

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel, based on an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from State of California personal income taxes. In the further opinion of Bond Counsel, interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Bond Counsel observes that such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds. See "TAX MATTERS" herein.

\$45,000,000
ABAG FINANCE AUTHORITY FOR NONPROFIT CORPORATIONS
Variable Rate Demand Revenue Bonds, Series 2004
(Zoological Society of San Diego Wild Animal Park Project)

Dated: Date of Delivery

CUSIP No. 00037C GJ 3

Price: 100%

Due: October 1, 2034

The Bonds are issuable as fully-registered bonds registered in the name of a nominee of The Depository Trust Company, New York, New York 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 Union Bank of California, 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

ZOOLOGICAL SOCIETY OF SAN DIEGO

(the "Corporation") pursuant to the Loan Agreement described herein to finance and/or refinance the acquisition, construction, improvement, furnishing and equipping of certain facilities of the Corporation and related capital expenses of the Corporation and to pay costs of issuing the Bonds. 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 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 on August 2, 2004. **Principal, interest and Purchase Price of the Bonds are 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 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 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, 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 Orrick, Herrington & Sutcliffe LLP, Los Angeles, California, Bond Counsel, and certain other conditions. Certain legal matters will be passed upon for the Authority by its Special Counsel, Nixon Peabody LLP, San Francisco, California, for the Corporation by Luce, Forward, Hamilton & Scripps LLP, San Diego, California, for the Initial Credit Provider by Frandzel Robins Bloom & Csato, L.C., Los Angeles, California, and for the Underwriter by Hawkins Delafield & Wood 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 June 30, 2004.

Banc of America Securities LLC

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 Zoological Society of San Diego, a California nonprofit corporation (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, Bank of America, N.A., The Depository Trust Company, New York, New York and other sources which are believed to be current and reliable. 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 Bank or the Corporation since the date hereof.

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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 UNDERWRITER MAY OFFER AND SELL THE BONDS TO CERTAIN DEALERS, INSTITUTIONAL INVESTORS AND OTHERS AT PRICES LOWER THAN THE PUBLIC OFFERING PRICE STATED ON THE COVER PAGE HEREOF AND SAID PUBLIC OFFERING PRICE MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER.

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OFFICIAL STATEMENT

\$45,000,000

ABAG FINANCE AUTHORITY FOR NONPROFIT CORPORATIONS

Variable Rate Demand Revenue Bonds, Series 2004

(Zoological Society of San Diego Wild Animal Park Project)

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. Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Indenture.

General

This Official Statement, including the cover page and Appendices hereto (this "Official Statement"), provides certain information in connection with the offering of \$45,000,000 aggregate principal amount of Variable Rate Demand Revenue Bonds (Zoological Society of San Diego Wild Animal Park 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 June 1, 2004 (the "Indenture"), between the Authority and Union Bank of California, N.A., as trustee (the "Trustee"). The Authority will lend the proceeds of the Bonds to the Zoological Society of San Diego, a California nonprofit corporation (the "Corporation") pursuant to a Loan Agreement, dated as of June 1, 2004 (the "Loan Agreement"), between the Authority and the Corporation.

The Bonds

The Bonds will be 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 on August 2, 2004. The Bonds will be dated their date of delivery (the "Issue Date") and will mature on October 1, 2034 (the "Maturity Date"). The Bonds will be issued in authorized denominations of \$100,000 and any multiple of \$5,000 in excess thereof. See "THE BONDS" herein. 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 and/or refinance the acquisition, construction, improvement, furnishing and equipping of certain facilities of the Corporation and related capital expenses of the Corporation and to pay costs of issuing the Bonds. See "ESTIMATED SOURCES AND USES OF FUNDS" and "THE PROJECT" 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”), New York, New York 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 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.”

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 June 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 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 to the Trustee for the benefit of the Bondholders all of the Revenues.

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 Credit Facility for the Bonds.

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

Principal Amount of the Bonds	<u>\$45,000,000</u>
Total	<u>\$45,000,000</u>

Estimated Use of Funds

Deposit to Construction Fund	\$43,833,020
Deposit to Costs of Issuance Fund ¹	<u>1,166,980</u>
Total	<u>\$45,000,000</u>

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 proceeds of the Bonds will be applied to the financing and/or refinancing of the acquisition, construction, improvement, furnishing and equipping of an internal visitor transportation system and other related facilities (the "Project") at the Corporation's Wild Animal Park, located at 15500 San Pasqual Valley Road, Escondido, California, and other related capital expenses of the Corporation.

