

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the Authority in connection with the issuance of the Bonds, under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, interest on the Bonds is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). Interest on the Bonds is not treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code; such interest, however, is included in the adjusted current earnings of certain corporations for purposes of calculating the alternative minimum tax imposed on such corporations. In addition, in the opinion of Bond Counsel, under existing statutes, interest on the Bonds is exempt from personal income taxes imposed by the State of California. See "TAX MATTERS" herein.

**\$8,300,000**

ABAG FINANCE AUTHORITY FOR NONPROFIT CORPORATIONS
Variable Rate Demand Revenue Bonds
(California Alumni Association Project)
Series 2004

Dated: Date of Delivery**Price: 100%****CUSIP No. 00037CGM6****Due: April 1, 2034**

The Bonds are issuable as fully-registered bonds registered in the name of a nominee of The Depository Trust Company, which will act as securities depository for the Bonds. Purchases and tenders of the Bonds may be made in book-entry form only, through brokers and dealers who are, or who act through, DTC Participants. Beneficial Owners of the Bonds will not receive physical delivery of bond certificates. Payments of the principal and Purchase Price of, premium, if any, and interest on the Bonds will be made to DTC by The Bank of New York Trust Company, N.A., as Trustee. Disbursement of payments to DTC Participants is the responsibility of DTC and disbursement of payments to the Beneficial Owners is the responsibility of DTC Participants. See "APPENDIX A—BOOK-ENTRY SYSTEM."

The Bonds are being issued by the ABAG Finance Authority for Nonprofit Corporations (the "Authority") which will loan the proceeds thereof to the

CALIFORNIA ALUMNI ASSOCIATION

(the "Corporation") pursuant to the Loan Agreement described herein to finance the acquisition, design, construction, reconstruction, improvement, renovation, installation, furnishing and/or equipping of certain facilities and improvements of the Corporation located in the County of Tuolumne, California and pay costs of issuance of the Bonds, all as more fully described herein. The Authority is obligated to pay the principal, premium, if any, and interest on the Bonds solely from the Revenues, including amounts received from the Corporation under the Loan Agreement, and the other funds pledged therefor under the Indenture. The Corporation's payment obligations under the Loan Agreement are general, unsecured obligations of the Corporation.

The Bonds are being issued initially as variable rate bonds. The Bonds will initially bear interest at a Weekly Interest Rate and will be available in denominations of \$100,000 or any multiple of \$5,000 in excess thereof during any Weekly Interest Rate Period or Term Interest Rate Period of less than one year, and in denominations of \$5,000 or any multiple thereof during any Term Interest Rate Period of one year or longer. The Bonds are subject to conversion to a Term Interest Rate as more fully described herein and are subject to mandatory tender for purchase upon any such conversion. The specific interest rate for each Interest Rate Period is to be determined by the Remarketing Agent, Banc of America Securities LLC. The Weekly Interest Rate will be computed on the basis of a 365/366-day year, as applicable, and actual days elapsed during each Weekly Interest Rate Period, payable on the first Business Day of each calendar month, commencing February 1, 2005.

Principal, interest and Purchase Price of the Bonds are initially secured by an irrevocable, direct-pay letter of credit (the "Initial Credit Facility") issued by



(the "Initial Credit Provider"), pursuant to the terms of a Letter of Credit and Reimbursement Agreement between the Corporation and the Initial Credit Provider. The Purchase Price of Bonds tendered or deemed tendered pursuant to the Indenture is payable solely from the proceeds of the remarketing of such Bonds and, in instances when such tendered or deemed tendered Bonds are not remarketed in an amount equal to the Purchase Price thereof, the proceeds of draws on the Initial Credit Facility. The Initial Credit Facility will be in effect from the date of issuance of the Bonds through the occurrence of the earliest of the termination events described herein, including substitution of an Alternate Credit Facility meeting the requirements described herein.

The rating on the Bonds is based upon the Initial Credit Facility. Accordingly, detailed information on the finances and operations of the Corporation is not provided in this Official Statement.

THE BONDS ARE SUBJECT TO OPTIONAL REDEMPTION AND OPTIONAL AND MANDATORY TENDER FOR PURCHASE AS DESCRIBED HEREIN.

THE BONDS ARE SPECIAL OBLIGATIONS OF THE AUTHORITY, PAYABLE SOLELY FROM AND SECURED BY THE PLEDGE OF REVENUES PURSUANT TO THE INDENTURE. NEITHER THE AUTHORITY, THE ASSOCIATION OF BAY AREA GOVERNMENTS ("ABAG") OR THE MEMBERS OF THE AUTHORITY OR ABAG SHALL BE DIRECTLY OR INDIRECTLY OR CONTINGENTLY OR MORALLY OBLIGATED TO USE ANY OTHER MONEYS OR ASSETS OF THE AUTHORITY, ABAG OR ANY OF ITS MEMBERS TO PAY ALL OR ANY PORTION OF DEBT SERVICE DUE ON THE BONDS. THE BONDS AND THE OBLIGATION TO PAY PRINCIPAL OR PURCHASE PRICE OF AND INTEREST THEREON AND ANY REDEMPTION PREMIUM WITH RESPECT THERETO DO NOT CONSTITUTE AN INDEBTEDNESS OR AN OBLIGATION OF THE AUTHORITY OR ABAG, THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION THEREOF, WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION, OR A CHARGE AGAINST THE GENERAL CREDIT OR TAXING POWERS OF ANY OF THEM, BUT SHALL BE PAYABLE SOLELY FROM THE REVENUES DESCRIBED HEREIN. NO OWNER OF THE BONDS SHALL HAVE THE RIGHT TO COMPEL THE EXERCISE OF THE TAXING POWER OF THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION THEREOF TO PAY ANY PRINCIPAL OF, PURCHASE PRICE, REDEMPTION PREMIUM, IF ANY, OR INTEREST ON THE BONDS. NEITHER THE AUTHORITY NOR ABAG HAS ANY TAXING POWER.

This cover page contains certain information for cursory reference only. It is not intended to be a summary of this issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision. Capitalized terms used in this cover page shall have the meanings given such terms herein.

The Bonds are offered by the Underwriter, when, as and if issued by the Authority and accepted by the Underwriter, subject to the approval of legality by Hawkins Delafield & Wood LLP, San Francisco, California, Bond Counsel, and certain other conditions. Certain legal matters will be passed upon for the Authority by Nixon Peabody LLP, San Francisco, California, for the Corporation by Reed Smith LLP, San Francisco, California, for the Initial Credit Provider by Frandzel Robins Bloom & Csato, L.C. and for the Underwriter by Orrick, Herrington & Sutcliffe LLP, San Francisco, California. It is expected that the Bonds in definitive form will be available for delivery through the facilities of DTC in New York, New York, on or about December 21, 2004.

Banc of America Securities LLC

Dated: December 16, 2004

This Official Statement does not constitute an offer to sell the Bonds in any jurisdiction in which or to any person to whom it is unlawful to make such an offer. No dealer, salesperson or other person has been authorized by the ABAG Finance Authority for Nonprofit Corporations (the "Authority"), the California Alumni Association (the "Corporation"), or Banc of America Securities LLC (the "Underwriter") to give any information or to make any representations, other than those contained herein, in connection with the offering of the Bonds and, if given or made, such information or representations must not be relied upon.

The information set forth herein under the caption "THE AUTHORITY" and "ABSENCE OF MATERIAL LITIGATION – The Authority" has been obtained from the Authority. All other information set forth herein has been obtained from the Corporation, the Initial Credit Provider, The Depository Trust Company and other sources which are believed to be current and reliable, but the accuracy or completeness of such information is not guaranteed by the Authority or the Underwriter. The accuracy or completeness of any information other than that contained under the captions "THE AUTHORITY" and "ABSENCE OF MATERIAL LITIGATION – The Authority" is not guaranteed by, and is not to be construed as a representation by, the Authority.

The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibility to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

Estimates and opinions included in this Official Statement should not be interpreted as statements of fact. Summaries of documents do not purport to be complete statements of their provisions. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Authority, the Initial Credit Provider or the Corporation since the date hereof.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE BONDS HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON THE EXEMPTION CONTAINED IN SECTION 3(A)(2) OF SUCH ACT. THE INDENTURE HAS NOT BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON THE EXEMPTION CONTAINED IN SECTION 304(a)(4)(B) OF SUCH ACT.

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OFFICIAL STATEMENT

\$8,300,000

ABAG FINANCE AUTHORITY FOR NONPROFIT CORPORATIONS

Variable Rate Demand Revenue Bonds

(California Alumni Association Project)

Series 2004

INTRODUCTION

This Introduction contains only a brief summary of certain of the terms of the Bonds being offered and a full review should be made of the entire Official Statement, including the cover page and the Appendices, in order to make an informed investment decision. All statements contained in this Introduction are qualified in their entirety by reference to the entire Official Statement. References to, and summaries of, provisions of the laws of the State of California (the "State") or any documents referred to herein do not purport to be complete and such references are qualified in their entirety by the complete provisions thereof.

General

This Official Statement, including the cover page and Appendices hereto (this "Official Statement"), provides certain information in connection with the offering of \$8,300,000 aggregate principal amount of Variable Rate Demand Revenue Bonds (California Alumni Association Project) Series 2004 (the "Bonds") of the ABAG Finance Authority for Nonprofit Corporations (the "Authority").

The Bonds will be issued pursuant to and secured by an Indenture of Trust, dated as of December 1, 2004 (the "Indenture"), between the Authority and The Bank of New York Trust Company, N.A., as trustee (the "Trustee"). The Authority will lend the proceeds of the Bonds to the California Alumni Association, a California nonprofit corporation (the "Corporation"), pursuant to a Loan Agreement, dated as of December 1, 2004 (the "Loan Agreement"), between the Authority and the Corporation.

The rating on the Bonds is based upon the Initial Credit Facility (as defined herein) and not on the credit of the Authority, the Corporation or any other collateral security. Accordingly, detailed information on the finances and operations of the Corporation is not provided in this Official Statement.

All capitalized terms used in this Official Statement and not otherwise defined herein have the same meanings as in the Indenture. See "APPENDIX B – SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL LEGAL DOCUMENTS – DEFINITIONS" for definitions of certain words and terms used but not otherwise defined herein.

The Bonds

The Bonds will be initially issued as variable rate bonds initially bearing interest at a Weekly Interest Rate. While the Bonds are in a Weekly Interest Rate Period, interest on the

Bonds is payable on the first Business Day of each calendar month, commencing February 1, 2005. The Bonds will be dated their date of delivery (the "Issue Date") and will mature on April 1, 2034 (the "Maturity Date"). The Bonds will be initially issued in authorized denominations of \$100,000 and any multiple of \$5,000 in excess thereof. See "THE BONDS" herein.

Pursuant to the Indenture, the Bonds shall bear interest at either a Weekly Interest Rate or a Term Interest Rate as specified from time to time by the Corporation. The maximum rate of interest any of the Bonds (other than Credit Provider Bonds, which shall bear interest as provided in the applicable Credit Agreement) may bear is 12% per annum. See "THE BONDS – Determination of Interest Rates on the Bonds," "– Weekly Interest Rate Period for Bonds" and "– Term Interest Rate Period for Bonds" herein.

The Interest Rate Period for the Bonds may be converted from time to time as provided in the Indenture. See "THE BONDS – Conversion of Interest Rate Period" herein.

The Bonds are subject to redemption and optional and mandatory tender for purchase prior to the Maturity Date as described herein. See "REDEMPTION OF BONDS" and "TENDER OF BONDS FOR PURCHASE" herein.

Book-Entry System

When delivered, the Bonds will be registered in the name of Cede & Co., a nominee of The Depository Trust Company ("DTC"), which will act as securities depository for the Bonds. Purchases of the Bonds and tenders of the Bonds may be made in book-entry form only, through brokers and dealers who are, or who act through, DTC Participants. Beneficial Owners of the Bonds will not receive physical delivery of certificated securities. Payments of the principal and Purchase Price of, premium, if any, and interest on the Bonds are payable by the Trustee to DTC, which will in turn remit such payments to the DTC Participants, which will in turn remit such payments to the Beneficial Owners of the Bonds. In addition, so long as Cede & Co. is the registered owner of the Bonds, the right of any Beneficial Owner to exercise its right to tender its beneficial ownership interest in any Bond for purchase and receive payment therefor will be based only upon and subject to the procedures and limitations of the DTC book-entry system. See "APPENDIX A – BOOK-ENTRY SYSTEM."

Purpose of the Bonds

The Authority will lend the proceeds of the Bonds to the Corporation pursuant to the Loan Agreement to provide funds which the Corporation will use to finance the acquisition, design, construction, reconstruction, improvement, renovation, installation, furnishing and/or equipping of certain facilities of the Corporation located in the County of Tuolumne, California and to pay costs incurred in connection with the issuance of the Bonds. See "ESTIMATED SOURCES AND USES OF FUNDS" and "THE PROJECT" herein.

Security and Sources of Payment for the Bonds

Payment of the principal, Purchase Price of, and interest on the Bonds will be supported initially by an irrevocable, direct-pay letter of credit (the "Initial Credit Facility") issued by Bank

of America, N.A. (the "Initial Credit Provider") pursuant to and subject to the terms of a Letter of Credit and Reimbursement Agreement, dated as of December 1, 2004 (the "Reimbursement Agreement"), by and between the Corporation and the Initial Credit Provider. The Reimbursement Agreement constitutes a Credit Agreement pursuant to the Indenture and the Initial Credit Facility constitutes a Credit Facility pursuant to the Indenture.

The Authority is obligated to pay Bonds solely from the Revenues (as defined herein) which include amounts received from the Corporation under the Loan Agreement and amounts received under Credit Facilities for the Bonds, and the other funds available therefor under the Indenture. Pursuant to the Indenture, the Authority has pledged all of the Revenues to the Trustee for the benefit of the Bondholders.

The Corporation's payment obligations under the Loan Agreement are general, unsecured obligations of the Corporation. Under the Loan Agreement, the Corporation is unconditionally obligated to pay the Repayment Installments to be made thereunder, which are due in amounts and at the times necessary to pay the principal (whether at maturity or upon redemption or acceleration) of, premium, if any, and interest to the Maturity Date or redemption of the Bonds, when due, and to make Additional Payments as set forth in the Indenture.

The Corporation has no obligation under the Loan Agreement to make any payments with respect to the Purchase Price of Bonds tendered or deemed tendered for purchase. The Purchase Price of Bonds tendered or deemed tendered for purchase is payable only from the proceeds of the remarketing of such Bonds and from amounts made available under the Initial Credit Facility or any Alternate Credit Facility for the Bonds. Failure by the Trustee to pay the Purchase Price of any Bond tendered for purchase shall not constitute an Event of Default under the Indenture or the Loan Agreement.

While the Bonds are in a Weekly Interest Rate Period, investors should make any decision with respect to the purchase, holding or tender of Bonds based solely upon the credit of the Initial Credit Provider or other Credit Providers (as the case may be), and not the Corporation. As a result, no financial or operating data with respect to the Corporation has been included in this Official Statement.

Certain Information Related to this Official Statement

The descriptions herein of the Indenture, the Loan Agreement, the Initial Credit Facility, the Reimbursement Agreement and other agreements relating to the Bonds are qualified in their entirety by reference to the complete text of such documents, and the description herein of the Bonds is qualified in its entirety by the form thereof and the provisions of the Indenture. See "APPENDIX B – SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL LEGAL DOCUMENTS" for a brief summary of certain provisions of the Indenture and the Loan Agreement.

The information and expressions of opinion herein speak only as of their date and are subject to change without notice. Neither delivery of this Official Statement nor any sale made hereunder nor any future use of this Official Statement shall, under any circumstances, create any

implication that there has been no change in the affairs of the Authority, the Corporation or the Initial Credit Provider.

ESTIMATED SOURCES AND USES OF FUNDS

The Corporation anticipates that the proceeds of the Bonds and other available moneys will be applied as follows:

Estimated Sources of Funds

Par Amount of the Bonds	\$8,300,000
Equity Contribution	<u>142,100</u>
Total	\$8,442,100

Estimated Use of Funds

Deposit to Construction Fund	\$8,000,000
Deposit to Costs of Issuance Fund ¹	<u>442,100</u>
Total	\$8,442,100

¹ Includes underwriter's discount, fees and expenses of the Authority, the Trustee, Bond Counsel, Authority counsel, Corporation counsel, Initial Credit Provider, Initial Credit Provider's counsel, Underwriter's counsel, the Remarketing Agent and the rating agency, printing costs, and other costs incurred in connection with the issuance of the bonds.

THE PROJECT

The Bond proceeds deposited in the Construction Fund, along with other available moneys of the Corporation, will be applied to the acquisition, design, construction, reconstruction, improvement, renovation, installation, furnishing and/or equipping of certain facilities and improvements (the "Project") on United States Forest Service land located near Pinecrest, California, 95364, commonly referred to as Camp Oski, Camp Blue and Camp Gold (and also known as the Lair of the Golden Bear). The Facilities are to consist of maintenance facilities, roads and parking facilities, a water system and water facilities, recreational facilities, storage facilities, lodging facilities, administrative facilities, restroom and bathing facilities, and kitchen and dining facilities. All such improvements are to be used for the educational, recreational and charitable purposes of the Association.

THE BONDS

General

The Bonds will be issued in the aggregate principal amount set forth on the cover page of this Official Statement. The Bonds will be dated the Issue Date and will mature on the Maturity Date, which is April 1, 2034.

Pursuant to the Indenture, the Bonds shall bear interest at a Weekly Interest Rate or a Term Interest Rate, as such rates shall be determined by the Remarketing Agent. All the Bonds will initially bear interest at the Weekly Interest Rate, determined as described herein. The

Bonds will be issued in Authorized Denominations of \$100,000 or any multiple of \$5,000 in excess thereof while the Bonds bear interest at a Weekly Interest Rate or a Term Interest Rate of less than one year.

Book-Entry System

The Bonds will be registered in the name of Cede & Co., the nominee of DTC, and held in DTC's book-entry system. So long as the Bonds are held in the book-entry system, DTC or its nominee will be the registered owner of the Bonds for all purposes of the Indenture and the Bonds. So long as the Bonds are held in book-entry form through DTC, all payments with respect to principal, Purchase Price, premium, if any, and interest on each Bond will be made pursuant to DTC's rules and procedures. See "APPENDIX A – BOOK-ENTRY SYSTEM" herein.

The Authority, the Corporation, the Trustee and the Remarketing Agent will have no responsibility or obligation to DTC, any DTC Participants, or the Beneficial Owners with respect to (a) the accuracy of any records maintained by DTC or any DTC Participant, (b) the payment by DTC or by any DTC Participant of any amount due to any Participant or Beneficial Owner, respectively, in respect of the principal, Purchase Price of, redemption premium, if any, or interest on any Bond, or (c) the delivery of any notice by DTC or any DTC Participant.

In the event of the discontinuance of the book-entry system for the Bonds, Bond certificates will be printed and delivered and the following provisions of the Indenture will apply: (a) principal of the Bonds will be payable upon surrender of the Bonds at the Principal Office of the Trustee, (b) Bonds may be transferred or exchanged for other Bonds of Authorized Denominations at the Principal Office of the Trustee, without cost to the owner thereof except for any tax or other governmental charge, and (c) Bonds will be issued in denominations as described under the heading "THE BONDS – General" above.

Determination of Interest Rates on the Bonds

The interest rate on the Bonds shall be determined by the Remarketing Agent in the manner specified in the Indenture. Banc of America Securities LLC has been appointed under the Indenture and pursuant to a Remarketing Agreement between Banc of America Securities LLC and the Corporation to serve as Remarketing Agent for the Bonds. The Remarketing Agent may resign or be removed and a successor Remarketing Agent may be appointed, all in accordance with the terms of the Indenture and the Remarketing Agreement.

The Weekly Interest Rate and the Term Interest Rate shall be determined from time to time as provided in the Indenture; provided, that no Bond (other than a Credit Provider Bond which shall bear interest as provided in the applicable Credit Agreement) shall bear interest at a rate exceeding the Maximum Interest Rate. The Bonds shall bear interest from and including the Issue Date to but excluding the date of payment in full thereof (whether at maturity, upon redemption or acceleration or otherwise). Interest shall be computed upon the basis of a 365-day or 366-day year, as applicable, for the number of days actually elapsed for any Weekly Interest Rate Period or Term Interest Rate Period of less than one year. During any Term Interest Rate

Period of one year or longer, interest on the Bonds shall be computed upon the basis of a 360-day year, consisting of twelve 30-day months.

The determination of the interest rate on the Bonds by the Remarketing Agent shall be conclusive and binding upon the Bondholders, the Authority, the Corporation, the Initial Credit Provider and the Trustee.

