of Bonds), but no such amendment or supplement shall (i) reduce the rate of interest evidenced hereby or extend the time of payment of such interest or reduce the amount of principal hereof or extend the Maturity Date hereof without the prior written consent of the Owner hereof, or (ii) reduce the percentage of Owners of Bonds whose consent is required for the execution of any amendment of or supplement to the Indenture, or (iii) modify any rights or obligations of the Trustee without its prior written consent thereto.

The Bonds are authorized to be executed and delivered in the form of fully registered Bonds in denominations of five thousand dollars (\$5,000) or any integral multiple thereof.

This Bond is transferable or exchangeable by the Owner hereof in person or by the Owner’s 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 of this Bond for cancellation accompanied by delivery of a duly executed written instrument of transfer or exchange in a form approved by the Trustee. Upon such transfer or

exchange, a new Bond or Bonds of authorized denominations of the same Maturity Date and interest rate and in the same aggregate principal amount hereof will be executed and delivered by the Authority and authenticated by the Trustee to the Owner thereof in exchange therefor. The Trustee shall require the payment by the Owner requesting such transfer or exchange of any tax or other governmental charge required to be paid with respect to such transfer or exchange. The Trustee may treat the Owner hereof as the absolute owner hereof for all purposes, whether or not this Bond shall be overdue, and the Trustee shall not be affected by any knowledge or notice to the contrary; and payment of the interest and principal and redemption premium, if any, evidenced by this Bond shall be made only to such Owner, which payments shall be valid and effectual to satisfy and discharge liability evidenced by this Bond to the extent of the sum or sums so paid.

The Trustee shall not be obligated to make any such registration of transfer or exchange of Bonds during the fifteen (15) day period prior to the date on which notice of redemption must be mailed pursuant to the Indenture, or with respect to any Bond which has been selected for redemption pursuant to the Indenture (except any unredeemed portion thereof).

[REDEMPTION PROVISIONS TO COME]

As provided in the Indenture, notice of redemption hereof shall be mailed, first class postage redeemed, not less than thirty (30) nor more than forty-five (45) days prior to the redemption date, to the Owner of this Bond at such Owner's address as it appears in the registration books maintained by the Trustee, but failure to give any such notice or any defect therein shall not affect the validity of the proceedings for the redemption of this Bond. If this Bond is called for redemption and payment is duly provided therefor as specified in the Indenture, the interest evidenced hereby shall cease to accrue from and after the date fixed for redemption. Such notice of redemption is subject to rescission as provided in the Indenture.

The Trustee has no obligation or liability to the Owners of the Bonds for the payment of the interest or principal or redemption premiums, if any, on the Bonds; but rather the Trustee's sole obligations are to administer, for the benefit of the Authority and the Owners of the Bonds, the various funds established under the Indenture.

This Bond shall not be entitled to any benefit, protection or security under the Indenture or become valid or obligatory for any purpose until certificate of authentication and registration hereon endorsed shall have been manually executed and dated by the Trustee.

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the Authority or its agent for registration of transfer, exchange, or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof Cede & Co., has an interest herein.

It is hereby certified that all acts and proceedings required by law necessary to make this Bond, when executed by the Authority, authenticated and delivered by the Trustee and duly issued, the valid, binding and legal limited obligation of the Authority have been done and taken, and have been in all respects duly authorized.

IN WITNESS WHEREOF, the South Bayside Waste Management Authority has caused this Bond to be executed in its name and on its behalf by the manual or facsimile signature of its Executive Director and attested to by the manual or facsimile signature of its Secretary, and has caused this Bond to be dated as of the dated date set forth above.

**SOUTH BAYSIDE WASTE MANAGEMENT
AUTHORITY**

[Seal]

By: _____
Executive Director

ATTEST:

By: _____
Secretary

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This is one of the Bonds described in the within mentioned Indenture which has been authenticated and registered on the date set forth below.

Date:

**THE BANK OF NEW YORK MELLON TRUST
COMPANY, N.A., as Trustee**

By: _____
Authorized Signatory

ASSIGNMENT

For value received, the undersigned does hereby sell, assign and transfer unto _____ the within Bonds and does) hereby irrevocably constitute and appoint attorney to transfer such Bond on the register of the Trustee, with full power of substitution in the premises.

Dated: _____

Signature: _____

Bond: The signature(s) to 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.

Signature Guaranteed by: _____

Signature guarantee shall be made by a guarantor institution participating in the Securities Transfer Agents Medallion Program or in such other guarantee program acceptable to the Trustee.

APPENDIX B

FORM OF REQUISITION

The Bank of New York Mellon Trust Company, N.A.
Corporate Trust Services
550 Kearny Street, Suite
San Francisco, CA 94108

RE: Disbursement from the Project Fund pursuant to Section 3.13 of the Indenture of Trust, dated as of _____ 1, 2019 (the “Indenture”), between The Bank of New York Mellon Trust Company, N.A., as Trustee (the “Trustee”), and the South Bayside Waste Management Authority (the “Authority”)

REQUISITION NO. _____

You are hereby instructed to pay to the parties listed on Exhibit A hereto the sum listed opposite such parties names as a payment of the Project Costs for the items listed on the Schedule attached hereto and the expenses incidental thereto (including reimbursement to the Authority for certain of such costs or expenses) from the Project Fund as provided in Section 3.13 of the Indenture identified above. This cost has been properly incurred, is a proper charge under the Indenture against payment of the costs of the Project Costs and has not been the basis of any previous disbursements. The Authority has previously paid each such obligation for which it is seeking reimbursement hereunder.

I hereby certify that:

- (i) the undersigned is duly authorized by the Authority to deliver this Requisition;
- (ii) an obligation in the stated amount has been properly incurred under and pursuant to the Indenture and each such obligation is a proper charge against the Project Fund and has not been subject of any previous Requisition of the Authority;
- (iii) there has not been filed with or served upon the Authority a stop notice or any other notice of any lien, right to lien or attachment upon, or claim affecting the right to receive payment of, any of the money payable to the person named in this Requisition which has not been released or will not be released with the payment of such obligation, or for which the Authority has other remedies legally available, other than materialmen’s or mechanics’ liens accruing by mere operation of laws;
- (iv) in the case of each payment made under any contract for installation or construction, insofar as such obligation was incurred for work, materials, equipment or supplies, such work was actually performed or such materials, equipment or supplies were actually installed in furtherance of the project or delivered at the site for that purpose or delivered for storage or fabrication at a place or places approved by the Authority; and

(v) no event of default has occurred and is continuing.

Very truly yours,

Authority Representative

EXHIBIT A

Name and address of Payee	Purpose	Amount
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