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 date set forth on the cover page hereof. 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 initially be issued in Authorized Denominations of \$100,000 or any multiple of \$5,000 in excess thereof.

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.

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 and as set forth herein. 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 the first Business Day of each calendar month, commencing August 2, 2004. The Bonds shall continue in such Weekly Interest Rate Period until converted to a Term Interest Rate pursuant to the Indenture. During each Weekly Interest Rate Period, the Remarketing Agent will set a Weekly Interest Rate not later than 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 the initial Weekly Interest Rate for the Bonds will be determined by the Remarketing Agent on or prior to the Issue Date and provided further that if hereafter 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 not later than 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 percent per annum equal to the Variable Index), and the Weekly Interest Rate for each succeeding Calendar Week shall be a percent 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

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 and the Remarketing Agent shall determine the Weekly Interest Rate for the initial Calendar Week on such date. Upon determination of each Term Interest Rate, the Remarketing Agent shall provide written notice of such Term Interest Rate to the Trustee.

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.

Conversion of Interest Rate Period

Conversion to Weekly Interest Rate Period. The Corporation, by written direction to the Trustee and the Remarketing Agent, delivered at least 40 days prior to the proposed Conversion Date to a Term Interest Rate Period, accompanied by the written consent of the Credit Provider and 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 Conversion Date to such 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.

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, the Initial Credit Provider, the Remarketing Agent and the Corporation not less than 30 days prior to the Conversion Date to 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 Conversion Date to such Weekly Interest Rate Period, (3) the day by which the initial Weekly Interest Rate for such Weekly Interest Rate Period shall be determined and the manner by which such Weekly Interest Rates for such Weekly Interest Rate Period may be obtained, (4) the Interest Payment Dates with respect to such Weekly Interest Rate Period, (5) that the Bonds will be purchased on such Conversion 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 or the Beneficial Owners will have the right to demand purchase of the Bonds upon not less than seven days' notice, (8) the procedures for a demand for purchase as provided in (7) above, (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, delivered at least 40 days prior to the proposed Conversion Date to a Term Interest Rate Period, accompanied by the written consent of the Authority and the Credit Provider and 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, and shall determine the duration of any such new Term Interest Rate Period which shall be one of the periods specified in the definition "Term Interest Rate Period." The Corporation's written direction to Convert the Bonds to a Term Interest Rate Period shall specify (a)

the Conversion Date to 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 Conversion Date to 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 Conversion Date to 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 Conversion Date to, 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 and without further action under the Indenture, 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 commencing on such Conversion Date on such date.

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 or Electronic Notice (promptly confirmed in writing) or written 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.

Effect of Tender. Any notice of tender of Bonds delivered to the Trustee in accordance with the above paragraph shall be irrevocable with respect to the purchase 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 at the applicable Purchase Price, payable from moneys on deposit in the Bond Purchase Fund (other than the proceeds of any remarketing of Credit Provider Bonds which shall be paid to the Credit Provider on the remarketing date) constituting funds in the Remarketing Account (received by the Trustee on behalf of purchasers of Bonds) and to the extent such moneys are insufficient to purchase all tendered Bonds, moneys in the Credit Facility Purchase Account, on such Purchase Date shall be applied by the Trustee, on each Purchase Date, in immediately available funds, upon the occurrence of any of the events listed below:

- (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 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 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 will 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 will 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 will (a) state the expected effective date of such Alternate Credit Facility and (b) state that the Bonds will 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 will 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 will 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 will 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 will 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 will 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 will 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.

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 is required, in accordance with the Indenture and the Remarketing Agreement, to 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 without premium.

(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 1 st 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.