Payment of the principal, Purchase Price of, and interest on the Bonds will initially be supported by the Initial Credit Facility. The Corporation may provide an Alternate Credit Facility for the Initial Credit Facility, and may eliminate the support of the Bonds by a Credit Facility, upon the terms and conditions provided in the Indenture and the Loan Agreement, which terms require the mandatory tender of Bonds for purchase prior to such Credit Facility substitution or elimination. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Credit Facility" and "– Alternate Credit Facility."

No Liability. In determining the interest rate that the Bonds shall bear, the Remarketing Agent shall not have any liability to the Authority, the Corporation, the Trustee or any Bondholder, except for its negligence or willful misconduct.

Weekly Interest Rate Period for Bonds

Upon initial issuance, the Bonds will be in a Weekly Interest Rate Period and will bear interest at a Weekly Interest Rate, with interest payable on each Interest Payment Date for the Bonds, commencing February 1, 2005. During each Weekly Interest Rate Period, the Remarketing Agent will set a Weekly Interest Rate by 5:00 p.m. (New York City time) on the Wednesday immediately preceding each Calendar Week (or by 12:00 noon (New York City time) on the next succeeding Business Day if such Wednesday is not a Business Day); provided that if the Bonds are to be Converted to a Weekly Interest Rate Period from a Term Interest Rate Period, the Weekly Interest Rate for the initial Calendar Week of such Weekly Interest Rate Period shall be determined by the Remarketing Agent by the Business Day next preceding the effective date of such Weekly Interest Rate Period. Each Weekly Interest Rate shall be the rate determined by the Remarketing Agent (on the basis of examination of obligations comparable to the Bonds known by the Remarketing Agent to have been priced or traded under then prevailing market conditions) to be the minimum interest rate which, if borne by the Bonds, would enable the Remarketing Agent to sell the Bonds on such day at a price equal to the principal amount thereof plus accrued interest.

If for any reason the Weekly Interest Rate for a Calendar Week is not so determined, the Weekly Interest Rate for such Calendar Week shall remain at the then-existing rate (or if the Bonds are being Converted to a Weekly Interest Rate Period from a Term Interest Rate Period, the Weekly Interest Rate for such Calendar Week shall be a rate per annum equal to the Variable Index), and the Weekly Interest Rate for each succeeding Calendar Week for which the Weekly Interest Rate is not so determined by the Remarketing Agent shall be a rate per annum equal to the Variable Index.

The interest on each Bond bearing interest at the Weekly Interest Rate will be payable on the first Business Day of each calendar month, to the registered Bondholder whose name appears

on the registration books maintained by the Trustee as of the close of business on the applicable Record Date, which shall be the Business Day immediately preceding the Interest Payment Date during any Weekly Interest Rate Period; except that if there is a default in any payment of interest and sufficient funds thereafter become available to pay such interest, such payment shall be made to the registered Bondholder whose name appears on the registration books as of a special record date to be established by the Trustee.

Term Interest Rate Period for Bonds

The duration of each Term Interest Rate Period will be determined by the Corporation and will be a period of approximately one month, approximately three months, approximately six months, approximately nine months, approximately one year or any multiple of approximately six months above one year in each case ending on a day preceding a Business Day; provided, however, that notwithstanding the foregoing any Term Interest Rate Period which ends on the day immediately preceding the Maturity Date of the Bonds may include a period of time from the Interest Payment Date immediately preceding the Maturity Date of the Bonds to the day immediately preceding such Maturity Date even if the time remaining to such day is not one of the periods specified above; and provided further that notwithstanding the foregoing any Term Interest Rate Period may end on the day immediately preceding the Maturity Date of the Bonds whether or not such Maturity Date is a Business Day.

During each Term Interest Rate Period, the Bonds will bear interest at the applicable Term Interest Rate, which will be determined by the Remarketing Agent not later than 4:00 p.m. (New York City time) on the Business Day preceding the first day of such Term Interest Rate Period. The Term Interest Rate shall be the rate determined by the Remarketing Agent (in part, on the basis of examination of obligations comparable to the Bonds known to the Remarketing Agent to have been priced or traded under then prevailing market conditions) to be the minimum interest rate which, if borne by the Bonds, would enable the Remarketing Agent to sell the Bonds on such Business Day at a price equal to the principal amount thereof; provided, however, that if for any reason the Term Interest Rate is not so determined for any Term Interest Rate Period, the Interest Rate Period on the Bonds shall automatically Convert to a Weekly Interest Rate Period.

The interest on each Bond bearing interest at a Term Interest Rate for a Term Interest Rate Period of less than one year will be payable the day immediately succeeding the last day of such Term Interest Rate Period. The interest on each Bond bearing interest at a Term Interest Rate for a Term Interest Rate Period of one year or longer will be payable on each Semi-Annual Interest Payment Date during such Term Interest Rate Period and the day immediately succeeding the last day of such Term Interest Rate Period. Payment of such interest will be to the registered Bondholder whose name appears on the registration books maintained by the Trustee as of the close of business on the Record Date, which shall be the Business Day immediately preceding the Interest Payment Date during any Term Interest Rate Period of less than one year or the fifteenth day of the month (whether or not a Business Day) prior to an Interest Payment Date with respect to any Term Interest Rate Period of one year or longer.

Conversion of Interest Rate Period

Conversion to Weekly Interest Rate Period. The Corporation, by written direction to the Trustee and the Remarketing Agent, and with the written consent of the Credit Provider and accompanied by an Approving Opinion, may elect to Convert the Interest Rate Period for the Bonds from a Term Interest Rate Period to a Weekly Interest Rate Period. The Corporation's written direction to Convert the Bonds to a Weekly Interest Rate Period shall specify the effective date of such Conversion to a Weekly Interest Rate Period, which shall be (a) the Interest Payment Date next succeeding the last day of the then current Term Interest Rate Period not less than 30 days following the date of receipt by the Trustee of such direction, or (b) any date on which the Bonds may be optionally redeemed pursuant to the Indenture not less than 30 days following the date of receipt by the Trustee of such direction. See "REDEMPTION OF BONDS – Optional Redemption" herein.

The Bonds are subject to automatic Conversion to a Weekly Interest Rate Period upon the failure of the Remarketing Agent to establish a Term Interest Rate for a Term Interest Rate Period and the Remarketing Agent shall determine the Weekly Interest Rate for such Weekly Interest Rate Period for the initial Calendar Week on such date. Except for automatic Conversions pursuant to the Indenture, the Trustee shall give notice by first class mail of a Conversion of the Bonds to a Weekly Interest Rate Period to the Bondholders not less than 30 days prior to the effective date of such Weekly Interest Rate Period. Such notice shall state (1) that the Interest Rate Period on the Bonds will be Converted to a Weekly Interest Rate Period, (2) the effective date of such Weekly Interest Rate Period, (3) the day by which the Weekly Interest Rate shall be determined and the manner by which such Weekly Interest Rate may be obtained, (4) the Interest Payment Dates after such effective date, (5) that the Bonds will be purchased on such effective date pursuant to the mandatory tender for purchase provisions of the Indenture, (6) the procedures for such purchase referred to in clause (5), (7) that, subsequent to such effective date, the Bondholders will have the right to demand purchase of the Bonds upon not less than seven days' notice, (8) the procedures for a demand for such purchase, (9) the redemption provisions that will pertain to the Bonds during such Weekly Interest Rate Period, and (10) the ratings which are expected to be assigned to the Bonds upon such Conversion to a Weekly Interest Rate Period.

Conversion to Term Interest Rate Period. The Corporation, by written direction to the Trustee and the Remarketing Agent, and with the written consent of the Authority and the Credit Provider and accompanied by an Approving Opinion, may elect to Convert the Interest Rate Period for the Bonds from a Weekly Interest Rate Period to a Term Interest Rate Period or from one Term Interest Rate Period to another Term Interest Rate Period. The Corporation's written direction to Convert the Bonds to a Term Interest Rate Period shall specify (a) the effective date of such Term Interest Rate Period which shall be (1) the Interest Payment Date which is not less than 30 days following the receipt by the Trustee of such direction if the Bonds are to be Converted from a Weekly Interest Rate Period to a Term Interest Rate Period; or (2) the Interest Payment Date next succeeding the last day of the then-current Term Interest Rate Period which is not less than 30 days following the date of receipt by the Trustee of such direction if the Bonds are to be Converted from one Term Interest Rate Period to another; or (3) any date on which the Bonds may be optionally redeemed pursuant to the Indenture not less than 30 days following the date of receipt by the Trustee of such direction; and (b) the last day thereof. The Corporation

shall not Convert the Interest Rate Period on the Bonds to a Term Interest Rate Period unless (a) the Credit Facility then in effect with respect to the Bonds has been modified, if necessary, to provide interest coverage sufficient to provide for all interest to accrue on the Bonds as of each Interest Payment Date during and immediately succeeding such Term Interest Rate Period plus ten (10) additional days at the Term Interest Rate for such Term Interest Rate Period; provided, however, that no Credit Facility shall be required in connection with the Conversion of the Bonds to a Term Interest Rate Period which ends on the day immediately preceding the Maturity Date of the Bonds if the conditions to the termination of the Corporation's obligation to maintain a Credit Facility set forth in the Loan Agreement have been satisfied; and (b) with respect to a Term Interest Rate Period of longer than nine months, the Trustee and the Authority have received prior to the effective date of such Term Interest Rate Period a continuing disclosure agreement imposing obligations upon the Corporation or any other responsible party to comply with the requirements of S.E.C. Rule 15c2-12, as it may from time to time be amended or supplemented, with respect to the Bonds as provided in the Loan Agreement. See "REDEMPTION OF BONDS – Optional Redemption" and "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Alternate Credit Facility" herein.

Except for automatic Conversions pursuant to the Indenture, the Trustee shall give notice by first class mail of each Term Interest Rate Period to the Bondholders not less than 30 days prior to the effective date of such Term Interest Rate Period. Such notice shall state (1) that the interest rate on the Bonds will be Converted to or continue to be a Term Interest Rate Period, (2) the effective date and final date of such Term Interest Rate Period, (3) the day by which the Term Interest Rate for such Term Interest Rate Period shall be determined, (4) the manner by which such Term Interest Rate may be obtained, (5) the Interest Payment Dates during such Term Interest Rate Period, (6) that the Bonds shall be purchased on such effective date pursuant to the mandatory tender for purchase provisions of the Indenture, (7) the procedures of such purchase referred to in clause (6), (8) the redemption provisions that will pertain to the Bonds during such Term Interest Rate Period, (9) the ratings which are expected to be assigned to the Bonds upon such Conversion to a Term Interest Rate Period, and (10) whether a Credit Facility will be in effect with respect to the Bonds upon such Conversion to a Term Interest Rate Period and, if so, identifying such Credit Facility.

Failure of Conditions of Conversion. If the conditions contained in the Indenture to the Conversion of the Bonds to a Weekly Interest Rate Period or to the Conversion of the Bonds from one Term Interest Rate Period to another Term Interest Rate Period are not satisfied after notice of such Conversion has been given to the Bondholders, then the Interest Rate Period that shall commence on the date of the mandatory purchase of the Bonds on the Conversion Date specified in such notice shall automatically be an Interest Rate Period of the same duration as the immediately preceding Interest Rate Period and the Remarketing Agent shall determine the interest rate to apply to the Bonds during such Interest Rate Period on such Conversion Date.

The Trustee is not required to give notice for an automatic Conversion (1) to a Weekly Interest Rate Period in the event that a Term Interest Rate is not determined by the Remarketing Agent for any Term Interest Rate Period, or (2) to an Interest Rate Period of the same duration as the immediately preceding Term Interest Rate Period in the event that the conditions of the Indenture to the Conversion of the Bonds to another Interest Rate Period are not satisfied.

TENDER OF BONDS FOR PURCHASE

Optional Tender

During any Weekly Interest Rate Period, the Bonds (or portions thereof in amounts such that the amount purchased and the amount not purchased are in Authorized Denominations) shall be subject to purchase on any Business Day from the sources specified in the Indenture upon delivery by the Holder of such Bond to the Trustee at its Principal Office of an irrevocable notice by telephone (promptly confirmed in writing) or Electronic Notice by 5:00 p.m. (New York City time) on any Business Day at least seven (7) days prior to the Purchase Date, which states the principal amount of such Bond to be tendered for purchase and the Purchase Date, at a Purchase Price equal to 100% of the principal amount of such Bonds (or the portions thereof) tendered for purchase, plus accrued and unpaid interest thereon to but not including the Purchase Date; provided, however, if the Purchase Date occurs after the Record Date applicable to the payment of such accrued interest, then the Purchase Price shall not include accrued and unpaid interest, which shall be paid to the Holder of record on the applicable Record Date. The Purchase Price will be payable in immediately available funds.

Effect of Tender. Any notice delivered to the Trustee in accordance with the above paragraph shall be irrevocable with respect to the purchase of such Bond (or portion thereof) for which such notice was delivered and shall be binding upon any subsequent Bondholder or Beneficial Owner of the Bond to which it relates, including any Bond issued in exchange therefor or upon the registration of transfer thereof, and as of the date of such notice, the Holder or Beneficial Owner of the Bonds specified therein shall not have any right to optionally tender for purchase such Bond (or portion thereof) prior to the date of purchase specified in such notice. The Trustee may conclusively assume that any person (other than a Holder) providing notice of optional tender pursuant to the provisions of the Indenture described in the foregoing sentence is the Beneficial Owner of the Bond to which such notice relates, and the Trustee shall not assume any liability in accepting such notice from any person whom it reasonably believes to be a Beneficial Owner of Bonds.

IF A BONDHOLDER FAILS TO DELIVER ANY BOND TO THE TRUSTEE ON OR BEFORE THE PURCHASE DATE, SUCH BOND SHALL BE DEEMED TO HAVE BEEN PROPERLY TENDERED TO THE TRUSTEE AND, TO THE EXTENT THAT THERE SHALL BE ON DEPOSIT WITH THE TRUSTEE ON SUCH PURCHASE DATE AN AMOUNT SUFFICIENT TO PAY THE PURCHASE PRICE THEREOF, SUCH BOND SHALL CEASE TO CONSTITUTE OR REPRESENT A RIGHT TO PAYMENT OF PRINCIPAL THEREOF OR INTEREST THEREON OF THE FORMER HOLDER AND SHALL CONSTITUTE AND REPRESENT ONLY THE FORMER HOLDER'S RIGHT TO PAYMENT OF THE PURCHASE PRICE PAYABLE ON SUCH DATE. THE FOREGOING SHALL NOT LIMIT THE ENTITLEMENT OF ANY BONDHOLDER ON ANY RECORD DATE TO RECEIPT OF INTEREST, IF ANY, DUE ON ANY SUCH PURCHASE DATE.

SEE "APPENDIX A – BOOK-ENTRY SYSTEM" FOR THE TENDER PROVISIONS APPLICABLE WHILE THE BONDS ARE IN THE BOOK-ENTRY-ONLY SYSTEM. THE AUTHORITY, THE CORPORATION AND THE TRUSTEE

SHALL NOT BE RESPONSIBLE IN THE EVENT DTC DOES NOT TENDER OR DELIVER BONDS FOR TENDER IN ACCORDANCE WITH DIRECTIONS DTC RECEIVES FROM A DTC PARTICIPANT.

Mandatory Tender

The Bonds shall be subject to mandatory tender for purchase upon the occurrence of any of the events listed below at a Purchase Price equal to 100% of the principal amount of any Bond tendered or deemed tendered to the Trustee for purchase, plus accrued and unpaid interest thereon to but not including the date of purchase; provided, however, if the date of such purchase occurs after the Record Date applicable to the payment of such accrued interest, then the Purchase Price shall not include accrued and unpaid interest, which shall be paid to the Holder of record on the applicable Record Date:

- (i) on the effective date of any new Interest Rate Period for the Bonds;
- (ii) on the effective date of an Alternate Credit Facility with respect to the Bonds;
- (iii) in the event that the Credit Facility then in effect with respect to the Bonds is not renewed, or an Alternate Credit Facility with respect to the Bonds is not delivered to the Trustee, on the first Business Day which is at least five (5) calendar days preceding the expiration date of the Credit Facility then in effect with respect to the Bonds; or
- (iv) on a Business Day which is no later than five (5) calendar days following receipt by the Trustee of a written notice from the Credit Provider providing the Credit Facility then in effect with respect to the Bonds that an event of default has occurred and is continuing under the Credit Agreement relating to such Credit Facility and requesting the Trustee to cause the mandatory tender of the Bonds for purchase.

With respect to Bonds subject to mandatory tender for purchase pursuant to the provisions of the Indenture summarized in clause (i) above, the Trustee shall give Notice by Mail to the Holders of the Bonds, not later than the thirtieth (30th) day prior to the date on which the Bonds are subject to mandatory tender pursuant to clause (i) in the form of notice described under the caption "Conversion of Interest Rate Period" with respect to either a Weekly Interest Rate or Term Interest Rate, as applicable. With respect to Bonds subject to mandatory tender for purchase pursuant to the provision of the Indenture described in clause (ii) above, the Trustee shall give Notice by Mail of the provision of any commitment to issue an Alternate Credit Facility with respect to the Bonds to the Holders of the Bonds, not later than the fifteenth (15th) day prior to the date on which the Bonds are subject to mandatory tender pursuant to the provision of the Indenture described in clause (ii), which notice shall (a) state the expected effective date of such Alternate Credit Facility and (b) state that the Bonds shall be subject to mandatory tender for purchase on the date specified in such notice. With respect to Bonds subject to mandatory tender for purchase pursuant to the provision of the Indenture described in clause (iii) above, the Trustee shall give Notice by Mail to the Holders of the Bonds, not later than the fifteenth (15th) day prior to the date on which the Bonds are subject to mandatory tender pursuant to clause (iii), which notice shall state that the Credit Facility then in effect with respect to the Bonds has not been renewed and an Alternate Credit Facility has not been delivered to the

Trustee and that the Bonds are subject to mandatory tender for purchase, on the date determined in accordance with the provisions of the Indenture described in clause (iii), which date shall be specified in such notice. With respect to Bonds subject to mandatory tender for purchase pursuant to the provisions of the Indenture described in clause (iv) above, the Trustee shall give Notice by Mail to the Holders of the Bonds, not later than two (2) Business Days following receipt of the notice from a Credit Provider described in clause (iv) above, which notice shall state (i) that the Trustee has received a notice from the Credit Provider that an event of default or termination has occurred and is continuing under the Credit Agreement and requesting the Trustee to cause the mandatory tender of the Bonds, and (ii) that the Bonds are subject to mandatory tender for purchase, on the date determined in accordance with the provisions of the Indenture summarized in clause (iv) above, which date shall be specified in such notice.

Upon the giving of notice to Bondholders of the mandatory tender of Bonds for purchase pursuant to the Indenture, the Bonds will be subject to mandatory tender for purchase notwithstanding that the events described in such notice have not occurred on the Purchase Date specified in such notice, including the failure to change the Interest Rate Period on the Bonds to the Interest Rate Period specified in such notice, the failure of an Alternate Credit Facility to go into effect, the renewal of the existing Credit Facility for the Bonds, or the curing of any event of default or termination under the Credit Agreement.

IF A BONDHOLDER FAILS TO DELIVER ANY BOND TO THE TRUSTEE ON OR BEFORE ANY PURCHASE DATE SPECIFIED ABOVE, SUCH BOND SHALL BE DEEMED TO HAVE BEEN PROPERLY TENDERED TO THE TRUSTEE AND, TO THE EXTENT THAT THERE SHALL BE ON DEPOSIT WITH THE TRUSTEE ON SUCH PURCHASE DATE MONEYS AVAILABLE AND SUFFICIENT TO PAY THE PURCHASE PRICE THEREOF, SUCH BOND SHALL CEASE TO CONSTITUTE OR REPRESENT A RIGHT TO PAYMENT OF PRINCIPAL THEREOF OR INTEREST THEREON OF THE FORMER HOLDER AND SHALL CONSTITUTE AND REPRESENT ONLY THE FORMER HOLDER'S RIGHT TO PAYMENT OF THE PURCHASE PRICE PAYABLE ON SUCH DATE. THE FOREGOING SHALL NOT LIMIT THE ENTITLEMENT OF ANY BONDHOLDER ON ANY RECORD DATE TO RECEIPT OF INTEREST, IF ANY, DUE ON ANY SUCH PURCHASE DATE.

Purchase of Tendered Bonds

On each Purchase Date that any Bonds are tendered for purchase (or deemed tendered for purchase) in accordance with the Indenture, the Trustee will purchase (but solely from funds received by the Trustee in accordance with the terms of the Indenture) such Bonds (or portions thereof in Authorized Denominations) at the applicable Purchase Price. Funds for the payment of the Purchase Price of such Bonds (or portions thereof in Authorized Denominations) shall be paid by the Trustee solely from the following sources and in the following order of priority:

- (i) Proceeds of the remarketing of such Bonds (or portions thereof in Authorized Denominations); and
- (ii) Money drawn or received under the Credit Facility for such Bonds.