Notice of Redemption

The Trustee will give notice of the redemption of any Bond by first class mail, postage prepaid, not less than thirty (30) nor more than sixty (60) days prior to the redemption date to (i) the registered owner of such Bond at the address shown on the Bond Register on the date such notice is mailed; (ii) the Credit Provider, if any; (iii) one or more Information Services; (iv) the Remarketing Agent, if any, and (v) each NRMSIR and the SID. Notice of redemption to the Information Services, each NRMSIR and the SID will be given by telecopy confirmed by first class mail or in such other manner as is acceptable to such institution. Each notice of redemption will state the date of such notice, the Issue Date, the redemption date, the redemption price, the place of redemption (including the name and appropriate address or addresses of the Trustee) 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. Each such notice will also state that the interest on the Bonds designated for redemption will cease to accrue from and after such redemption date and that on said date there will become due and payable on each of said Bonds the principal amount thereof to be redeemed, interest accrued thereon, if any, to the redemption date and the premium, if any, thereon (such premium to be specified) and will require that such Bonds be then surrendered at the address or addresses of the Trustee specified in the redemption notice. Notwithstanding the foregoing, failure by the Trustee to give notice pursuant to this

paragraph to the Credit Provider or the Remarketing Agent or any one or more of the Information Services or the NRMSIRs or the SID or the insufficiency of any such notices shall not affect the sufficiency of the proceedings for redemption. Failure to mail the notices required by this paragraph to any Holder of any Bonds designated for redemption, or any defect in any notice so mailed, shall not affect the validity of the proceedings for redemption of any other Bonds and shall not extend the period for making elections or in any way change the rights of the Holders of the Bonds to elect to have their Bonds purchased as provided under the Indenture.

With respect to any notice of redemption of Bonds from the prepayment of Repayment Installments as directed by the Corporation pursuant to the Loan Agreement, unless upon the giving of such notice such Bonds shall be deemed to have been paid within the meaning of the Indenture, such notice will state that such redemption will be 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, such Bonds to be redeemed, and that if such Available Amounts will not have been so received said notice shall be of no force and effect, Bonds shall not be subject to redemption on such date and the Bonds shall not be required to be redeemed on such date. In the event that such notice of redemption contains such a condition and such Available Amounts are not so received, the redemption shall not be made and the Trustee shall within a reasonable time thereafter give notice, to the Persons and in the manner in which the notice of redemption was given, that such Available Amounts were not so received.

If upon the expiration of sixty (60) days succeeding any redemption date, any Bonds called for redemption shall not have been presented to the Trustee for payment, the Trustee shall no later than ninety (90) days following such redemption date send Notice by Mail to the Holder of each Bond not so presented. Failure to mail the notices required by this paragraph to any Holder, or any defect in any notice so mailed, shall not affect the validity of the proceedings for redemption of any Bonds nor impose any liability on the Trustee.

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 in respect thereof except to receive payment, but only from the funds provided in connection with such redemption, of the redemption price thereof (including interest, if any, accrued to the redemption date), without interest accrued on any funds held after the redemption date to pay such redemption price.

Upon surrender of any Bond redeemed in part only, the Trustee will 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 will 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, will 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 will 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 will 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 will be made in accordance with customary practices of DTC or the applicable successor depository, as the case may be.

The Corporation may, at its option, prepay the Repayment Installments payable under the Loan Agreement with respect to all or any portion of the Bonds by paying to the Trustee, a sum sufficient, together with other funds then on deposit with the Trustee and available for such purpose and the principal of and interest on any Government Obligations under the Indenture then on deposit with the Trustee which are due and payable on and before the applicable payment or redemption date and which Government Obligations are then available for such purpose, to pay with Available Amounts (1) the principal of all Outstanding Bonds on the maturity date or on the redemption date, as applicable, of such Bonds, plus interest accrued and to accrue to the payment or redemption date of the Bonds, plus premium, if any, (2) all reasonable and necessary fees and expenses of the Authority, the Trustee and the Remarketing Agent accrued and owing through final payment of the Bonds, and (3) all other liabilities of the Corporation accrued and owing under the Loan Agreement with respect to the Bonds.

In the case of prepayment of the Repayment Installments with respect to less than all of the Outstanding Bonds, the amount payable shall be a sum sufficient, together with other funds deposited with the Trustee and available for such purpose and the principal of and interest on any Governmental Obligations under the Indenture then on deposit with the Trustee which are due and payable on and before the applicable payment or redemption date and which Government Obligations are then available for such purpose, to pay with Available Amounts the principal amount of and premium, if any, and interest on the Bonds to be paid or redeemed with such prepayment, as provided in the Indenture, and to pay expenses of the payment or redemption, as applicable, of such Bonds.

In the event of a prepayment of Repayment Installments, the Corporation shall give written notice to the Authority, the Credit Provider and the Trustee specifying the date upon which any prepayment will be made. Such notice shall be given by the Corporation at least fifteen (15) days prior to such prepayment and, if such prepayment is to be applied to the redemption of Bonds, at least fifteen days prior to the last day by which the Trustee is permitted to give notice of redemption pursuant to the Indenture; provided that the Authority, the Credit Provider and the Trustee may agree to waive their respective rights to receive such notice or may agree to a shorter notice period. Unless the Corporation specifies that a prepayment is to be applied to providing for the payment of Bonds on their maturity date, the Authority and the Trustee shall forthwith take all steps necessary under the Indenture (except that the Authority shall not be required to make payment of any money required for such redemption other than from Revenues) to effect redemption of all or part of the then Outstanding Bonds on the date specified in the notice of prepayment or if no such date is specified by the Authorized Corporation Representative on the earliest practicable date after receipt of the prepayment of Repayment Installments on which such redemption may be made under applicable provisions of the Indenture.

Notwithstanding anything to the contrary in the Loan Agreement, each notice contemplated that is given with respect to a prepayment of Repayment Installments pursuant to the Loan Agreement shall state that it is subject to and conditional upon receipt by the Trustee on or prior to the proposed prepayment date of an amount sufficient to effect such prepayment and such notice shall be of no force and effect and the prepayment need not be made and the Repayment Installments will not become due and payable on the proposed prepayment date unless such an amount is so received on or prior to the proposed prepayment date.

The principal amount of Bonds to be redeemed with prepayments of Repayment Installments by the Corporation pursuant to the Loan Agreement shall be as specified by the Corporation pursuant to the Loan Agreement.

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 Bank of America, N.A. 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 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 on the credit of the Initial Credit Provider or other Credit Providers issuing a Credit Facility hereafter and then securing the Bonds and not the Corporation. As a result, no financial 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 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, 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 pay the greater of (i) the principal and the maximum amount of interest payable on the Outstanding Bonds on any Interest Payment date during the then current Interest Rate Period and (ii) the maximum Purchase Price of the Bonds which will be applicable during the then current Interest Rate Period;

(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 and the Purchase Price of the Bonds due upon such tender is secured by the Credit Facility then securing the Bonds.

In accordance with the Loan Agreement, the Corporation may not later than two (2) Business Days preceding the last day on which notice of mandatory tender for purchase of Bonds is to be given upon failure to renew the Credit Facility then in effect or to obtain an Alternate Credit Facility meeting the requirements set forth above, provide to the Trustee (with a copy to the Remarketing Agent) (i) a written renewal or extension of the term of the Credit Facility then securing the Bonds for a term of at least 364 days (or, if shorter, the period to maturity of the Bonds) or (ii) an Alternate Credit Facility meeting the requirements set forth above.

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” means all payments received by the Authority or the Trustee pursuant or with respect to a Credit Facility or the Loan Agreement (excluding payments made by the Corporation (i) as required to pay rebate to the United States or otherwise necessary to maintain the tax exempt status of the Bonds, (ii) as fees or expenses of the Authority and/or the Trustee, their respective representatives and professionals, (iii) as payments made by the Corporation to certain parties in accordance with its covenants to indemnify and/or defend and (iv) such other expenses which may constitute Additional Payments for the payments

of taxes, assessments, fees and charges of or against the Authority or the Trustee in connection with the Loan Agreement, the Indenture, the Credit Agreement, the Remarketing Agreement or the Bonds).

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 information under this heading has been provided solely by Bank of America, N.A. and is believed to be reliable, but has not been verified independently by the Authority, the Corporation, the Underwriter or the Trustee. No representation whatsoever as to the accuracy, adequacy or completeness of such information is made by the Authority, the Corporation, the Underwriter or the Trustee. No representation is made herein as to the accuracy of such information or as to the absence of materially adverse changes in such information subsequent to the date hereof or that the information contained or incorporated hereby by reference is correct as of any time.

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 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 March 31, 2004, the Initial Credit Provider had consolidated assets of \$691 billion, consolidated deposits of \$474 billion and stockholder’s equity of \$50 billion based on regulatory accounting principles.

The 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 the 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”).

On April 1, 2004 the 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 Rating Services (“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, 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 THE BANK OF AMERICA CORPORATION OR ANY OF ITS AFFILIATED INITIAL CREDIT PROVIDERS 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 under this caption "THE INITIAL CREDIT PROVIDER" relates to and has been obtained from the Initial Credit Provider. The information concerning the Bank of America Corporation and the Initial Credit Provider contained herein is furnished solely to provide limited introductory information regarding the 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 the Bank of America Corporation or the Initial Credit Provider since the date hereof, or that the information contained or referred to under this caption "THE INITIAL CREDIT PROVIDER" 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) \$45,000,000 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) \$665,754 (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) October 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 circumstances set forth in the Reimbursement Agreement which constitute events of default thereunder. 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.