So long as the Bonds are held in the DTC book-entry system, payment of the Purchase Price of any Bond purchased (or deemed purchased) pursuant to the Indenture shall be made to DTC or its nominee. See "APPENDIX A – BOOK-ENTRY SYSTEM."

THE CORPORATION HAS NO OBLIGATION UNDER THE LOAN AGREEMENT TO MAKE ANY PAYMENTS WITH RESPECT TO THE PURCHASE PRICE OF THE BONDS TENDERED OR DEEMED TENDERED FOR PURCHASE AND THE FAILURE OF THE TRUSTEE TO PAY SUCH PURCHASE PRICE SHALL NOT CONSTITUTE AN EVENT OF DEFAULT UNDER THE INDENTURE OR THE LOAN AGREEMENT.

Remarketing

Banc of America Securities LLC will serve as Remarketing Agent for the Bonds pursuant to the terms of the Indenture and a Remarketing Agreement with the Corporation. The Remarketing Agent may resign, or the Corporation or the Authority may remove the Remarketing Agent, in accordance with the terms of the Indenture and the Remarketing Agreement.

Upon receipt of notice that any Bonds will be or are required to be tendered for purchase in accordance with the Indenture, the Remarketing Agent is required under the Indenture and the Remarketing Agreement to use its best efforts to remarket such Bonds at a price equal to the Purchase Price on the applicable Purchase Date in accordance with the applicable optional or mandatory tender provisions of the Indenture. The Remarketing Agent will transfer to the Trustee the proceeds of the remarketing of such Bonds.

REDEMPTION OF BONDS

Optional Redemption

The Bonds shall be subject to redemption prior to the Maturity Date, in whole or in part, in Authorized Denominations, if and to the extent the Corporation makes a prepayment of Repayment Installments pursuant to the Loan Agreement or moneys are available for such purpose pursuant to the Indenture, but only from Available Amounts, as follows:

(A) During any Weekly Interest Rate Period, on any Business Day at a redemption price equal to 100% of the principal amount thereof plus accrued interest to the redemption date.

(B) During any Term Interest Rate Period, on any Business Day, during the periods specified below, at the redemption prices (expressed as percentages of principal amount of the Bonds (or portions thereof) to be redeemed) hereinafter indicated plus accrued interest to the redemption date:

Lesser of Length of Term
Interest Rate Period or
Length of Time to Maturity

Redemption Dates and Prices

Greater than 10 years

At any time on or after the 5th anniversary of the effective date commencing such Term Interest Rate Period at 102% declining ½% annually to 100%

Greater than 6 and
less than or equal
to 10 years

At any time on or after the 3rd anniversary of the effective date commencing such Term Interest Rate Period at 101 ½% declining ½% annually to 100%

Greater than 4 and
less than or equal
to 6 years

At any time on or after the 2nd anniversary of the effective date commencing such Term Interest Rate Period at 101% declining ½% annually to 100%

Greater than 3 and
less than or equal
to 4 years

At any time on or after the 2nd anniversary of the effective date commencing such Term Interest Rate Period at 100 ½% declining ½% annually to 100%

Greater than 2 and
less than or equal
to 3 years

At any time on or after the 1st anniversary of the effective date commencing such Term Interest Rate Period at 100 ½% declining ½% annually to 100%

Greater than 1 and
less than or equal
to 2 years

At any time on or after the 1st anniversary of the effective date commencing such Term Interest Rate Period at 100%

Less than or equal
to 1 year

On the Interest Payment Date which is six months after the effective date of such Term Interest Rate Period at 100%.

Notwithstanding the optional redemption schedule set forth above, on or prior to the effective date of a Term Interest Rate Period ending on the day immediately preceding the Maturity Date of the Bonds, the Remarketing Agent can provide an alternate optional redemption schedule if it obtains an Approving Opinion. Notwithstanding anything in the Indenture or the Bonds to the contrary, Credit Provider Bonds shall be subject to redemption as provided in the Credit Agreement.

The Corporation has covenanted in the Reimbursement Agreement to cause the optional redemption of a portion of the Bonds on or prior to the dates and in the amounts reflected in the Reimbursement Agreement, as such agreement may be amended or replaced from time to time. The Trustee shall send notice of any such optional redemption as provided in the Indenture.

Notice of Redemption

The Trustee will give notice of any redemption of Bonds, by first-class mail, postage prepaid, to the Holders of all Bonds to be redeemed, at the addresses appearing on the Bond Register, and other entities specified in the Indenture, not less than thirty (30) days nor more than sixty (60) days prior to the redemption date. Each notice of redemption of Bonds will identify the Bonds to be redeemed and will state the date of such notice, the Issue Date, the redemption date, the redemption price, the place of redemption, the principal amount, and, if less than all of the Bonds are to be redeemed, the distinctive certificate numbers of the Bonds to be redeemed and, in the case of Bonds to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed. So long as DTC or its nominee is the sole registered owner of the Bonds under the book-entry system, redemption notices are to be sent to Cede & Co. Notices of redemption are also to be sent to certain information services that disseminate redemption notices and to certain nationally recognized municipal securities information repositories.

With respect to any notice of redemption as described above, unless upon the giving of such notice the Bonds to be redeemed are deemed to have been paid in accordance with the defeasance provisions of the Indenture, such notice must state that such redemption is conditional upon the receipt by the Trustee on or prior to the date fixed for such redemption of Available Amounts sufficient to pay the principal of, and premium, if any, and interest on, the Bonds to be redeemed, and that if such Available Amounts are not received, such notice will be of no force and effect, the Bonds shall not be subject to redemption on such date and the Bonds will not be required to be redeemed on such date. If such redemption is not effectuated, the Trustee will, within a reasonable time thereafter, give notice that such Available Amounts were not so received.

Effect of Redemption

Notice of redemption having been duly given and Available Amounts for payment of the redemption price being held by the Trustee, the Bonds so called for redemption will, on the redemption date designated in such notice, become due and payable at the redemption price specified in such notice, interest on the Bonds to be redeemed will cease to accrue, said Bonds shall cease to be entitled to any lien, benefit or security under the Indenture, and the Holders thereof will have no rights except to receive payment, but only from the funds provided in connection with such redemption, of the redemption price of and interest, if any, accrued on such Bonds to the redemption date.

Upon surrender of any Bond redeemed in part only, the Trustee shall exchange the Bond redeemed for a new Bond of like tenor and in an Authorized Denomination without charge to the Holder in the principal amount of the portion of the Bond not redeemed. In the event of any partial redemption of a Bond which is registered in the name of the Nominee, DTC may elect to make a notation on the Bond certificate which reflects the date and amount of the reduction in principal amount of said Bond in lieu of surrendering the Bond certificate to the Trustee for exchange. The Authority and the Trustee shall be fully released and discharged from all liability upon, and to the extent of, payment of the redemption price for any partial redemption and upon the taking of all other actions required under the Indenture in connection with such redemption.

Selection of Bonds to be Redeemed

If less than all the Bonds are called for redemption, the Trustee will select the Bonds or any portion thereof to be redeemed first from outstanding Credit Provider Bonds, if any, or such portion thereof not previously called for redemption, by lot in such manner as it may determine, until all Credit Provider Bonds, if any, shall have been redeemed, and then from the other Outstanding Bonds or such given portion thereof not previously called for redemption, by lot. For the purpose of any such selection the Trustee shall assign a separate number for each minimum Authorized Denomination of each Bond of a denomination of more than such minimum; provided that following any such selection, the portion of such Bond to remain Outstanding shall be in an Authorized Denomination. Notwithstanding the foregoing, if less than all of the Bonds are to be redeemed at any time while the Bonds are Book-Entry Bonds, selection of the Bonds to be redeemed after Credit Provider Bonds have been redeemed shall be made in accordance with customary practices of DTC or the applicable successor depository, as the case may be.

Purchase of Bonds in lieu of Redemption

Notwithstanding anything to the contrary contained in the Indenture, in the event that any Bonds have been called for redemption at any time, the Corporation will have the right to purchase such Bonds with available moneys in lieu of a redemption thereof, at a price equal to the applicable redemption price of the Bonds so called for redemption, on the date such Bonds have been so called for redemption, and the payment of the redemption price of the Bonds so called for redemption will be deemed in such event to be the payment of the purchase price of such Bonds to be purchased in lieu of such redemption and such Bonds shall remain Outstanding under the Indenture. Upon such purchase, such Bonds shall be held or delivered in accordance with the Indenture as if they had been purchased pursuant to the mandatory tender provisions of the Indenture and the Interest Rate Period for such Bonds upon such purchase will be as specified by the Corporation prior to such purchase pursuant to the applicable provisions and subject to the applicable requirements of the Indenture. To exercise such right to purchase Bonds in lieu of redemption, the Corporation is required to obtain the written consent of the Initial Credit Provider and give written notice of its intent to purchase Bonds pursuant to the Indenture to the Trustee and the Remarketing Agent not later than 12:00 noon, New York time, no later than the Business Day immediately preceding the applicable redemption date and such notice must be accompanied by an opinion of Bond Counsel to the effect that such purchase in lieu of redemption and any resulting adjustment of the interest rate on the Bonds to a new Interest Rate Period (i) is authorized or permitted by the Act and the Indenture and (ii) will not adversely affect the exclusion from gross income of interest on such Bonds for federal income tax purposes.

SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

General

The principal, premium, if any, and interest on the Bonds are payable solely from the Revenues received from the Corporation pursuant to the Loan Agreement and the other amounts pledged therefor under the Indenture. The Purchase Price of the Bonds tendered or deemed

tendered for purchase pursuant to the Indenture is payable solely from the proceeds of the remarketing of such Bonds and draws on the Credit Facility for such Bonds. The Initial Credit Facility for the Bonds is an irrevocable, direct-pay letter of credit issued by the Initial Credit Provider and supports the principal and Purchase Price of, and interest on the Bonds, but not any premium on the Bonds. See "THE INITIAL CREDIT PROVIDER" and "THE INITIAL CREDIT FACILITY AND THE REIMBURSEMENT AGREEMENT" herein.

The Corporation has no obligation under the Loan Agreement to make any payments with respect to the Purchase Price of Bonds tendered or deemed tendered for purchase under the Indenture. Such Purchase Price is payable only from the proceeds of the remarketing of such Bonds and amounts made available under the Initial Credit Facility or any Alternate Credit Facility. While the Bonds are in a Weekly Interest Rate Period, investors should make any decision with respect to the purchase, holding or tender of Bonds based solely on the credit of the Initial Credit Provider or other Credit Providers and not the Corporation. As a result, no financial information or operating data with respect to the Corporation has been included in this Official Statement.

THE BONDS ARE SPECIAL OBLIGATIONS OF THE AUTHORITY, PAYABLE SOLELY FROM AND SECURED BY THE PLEDGE OF REVENUES PURSUANT TO THE INDENTURE. NEITHER THE AUTHORITY, THE ASSOCIATION OF BAY AREA GOVERNMENTS ("ABAG") OR THE MEMBERS OF THE AUTHORITY OR ABAG SHALL BE DIRECTLY OR INDIRECTLY OR CONTINGENTLY OR MORALLY OBLIGATED TO USE ANY OTHER MONEYS OR ASSETS OF THE AUTHORITY, ABAG OR ANY OF ITS MEMBERS TO PAY ALL OR ANY PORTION OF DEBT SERVICE DUE ON THE BONDS. THE BONDS AND THE OBLIGATION TO PAY PRINCIPAL OR PURCHASE PRICE OF AND INTEREST THEREON AND ANY REDEMPTION PREMIUM WITH RESPECT THERETO DO NOT CONSTITUTE AN INDEBTEDNESS OR AN OBLIGATION OF THE AUTHORITY OR ABAG, THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION THEREOF, WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION, OR A CHARGE AGAINST THE GENERAL CREDIT OR TAXING POWERS OF ANY OF THEM, BUT SHALL BE PAYABLE SOLELY FROM THE REVENUES DESCRIBED HEREIN. NO OWNER OF THE BONDS SHALL HAVE THE RIGHT TO COMPEL THE EXERCISE OF THE TAXING POWER OF THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION THEREOF TO PAY ANY PRINCIPAL OF, PURCHASE PRICE, REDEMPTION PREMIUM, IF ANY, OR INTEREST ON THE BONDS. NEITHER THE AUTHORITY NOR ABAG HAS ANY TAXING POWER.

Credit Facility

Pursuant to the Loan Agreement, except as described in the next paragraph, the Corporation has agreed to maintain one or more Credit Facilities, either by maintaining the Initial Credit Facility or providing one or more Alternate Credit Facilities to provide a source of payment for the principal, Purchase Price of, and interest on, the Bonds. See "THE INITIAL CREDIT FACILITY AND THE REIMBURSEMENT AGREEMENT – The Initial Credit Facility" herein.

The Corporation's obligations to maintain a Credit Facility for the Bonds will terminate in the event that: (i) a Term Interest Rate Period ending on the day immediately preceding the Maturity Date of the Bonds is established pursuant to the Indenture; and (ii) the Corporation provides the Trustee with the written consent of the Authority.

Alternate Credit Facility

The Corporation may at any time provide an Alternate Credit Facility with respect to the Bonds provided that each such Alternate Credit Facility meets the following conditions:

(i) the Alternate Credit Facility must be a Credit Facility entered into by, or issued by, a commercial bank or other financial institution;

(ii) the Alternate Credit Facility must be in an amount sufficient to obtain the rating referenced in (iv) below or approved by the Authority;

(iii) the Alternate Credit Facility must take effect on or before the date which is the first Business Day which is not less than five (5) calendar days before the date of termination of the Credit Facility then securing the Bonds and the term of the Alternate Credit Facility must be at least 364 days (or, if shorter, the period to the Maturity Date); and

(iv) if the Alternate Credit Facility is not an irrevocable, direct-pay letter of credit upon the issuance of which the Bonds will be rated "A" or better (without respect to modifier) by a Rating Agency, then the Alternate Credit Facility must be approved by the Authority.

Notwithstanding the above, the Corporation will not provide any Alternate Credit Facility for the Credit Facility then securing the Bonds unless the Bonds are then required to be tendered for purchase pursuant to the Indenture as a result of the provision of such Alternate Credit Facility for the then-current Credit Facility.

On or prior to the date of delivery to the Trustee of an Alternate Credit Facility meeting the above requirements, the Corporation must furnish to the Trustee (i) an opinion of Bond Counsel with respect to the delivery of such Alternate Credit Facility, and (ii) an opinion or opinions of counsel to the Credit Provider of such Alternate Credit Facility, to the effect that such Alternate Credit Facility has been duly authorized, executed and delivered by such Credit Provider and, subject to standard exceptions and qualifications, constitutes the valid, legal and binding obligation of such Credit Provider enforceable against such Credit Provider in accordance with its terms.

Pursuant to the Indenture, if there shall have been delivered to the Authority and the Trustee (i) an Alternate Credit Facility meeting the requirements of the Loan Agreement and (ii) the opinions and documents required by the Loan Agreement, then the Trustee shall accept such Alternate Credit Facility and, if so directed by the Corporation, upon the effectiveness of such Alternate Credit Facility and the payment of the Purchase Price of all Bonds tendered for purchase pursuant to the Indenture in connection with such Alternate Credit Facility promptly surrender the Credit Facility theretofore in effect with respect to the Bonds for cancellation. In the event that the Corporation elects to provide an Alternate Credit Facility, the Bonds shall be

subject to mandatory tender as provided in the Indenture. See "TENDER OF BONDS FOR PURCHASE – Mandatory Tender" herein.

Revenues and Repayment Installments

The Authority is obligated to pay the principal of, premium, if any and interest on the Bonds solely from the Revenues received from the Corporation under the Loan Agreement and the other amounts pledged therefor under the Indenture. Pursuant to the Indenture, the Authority has pledged to the Trustee for the benefit of the Bondholders all of the Revenues. "Revenues" mean all payments received by the Authority or the Trustee pursuant or with respect to the Loan Agreement (except any such payments made or with respect to certain provisions of the Loan Agreement) or a Credit Facility, including, without limiting the generality of the foregoing, Repayment Installments (including both timely and delinquent payments), prepayments and all income derived from the investment of any moneys in any fund or account established pursuant to the Indenture, but not including amounts (including investment income) received for or on deposit in the Rebate Fund or the Bond Purchase Fund.

SEE "APPENDIX B – SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL LEGAL DOCUMENTS" for a summary of certain provisions of the Indenture and the Loan Agreement.

THE INITIAL CREDIT PROVIDER

The Initial Credit Provider is a national banking association organized under the laws of the United States, with its principal executive offices located in Charlotte, North Carolina. The Initial Credit Provider is a wholly-owned indirect subsidiary of Bank of America Corporation ("Bank of America Corporation") and is engaged in general consumer banking, commercial banking and trust business, offering a wide range of commercial, corporate, international, financial market, retail and fiduciary banking services. As of September 30, 2004, the Initial Credit Provider had consolidated assets of \$741 billion, consolidated deposits of \$507 billion and stockholder's equity of \$52 billion based on regulatory accounting principles.

Bank of America Corporation is a bank holding company and a financial holding company, with its principal executive offices located in Charlotte, North Carolina. Additional information regarding Bank of America Corporation is set forth in its Annual Report on Form 10-K for the fiscal year ended December 31, 2003, together with any subsequent documents it filed with the Securities and Exchange Commission (the "Commission") pursuant to the Securities Exchange Act of 1934, as amended (the "Exchange Act").

Recent Developments: On April 1, 2004 Bank of America Corporation completed its merger with FleetBoston Financial Corporation ("FleetBoston"). As a result of the merger, FleetBoston stockholders received .5553 shares of Bank of America Corporation common stock for each of their FleetBoston shares.

The Letter of Credit has been issued by the Initial Credit Provider. Moody's Investors Service, Inc. ("Moody's") currently rates the Initial Credit Provider's long-term certificates of deposit as "Aa1" and short-term certificates of deposit as "P-1". Standard & Poor's rates the

Initial Credit Provider's long-term certificates of deposit as "AA-" and its short-term certificates of deposit as "A-1+." Fitch Ratings, Inc. ("Fitch") rates long-term certificates of deposit of the Initial Credit Provider as "AA" and short-term certificates of deposit as "F1+." Further information with respect to such ratings may be obtained from Moody's, Standard & Poor's and Fitch, respectively. No assurances can be given that the current ratings of the Initial Credit Provider's instruments will be maintained.

The Initial Credit Provider will provide copies of the most recent Bank of America Corporation Annual Report on Form 10-K, any subsequent reports on Form 10-Q, and any required reports on Form 8-K (in each case as filed with the Commission pursuant to the Exchange Act), and the publicly available portions of the most recent quarterly Call Report of the Initial Credit Provider delivered to the Comptroller of the Currency, without charge, to each person to whom this document is delivered, on the written request of such person. Written requests should be directed to:

Bank of America Corporate Communications
100 North Tryon Street, 18th Floor
Charlotte, North Carolina 28255
Attention: Corporate Communications

PAYMENTS OF PRINCIPAL AND INTEREST ON THE BONDS WILL BE MADE FROM DRAWINGS UNDER THE LETTER OF CREDIT. PAYMENTS OF THE PURCHASE PRICE OF THE BONDS WILL BE MADE FROM DRAWINGS UNDER THE LETTER OF CREDIT IF REMARKETING PROCEEDS ARE NOT AVAILABLE. ALTHOUGH THE LETTER OF CREDIT IS A BINDING OBLIGATION OF THE INITIAL CREDIT PROVIDER, THE BONDS ARE NOT DEPOSITS OR OBLIGATIONS OF BANK OF AMERICA CORPORATION OR ANY OF ITS AFFILIATED BANKS AND ARE NOT GUARANTEED BY ANY OF THESE ENTITIES. THE BONDS ARE NOT INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION OR ANY OTHER GOVERNMENTAL AGENCY AND ARE SUBJECT TO CERTAIN INVESTMENT RISKS, INCLUDING POSSIBLE LOSS OF THE PRINCIPAL AMOUNT INVESTED.

The information contained in this Section relates to and has been obtained from the Initial Credit Provider. The information concerning Bank of America Corporation and the Initial Credit Provider contained herein is furnished solely to provide limited introductory information regarding Bank of America Corporation and the Initial Credit Provider and does not purport to be comprehensive. Such information is qualified in its entirety by the detailed information appearing in the documents and financial statements referenced above.

The delivery hereof shall not create any implication that there has been no change in the affairs of Bank of America Corporation or the Initial Credit Provider since the date hereof, or that the information contained or referred to in this Section is correct as of any time subsequent to its date.

THE INITIAL CREDIT FACILITY AND THE REIMBURSEMENT AGREEMENT

The Initial Credit Facility

The Initial Credit Facility will be an obligation of the Initial Credit Provider to pay to the Trustee, upon request made with respect to the Bonds and in accordance with the terms thereof, up to: (i) \$8,300,000 to pay principal of the Bonds when due, whether upon maturity, redemption or acceleration or to pay that portion of the Purchase Price of Bonds tendered for purchase and not remarketed, equal to the principal amount of such Bonds; plus (ii) \$122,795 (an amount equal to 45 days' interest accrued on the Bonds calculated at the rate of 12% per annum (computed on the basis of a 365-day year)) to pay accrued interest on the Bonds when due or to pay the accrued interest portion of the Purchase Price of Bonds tendered for purchase and not remarketed, as such amounts may be reduced or reinstated pursuant to the terms of the Initial Credit Facility. All drawings under the Initial Credit Facility will be paid with the Initial Credit Provider's own funds.

The Initial Credit Facility shall terminate on the date which is the earliest of (i) honor by the Initial Credit Provider of a final draft presented to it by the Trustee under the Initial Credit Facility; (ii) two business days following the first day on which the interest rate with respect to the Bonds is converted to a Term Interest Rate; (iii) the date on which the Initial Credit Facility is surrendered by the Trustee; (iv) 30 days after receipt by the Trustee of notice from the Initial Credit Provider requesting the Trustee to redeem all of the Bonds Outstanding as a result of the occurrence and continuance of an Event of Default under the Reimbursement Agreement or, if such day is not a business day, on the next succeeding business day; or (v) December 1, 2007.

The Reimbursement Agreement

The Reimbursement Agreement and any other agreements securing the Corporation's obligation to reimburse the Initial Credit Provider do not secure the Trustee, the Holders of the Bonds, or the Bonds.

Events of Default. The following is a summary of the events of default as defined in the Reimbursement Agreement. This summary is qualified by referenced to the complete text of the Reimbursement Agreement. Capitalized terms used under this caption and not otherwise defined shall have the meanings given to such terms in the Reimbursement Agreement. These events of default may be amended or modified without notice to, or consent of, the Trustee, the Authority or the Holders of the Bonds.

(a) The Corporation shall fail to pay (i) any amount payable under certain provisions of the Reimbursement Agreement when due, or (ii) any other amount under the Reimbursement Agreement or under any of the Related Documents on the date when due (after giving effect to applicable grace periods) within 15 days following written demand from the Initial Credit Provider.

(b) Any representation, warranty, certification or statement made by the Corporation in the Reimbursement Agreement or in any of the Related Documents or in any other writing furnished by or on behalf of the Corporation to the Initial Credit Provider in connection with the

Reimbursement Agreement shall prove to have been false, misleading or incomplete in any material respect on the date as of which made.

(c) The Corporation shall fail to perform or observe certain covenants contained in the Reimbursement Agreement.

(d) The Corporation shall fail to perform or observe any other material term, covenant or agreement contained in the Reimbursement Agreement on its part to be performed or observed and any such failure shall remain unremedied for a period of 30 days after the date upon which written notice of such failure, requiring the same to be remedied, shall have been given to the Corporation by the Initial Credit Provider.

(e) The Corporation shall fail to pay any Indebtedness in excess of \$100,000.00 or any interest or premium thereon, when due (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise) and such failure shall continue after the applicable grace period, if any, specified in the agreement or instrument relating to such Indebtedness; or any other default under any agreement or instrument relating to any such Indebtedness, or any other event, shall occur and shall continue after the applicable grace period, if any, specified in such agreement or instrument, if the effect of such default or event is to accelerate, or to permit the acceleration of the maturity of such Indebtedness; or any such Indebtedness shall be declared to be due and payable, or required to be prepaid, prior to the stated maturity thereof.

(f) Liquidation or dissolution of the Corporation, or suspension of the business of the Corporation or filing by the Corporation of a voluntary petition in bankruptcy or a voluntary petition or an answer seeking reorganization, arrangement, readjustment of its debts or for any other relief under the United States Bankruptcy Code, as amended, or under any other insolvency act or law, state or Federal, now or hereafter existing, or any other action of the Corporation indicating its consent to, approval of, or acquiescence in any such petition or proceeding; the application by the Corporation for, or the appointment by or with the consent or acquiescence of the Corporation of, a receiver, a trustee or a custodian for the Corporation; the application by the Corporation for, or the consent to or acquiescence of the Corporation in, an assignment for the benefit of creditors; or the admission by the Corporation in writing of its inability to pay its debts as they mature.

(g) Filing of an involuntary petition against the Corporation in bankruptcy or seeking reorganization, arrangement, readjustment of its debts or for any other relief under the United States Bankruptcy Code, as amended, or under any other insolvency act or law, state or Federal, now or hereafter existing; or the involuntary appointment of a receiver, a trustee or a custodian of the Corporation or for all or a substantial part of its property; the issuance of a warrant of attachment, execution or similar process against any substantial part of the property of the Corporation and the continuance of any of such events for ninety (90) days undismissed, undischarged or unstayed.

(h) Except in accordance with the express terms of the Reimbursement Agreement, any material provision of the Reimbursement Agreement shall at any time for any reason cease to be valid and binding on the Corporation, or shall be declared to be null and void, or the

validity or enforceability thereof shall be contested by the Corporation, or a proceeding shall be commenced by any governmental agency or authority having jurisdiction over the Corporation seeking to establish the invalidity or unenforceability thereof, or the Corporation shall deny that it has any or further liability or obligation under the Reimbursement Agreement.

(i) Any "event of default" by the Corporation under and as defined in the Loan Agreement, the Indenture, the Credit Agreement or any other Related Document shall have occurred and not been waived.

(j) The Bonds for any reason shall be determined to be invalid or any Related Document shall for any reason cease to be in full force and effect, except in accordance with their express terms.

(k) Any Plan Termination Event with respect to a Plan which the Initial Credit Provider determines in good faith might constitute grounds for the termination of any Plan or for the appointment of a trustee to administer any Plan shall have occurred, and, after the expiration of no less than 30 days after notice thereof shall have been given to the Corporation by the Initial Credit Provider, (i) such Plan Termination Event (if correctable) shall not have been corrected, and (ii) the then present value of such Plan's vested benefits exceeds the then current value of assets accumulated in such Plan.

(l) The Corporation fails to meet the conditions of, or fails to perform any material obligation under any other agreement the Corporation has with the Initial Credit Provider or any affiliate of the Initial Credit Provider, which failure continues unremedied for more than 30 days after written notice from the Initial Credit Provider.

(m) Any judgments or arbitration awards are entered against the Corporation in an aggregate amount of \$100,000.00 or more in excess of any insurance coverage and the same is not satisfied or stayed within sixty (60) days.

(n) A material adverse change occurs in the Corporation's business condition (financial or otherwise), operations, properties or prospects or ability to repay the credit.

(o) Any violation by the Corporation of any material term, provision or covenant occurs under the United States Department of Agriculture Forest Service Term Special Use Permits each dated December 15, 2004, each as may be amended from time to time (collectively, the "Forest Service Permits") between the Corporation and the United States Department of Agriculture Forest Service which has not been waived; or any material portion of the Forest Service Permits shall for any reason cease to be in full force and effect.

"Related Documents" means under the Reimbursement Agreement, the Initial Credit Facility, the Bonds, the Indenture, the Loan Agreement or any other agreement or instrument relating thereto.

"Indebtedness" means under the Reimbursement Agreement, all items which would, in conformity with Generally Accepted Accounting Principles, be classified as liabilities on a balance sheet of the Corporation as of the date such determination of indebtedness is made, excluding deferred revenues, and in any event including (without duplication): (a) all

indebtedness of the Corporation for money borrowed; (b) all liabilities guaranteed or assumed, directly or indirectly, by the Corporation in any manner, or endorsed (otherwise than for collection or deposit in the ordinary course of business) or discounted thereby with recourse; (c) the face amount of all letters of credit issued for the account of a Corporation and, without duplication, all unreimbursed drafts drawn thereunder; (d) all indebtedness guaranteed by the Corporation, directly or indirectly, whether through an agreement, contingent or otherwise, to purchase or repurchase such indebtedness or to purchase, sell or lease (as lessee or lessor) any property or services primarily for the purpose of enabling the debtor to make payment of such indebtedness or to assure the owner of the indebtedness against loss, or to advance or supply funds to or to invest in any other manner in the debtor, whether through purchasing stock, making a loan, advance or capital contribution or by means of agreeing to maintain or cause such debtor to maintain a minimum working capital or net worth, or otherwise (but excluding endorsements for collection or deposit in the ordinary course of business); (e) all liabilities secured by any lien on any property owned by the Corporation, to the extent attributable to such entity's interest in such property, even though the Corporation has not assumed or become liable for the payment thereof; and (f) obligations of the Corporation under all leases which have been or should be capitalized in accordance with Generally Accepted Accounting Principles as in effect from time to time, including Statement No. 13 of the Financial Accounting Standards Board and any successor thereof.

Rights Upon an Event of Default. Upon the occurrence of an event of default under the Reimbursement Agreement, and at any time thereafter unless and until such event of default has been waived by the Initial Credit Provider or cured to the satisfaction of the Initial Credit Provider, the Initial Credit Provider shall be entitled to take any of the following actions without prejudice to the rights of the Initial Credit Provider to enforce its claims against the Corporation except as otherwise specifically provided for in the Reimbursement Agreement:

(a) Declare all unreimbursed drawings in respect of the Initial Credit Facility and any and all other indebtedness or obligations of any and every kind owing by the Corporation to the Initial Credit Provider under the Reimbursement Agreement to be due, whereupon the same shall be immediately due and payable without presentment, demand, protest or other notice of any kind, all of which are waived by the Corporation in the Reimbursement Agreement.

(b) Enforce any and all rights and interests created and existing under the Reimbursement Agreement or under any of the other Related Documents and all rights of set-off.

(c) The Initial Credit Provider may, at its option, notify the Trustee to draw on the Initial Credit Facility in accordance with the provisions of the Indenture and to accelerate the Bonds or to direct a mandatory tender of the Bonds, as provided in the Indenture.

No remedy conferred upon or reserved to the Initial Credit Provider in the Reimbursement Agreement is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under the Reimbursement Agreement, under the Loan Agreement, the Indenture or the other Related Documents, or now or hereafter existing at law or in equity or by statute.

INTEREST RATE SWAP AGREEMENT

The Corporation expects to (but is not obligated to) enter into an interest rate swap pursuant to an agreement (the "Swap Agreement") with a financial institution (which may be Bank of America, N.A.) (the "Swap Provider") in connection with the issuance of the Bonds. The Swap Agreement is expected to provide, in general, that the Corporation will pay to such Swap Provider an amount based on the interest accruing at a fixed rate of interest on an amount equal to the principal amount of the outstanding Bonds covered by the Swap Agreement and that the Swap Provider will pay to the Corporation an amount based on the interest accruing at a variable rate of interest on an amount equal to the principal amount of the outstanding Bonds covered by the Swap Agreement. Any arrangements made in respect of the Swap Agreement will not alter the Corporation's obligation to pay the principal of, premium, if any, and interest on the Bonds.

Under certain circumstances (including certain events of default with respect to the Corporation or the Swap Provider), the Swap Agreement, if entered into, would provide for termination in whole or in part prior to the maturity of the Bonds. Following any termination of the Swap Agreement, either the Corporation or the Swap Provider, as applicable, may owe a termination payment to the other, depending upon market conditions and the events that caused the Swap Agreement to terminate. Under certain conditions, the Corporation could owe a termination payment to the Swap Provider and such termination payment could be substantial.

THE CORPORATION

Founded in 1872, the Corporation has grown to become one of the largest single-campus alumni membership associations in the world. For 132 years, the Corporation has enriched the lives of University of California, Berkeley (the "University") graduates by providing an avenue for rewarding connections to the University, fellow alumni, and current students. The Corporation develops, coordinates and manages a variety of programs and services for its members.

THE AUTHORITY

The Authority is a joint exercise of powers authority duly organized and existing under the laws of the State of California. The Authority was formed pursuant to the terms of a Joint Powers Agreement, dated as of April 1, 1990, as amended as of September 18, 1990 and June 9, 1992, and the Joint Exercise of Powers Act of the State (constituting Chapter 5, commencing with Section 6500, of Division 7 of Title 1 of the California Government Code) (the "Act"), in order to assist nonprofit corporations and other entities to obtain financing for projects located within the several jurisdictions of Authority members with purposes serving the public interest.

THE BONDS ARE SPECIAL OBLIGATIONS OF THE AUTHORITY, PAYABLE SOLELY FROM AND SECURED BY THE PLEDGE OF REVENUES PURSUANT TO THE INDENTURE. NEITHER THE AUTHORITY, THE ASSOCIATION OF BAY AREA GOVERNMENTS ("ABAG") OR THE MEMBERS OF THE AUTHORITY OR ABAG SHALL BE DIRECTLY OR INDIRECTLY OR CONTINGENTLY OR MORALLY OBLIGATED TO USE ANY OTHER MONEYS OR ASSETS OF THE

AUTHORITY, ABAG OR ANY OF ITS MEMBERS TO PAY ALL OR ANY PORTION OF DEBT SERVICE DUE ON THE BONDS. THE BONDS AND THE OBLIGATION TO PAY PRINCIPAL OR PURCHASE PRICE OF AND INTEREST THEREON AND ANY REDEMPTION PREMIUM WITH RESPECT THERETO DO NOT CONSTITUTE AN INDEBTEDNESS OR AN OBLIGATION OF THE AUTHORITY OR ABAG, THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION THEREOF, WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION, OR A CHARGE AGAINST THE GENERAL CREDIT OR TAXING POWERS OF ANY OF THEM, BUT SHALL BE PAYABLE SOLELY FROM THE REVENUES DESCRIBED HEREIN. NO OWNER OF THE BONDS SHALL HAVE THE RIGHT TO COMPEL THE EXERCISE OF THE TAXING POWER OF THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION THEREOF TO PAY ANY PRINCIPAL OF, PURCHASE PRICE, REDEMPTION PREMIUM, IF ANY, OR INTEREST ON THE BONDS. NEITHER THE AUTHORITY NOR ABAG HAS ANY TAXING POWER.

ABSENCE OF MATERIAL LITIGATION

The Authority

There is no litigation of any nature now pending, with service of process having been effected, or, to the best knowledge of the Authority threatened against the Authority which seeks to restrain or enjoin the sale or issuance of the Bonds or which in any way contests or affects the validity of the Bonds or any proceedings of the Authority taken with respect to the issuance or sale thereof, or the pledge or application of any moneys or security provided for the payment of the Bonds, the use of the Bonds proceeds or the existence or powers of the Authority relating to the issuance of the Bonds.

The Corporation

There is no litigation of any nature now pending or threatened against the Corporation which seeks to restrain or enjoin the issuance or the sale of the Bonds or which in any way contests or affects the validity of the Bonds or any proceedings of the Corporation taken with respect to the issuance or sale thereof, or the pledge or application of any moneys or security provided for the payment of the Bonds, the use of the Bond proceeds or the existence or powers of the Corporation relating to the Bonds.

RATINGS

Moody's has assigned the Bonds a long-term rating of "Aa1" and a short-term rating of "VMIG 1" with the understanding that upon delivery of the Bonds, the Initial Credit Facility will be executed and delivered to the Trustee by the Initial Credit Provider. Any explanation of the significance of such rating may only be obtained from Moody's. There is no assurance that such ratings will remain in effect for any given period of time or that such ratings might not be lowered or withdrawn entirely, if in the judgment of Moody's, circumstances so warrant. The Authority, the Corporation and the Underwriter have not undertaken any responsibility to bring to the attention of the Bondholders any proposed change in or withdrawal of a rating or to

oppose any such proposed revision or withdrawal. Any such downward change in or withdrawal of a rating may have an adverse effect on the market price or marketability of the Bonds.

UNDERWRITING

The Authority and the Corporation have entered into a purchase contract with Banc of America Securities LLC, as Underwriter, pursuant to which the Underwriter has agreed, subject to certain conditions, to purchase the Bonds from the Authority. The Underwriter has agreed to purchase the Bonds from the Authority at a purchase price equal to the principal amount of the Bonds less an Underwriter's discount of \$100,000. The Underwriter is obligated under the purchase contract to purchase all of the Bonds if any are purchased.

APPROVAL OF LEGALITY

Certain legal matters incident to the issuance of the Bonds are subject to the approving opinion of Hawkins Delafield & Wood LLP, San Francisco, California, Bond Counsel. A complete copy of the proposed form of Bond Counsel opinion is contained in Appendix C hereto. Certain other legal matters will be passed upon for the Underwriter by its counsel, Orrick, Herrington & Sutcliffe LLP, San Francisco, California, for the Authority by Nixon Peabody LLP, San Francisco, California, for the Corporation by its counsel, Reed Smith LLP, San Francisco, California, and for the Initial Credit Provider by its counsel, Frandzel Robins Bloom & Csato, L.C., Los Angeles, California. Counsel to the Authority undertakes no responsibility for the accuracy, completeness or fairness of this Official Statement.

TAX MATTERS

Opinion of Bond Counsel

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the Authority in connection with the issuance of the Bonds, under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, interest on the Bonds is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). Interest on the Bonds is not treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code; such interest, however, is included in the adjusted current earnings of certain corporations for purposes of calculating the alternative minimum tax imposed on such corporations. In rendering its opinion, Bond Counsel has relied on certain representations, certifications of fact, and statements of reasonable expectations made by the Authority and the Corporation and others in connection with the Bonds, and Bond Counsel has assumed compliance by the Authority and the Corporation with certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the Bonds from gross income under Section 103 of the Code.

In addition, in the opinion of Bond Counsel to the Authority in connection with the issuance of the Bonds, under existing statutes, interest on the Bonds is exempt from personal income taxes imposed by the State of California.

Bond Counsel expresses no opinion regarding any other Federal or state tax consequences with respect to the Bonds. Bond Counsel renders its opinion under existing statutes and court decisions as of the issue date, and assumes no obligation to update its opinion after the issue date to reflect any future action, fact or circumstance, or change in law or interpretation, or otherwise. Bond Counsel expresses no opinion on the effect of any action hereafter taken or not taken in reliance upon an opinion of other counsel on the exclusion from gross income for Federal income tax purposes of interest on the Bonds.

Certain Ongoing Federal Tax Requirements and Covenants

The Code establishes certain significant ongoing requirements that must be met subsequent to the issuance and delivery of the Bonds in order that interest on the Bonds be and remain excluded from gross income under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to use and expenditure of gross proceeds of the Bonds, yield and other restrictions on investments of gross proceeds, and the arbitrage rebate requirement that certain excess earnings on gross proceeds be rebated to the Federal government. Noncompliance with such requirements may cause interest on the Bonds to become included in gross income for Federal income tax purposes retroactive to their issue date, irrespective of the date on which such noncompliance occurs or is discovered. The Authority and the Corporation have covenanted to comply with certain applicable requirements of the Code to assure the exclusion of interest on the Bonds from gross income under Section 103 of the Code.

Certain Collateral Federal Tax Consequences

The following is a brief discussion of certain collateral Federal income tax matters with respect to the Bonds. It does not purport to deal with all aspects of Federal taxation that may be relevant to a particular owner of a Bond. Prospective investors, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the Federal tax consequences of owning and disposing of the Bonds.

Prospective owners of the Bonds should be aware that the ownership of such obligations may result in collateral Federal income tax consequences to various categories of persons, such as corporations (including S corporations and foreign corporations), financial institutions, property and casualty and life insurance companies, individual recipients of Social Security and railroad retirement benefits, individuals otherwise eligible for the earned income tax credit, and taxpayers deemed to have incurred or continued indebtedness to purchase or carry obligations the interest on which is not included in gross income for Federal income tax purposes. Interest on the Bonds may be taken into account in determining the tax liability of foreign corporations subject to the branch profits tax imposed by Section 884 of the Code.

Legislation

Legislation affecting municipal bonds is regularly under consideration by the United States Congress. There can be no assurance that legislation enacted or proposed after the date of issuance of the Bonds will not have an adverse effect on the tax exempt status or market price of the Bonds.

ENFORCEABILITY OF REMEDIES

The remedies available to the Trustee or the Bondholders upon an Event of Default under the Indenture or Loan Agreement are in many respects dependent upon judicial actions which are often subject to discretion and delay, and such remedies may not be readily available or may be limited. In particular, under the United States Bankruptcy Code, a bankruptcy case may be filed by the Authority, by or against the Corporation or by or against any of their affiliates. In general, the filing of any such petition operates as a stay against enforcement of the terms of the agreements to which the bankrupt entity is a party. The various legal opinions to be delivered concurrently with the Bonds (including Bond Counsel's approving opinion) will be qualified, as to the enforceability of the various legal instruments, by limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally and by general principles of equity applied in the exercise of judicial discretion.