(a) The Corporation shall fail to pay any amount payable under the Reimbursement Agreement or under any of the Related Documents (defined below) on the date when due (after giving effect to applicable grace periods); or

(b) Any representation, warranty, certification or statement made by the Corporation in the Reimbursement Agreement or by the Corporation in connection with the Reimbursement Agreement, any of the Related Documents or in any writing furnished by or on behalf of the Corporation shall prove to have been false, misleading or incomplete in any material respect on the date as of which made; or

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

(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; or

(e) The Corporation shall fail to pay any indebtedness 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; or

(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; or

(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 sixty (60) days undismissed, undischarged or unstayed; or

(h) 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; or

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

(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; or

(k) Any Plan Termination Event with respect to a Plan (as such terms are defined in the Reimbursement Agreement) 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; or

(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; or

(m) Any judgments or arbitration awards are entered against the Corporation in an aggregate amount of \$1,000,000 or more in excess of any insurance coverage and the same is not satisfied or stayed within thirty (30) days; or

(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; or

"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.

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, direct 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.

SWAP

The Corporation expects to enter into an interest rate swap pursuant to an agreement (the "Swap Agreement") with Bank of America, N.A. (the "Swap Provider") in connection with the issuance of a portion of the Bonds. The Swap Agreement provides, 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. 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 may be terminated 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

The Corporation is a nonprofit public benefit corporation organized under the laws of the State of California. The Corporation was incorporated in 1916 and is directed by a Board of Trustees. The Corporation operates two exhibition facilities, the San Diego Zoo and the San Diego Wild Animal Park, and conducts conservation programs through its research operation, the Center for the Reproduction of Endangered Species. The Corporation is an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, organized and existing under the laws of the State of California.

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 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, PREMIUM, IF ANY, OR INTEREST ON THE BONDS. NEITHER THE AUTHORITY NOR ABAG HAS ANY TAXING POWER.

ABSENCE OF MATERIAL LITIGATION

The Authority

To the best knowledge of the Authority, there is no controversy of any nature now pending or 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 and 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 Investors Service, Inc. ("Moody's") has assigned its ratings to the Bonds of "Aa1"/"VMIG1" 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 \$450,000. The Underwriter is obligated under the purchase contract to purchase all of the Bonds if any are purchased. The Bonds may be offered and sold by the Underwriter to certain dealers and others at yields lower than the public offering price indicated on the cover hereof, and such public offering price may be changed, from time to time, by the Underwriter.

APPROVAL OF LEGALITY

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

TAX MATTERS

In the opinion of Orrick, Herrington & Sutcliffe LLP ("Bond Counsel"), based on an analysis of existing laws, regulations, rulings, and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code") and is exempt from State of California personal income taxes. Bond Counsel is of the further opinion that interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Bond Counsel observes that such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. A complete copy of the proposed form of opinion of Bond Counsel is included herein as Appendix C.

Bonds purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) (“Premium Bonds”) will be treated as having amortizable premium. No deduction is allowable for the amortizable premium in the case of bonds, like the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a Beneficial Owner’s basis in a Premium Bond, will be reduced by the amount of amortizable bond premium properly allocable to such Beneficial Owner. Beneficial Owners of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Bonds. The Authority and the Corporation have made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the Bonds will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Bonds. The opinion of Bond Counsel assumes the accuracy of these representations and compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken), or events occurring (or not occurring), or any other matters coming to Bond Counsel’s attention after the date of issuance of the Bonds may adversely affect the value of, or the tax status of interest on, the Bonds.

In addition, Bond Counsel has relied, among other things, on the opinion of Luce, Forward, Hamilton & Scripps LLP, San Diego, California, Counsel to the Corporation, regarding the current qualification of the Corporation as an organization described in Section 501(c)(3) of the Code and the intended operation of the facilities to be financed by the Bonds as substantially related to the Corporation’s charitable purpose under Section 513(a) of the Code. Such opinion is subject to a number of qualifications and limitations. Furthermore, Corporation’s Counsel cannot give and has not given any opinion or assurance about the future activities of the Corporation, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or changes in enforcement thereof by the Internal Revenue Service (“IRS”). Failure of the Corporation to be organized and operated in accordance with IRS’s requirements for the maintenance of its status as an organization described in Section 501(c)(3) of the Code, or to operate the facilities financed by the Bonds in a manner that is substantially related to the Corporation’s charitable purpose under Section 513(a) of the Code, may result in interest payable with respect to the Bonds being included in federal gross income, possibly from the date of the original issuance of the Bonds.