CONTINUING DISCLOSURE

The Authority has determined that no financial or operating data concerning the Authority is material to an evaluation of the offering of the Bonds or to any decision to purchase, hold or sell Bonds and the Authority will not provide any such information. The Corporation has undertaken all responsibilities for any continuing disclosure to Bondholders as described below, and the Authority shall have no liability to the Holders of the Bonds or any other person with respect to Rule 15c2-12 promulgated by the Securities and Exchange Commission (the "Rule").

The Corporation has not undertaken any initial continuing disclosure obligations with respect to the Bonds. Under the Loan Agreement, the Corporation has agreed to comply with the continuing disclosure requirements of the Rule for the Bonds whenever a Term Interest Rate Period of longer than nine months is in effect or if otherwise required by the Rule.

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MISCELLANEOUS

All quotations from and summaries and explanations of the Indenture, the Loan Agreement, the Initial Credit Facility and the Reimbursement Agreement and of other documents and of statutes contained herein do not purport to be complete, and reference is made to said documents and statutes for full and complete statements of their provisions. A copy of the Indenture, the Loan Agreement, the Initial Credit Facility and the Reimbursement Agreement may be obtained upon request directed to the Trustee or the Corporation.

Any statements in this Official Statement involving matters of opinion are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the Authority or the Corporation and Holders of any of the Bonds.

Execution of this Official Statement by the Chief Financial Officer of the Authority has been duly authorized by the Authority.

ABAG FINANCE AUTHORITY FOR NONPROFIT CORPORATIONS

By: /s/ Joseph K. Chan
Chief Financial Officer

The execution and delivery of this Official Statement by the Executive Director and Secretary of the Corporation has been duly authorized by the Corporation.

CALIFORNIA ALUMNI ASSOCIATION

By: /s/ Randall O. Parent
Randall O. Parent
Executive Director and Secretary

APPENDIX A

BOOK-ENTRY SYSTEM

THE INFORMATION HEREIN CONCERNING DTC AND DTC'S BOOK-ENTRY SYSTEM HAS BEEN OBTAINED FROM SOURCES THAT THE AUTHORITY, THE CORPORATION, THE TRUSTEE AND THE UNDERWRITER BELIEVE TO BE RELIABLE, BUT THE AUTHORITY, THE CORPORATION, THE TRUSTEE AND THE UNDERWRITER TAKE NO RESPONSIBILITY FOR THE ACCURACY THEREOF. BENEFICIAL OWNERS SHOULD CONFIRM THE FOLLOWING INFORMATION WITH DTC OR THE DTC PARTICIPANTS (AS DEFINED HEREIN).

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond will be issued for the Bonds, in the aggregate principal amount of the Bonds, and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instruments from over 85 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation Government Securities Clearing Corporation, MBS Clearing Corporation, and Emerging Markets Clearing Corporation (NSCC, GSCC, MBSCC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for such Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the security documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners, in the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, Purchase Price, premium, if any, and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds

and corresponding detail information from the Authority or the Trustee on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the Trustee, or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, Purchase Price, premium, if any, and interest on the Bonds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

A Beneficial Owner shall give notice to elect to have its Bonds purchased or tendered, through its Participant, to the Remarketing Agent, and shall effect delivery of such Bonds by causing the Direct Participant to transfer the Participant's interest in the Bonds, on DTC's records, to the Remarketing Agent. The requirement for physical delivery of Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Bonds to the Remarketing Agent's DTC account.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the Authority or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, Security certificates are required to be printed and delivered.

The Authority may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Authority, the Corporation, the Trustee and the Underwriter believe to be reliable, but the Authority, the Corporation, the Trustee and the Underwriter take no responsibility for the accuracy thereof.

APPENDIX B

SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL LEGAL DOCUMENTS

The following is a summary of certain provisions of the Indenture and the Loan Agreement. These summaries do not purport to be complete or definitive and reference should be made to such documents for a full and complete statement of their provisions.

DEFINITIONS

"Act" means the Joint Exercise of Powers Act, constituting Articles 1 through 4 of Chapter 5 of Division 7 of Title 1 (commencing with Section 6500) of the Government Code of the State.

"Additional Payments" means the payments to be made by the Corporation to the Authority or the Trustee pursuant to the Loan Agreement.

"Alternate Credit Facility" means any letter of credit, guarantee, insurance policy or other credit support arrangement, or any combination thereof, provided by the Corporation with respect to the Bonds pursuant to the Indenture and the Loan Agreement.

"Approving Opinion" means an Opinion of Bond Counsel to the effect that an action being taken (a) is authorized by the applicable provisions of this Indenture, and (b) will not, in and of itself, adversely affect the Tax-Exempt status of interest on the Bonds.

"Authorized Denomination" means (a) with respect to Bonds during any Weekly Rate Period or Term Interest Rate Period of less than one year, \$100,000 or any multiple of \$5,000 in excess thereof; and (b) with respect to Bonds during any Term Interest Rate Period of one year or more, \$5,000 or any integral multiple in excess thereof.

"Available Amounts" means (a) during any period in which Outstanding Bonds are secured by a Credit Facility, (i) funds received by the Trustee pursuant to any Credit Facility; (ii) moneys which have been continuously on deposit with the Trustee (A) held in any separate and segregated fund, account or subaccount established under the Indenture in which no other moneys which are not Available Amounts are held, and (B) which have so been on deposit with the Trustee for at least 123 consecutive days from their receipt by the Trustee and not commingled with any moneys so held for less than said period and during and prior to which period, and as of the date of the application thereof to the payment of Bonds, no Act of Bankruptcy of the Corporation or the Authority has occurred; (iii) proceeds from the issuance and sale or remarketing of bonds, notes or other evidences of indebtedness of the Authority received by the Trustee directly and contemporaneously with the issuance and sale or remarketing of such bonds, notes or other evidences of indebtedness if there is delivered to the Trustee at the time such moneys are deposited with the Trustee an Opinion of Counsel (which may assume that no Holder of Bonds is an "insider" within the meaning of the Bankruptcy Code) from a firm experienced in bankruptcy matters to the effect that the use of such moneys to pay amounts due on the Bonds would not be recoverable from the Bondholders pursuant to Section 550 of the Bankruptcy Code as avoidable preferential payments under Section 547 of the Bankruptcy Code in the event of the occurrence of an Act of Bankruptcy of the Corporation or the Authority; (iv) any other moneys if there is delivered to the Trustee with respect to such moneys an Opinion of Counsel as described in (iii) above; or (v) proceeds of the investment of funds qualifying as Available Amounts under the foregoing clauses; and (b) during any period in which Outstanding Bonds are not secured by a Credit Facility, any moneys deposited with the Trustee.

"Beneficial Owner" means, with respect to any Book-Entry Bond, the beneficial owner of such Bond as determined in accordance with the applicable rules of the Securities Depository for the Bonds.

"Business Day" means any day other than a Saturday, Sunday, legal holiday or a day on which banks located in New York, New York and the cities in which the Principal Offices of the Remarketing Agent, the Trustee and the Credit Provider, if any, are located, are not required or authorized to be closed and on which the New York Stock Exchange is not closed.

"Calendar Week" means the period of seven (7) days from and including Thursday of any week to and including Wednesday of the next following week; provided, however, that the initial Calendar Week with respect to each Weekly Interest Rate Period shall commence on the first day of such Weekly Interest Rate Period and shall end on the next succeeding Wednesday; and provided further that the final Calendar Week with respect to each Weekly Interest Rate Period shall commence on the Thursday immediately preceding the last day of such Weekly Interest Rate Period and shall end on the last day of such Weekly Interest Rate Period.

"Code" means the Internal Revenue Code of 1986, as amended.

"Completion Date" means the date of completion of the last portion of the Project as that date shall be certified as provided in the Loan Agreement.

"Conversion" or "Convert" means the adjustment of the rate borne by the Bonds from a Weekly Interest Rate to a Term Interest Rate, from a Term Interest Rate to a Weekly Interest Rate or from a Term Interest Rate for one Term Interest Rate Period to a Term Interest Rate for another Term Interest Rate Period.

"Conversion Date" means the date on which the Interest Rate Period for the Bonds is changed, or the date of a change of the Interest Rate Period for the Bonds specified in a notice given pursuant to the Indenture.

"Costs" means, with respect to the Project, the sum of the items, or any such item, of the cost of the acquisition, design, construction, reconstruction, improvement, renovation, installation, furnishing and/or equipping of the Project authorized to be paid with Bond proceeds pursuant to the provisions of the Act and the Loan Agreement, including the reimbursement to the Corporation of amounts expended for such costs to the extent permitted by the Tax Regulatory Agreement, but shall not include any Costs of Issuance.

"Costs of Issuance" means all items of expense directly or indirectly payable by or reimbursable to the Corporation and related to the authorization, issuance, sale and delivery of the Bonds, including but not limited to costs of preparation and reproduction of documents, fees and expenses of the Authority, initial fees and charges of the Trustee, legal fees and charges, including fees and charges of counsel to the Authority, the Trustee, the Initial Credit Provider, the Underwriter and Bond Counsel, fees and disbursements of consultants and professionals, rating agency fees, and any other cost, charge or fee in connection with the original issuance of the Bonds which constitutes a "cost of issuance" within the meaning of Section 147(g) of the Code.

"Credit Agreement" means, with respect to any Credit Facility, the agreement or agreements between the Corporation and the applicable Credit Provider, as originally executed or as it or they may from time to time be replaced, supplemented or amended in accordance with the provisions thereof, providing for the issuance of the Credit Facility and the reimbursement of the Credit Provider for

payments thereunder, together with any related pledge agreement, security agreement or other security document. A Credit Facility and the related Credit Agreement may be a single document.

"Credit Facility" means, as of any time, the Initial Credit Facility or any Alternate Credit Facility, as applicable, then securing the Bonds.

"Credit Provider" means, with respect to a Credit Facility, the bank or other financial institution issuing the Credit Facility or otherwise obligated under the Credit Facility to provide amounts to pay the principal and/or Purchase Price of, and/or interest on, the Bonds.

"Credit Provider Bond" means any Bond acquired with moneys in the Credit Facility Purchase Account pursuant to the Indenture until such Bond is remarketed and the Credit Facility has been fully reinstated as provided in the Indenture or shall not be considered a Credit Provider Bond in accordance with the Credit Agreement.

"Event of Default" as used with respect to the Indenture has the meaning specified in the Indenture, and as used with respect to the Loan Agreement has the meaning specified thereof.

"Facilities" means all of the property constituting certain facilities on United States Forest Service land located near Pinecrest, California, 95364, commonly referred to as Camp Oski, Camp Blue and Camp Gold (and also known as the Lair of the Golden Bear), as the same may be improved from time to time.

"Fitch" means Fitch Ratings, its successors and their assigns, and, if such entity shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "Fitch" shall be deemed to refer to any other nationally recognized securities rating agency (other than S&P or Moody's) designated by the Corporation, with the approval of the Authority, by notice to the Credit Provider, the Trustee and the Remarketing Agent.

"Holder" or "Bondholder" means the registered owner of any Bond.

"Initial Credit Facility" means the irrevocable direct pay letter of credit issued by the Initial Credit Provider with respect to the Bonds.

"Initial Credit Provider" means Bank of America, N.A., as the issuer of the Initial Credit Facility.

"Interest Payment Date" means (i) with respect to each Credit Provider Bond, each date for the payment of interest thereon set forth in the applicable Credit Agreement; (ii) with respect to each Bond bearing interest at a Weekly Interest Rate, the first Business Day of each calendar month, (iii) with respect to each Bond bearing interest at a Term Interest Rate for a Term Interest Rate Period of less than one year, the day immediately succeeding the last day of such Term Interest Rate Period, and (iv) with respect to any Term Interest Rate Period of one year or longer, each Semi-Annual Interest Payment Date during such Term Interest Rate Period and the day immediately succeeding the last day of such Term Interest Rate Period.

"Interest Period" means the period from and including any Interest Payment Date to and including the day immediately preceding the next following Interest Payment Date, except that the first Interest Period shall be the period from and including the date of the first authentication and delivery of the Bonds to and including the day immediately preceding the first Interest Payment Date relating to the Bonds.

"Interest Rate Period" means either a Weekly Interest Rate Period or a Term Interest Rate Period.

"Investment Securities" means any of the following if and to the extent that the following are at the time legal investments under the laws of the State of California for moneys held under the Indenture and then proposed to be invested therein and shall be the sole investments in which amounts on deposit in any fund or account created under the Indenture shall be invested:

(a) Cash deposits (insured at all times by the Federal Deposit Insurance Corporation or otherwise collateralized with obligations described in paragraphs (b), (c) or (d)).

(b) Direct obligations (including obligations issued or held in book entry form on the books of the Department of Treasury) of the United States of America.

(c) Obligations of any federal agency or federally sponsored entity which obligations are guaranteed by the full faith and credit of the United States of America, including but not limited to the following:

- (i) Export-Import Bank
- (ii) Rural Economic Community Development Administration (formerly the Farmers Home Administration)
- (iii) Federal Financing Bank
- (iv) General Services Administration
- (v) U.S. Maritime Administration
- (vi) U.S. Department of Housing and Urban Development
- (vii) Small Business Administration
- (viii) Government National Mortgage Association
- (ix) Federal Housing Administration
- (x) Farm Credit System Financial Assistance Corporation
- (xi) The guaranteed interest on obligations issued by the Resolution Trust Corporation.

(d) Direct obligations of any federal agency or federally sponsored entity which are not fully guaranteed by the full faith and credit of the United States of America, including but not limited to the following:

- (i) Federal National Mortgage Association
- (ii) Federal Home Loan Mortgage Corporation
- (iii) Federal Home Loan Bank System
- (iv) The principal component of obligations issued by the Resolution Trust Corporation

(v) Student Loan Marketing Corporation.

(e) Commercial paper which is rated at the time of purchase in the highest short-term rating category (without regard to qualifier, "A-1" by S&P, "P-1" by Moody's and "F-1" by Fitch) of at least one nationally recognized rating agency and which matures not more than 270 days after the date of purchase.

(f) U.S. dollar denominated deposit accounts, federal funds and bankers' acceptances with domestic commercial banks (including the Trustee and its affiliates) which either (i) have a rating on their short-term certificates of deposit on the date of purchase in one of the two highest short-term rating categories (without regard to qualifier) of at least two nationally recognized rating agencies, (ii) are insured at all times by the Federal Deposit Insurance Corporation, or (iii) are collateralized with direct obligations of the United States of America at 102% valued daily. All such certificates must mature no more than 365 days after the date of purchase.

(g) Investments in money market funds rated in the highest short-term rating category for money market funds (without regard to qualifier) of at least one nationally recognized rating agency including funds for which the Trustee and its affiliates provide investment advisory or other management services.

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

(i) which are rated, based on an irrevocable escrow account or fund (the "escrow"), in the highest long-term rating category (without regard to qualifier) of at least two nationally recognized rating agencies; or

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

(B) which escrow is sufficient, as verified by an Accountant's Certificate, to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this paragraph on the maturity date or dates thereof or the redemption date or dates specified pursuant to such irrevocable instructions, as appropriate.

(i) General obligations of states with a short-term rating in one of the two highest rating categories (without regard to qualifiers) and a long-term rating in one of the two highest rating categories (without regard to qualifiers) of at least two nationally recognized rating agencies. In the event such obligations are variable rate obligations, the interest rate on such obligations must be reset not less frequently than annually.

(j) Repurchase agreements with any commercial bank, which has a long-term, unsecured rating of "A" or better by S&P and A2 or better by Moody's, provided that (i) the term of such repurchase agreement is not greater than thirty years, (ii) the Trustee or third party acting solely as agent for the Trustee has possession of the collateral, (iii) the collateral is valued weekly and the market value

of the collateral is maintained at an amount equal to at least 102% for those securities defined in paragraphs (b) and (c) above and 104% for those securities defined in paragraph (d) above of the amount of cash transferred by the Trustee to the commercial bank under the repurchase agreement plus interest, (iv) failure to maintain the requisite collateral levels will permit the Trustee to liquidate the collateral immediately, (v) the repurchase securities are free and clear of any third-party lien or claim; and (vi) in the case of PSA Master Repurchase Agreements, there shall have been delivered to the Trustee, the Authority and the Corporation an Opinion of Counsel to the effect that such repurchase agreement meets all guidelines under State law for legal investment of the funds to be invested.

(k) Investment agreements, including guaranteed investment contracts ("GICs"), forward purchase agreements and reserve fund put agreements.

(l) The Short-Term Interest Pool of the Office of the Treasurer of the Regents of the University of California.

(m) Any other investments approved in writing by the Authority and the Credit Provider.

"Issue Date" means, with respect to the Bonds, the date on which the Bonds are first delivered to the purchasers thereof.

"Mandatory Tender Bonds" has the meaning specified in the Indenture.

"Maximum Interest Rate" means (a) while a Credit Facility is in effect with respect to the Bonds, the rate of interest specified in such Credit Facility which is used to determine the amount available under such Credit Facility for payment of interest due and payable to Holders of the Bonds, but in no event greater than 12% per annum, and (b) at all other times, 12% per annum; provided, however, "Maximum Interest Rate" with respect to Credit Provider Bonds means the maximum rate of interest allowed by law, if any.

"Moody's" means Moody's Investors Service, Inc., a corporation organized and existing under the laws of the State of Delaware, its successors and assigns and, if such entity shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "Moody's" shall be deemed to refer to any other nationally recognized securities rating agency (other than S&P or Fitch) designated by the Corporation, with the approval of the Authority, by notice to the Credit Provider, the Trustee and the Remarketing Agent.

"Outstanding," when used as of any particular time with reference to the Bonds (subject to the provisions of the Indenture, means all Bonds theretofore authenticated and delivered by the Trustee under the Indenture except:

- (a) Bonds theretofore cancelled by the Trustee or surrendered to the Trustee for cancellation;
- (b) Bonds in lieu of or in substitution for which other Bonds shall have been authenticated and delivered by the Trustee pursuant to the terms of the Indenture;
- (c) Bonds with respect to which the liability of the Authority has been discharged to the extent provided in, and pursuant to the requirements of, the Indenture; and
- (d) Bonds deemed purchased pursuant to the Indenture.

"Principal Office" (i) of the Trustee means the principal corporate trust office of the Trustee designated in writing to the Authority, the Credit Provider and the Corporation, which initially shall be located in Los Angeles, California at the address set forth in the Indenture; provided that for purposes of payment, redemption, transfer, exchange, surrender and cancellation of Bonds only, such term means the office or agency of the Trustee at which, at any particular time, its corporate trust agency business shall be conducted; (ii) of the Remarketing Agent means its office designated in writing to the Authority, the Trustee, the Credit Provider and the Corporation; (iii) of the Initial Credit Provider means for purposes other than drawing on the Initial Credit Facility, the offices of the Oakland Main Office, or such other office of the Credit Provider, designated in writing to the Authority, the Trustee and the Corporation and for purposes of drawing on the Initial Credit Facility, the offices located in Los Angeles, California, or such other office of the Credit Provider, designated in writing to the Authority, the Trustee and the Corporation; and (iv) of any subsequent Credit Provider means its office located at such address as such Credit Provider shall designate in writing to the Authority, the Trustee and the Corporation.

"Purchase Date" means any date on which any Bond is required to be purchased pursuant to the Indenture.

"Purchase Price" means an amount equal to 100% of the principal amount of any Bond (or the portion thereof) tendered or deemed tendered to the Trustee for purchase pursuant to the Indenture, plus accrued and unpaid interest thereon to but not including the date of purchase; provided, however, if the Purchase Date occurs after the Record Date applicable to the interest accrued on such Bond from the last occurring Interest Payment Date, then the Purchase Price shall not include accrued and unpaid interest, which shall be paid to the Holder of record on the applicable Record Date.

"Rating Agency" means Moody's to the extent it is then providing or maintaining a rating on the Bonds at the request of the Corporation, or in the event that Moody's no longer maintains such a rating on the Bonds, Fitch, S&P or, if approved by the Authority, any other nationally recognized rating agency, in each case then providing or maintaining a rating on the Bonds at the request of the Corporation.

"Rebate Requirement" has the meaning assigned to such term in the Tax Regulatory Agreement.

"Record Date" means (i) with respect to each Interest Payment Date described in clause (i) of the definition of "Interest Payment Date," such Interest Payment Date; (ii) with respect to each Interest Payment Date described in clause (ii) or clause (iii) of the definition of "Interest Payment Date," the Business Day immediately preceding the applicable Interest Payment Date; and (iii) with respect to each Interest Payment Date described in clause (iv) of the definition of "Interest Payment Date," whether or not a Business Day, the fifteenth day of the month prior to the applicable Interest Payment Date.

"Repayment Installment" means any amount that the Corporation is required to pay to the Trustee pursuant to the Loan Agreement.

"Revenues" means all payments received by the Authority or the Trustee pursuant or with respect to the Loan Agreement (except any such payments made pursuant or with respect to the Loan Agreement) or a Credit Facility, including, without limiting the generality of the foregoing, Repayment Installments (including both timely and delinquent payments), prepayments and all income derived from the investment of any moneys in any fund or account established pursuant to the Indenture, but not including amounts, including investment income, received for or on deposit in the Rebate Fund or the Bond Purchase Fund.

"S&P" means Standard & Poor's Ratings Services, its successors and their assigns, and, if such entity shall be dissolved or liquidated or shall no longer perform the functions of a securities rating

agency, "S&P" shall be deemed to refer to any other nationally recognized securities rating agency (other than Fitch or Moody's) designated by the Corporation, with the approval of the Authority, by notice to the Credit Provider, the Trustee and the Remarketing Agent.

"Semi-Annual Interest Payment Date" means April 1 and October 1.

"Tax Regulatory Agreement" means the Tax Regulatory Agreement relating to the Bonds, dated as of the Issue Date for the Bonds, by and between the Authority and the Corporation, as the same may be amended from time to time.

"Term Interest Rate" means a non-variable interest rate on the Bonds established for a Term Interest Rate Period in accordance with the Indenture.

"Term Interest Rate Period" means each period determined by the Corporation pursuant to the Indenture during which the Bonds bear interest at a Term Interest Rate; provided that each such period shall be for a term of approximately one month, approximately three months, approximately six months, approximately nine months, approximately one year or any multiple of approximately six months above one year in each case ending on a day preceding a Business Day; provided, however, that notwithstanding the foregoing any Term Interest Rate Period which ends on the day immediately preceding the maturity date of the Bonds may include a period of time from the Interest Payment Date immediately preceding the maturity date of the Bonds to the day immediately preceding the maturity date of the Bonds even if the time remaining to such day is not one of the periods specified above; and provided further that notwithstanding the foregoing any Term Interest Rate Period may end on the day immediately preceding the maturity date of the Bonds whether or not such maturity date is a Business Day.

"Variable Index" means an index selected by the Remarketing Agent which is a composite of bid-side yields of obligations (a) which (i) provide for a weekly adjustment of the interest rate, and (ii) which (A) must be purchased on demand of the owner thereof at any time upon notice of up to seven (7) days or (B) are payable in full not later than seven (7) days after the date of evaluation and (b) the interest on which is Tax-Exempt. If for any reason the Variable Index for any rate determination date cannot be established as provided above or is held to be invalid or unenforceable by a court of law, the Variable Index for such rate determination date shall be an index computed by the Remarketing Agent and shall be equal to 95% of the yield applicable to 91-day United States Treasury bills, such yield to be computed on the basis of the coupon equivalent of the average per annum discount rate at which such Treasury bills shall have been sold at the most recent Treasury auction conducted prior to such rate determination date.

"Weekly Interest Rate" means an interest rate on the Bonds established for a Calendar Week pursuant to the Indenture.

"Weekly Interest Rate Period" means each period during which the Bonds bear interest at Weekly Interest Rates.

"Yield" shall have the meaning ascribed to such term by Section 148(h) of the Code and the Treasury Regulations promulgated thereunder.

INDENTURE

The Indenture sets forth the terms of the Bonds, the nature and extent of the security, various rights of the Bondholders, rights duties and immunities of the Trustee and the rights and obligations of the Authority. Although certain provisions of the Indenture are summarized below, this summary does not

purport to be complete or definitive and is qualified in its entirety by reference to the full terms of the Indenture.

Construction Fund

Under the Indenture, the Trustee is required to establish the California Alumni Association Project Construction Fund (the "Construction Fund"). The Trustee will establish within the Construction Fund such accounts and subaccounts as are specified upon written direction from an Authorized Corporation Representative, and such additional accounts and subaccounts as may be necessary or convenient to carry out the purposes of the Tax Regulatory Agreement.

Before each payment is made from the Construction Fund (including any account established therein) by the Trustee, there shall be filed with the Trustee a requisition conforming with the requirements of the Loan Agreement, and in the form attached to the Indenture.

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, signed by an Authorized Corporation Representative, the Trustee shall pay the amount set forth therein as directed by the terms thereof.

Upon the receipt by the Trustee of a certificate conforming with the requirements of the Loan Agreement, and after payment of Costs payable from the Construction Fund or provision having been made for payment of such Costs not yet due by retaining sufficient amounts to pay such Costs in the Construction Fund or otherwise as directed in such certificate, the Trustee shall transfer any remaining balance in the Construction Fund into a separate account within the Bond Fund, which the Trustee shall establish and hold in trust, and which shall be entitled the "Surplus Account." Upon such transfer the Construction Fund shall be closed. The moneys in the Surplus Account shall be used and applied subject to the Indenture, at the written direction of the Corporation (unless some other application of such moneys is requested by the Corporation and there is delivered to the Trustee an Opinion of Bond Counsel to the effect that such application would not, in and of itself, adversely affect the Tax-Exempt status of interest on the Bonds) to the purchase for cancellation or redemption of Bonds as designated by an Authorized Corporation Representative in Authorized Denominations, to the maximum degree permissible, and at the earliest dates at which such Bonds can be purchased or redeemed pursuant to the Indenture. Notwithstanding the provisions in the Indenture regarding Investment of Moneys, the moneys in such Surplus Account shall be invested at the written instruction of the Corporation at a Yield no higher than the Yield on the Outstanding Bonds (unless there is delivered to the Trustee an Opinion of Bond Counsel to the effect that investment at a higher Yield would not, in and of itself, adversely affect the Tax-Exempt status of interest on the Bonds), and all such investment income shall be deposited in the Surplus Account and expended or reinvested as provided above.

In the event of redemption of all the Bonds pursuant to the Indenture or an Event of Default which causes acceleration of the Bonds, any moneys then remaining in the Construction Fund shall be transferred to the Surplus Account within the Bond Fund, and all moneys in the Bond Fund shall be used to pay or redeem Bonds.

Transfer and Exchange of Bonds

Registration of any Bond may, in accordance with the terms of the Indenture, be transferred, upon the Bond Register required to be kept pursuant to the provisions of the Indenture, by the Person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Bond for cancellation, accompanied by a written instrument of transfer in a form approved by the Trustee, duly

executed. Whenever any Bond shall be surrendered for registration of transfer, the Authority shall prepare and execute and the Trustee shall authenticate and deliver a new Bond or Bonds of the same tenor in Authorized Denominations. The Trustee shall require the payment by the Bondholder requesting such transfer of any tax or other governmental charge required to be paid with respect to such transfer, and there shall be no other charge to any Bondholders for any such transfer. The cost of printing Bonds and any services rendered or expenses incurred by the Trustee in connection with any transfer shall be paid by the Corporation. Except with respect to Bonds purchased pursuant to the Indenture, no registration of transfer of Bonds upon the Bond Register shall be required to be made during the period after any Record Date and prior to the related Interest Payment Date or during the period of fifteen (15) days next preceding the date on which the Trustee gives any notice of redemption, nor shall any registration of transfer of Bonds called for redemption be required.

Bonds may be exchanged at the Principal Office of the Trustee for a like aggregate principal amount of Bonds of the same tenor and in Authorized Denominations. Whenever any Bond shall be surrendered for exchange, the Authority shall prepare and execute and the Trustee shall authenticate and deliver new Bonds of the same tenor and of the requested Authorized Denominations. The Trustee shall require the payment by the Bondholder requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange, and there shall be no other charge to any Bondholders for any such exchange. The cost of printing Bonds and any services rendered or expenses incurred by the Trustee in connection with any exchange shall be paid by the Corporation. Except with respect to Bonds purchased pursuant to the Indenture, no exchange of Bonds shall be required to be made during the period after any Record Date and prior to the related Interest Payment Date or during the period of fifteen (15) days next preceding the date on which the Trustee gives notice of redemption, nor shall any exchange of Bonds called for redemption be required.

Pledge of Revenues and Credit Facility

(a) Subject only to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in the Indenture, all of the Revenues and all amounts, including the proceeds of the sale of the Bonds (but excluding any Additional Payments paid by the Corporation pursuant or with respect to the Loan Agreement) held in any fund or account established pursuant to the Indenture other than the Rebate Fund and the Bond Purchase Fund are irrevocably pledged, to the punctual payment of the principal of, premium, if any, and interest on the Bonds, and thereafter, to the extent provided in the Credit Agreement, to the payment of obligations due to the Credit Provider under such Credit Agreement. Subject only to the express provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in the Indenture, all amounts in the Bond Purchase Fund are irrevocably pledged to the punctual payment of the Purchase Price of the Bonds tendered or deemed tendered for purchase pursuant to the Indenture and thereafter, to the extent provided in the applicable Credit Agreement, to the payment of obligations due to the Credit Provider under such Credit Agreement. Said pledge shall constitute a first and exclusive lien on the Revenues and the amounts in such funds and accounts for the payment of the Bonds, and payment to the Credit Provider in accordance with the terms of the Indenture and of the applicable Credit Agreement to the extent of their interests therein. All Revenues and other amounts pledged under the Indenture shall be held in trust for the benefit of the Holders from time to time of the Bonds, but shall nevertheless be disbursed, allocated and applied solely for the uses and purposes set forth in the Indenture.

(b) The Authority transfers in trust, grants a security interest in, assigns and sets over to the Trustee, for the benefit of the Holders from time to time of the Bonds and the Credit Provider to the extent of its interest therein, all of the Revenues and the other amounts pledged in Subsection (a) above and all right, title and interest and privileges it has in and under the Loan Agreement, except (i) the Authority's rights to receive any notices under the Indenture or the Loan Agreement, (ii) the Authority's

right to receive and enforce its rights with respect to payments of fees, expenses and indemnification and certain other purposes under the Loan Agreement and (iii) the Authority's rights to give approvals or consents pursuant to the Loan Agreement, including, without limitation, the right to collect and receive directly all of the Revenues and the right to hold and enforce any security therefor; and any Revenues collected or received by the Authority shall be deemed to be held, and to have been collected or received, by the Authority as the agent of the Trustee, and shall forthwith be paid by the Authority to the Trustee. The assignment under the Indenture is to the Trustee solely in its capacity as Trustee under the Indenture and subject to the provisions of the Indenture and in taking or refraining from taking any action under the Loan Agreement pursuant to such assignment, the Trustee shall be entitled to the protections and limitations from liability afforded it as Trustee under the Indenture. The Trustee also shall be entitled to take all steps, actions and proceedings reasonably necessary in its judgment (1) to enforce the terms, covenants and conditions of, and preserve and protect the priority of its interest in and under, the Loan Agreement, any Credit Facility and any other security agreement with respect to the Project or the Bonds, and (2) to assure compliance with all covenants, agreements and conditions on the part of the Authority contained in the Indenture with respect to the Revenues.

(c) Each Credit Facility provided with respect to the Bonds is (to the extent the Authority has any interest therein) irrevocably pledged to the punctual payment of the principal and Purchase Price of, and interest on, the Bonds, and proceeds of any drawing on such Credit Facility shall not be used for any other purpose. Said pledge shall constitute a first and exclusive lien in favor of the Trustee for the benefit of the Holders of the Bonds of the Authority's interest, if any, in each Credit Facility and any payments thereunder for the payment of the principal and Purchase Price of, and interest on, the Bonds in accordance with the terms thereof. Each Credit Facility, if any, and any payments thereunder shall be held in trust for the benefit of the Holders from time to time of the Bonds, but shall nevertheless be disbursed, allocated and applied solely for the uses and purposes set forth in the Indenture.

(d) The Corporation may at its sole discretion from time to time deliver to the Trustee or the Authority such additional or other security to secure the payment of the principal of and interest and premium, if any, on, and Purchase Price of, the Bonds and any such additional or other security delivered by the Corporation shall be pledged to such payment, provided that the delivery of such additional or other security does not adversely affect the Tax-Exempt status of interest on the Bonds.

Bond Fund

(a) Upon the receipt thereof, the Trustee shall deposit all Revenues in the "ABAG Finance Authority for Nonprofit Corporations Variable Rate Demand Revenue Bonds (California Alumni Association Project) Series 2004 Bond Fund" (the "Bond Fund") which the Trustee shall establish and maintain and hold in trust, and which shall be disbursed and applied only as hereinafter authorized. Except as provided in the Indenture, moneys in the Bond Fund shall be used solely for the payment of the principal of and premium, if any, and interest on all the Bonds as the same shall become due, *pari passu*, whether at maturity, upon redemption or acceleration.

(b) The Trustee shall deposit in the Bond Fund from time to time, upon receipt thereof, all Repayment Installments received by the Trustee from the Corporation, subject to the Section entitled "Investment of Monies" below, any income received from the investment of moneys on deposit in the Bond Fund and any other Revenues; provided, however, that any prepayment of Repayment Installments received under the Agreement from or for the account of the Corporation shall be deposited in a special account in the Bond Fund established by the Trustee for the purposes of receipt and application of such prepayment, or in such other fund or account held by the Trustee for such purpose in accordance with the Indenture.

In making payments of principal of, premium, if any, and interest on the Bonds, the Trustee shall use any Revenues received by the Trustee.

The Trustee shall establish in the Bond Fund a special account designated as the "Credit Facility Account." The Trustee shall deposit in the Credit Facility Account in the Bond Fund from time to time, upon receipt thereof, all amounts received from demands under a Credit Facility (other than such amounts to be applied to the Purchase Price of Bonds tendered or deemed tendered for purchase under the Indenture which shall be deposited in the Credit Facility Purchase Account) and shall apply such amounts to the payment when due of the principal of and interest on the Bonds with respect to which such demand was made before using any other funds available in the Bond Fund for such purpose.

Except to the extent such moneys are required to be held for the payment of principal of, redemption premium, if any, or interest on the Bonds then due and payable or to effect the defeasance of Bonds pursuant to the Indenture, so long as no Event of Default exists under the Indenture, on the fifth day after each Interest Payment Date, the Trustee, unless otherwise instructed by the Corporation, shall return to the Corporation (free and clear of the pledge and lien of the Indenture) any moneys then on deposit in the Bond Fund or shall deposit such funds in the Rebate Fund if so instructed by the Corporation; provided, however, that no payment shall be made to the Corporation and such amounts shall be paid to the Credit Provider if and to the extent the Corporation has any obligations to a Credit Provider which are then due and payable, as certified by the Credit Provider to the Trustee.

Investment of Moneys

Any moneys in any of the funds and accounts to be established by the Trustee pursuant to the Indenture (other than the Bond Purchase Fund and the Credit Facility Account of the Bond Fund) shall be invested upon the written direction of the Corporation signed by an Authorized Corporation Representative (such direction to specify the particular investment to be made), by the Trustee in Investment Securities. In the absence of such written direction, the Trustee is directed to invest available moneys in Investment Securities described in paragraph (g) of the definition thereof. Moneys in any fund or account (other than the Bond Purchase Fund and the Credit Facility Account of the Bond Fund) shall be invested in Investment Securities with respect to which payments of principal thereof and interest thereon are scheduled to be paid or are otherwise payable (including Investment Securities payable at the option of the Holder) not later than the date on which such moneys will be required by the Trustee. For investment purposes only, the Trustee may commingle the funds and accounts established under the Indenture (other than the Bond Purchase Fund, the Credit Facility Account of the Bond Fund, the Rebate Fund and any fund or account established pursuant to the Indenture) but shall account for each separately.

Notwithstanding the foregoing provisions of the Indenture, any moneys held in the Bond Purchase Fund and any moneys constituting payments under any Credit Facility shall be held uninvested unless such moneys are invested in accordance with the Indenture to effect the defeasance of Bonds.

Any interest, profit or loss on any investments of moneys in any fund or account under the Indenture shall be credited or charged to the respective funds from which such investments are made. 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, and the Trustee shall not be liable or responsible for any loss, fee, tax or other charge resulting from any investment, reinvestment or liquidation under the Indenture. Unless otherwise directed by the Corporation, the Trustee may make any investment permitted under the Indenture through or with its own commercial banking or investment departments.

The Authority (and the Corporation by its execution of the Loan Agreement) acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the

Authority or the Corporation the right to receive brokerage confirmations of security transactions as they occur, the Authority and the Corporation specifically waive receipt of such confirmations to the extent permitted by law. The Trustee will furnish the Authority and the Corporation monthly cash transaction statements which include full and complete details for all investment transactions made by the Trustee under the Indenture.

The Trustee or any of its affiliates may act as sponsor, advisor or manager in connection with any investments made by the Trustee under the Indenture.

Arbitrage Covenants

The Authority covenants with all persons who hold or at any time held Bonds that the Authority will not directly or indirectly use the proceeds of any of the Bonds or any other funds of the Authority or permit the use of the proceeds of any of the Bonds or any other funds of the Authority or take or omit to take any other action which will cause any of the Bonds to be "arbitrage bonds" or to be otherwise subject to federal income taxation by reason of Sections 103 and 141 through 150 of the Code and any applicable regulations promulgated thereunder. To that end the Authority covenants to comply with all covenants set forth in the Tax Regulatory Agreement, which is incorporated in the Indenture by reference as though fully set forth in the Indenture.

Rebate Fund

(a) The Trustee shall establish a separate account for the Bonds designated the "Rebate Fund." Within the Rebate Fund, the Trustee shall maintain such other accounts as it is instructed by the Corporation as shall be necessary in order to comply with the terms and requirements of the Tax Regulatory Agreement. Absent an opinion of Bond Counsel that the exclusion from gross income for federal income tax purposes of interest on the Bonds will not be adversely affected, the Corporation shall cause to be deposited in the Rebate Fund such amounts as are required to be deposited therein pursuant to the Indenture and the Tax Regulatory Agreement. Subject to the transfer provisions provided in Subsections (c) and (h) below, all money at any time deposited in the Rebate Fund shall be held by the Trustee in trust for payment to the United States Treasury, and no other person shall have any rights in or claim to such money. All amounts on deposit in the Rebate Fund for the Bonds shall be governed by the Indenture and the Tax Regulatory Agreement for the Bonds, unless and to the extent that the Authority and the Corporation deliver to the Trustee an opinion of Bond Counsel that the exclusion from gross income for federal income tax purposes of interest on the Bonds will not be adversely affected if such requirements are not satisfied. The Trustee shall be deemed conclusively to have complied with such provisions if it follows the directions of the Corporation (or the Authority, as the case may be) including supplying all necessary information in the manner provided in the Tax Regulatory Agreement, shall not be required to take any actions thereunder, in the absence of written directions by the Corporation (or the Authority, as the case may be), and shall have no liability or responsibility to enforce compliance by the Corporation (or the Authority, as the case may be) with the terms of the Tax Regulatory Agreement. The Trustee shall have no responsibility to make any independent calculations or determinations or to review the Corporation's calculations under the Indenture.

(b) Prior to completion of the Project, within 45 days of the end of each Bond Year (as defined in the Tax Regulatory Agreement) and following completion of the Project, within 45 days of the end of each fifth Bond Year, the Corporation shall calculate or cause to be calculated the amount of rebatable arbitrage, in accordance with Section 148(f)(2) of the Code and Section 1.148-3 of the Treasury Regulations, for this purpose treating the last day of the applicable Bond Year as a computation date, within the meaning of Section 1.148-1(b) of the Treasury Regulations (the "Rebate Amount"). The Corporation shall not be required to calculate the Rebate Amount, and the Trustee shall not be required to

deposit any amount to the Rebate Fund in accordance with this Subsection (b), with respect to all or a portion of the proceeds of the Bonds (including amounts treated as proceeds of the Bonds) (i) to the extent such proceeds satisfy the expenditure requirements of Section 148(f)(4)(B) or Section 148(f)(4)(C) of the Code or Section 1.148-7(d) of the Regulations, whichever is applicable, and otherwise qualify for the exception to the Rebate Requirement pursuant to whichever of said Sections is applicable, (ii) to the extent such proceeds are subject to an election by the Corporation under Section 148(f)(4)(C)(vii) of the Code to pay a 1½% penalty in lieu of arbitrage rebate in the event any of the percentage expenditure requirements of Section 148(f)(4)(C) are not satisfied, or (iii) to the extent such proceeds qualify for the exception to arbitrage rebate under Section 148(f)(4)(A)(ii) of the Code for amounts in a "bona fide debt service fund." In such event, and with respect to such amounts, the Corporation shall provide written direction to the Trustee that the Trustee shall not be required to deposit any amount to the Rebate Fund in accordance with this Subsection (b). The Corporation shall obtain expert advice as to the Rebate Amount to comply with the Indenture.