The interest rate mode and certain requirements and procedures contained or referred to in the Indenture, the Loan Agreement, the Tax Certificate, and other relevant documents may be changed and certain actions (including, without limitation, defeasance of the Bonds) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. Bond Counsel expresses no opinion as to any Bond or the interest thereon if any such change occurs or action is taken or omitted upon the advice or approval of bond counsel other than Orrick, Herrington & Sutcliffe LLP.

Although Bond Counsel is of the opinion that interest on the Bonds is excluded from gross income for federal tax purposes and is exempt from State of California personal income taxes, the ownership or disposition of, or the accrual or receipt of interest on, the Bonds may otherwise affect a Beneficial Owner’s federal, state or local tax liability. The nature and extent of these other tax consequences depend upon the particular tax status of the Beneficial Owner or the Beneficial Owner’s other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Future legislation, if enacted into law, or clarification of the Code may cause interest on the Bonds to be subject, directly or indirectly, to federal income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such future legislation or clarification of the Code may also affect the market price for, or marketability of, the Bonds. Prospective purchasers of the Bonds should consult their own tax advisers regarding any pending or proposed federal tax legislation as to which Bond Counsel expresses no opinion.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the Bonds for federal income tax purposes. It is not binding on the IRS or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the Authority or the Corporation, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The Authority and the Corporation have covenanted, however, to comply with the requirements of the Code.

Bond Counsel's engagement with respect to the Bonds ends with the issuance of the Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the Authority, the Corporation or the Beneficial Owners regarding the tax-exempt status of the Bonds in the event of an audit examination by the IRS. Under current procedures, parties other than the Authority, the Corporation and their appointed counsel, including the Beneficial Owners, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the Authority or the Corporation legitimately disagrees, may not be practicable. Any action of the IRS, including but not limited to selection of the Bonds for audit, or the course or result of such audit, or any audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the Bonds, and may cause the Authority, the Corporation or the Beneficial Owners to incur significant expense.

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 with respect to the Bonds whenever a Term Interest Rate Period of longer than nine months is in effect or if otherwise required by the Rule.

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 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 Underwriter 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

Joseph K. Chan
Chief Financial Officer

The execution and delivery of this Official Statement by the Chief Financial Officer of the Corporation has been duly authorized by the Corporation.

ZOOLOGICAL SOCIETY OF SAN DIEGO

By: /s/ Paula S. Brock

Paula S. Brock
Chief Financial Officer

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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).

Initially, DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered bonds 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 in the aggregate principal amount of the Bonds and will be deposited with DTC.

DTC 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 issues, 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 in 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, Inc. and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as 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"). 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 or Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except if 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 name as may be requested by an authorized representative of DTC 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. As long as the DTC book-entry system is used for the Bonds, redemption notices shall be sent to Cede & Co. If less than all of the Bonds 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. (or any 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 an issuer 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 payment dates 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 DTC is the responsibility of the Trustee, disbursement of such payments to Direct Participants shall be the responsibility of DTC and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

Procedures in the Event of a Request of a Beneficial Owner to Tender its Interest in a Bond. As more fully described in this Official Statement, the Holder of a Bond may elect to have its Bond purchased at the Purchase Price, on the Purchase Date, at the times and in the manner set forth in the Official Statement. So long as Cede & Co. is the registered owner of the Bonds, as nominee of DTC, the right of a Holder to tender any Bond for purchase, the mechanics for exercising such right to tender and the right of such Holder or Beneficial Owner to receive payment of the Purchase Price of any Bond tendered for purchase as described herein pertain only to the rights of Cede & Co. and not the rights of any Beneficial Owner. The ability of any Beneficial Owner to tender its interest in any Bond and receive payment therefor is based solely upon and subject to the procedures and limitations of the book-entry only system, including the contractual arrangement of such Beneficial Owner with one of the Direct or Indirect Participants and the contractual arrangements of such Direct or Indirect Participants with DTC. Such procedures and limitations may cause a delay in the ability of a Beneficial Owner to exercise a right to tender its interest in the Bonds, or to receive timely payment of the Purchase Price thereof in the manner described in this Official Statement. As noted above, neither the Authority, the Corporation, the Trustee nor the Remarketing Agent will have any responsibility to any Beneficial Owner with respect to the timely exercise by DTC or any Direct or Indirect Participant of any direction by a Beneficial Owner with respect to its election to tender its interest in the Bonds or with respect to the timely remittance by DTC or any Direct or Indirect Participant of the Purchase Price of the Bonds.