(c) Within 55 days of the end of each fifth Bond Year, upon the written request of the Corporation an amount shall be deposited to the Rebate Fund by the Trustee from deposits by the Corporation from any Revenues legally available for such purpose (as specified by the Corporation in the aforesaid written request), if and to the extent required, so that the balance in the Rebate Fund shall equal the Rebate Amount so calculated in accordance with Subsection (b) above. In the event that immediately following the transfer required by the previous sentence, the amount then on deposit to the credit of the Rebate Fund exceeds the amount required to be on deposit therein, upon written request of the Corporation, the Trustee shall withdraw the excess from the Rebate Fund and then transfer the excess to or upon the direction of the Corporation.

(d) The Trustee shall pay, as directed by request of the Corporation to the United States Treasury, out of amounts in the Rebate Fund, subject to the exceptions contained in Subsection (b) above,

(i) not later than 60 days after the end of (x) the fifth Bond Year, and (y) each applicable fifth Bond Year thereafter, an amount that, together with all previous rebate payments, is equal to at least 90% of the Rebate Amount (calculated as of the end of such Bond Year) and all previous rebate payments; and

(ii) not later than 60 days after the payment of all the Bonds, an amount equal to 100% of the Rebate Amount calculated as of the date of such payment and any income attributable to the Rebate Amount determined to be due and payable, computed in accordance with Section 1.148-3 of the Treasury Regulations.

(e) In the event that, prior to the time of any payment required to be made from the Rebate Fund, the amount in the Rebate Fund is not sufficient to make such payment when such payment is due, the Corporation shall calculate or cause to be calculated the amount of such deficiency and deposit an amount equal to such deficiency prior to the time such payment is due.

(f) In the event that immediately following the calculation required by Subsection (b) above, but prior to any deposit made under said Subsection, the amount on deposit in the Rebate Fund exceeds the Rebate Amount calculated in accordance with said Subsection, upon written instructions from the Corporation, the Trustee shall withdraw the excess from the Rebate Fund and transfer such excess to or upon the direction of the Corporation.

(g) Any funds remaining in the Rebate Fund after redemption and payment in full of the Bonds and the payments described in Subsection (d) above being made may be withdrawn by the Trustee and remitted to the Corporation and utilized in any manner by the Corporation.

(h) Each payment required to be made pursuant to Subsection (d) shall be made to the Internal Revenue Service Center, Ogden, Utah 84201, on or before the date on which such payment is due, and shall be accompanied by Internal Revenue Service Form 8038-T, which shall be completed by the Corporation for execution by the Authority, or shall be made in such other manner as provided under the Code.

(i) Notwithstanding anything in the Indenture the contrary, the obligation to remit the Rebate Amount to the United States and to comply with the requirements of the Indenture, the Indenture and the Tax Regulatory Agreement shall survive the defeasance or payment in full of the Bonds.

(j) The Corporation shall retain records of all determinations made under the Indenture until six years after the complete retirement of the Bonds.

Events of Default; Acceleration - Waiver of Default

Each of the following events shall constitute an "Event of Default" under the Indenture:

(a) Failure to make payment of any installment of interest upon any Bond when such payment shall have become due and payable;

(b) Failure to make due and punctual payment of the principal of or premium, if any, on any Bond when such payment shall have become due and payable, whether at the stated maturity thereof, or upon proceedings for redemption thereof or upon the maturity thereof by declaration;

(c) The occurrence of an "Event of Default" under the Loan Agreement, as specified in the Loan Agreement;

(d) Default by the Authority in the performance or observance of any other of the covenants, agreements or conditions on its part contained in the Indenture or in the Bonds, and the continuance of such default for a period of thirty (30) days after written notice thereof, specifying such default and requiring the same to be remedied, shall have been given to the Authority and the Corporation by the Trustee, or to the Authority, the Corporation and the Trustee by the Holders of not less than twenty-five percent (25%) in aggregate principal amount of the Bonds at the time Outstanding; or

(e) The Trustee receives notice from the Credit Provider that an event of default under the Credit Agreement has occurred and is continuing and directing the Trustee to accelerate the Bonds.

No default specified in (d) above shall constitute an Event of Default unless the Authority and the Corporation shall have failed to correct such default within the applicable 30-day period; provided, however, that if the default shall be such that it can be corrected, but cannot be corrected within such period, it shall not constitute an Event of Default if corrective action is instituted by the Authority or, the Corporation within the applicable period and diligently pursued until the default is corrected. With regard to any alleged default concerning which notice is given to the Corporation under the provisions of the Indenture, the Authority grants the Corporation full authority for the account of the Authority to perform any covenant or obligation the non-performance of which is alleged in said notice to constitute a default in the name and stead of the Authority with full power to do any and all things and acts to the same extent that the Authority could do and perform any such things and acts and with power of substitution. Notwithstanding such grant, the Corporation shall not have any obligation to cure any default of the Authority.

Upon (i) the occurrence of an Event of Default under (e) above the Trustee shall immediately or (ii) the occurrence and continuation of any other Event of Default specified above, the Trustee may, and shall, upon the written request of the Holders of not less than twenty-five percent (25%) in aggregate principal amount of Bonds then Outstanding and the consent of the Credit Provider, by notice in writing delivered to the Corporation and the Credit Provider, with copies of such notice being sent to the Authority, declare the principal of all Bonds then Outstanding and the interest accrued thereon immediately due and payable, and such principal and interest shall thereupon become and be immediately due and payable. Interest on the Bonds shall cease to accrue from and after the date of declaration of any such acceleration. Notwithstanding the foregoing, the Trustee shall not be required to take any action upon the occurrence and continuation of an Event of Default under (c) or (d) above until the Trustee has actual knowledge of such Event of Default. After any declaration of acceleration under the Indenture the Trustee shall immediately declare all indebtedness payable under the Loan Agreement with respect to the Bonds to be immediately due and payable in accordance with the Loan Agreement and may exercise and enforce such rights as exist under the Loan Agreement.

The preceding paragraph, however, is subject to the condition that if, at any time after the principal of the Bonds shall have been so declared due and payable, and before any judgment or decree for the payment of the moneys due shall have been obtained or entered as provided the Indenture, (i) there shall have been deposited with the Trustee a sum which, together with any other amounts then held in the Bond Fund, is sufficient to pay all the principal of such Bonds matured prior to such declaration and all matured installments of interest (if any) upon all the Bonds, and the reasonable expenses (including reasonable attorneys' fees) of the Trustee, and any and all other defaults actually known to the Trustee (other than in the payment of principal of and interest on such Bonds due and payable solely by reason of such declaration) shall have been made good or cured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall have been made therefore and (ii) in the case of an occurrence of an Event of Default under (e) above, the Credit Provider shall have rescinded its notice of an event of default under the Credit Agreement and direction to accelerate the Bonds; and provided, that if there has been an Event of Default after a draw upon a Credit Facility and the Credit Facility has been reinstated, then, and in every such case, the Holders of at least a majority in aggregate principal amount of the Bonds then Outstanding (by written notice to the Authority and to the Trustee accompanied by the written consent of the Credit Provider), may, on behalf of the Holders of all Bonds, rescind and annul such declaration with respect to the Bonds and its consequences and waive such default; provided that no such rescission and annulment shall extend to or shall affect any subsequent default, or shall impair or exhaust any right or power consequent thereon. The Trustee shall provide the Credit Provider with notice of any such rescission.

Failure by the Trustee to pay the Purchase Price of any Bond tendered for purchase shall not constitute an Event of Default under the Indenture or under the Loan Agreement.

Limitation on Bondholders' Right to Sue

(a) Except as provided in the Indenture, no Holder of a Bond issued under the Indenture shall have the right to institute any suit, action or proceeding at law or in equity, for any remedy under or upon the Indenture, unless (i) such Holder shall have previously given to the Trustee written notice of the occurrence of an Event of Default under the Indenture; (ii) the Holders of at least a majority in aggregate principal amount of all the Bonds then Outstanding shall have made written request upon the Trustee to exercise the powers granted under the Indenture or to institute such action, suit or proceeding in its own name; (iii) said Holders shall have tendered to the Trustee indemnity satisfactory to it against the costs, expenses (including reasonable attorneys' fees) and liabilities to be incurred in compliance with such request; (iv) the Trustee shall have refused or omitted to comply with such request for a period of thirty

(30) days after such written request shall have been received by, and said tender of indemnity shall have been made to, the Trustee; and (v) the Credit Provider shall have consented.

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

(b) The right of any Holder to receive payment of the principal of (and premium, if any) and interest on a Bond out of Revenues, amounts made available under a Credit Facility and any other funds pledged therefor under the Indenture, as provided in the Indenture and the Credit Facility, on and after the respective due dates expressed in such Bond, or to institute suit for the enforcement of any such payment on or after such respective dates, shall not be impaired or affected without the consent of such Holder, notwithstanding the foregoing provisions of the Indenture or any other provision of the Indenture.

Modification Without Consent of Bondholders

The Authority and the Trustee, without the consent of or notice to any Bondholders from time to time and at any time, may enter into a Supplemental Indenture or Supplemental Indentures amending or supplementing the Indenture as theretofore in effect, which Supplemental Indenture or Indentures thereafter shall form a part of the Indenture; and the Trustee, without the consent of or notice to any Bondholders, from time to time and at any time may consent to any Amendment to the Loan Agreement; in each case for any one or more of the following purposes:

(a) to add to the covenants and agreements of the Authority contained in the Indenture, or of the Corporation contained in the Loan Agreement, other covenants and agreements thereafter to be observed, or to assign or pledge additional security for any of the Bonds, or to surrender any right or power reserved to or conferred upon the Authority or the Corporation in the Indenture or any Supplemental Indenture; provided, that no such covenant, agreement, assignment, pledge or surrender shall materially adversely affect the interests of the Holders of the Bonds;

(b) to make such provisions for the purpose of curing any ambiguity, inconsistency or omission, or of curing, correcting or supplementing any defective provision contained in the Indenture or the Loan Agreement, or in regard to matters or questions arising under the Indenture or the Loan Agreement, as the Authority may deem necessary or desirable and not inconsistent with the Indenture and which shall not materially adversely affect the interests of the Holders of the Bonds;

(c) to modify, amend or supplement the Indenture or any Supplemental Indenture in such manner as to permit the qualification of the Indenture or any Supplemental Indenture under the Trust Indenture Act of 1939 or any similar federal statute hereafter in effect, and, if they so determine, to add to the Indenture or any Supplemental Indenture such other terms, conditions and provisions as may be permitted by said Trust Indenture Act of 1939 or similar federal statute, and which shall not materially adversely affect the interests of the Holders of the Bonds;

(d) to provide for any additional procedures, covenants or agreements necessary to maintain the Tax-Exempt status of interest on the Bonds; provided that such Amendment or Supplemental Indenture shall not materially adversely affect the interests of the Holders of the Bonds;

- (e) to modify or eliminate the book-entry registration system for the Bonds;
- (f) to provide for the appointment of a co-trustee or the succession of a new Trustee;
- (g) to change the description of the Project to the Loan Agreement in accordance with the provisions thereof and of the Tax Regulatory Agreement;
- (h) to provide for an extension of a Credit Facility or the provision of an Alternate Credit Facility;
- (i) to comply with requirements of the Rating Agency in order to obtain or maintain a rating on any Bonds;
- (j) in connection with any other change which will not adversely affect the security for the Bonds or the Tax-Exempt status of interest thereon or otherwise materially adversely affect the interests of the Holders of the Bonds (such determination may be based upon an Opinion of Counsel); or
- (k) to modify, alter, amend or supplement the Indenture or the Loan Agreement in any other respect, including amendments which would otherwise be described in the Indenture, if the effective date of such Supplemental Indenture or Amendment is a date on which all Bonds affected thereby are subject to mandatory tender for purchase pursuant to the Indenture or if Notice by Mail of the proposed Supplemental Indenture or Amendment is given to Holders of the affected Bonds at least thirty (30) days before the effective date thereof and, on or before such effective date, such Bondholders have the right to demand purchase of their Bonds pursuant to the Indenture.

Before the Authority or the Trustee enters into a Supplemental Indenture and before the Trustee consents to any Amendment to the Loan Agreement pursuant to the provisions of the Indenture, the Authority, or the Trustee, as the case may be, shall cause notice of the proposed execution of the Supplemental Indenture or Amendment to be given by mail to the Credit Provider and the Rating Agency. A copy of the proposed Supplemental Indenture or Amendment shall accompany such notice. Not less than one week after the date of the first mailing of such notice, the Authority and/or the Trustee may execute and deliver such Supplemental Indenture or Amendment, but only after there shall have been delivered to the Trustee an Opinion of Bond Counsel stating that such Supplemental Indenture or Amendment is: (i) authorized or permitted by the Indenture, the Act and other applicable law; (ii) complies with their respective terms; (iii) will upon the execution and delivery thereof be valid and binding upon the Authority in accordance with its terms; and (iv) will not adversely affect the Tax-Exempt status of interest on the Bonds.

Notwithstanding the foregoing provisions of the Indenture, the Trustee shall not be obligated to enter into any such Supplemental Indenture which affects the Trustee's own rights, duties or immunities under the Indenture or otherwise, in which case the Trustee may in its discretion, but shall not be obligated to, enter into such Supplemental Indenture, and the Trustee shall not enter into any Supplemental Indenture or consent to any Amendment without first obtaining the written consent of the Corporation. Any Supplemental Indenture or Amendment permitted pursuant to the Indenture may be approved by an Authorized Authority Representative and need not be approved by resolution or other action of the Board of Directors of the Authority.

Modification with Consent of Bondholders

With the consent of the Holders of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding, evidenced as provided in the Indenture, and the Credit Provider, (i) the

Authority and the Trustee may from time to time and at any time enter into a Supplemental Indenture or Indentures for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of the Indenture or of any Supplemental Indenture; or (ii) the Trustee may consent to any Amendment to the Loan Agreement; provided, however, that no such Supplemental Indenture or Amendment will have the effect of extending the time for payment or reducing any amount due and payable by the Corporation pursuant to the Loan Agreement with respect to the Bonds without the consent of the Holders of all of the Bonds then Outstanding; and that no such Supplemental Indenture shall (1) extend the fixed maturity of any Bond or reduce the rate of interest thereon or extend the time of payment of interest, or reduce the amount of the principal thereof, or reduce any premium payable on the redemption thereof, without the consent of the Holder of each Bond so affected, or (2) reduce the aforesaid percentage of Holders whose consent is required for the execution of such Supplemental Indenture or Amendment, or permit the creation of any lien on the Revenues and the other funds pledged to the payment of the Bonds under the Indenture, prior to or on a parity with the lien of the Indenture, except as permitted in the Indenture, or permit the creation of any preference of any Bondholder over any other Bondholder, except as permitted in the Indenture, or deprive the Holders of the Bonds of the lien created by the Indenture upon the Revenues and the other funds pledged to the payment of the Bonds under the Indenture, without the consent of the Holders of all the Bonds then Outstanding. Nothing in this paragraph shall be construed as making necessary the approval of any Bondholder of any Supplemental Indenture or Amendment permitted by the provisions of the Indenture.

Upon receipt by the Trustee of: (1) without limiting the provision of the final sentence of the Indenture, if the Authority approves the execution and delivery of such Supplemental Indenture or Amendment by resolution, a Certified Resolution approving the execution of any such Supplemental Indenture or Amendment; (2) an Opinion of Bond Counsel stating that such Supplemental Indenture or Amendment is: (i) authorized or permitted by the Indenture, the Act and other applicable law; (ii) complies with their respective terms; (iii) will, upon the execution and delivery thereof, be valid and binding upon the Authority in accordance with its terms; and (iv) will not adversely affect the Tax-Exempt status of interest on the Bonds; and (3) evidence of the consent of the Bondholders and the Credit Provider, as aforesaid, the Trustee shall join with the Authority in the execution of such Supplemental Indenture or shall consent to such Amendment; provided, however, that (i) the Trustee shall not be obligated to enter into any such Supplemental Indenture which affects the Trustee's own rights, duties or immunities under the Indenture or otherwise, in which case the Trustee may in its sole discretion, but shall not be obligated to, enter into such Supplemental Indenture; and (ii) the Trustee shall not enter into such Supplemental Indenture or Amendment without first obtaining the Corporation's written consent thereto.

It shall not be necessary for the consent of the Bondholders under the Indenture to approve the particular form of any proposed Supplemental Indenture or Amendment, but it shall be sufficient if such consent shall approve the substance thereof.

Promptly after the execution by the parties thereto of any Supplemental Indenture or Amendment as provided in the Indenture, the Trustee shall mail a notice (prepared by the Corporation) setting forth in general terms the substance of such Supplemental Indenture or such Amendment to the Credit Provider, if any, to each Bondholder at the address contained in the Bond Register and to the Rating Agency. Any failure of the Trustee to give such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such Supplemental Indenture or such Amendment.

The Trustee shall establish a special record date for soliciting consents from Bondholders.

Discharge of Indenture

If the entire indebtedness on all Bonds shall be paid and discharged in any one or more of the following ways:

- (a) by the payment of the principal of, and premium, if any, and interest on all Bonds, as and when the same become due and payable; or
- (b) by the delivery to the Trustee, for cancellation by it, of all Bonds; or
- (c) by providing for the payment or redemption thereof as provided in the Indenture;

and if all other sums payable under the Indenture by the Authority and all sums payable to the Credit Provider under the Credit Agreement, if any, shall be paid and discharged, then thereupon the Indenture shall cease, terminate and become null and void, all liability of the Authority and the Corporation in respect of the Bonds shall cease, terminate and be completely discharged, except: (i) that the Authority shall remain liable for such payment but only from, and the Bondholders shall thereafter be entitled only to payment (without interest accrued thereon after such redemption date or maturity date) out of, the money and Government Obligations deposited with the Trustee as aforesaid for their payment, subject, however, to the provisions of the Indenture and (ii) that in the case of Bonds (or portions thereof) for which provision for the payment or redemption thereof has been made in accordance with the Indenture, the provisions of the Indenture relating to the transfer and exchange of such Bonds (or portions thereof) and, if so reserved by the Authority, the right to call the Bonds for optional redemption prior to maturity shall continue to apply to such Bonds (or portions thereof). Thereupon the Trustee shall, upon Written Request of the Authority, and upon receipt by the Trustee of an Opinion of Bond Counsel, stating that in the opinion of the signer all conditions precedent to the satisfaction and discharge of the Indenture have been complied with, forthwith execute proper instruments acknowledging satisfaction of and discharging the Indenture. The Trustee shall mail written notice of such payment and discharge to the applicable Rating Agency. The satisfaction and discharge of the Indenture shall be without prejudice to the rights of the Trustee to charge and be reimbursed by the Corporation for any expenditures which it may thereafter incur in connection with the Indenture.

Discharge of Liability of Particular Bonds

Any Bond, or any portion thereof such that the portion that is not considered paid in accordance with the Indenture shall be in an Authorized Denomination, shall be deemed to be paid within the meaning of, and with the effect set forth in, the Indenture when, whether upon or prior to the maturity or redemption date, as applicable, (a) payment of the principal and Purchase Price of and premium, if any, on such Bond or such portion thereof, plus interest thereon to the due date thereof (whether such due date is by reason of maturity or upon redemption), either (i) shall have been made in accordance with the terms thereof, or (ii) shall have been provided for by irrevocably depositing with the Trustee in trust and irrevocably setting aside exclusively for such payment (1) Available Amounts sufficient to make such payment or (2) nonprepayable, noncallable Government Obligations purchased with the Available Amounts and maturing as to principal and interest in such amounts and at such times as will insure, without reinvestment, the availability of sufficient moneys, together with any other Available Amounts needed by the Trustee for such purposes, to make such payment, provided, however, that provision for the payment of the Purchase Price of such Bond may be made by means of a Credit Facility; (b) if such Bond (or portion thereof) is to be redeemed prior to the maturity thereof, notice of such redemption shall have been given as provided in the Indenture or provision satisfactory to the Trustee shall have been made for giving such notice; (c) all necessary and proper fees, compensation and expenses of the Trustee pertaining to any such deposit shall have been paid or the payment thereof provided for to the satisfaction of the

Trustee; (d) the Trustee shall have been irrevocably instructed (by the terms of the Indenture or a Written Request of the Authority) to apply such Available Amounts and Government Obligations to the payment of the principal (and unless such Purchase Price is to be paid from amounts made available under a Credit Facility, the Purchase Price) of, premium, if any, and interest on the Bond (or portion thereof) to be discharged; (e) the Authority and the Trustee shall have received an Approving Opinion of Bond Counsel with respect to such deposit of Available Amounts and/or Government Obligations; and (f) the Authority and the Trustee shall have received an Accountant's Certificate verifying that the Available Amounts and Government Obligations so deposited, together with the interest earnings thereon (without reinvestment) will be sufficient to pay when due the principal (and unless such Purchase Price to be paid from amounts made available under a Credit Facility, the Purchase Price) of, premium, if any, and interest on the Bond (or portion thereof) to be discharged to and including the earlier of its maturity or redemption date. The Trustee shall not be responsible for verifying the sufficiency of funds or Government Obligations provided to effect the defeasance of Bonds pursuant to the Indenture.

The Authority and the Corporation may at any time surrender to the Trustee for cancellation by it any Bonds previously authenticated and delivered which the Authority and the Corporation lawfully may have acquired in any manner whatsoever, and such Bonds, upon such surrender and cancellation, shall be deemed to be paid and retired.

Payment of Bonds after Discharge

Notwithstanding any provisions of the Indenture to the contrary, and subject to applicable laws of the State, any moneys deposited with the Trustee, in trust for the payment of the principal of, or interest or premium on, any Bond remaining unclaimed for two (2) years after such payment has become due and payable (whether on an Interest Payment Date, at maturity, upon call for redemption or by declaration as provided in the Indenture), then such moneys shall be repaid to the Corporation, and the Holder of such Bond shall thereafter be entitled to look only to the Corporation for payment thereof, and all liability of the Authority and the Trustee with respect to such moneys shall thereupon cease; provided, however, that before the repayment of such moneys to the Corporation as aforesaid, the Trustee shall (at the expense of the Corporation) first publish at least once in a Qualified Newspaper a notice, in such form as may be deemed appropriate by the Corporation and the Trustee, in respect of the amount so payable with respect to such Bond and in respect of the provisions relating to the repayment to the Corporation of the moneys held for the payment thereof. In the event of the repayment of any such moneys to the Corporation as aforesaid, the Holder of the Bond in respect of which such moneys were deposited shall thereafter be deemed to be an unsecured creditor of the Corporation for amounts equivalent to the respective amounts deposited for the payment of the amount so payable with respect to such Bond and so repaid to the Corporation (without interest thereon).

LOAN AGREEMENT

The Loan Agreement provides the terms of the loan of the Bond proceeds of each series to the Corporation and the repayment of and security for such loan provided by the Corporation. Although certain provisions of the Loan Agreement are summarized below, this summary does not purport to be complete or definitive and is qualified in its entirety by reference to the full terms of the Loan Agreement.

The Corporation's Maintenance of its Existence; Assignments

(a) The Corporation agrees that during the term of the Loan Agreement and so long as any Bond is Outstanding, it will maintain its corporate existence, will not dissolve or otherwise dispose of all or substantially all of its assets, and will not consolidate with or merge into another corporation or permit one or more corporations to consolidate with or merge into it; provided, however, that the Corporation

may, without violating the agreements contained in the Loan Agreement, consolidate with or merge into another corporation or permit one or more other corporations to consolidate with or merge into it, or sell or otherwise transfer to another corporation all or substantially all of its assets as an entirety and thereafter dissolve if: the Corporation is the surviving, resulting or transferee corporation, as the case may be; or if the Corporation is not the surviving, resulting or transferee corporation, as the case may be, the surviving, resulting or transferee corporation (i) is a corporation organized under the laws of the United States or any state, district or territory thereof; (ii) is qualified to do business in the State; (iii) assumes in writing all of the obligations of the Corporation under the Loan Agreement; (iv) is not, after such transaction, otherwise in default under any provision of the Loan Agreement; (v) is an organization described in Section 501(c)(3) of the Code, or a corresponding provision of the federal income tax laws then in effect; and (vi) the Trustee and the Authority shall have received a Certificate of the Corporation to the effect that the covenants under the Indenture will be met after such consolidation, merger, sale or transfer.

Notwithstanding the foregoing, as a condition precedent to any consolidation, merger, sale or other transfer, the Trustee and the Authority shall receive an Opinion of Bond Counsel to the effect that such merger, consolidation, sale or other transfer will not in and of itself adversely affect the Tax-Exempt status of interest on the Bonds.

Notwithstanding any other provision of the Loan Agreement, the Corporation need not comply with any of the above provisions of the Loan Agreement other than the delivery of the Opinion of Bond Counsel referred to in the Loan Agreement if, at the time of such transaction, all of the Bonds will be defeased as provided in the Indenture.

(b) The rights and obligations of the Corporation under the Loan Agreement may, with the consent of the Credit Provider, if any, be assigned by the Corporation, in whole or in part; provided, however, that any assignment other than pursuant to the Loan Agreement shall be subject to each of the following conditions:

(i) No such assignment shall relieve the Corporation from primary liability for any of its obligations under the Loan Agreement, and the Corporation shall continue to remain primarily liable for the payments specified in the Loan Agreement, and for performance and observance of the other agreements on its part provided to be performed and observed in the Loan Agreement.

(ii) Any such assignment from the Corporation shall retain for the Corporation such rights and interests as will permit it to perform its obligations under the Loan Agreement, and any assignee from the Corporation shall assume the obligations of the Corporation under the Loan Agreement to the extent of the interest assigned.

(iii) The Corporation shall, within thirty (30) days after delivery thereof, furnish or cause to be furnished to the Authority, the Credit Provider, the Remarketing Agent and the Trustee a true and complete copy of every such assignment together with an instrument of assumption.

(iv) The Corporation shall cause to be delivered to the Authority and the Trustee an Opinion of Bond Counsel to the effect that such assignment will not, in and of itself, adversely affect the Tax-Exempt status of interest on the Bonds.

(c) If a merger, consolidation, sale or other transfer is effected, as provided above, the provisions of the Loan Agreement above shall continue in full force and effect and no further merger, consolidation, sale or transfer shall be effected except in accordance with the provisions of the above provisions.

Events of Default

Any one of the following which occurs and is continuing shall constitute an Event of Default under the Loan Agreement:

(a) failure by the Corporation to pay or cause to be paid any amounts required to be paid under the Loan Agreement when due; or

(b) if any material representation or warranty made by the Corporation in the Loan Agreement or made by the Corporation in any document, instrument or certificate furnished to the Trustee or the Authority in connection with the issuance of the Bonds shall at any time prove to have been incorrect in any material respect as of the time made;

(c) failure of the Corporation to observe and perform any covenant, condition or agreement on its part required to be observed or performed under the Loan Agreement, other than making the payments referred to in (a) above, which continues for a period of thirty (30) days after written notice from the Trustee or the Authority, which notice shall specify such failure and request that it be remedied, unless the Authority and the Trustee shall agree in writing to an extension of such time period; provided, however, that if the failure stated in the notice cannot be corrected within such period, the Authority and the Trustee will not unreasonably withhold their consent to an extension of such time period if corrective action is instituted within such period and diligently pursued until the default is corrected;

(d) The Corporation shall have repudiated its debts or become insolvent or admit in writing its inability to pay its debts as they mature or shall apply for, consent to or acquiesce in the appointment of a trustee, custodian, liquidator or receiver for itself or any part of its property, or shall take any action to authorize or effect any of the foregoing; or in the absence of any such application, consent or acquiescence, a trustee, custodian, liquidator or receiver shall be appointed for it or for a substantial part of its property or revenues and shall not be discharged within a period of 60 days; or all, or any substantial part, of the property of the Corporation shall be seized, or otherwise appropriated, or any bankruptcy, reorganization, debt arrangement or other proceeding under any bankruptcy or insolvency law or any dissolution or liquidation proceeding shall be instituted by or against the Corporation (or any action shall be taken to authorize or effect the institution by it of any of the foregoing) and if instituted against it, shall be consented to or acquiesced in by it, or shall not be dismissed within a period of 60 days; or

(e) the occurrence of an Event of Default under the Indenture.

The provisions of subsection (c) of the preceding paragraph are subject to the limitation that the Corporation shall not be deemed in default with respect to any covenant, condition or agreement to be observed or performed by the Corporation under the Loan Agreement, other than a covenant or agreement to make any payment required to be made by the Corporation under the Loan Agreement, if and so long as the Corporation is unable to carry out its agreements under the Loan Agreement by reason of strikes, lockouts or other industrial disturbances; acts of public enemies; orders of any kind of the government of the United States or of the State or any of their departments, agencies, or officials, or any civil or military authority; insurrections; riots; epidemics; landslides; lightning; earthquake; fire; hurricanes; storms; floods; washouts; droughts; arrests; restraint of government and people; civil disturbances; explosions; breakage or accident to machinery, transmission pipes or canals; partial or entire failure of utilities; or any other cause or event not reasonably within the control of the Corporation; it being agreed that the settlement of strikes, lockouts and other industrial disturbances shall be entirely within the discretion of the Corporation, and the Corporation shall not be required to make settlement of strikes, lockouts and other industrial disturbances by acceding to the demands of the opposing party or parties when such

course is, in the judgment of the Corporation, unfavorable to the Corporation. This limitation shall not apply to any default under subsections (a), (b), (d) or (e) above.

Failure by the Trustee to pay the Purchase Price of any Bond tendered for purchase shall not constitute an Event of Default under the Loan Agreement or under the Indenture.

Remedies on Default

Whenever any Event of Default shall have occurred and shall continue:

(a) Upon the occurrence of an Event of Default described in Subsection (e) of Events of Default of the Loan Agreement, and upon the acceleration of the maturity of the Bonds as provided in the Indenture, the Trustee shall, and upon the occurrence of any other Event of Default and with the prior consent of the Credit Provider the Trustee may, by notice in writing delivered to the Corporation (with copies of such notice being sent to the Authority and the Credit Provider) declare the unpaid balance of the Loan payable under the Loan Agreement, in an amount equal to the Outstanding principal amount of the Bonds, together with the interest accrued thereon, to be immediately due and payable.

(b) The Authority and the Trustee may have access to and may inspect, examine and make copies of the books and records and any and all accounts, data and federal income tax and other tax returns of the Corporation.

(c) The Authority or the Trustee may take whatever action or institute any proceeding, at law or in equity, as may be necessary or desirable for the collection of the payments and other amounts then due pursuant to the Loan Agreement and thereafter to become due under the Loan Agreement or the enforcement of the performance and observance of any obligation, agreement or covenant of the Corporation under the Loan Agreement, including but not limited to instituting and prosecuting to judgment or final decree and enforcing any such judgment or decree against the Corporation and collect in the manner provided by law moneys decreed to be payable.

The provisions of subsection (a) above, however, are subject to the condition that if, at any time after any portion of the Loan shall have been so declared due and payable, and before any judgment or decree for the payment of the moneys due shall have been obtained or entered as hereinafter provided, there shall have been deposited with the Trustee a sum sufficient to pay all the principal of the Bonds matured prior to such declaration and all matured installments of interest (if any) upon all such Bonds, with interest on such overdue installments of principal as provided in the Loan Agreement, and the reasonable fees and expenses of the Trustee, and any and all other defaults actually known to the Trustee (other than in the payment of principal of and interest on such Bonds due and payable solely by reason of such declaration) shall have been made good or cured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall have been made therefor, then, and in every such case, the Holders of at least a majority in aggregate principal amount of the Bonds then Outstanding, by written notice to the Authority and to the Trustee accompanied by the written consent of the Credit Provider may, on behalf of the Holders of all the Bonds, rescind and annul such declaration and its consequences and waive such default; provided that no such rescission and annulment shall extend to or shall affect any subsequent default, or shall impair or exhaust any right or power consequent thereon.

In case the Trustee or the Authority shall have proceeded to enforce its rights under the Loan Agreement and such proceedings shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Trustee or the Authority, then, and in every such case, the Corporation, the Trustee and the Authority shall be restored respectively to their several positions and rights under the Loan Agreement, and all rights, remedies and powers of the Corporation, the Trustee and the Authority

shall continue as though no such action had been taken (provided, however, that any settlement of such proceedings duly entered into by the Authority, the Trustee or the Corporation shall not be disturbed by reason of this provision).

In case proceedings shall be pending for the bankruptcy or for the reorganization of the Corporation under the federal bankruptcy laws or any other applicable law, or in case a receiver or trustee shall have been appointed for any property of the Corporation or in the case of any other similar judicial proceedings relative to the Corporation, or the creditors or property of the Corporation, then the Trustee shall be entitled and empowered, by intervention in such proceedings or otherwise, to file and prove a claim or claims for the whole amount owing and unpaid pursuant to the Loan Agreement and, in case of any judicial proceedings, to file such proofs of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Trustee allowed in such judicial proceedings relative to the Corporation, its creditors or its property, and to collect and receive any moneys or other property payable or deliverable on any such claims, and to distribute such amounts as provided in the Indenture after the deduction of its reasonable charges and expenses to the extent permitted by the Indenture. Any receiver, assignee or trustee in bankruptcy or reorganization is authorized to make such payments to the Trustee, and to pay to the Trustee any amount due it for reasonable compensation and expenses, including reasonable expenses and fees of counsel incurred by it up to the date of such distribution.

Nonliability of Authority

The Corporation shall be solely responsible for the payment of the Bonds. The Authority shall not be obligated to pay the principal (or redemption price) of or interest on the Bonds, except from Revenues, drawings under the Credit Facility and other moneys and assets received by the Trustee on behalf of the Authority or the Corporation pursuant to the Loan Agreement. Neither the faith and credit nor the taxing power of the State or any political subdivision thereof, nor the faith and credit of the Authority or any member is pledged to the payment of the principal (or redemption price) or interest on the Bonds. The Authority shall not be liable for any costs, expenses, losses, damages, claims or actions, of any conceivable kind on any conceivable theory, under or by reason of or in connection with the Loan Agreement, the Bonds or the Indenture, except only to the extent amounts are received from the payment thereof from the Corporation under the Loan Agreement.

The Corporation acknowledges that the Authority's sole source of moneys to repay the Bonds will be provided by the payments made by the Corporation pursuant to the Loan Agreement, together with funds drawn under the Credit Facility and investment income on certain funds and accounts held by the Trustee under the Indenture, and agrees that if the payments to be made under the Loan Agreement shall ever prove insufficient to pay all principal (or redemption price) and interest on the Bonds as the same shall become due (whether by maturity, redemption, acceleration or otherwise), then upon notice from the Trustee, the Corporation shall pay such amounts as are required from time to time to prevent any deficiency or default in the payment of such principal (or redemption price) or interest, including, but not limited to, any deficiency caused by acts, omissions, nonfeasance or malfeasance on the part of the Trustee, the Corporation, the Authority or any third party, subject to any right of reimbursement from the Trustee, the Authority or any such third party, as the case may be, therefor.

Amendments, Changes and Modifications

Except as otherwise provided in the Loan Agreement or the Indenture, the Loan Agreement may not be effectively amended, changed, modified, altered or terminated except in accordance with the Indenture.

APPENDIX C

FORM OF OPINION OF BOND COUNSEL

_____, 2004

ABAG Finance Authority for Nonprofit Corporations
101 Eighth Street
Oakland, CA 94607

Re: \$8,300,000 ABAG Finance Authority for Nonprofit Corporations
 Variable Rate Demand Revenue Bonds (California Alumni Association
 Project) Series 2004

Ladies and Gentlemen:

We have acted as bond counsel to ABAG Finance Authority for Nonprofit Corporations (the "Issuer") in connection with issuance by the Issuer of \$8,300,000 aggregate principal amount of its Variable Rate Demand Revenue Bonds (California Alumni Association Project) Series 2004 (the "Bonds"), issued pursuant to the provisions of the Joint Exercise of Powers Act, comprising Chapter 5 of Division 7 of Title 1 (commencing with Section 6500) of the California Government Code (the "Act"), and an Indenture, dated as of December 1, 2004 (the "Indenture"), between the Issuer and The Bank of New York Trust Company, N.A., as trustee (the "Trustee"). The Indenture provides that the Bonds are being issued for the purpose of making a loan of the proceeds thereof to the California Alumni Association (the "Borrower") pursuant to a Loan Agreement, dated as of December 1, 2004 (the "Loan Agreement"), between the Issuer and the Borrower. Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Indenture.

In such connection, we have reviewed the Indenture, the Loan Agreement, the Tax Regulatory Agreement, dated the date hereof (the "Tax Agreement"), between the Issuer and the Borrower, opinions of counsel to the Trustee and the Borrower, certificates of the Issuer, the Trustee, the Borrower and others, and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein.

We have relied on the opinion of Reed Smith LLP, counsel to the Borrower, regarding, among other matters, the current qualification of the Borrower as an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986 (the "Code"). We note that such opinion is subject to a number of qualifications and limitations. Failure of the Borrower to be organized and operated in accordance with the Internal Revenue Service's requirements for the maintenance of its status as an organization described in Section 501(c)(3) of the Code may result in interest on the Bonds being included in gross income for federal income tax purposes, possibly from the date of issuance of the Bonds.

We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and

validity against, any parties other than the Issuer. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents, and of the legal conclusions contained in the opinions, referred to in the second and third paragraphs hereof.

We call attention to the fact that the rights and obligations under the Bonds, the Indenture, the Loan Agreement and Tax Agreement and their enforceability may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against public entities in the State of California. We express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum or waiver provisions contained in the foregoing documents, nor do we express any opinion with respect to the state or quality of title to or interest in any of the real or personal property described in or subject to the lien of the Indenture or the Loan Agreement or the accuracy or sufficiency of the description contained therein of, or the remedies available to enforce liens on, any such property.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Bonds constitute the valid and binding limited obligations of the Issuer.
2. The Indenture has been duly executed and delivered by, and constitutes the valid and binding obligation of, the Issuer. The Indenture creates a valid pledge of the Revenues to secure the payment of the principal of and interest on the Bonds, subject to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in the Indenture.
3. The Loan Agreement has been duly executed and delivered by, and constitutes a valid and binding agreement of, the Issuer.
4. The Bonds are not a lien or charge upon the funds or property of the Issuer except to the extent of the aforementioned pledge. Neither the faith and credit nor the taxing power of the State of California or of any political subdivision thereof is pledged to the payment of the principal of or the interest on the Bonds.
5. Under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described below, interest on the Bonds is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Code. Interest on the Bonds is not treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code; such interest, however, is included in the adjusted current earnings of certain corporations for purposes of calculating the alternative minimum tax imposed on such corporations. In rendering our opinion, we have relied on certain representations, certifications of fact, and statements of reasonable expectations made by the Issuer, the Borrower and others in connection with the Bonds, and we have assumed compliance by the Issuer and the Borrower with certain ongoing covenants to comply with applicable

requirements of the Code to assure the exclusion of interest on the Bonds from gross income under Section 103 of the Code.

The Code establishes certain requirements that must be met subsequent to the issuance and delivery of the Bonds in order that, for Federal income tax purposes, interest on the Bonds be not included in gross income pursuant to Section 103 of the Code. These requirements include, but are not limited to, requirements relating to the use and expenditure of Bond proceeds, restrictions on the investment of Bond proceeds prior to expenditure and the requirement that certain earnings be rebated to the Federal government. Noncompliance with such requirements may cause interest on the Bonds to become subject to Federal income taxation retroactive to their date of issue, irrespective of the date on which such noncompliance occurs or is ascertained.

On the date of delivery of the Bonds, the Issuer and the Borrower will execute the Tax Agreement containing provisions and procedures pursuant to which such requirements can be satisfied. In executing the Tax Agreement, the Issuer and the Borrower covenant that they will comply with the provisions and procedures set forth therein and that they will do and perform all acts and things necessary or desirable to assure that interest paid on the Bonds will, for the purpose of Federal income taxation, be excluded from gross income.

In rendering the opinion in paragraph 5 hereof, we have relied upon and assumed (i) the material accuracy of the representations, statements of intention and reasonable expectation, and certifications of fact contained in the Tax Agreement with respect to matters affecting the status of interest paid on the Bonds, and (ii) compliance by the Borrower with the procedures and covenants set forth in the Tax Agreement as to such tax matters.

6. In addition, in the opinion of Bond Counsel, under existing statutes, interest on the Bonds is exempt from State of California personal income taxes.

Except as stated in paragraphs 5 and 6 above, we express no opinion as to any other Federal, state or local tax consequences arising with respect to the Bonds or the ownership or disposition thereof. We render our opinion under existing statutes and court decisions as of the issue date, and assume no obligation to update, revise or supplement this opinion after the issue date to reflect any action hereinafter taken or not taken, or any facts or circumstances, or change in law or interpretation thereof, or otherwise, that may hereafter arise or occur, or for any other reason. Furthermore, we express no opinion herein as to the effect of any action hereafter taken or not taken in reliance upon an opinion of counsel other than ourselves on the exclusion from gross income for Federal income tax purposes of interest on the Bonds.

This opinion is dated as of the date hereof, and we assume no obligation to update, revise or supplement this opinion to reflect any action hereafter taken or not taken, or any facts or circumstances, or any changes in law or in interpretations thereof, that may hereafter arise or occur, or for any other reason.

Respectfully submitted,



California Alumni
ASSOCIATION

for Alumni, for Students, for Cal...
for Life.™