The Authority cannot and does not give any assurances that DTC, DTC Participants or others will distribute payments of the principal, Purchase Price, premium, if any, and interest on the Bonds paid to DTC or its nominee as the registered owner, or will distribute any redemption notices or other notices, to the Beneficial Owners, or that they will do so on a timely basis or will serve and act in the manner described in this Official Statement. The Authority is not responsible or liable for the failure of DTC or any DTC Participant to make any payment or give any notice to a Beneficial Owner with respect to the Bonds or any error or delay relating thereto.

The foregoing description of the procedures and record-keeping with respect to beneficial ownership interests in the Bonds, payment of the principal, Purchase Price, interest and other payments on the Bonds to DTC Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interests in such Bonds and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC. Accordingly, no representations can be made concerning these matters and neither

the DTC Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters, but should instead confirm the same with DTC or the DTC Participants, as the case may be.

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 or interest on any Bond, or (c) the delivery of any notice by DTC or any DTC Participant.

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APPENDIX B

SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL LEGAL DOCUMENTS

The following is a brief summary of certain provisions of the Indenture and the Loan Agreement not otherwise summarized in the text of this Official Statement under the headings "THE BONDS," TENDER OF BONDS FOR PURCHASE," REDEMPTION OF BONDS" and "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS." This summary does not purport to be comprehensive or definitive and is subject to all of the terms and provisions of the Indenture in its entirety, to which reference is made for the detailed provisions thereof.

DEFINITIONS

"Accountant's Certificate" means a certificate signed by an independent certified public accountant of recognized national standing, or a firm of independent certified public accountants of recognized national standing, selected by the Corporation.

"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.

"Act of Bankruptcy" means any of the following with respect to any person: (a) the commencement by such person of a voluntary case under the federal bankruptcy laws, as now in effect or hereafter amended, or any other applicable federal or state bankruptcy, insolvency or similar laws; (b) failure by such person to timely controvert the filing of a petition with a court having jurisdiction over such person to commence an involuntary case against such person under the federal bankruptcy laws, as now in effect or hereafter amended, or any other applicable federal or state bankruptcy, insolvency or similar laws; (c) such person shall admit in writing its inability to pay its debts generally as they become due; (d) a receiver, trustee, custodian or liquidator of such person or such person's assets shall be appointed in any proceeding brought against the person or such person's assets; (e) assignment of assets by such person for the benefit of its creditors; or (f) the entry by such person into an agreement of composition with its creditors.

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

"Agreement" means the Loan Agreement, dated as of June 1, 2004, between the Authority and the Corporation and relating to the loan of the proceeds of the Bonds, as originally executed or as it may from time to time be supplemented or amended.

"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 as specified under the Loan Agreement and the Indenture.

"Amendment" means any amendment or modification of 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 the Indenture, and (b) will not, in and of itself, adversely affect the Tax-Exempt status of interest on the Bonds.

"Authority" means the ABAG Finance Authority for Nonprofit Corporations, a joint exercise of powers authority organized and existing under the laws of the State, or its successors and assigns.

"Authorized Authority Representative" means the President, Chief Financial Officer, Secretary or any person who may be designated by the President, Chief Financial Officer or Secretary of the Authority by written certificate furnished to the Trustee, as a person authorized to act on behalf of the Authority.

“Authorized Corporation Representative” or “Authorized Representative” means any person who at the time and from time to time may be designated, by written certificate furnished to the Authority, the Credit Provider (if any) and the Trustee, as a person authorized to act on behalf of the Corporation. Such certificate shall contain the specimen signature of such person, shall be signed on behalf of the Corporation by any officer of the Corporation and may designate an alternate or alternates.

“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 at the time such moneys are deposited with the Trustee 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.

“Bankruptcy Code” means Title 11 of the United States Code, as amended.

“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.

“Bond Counsel” means any attorney at law or firm of attorneys, of nationally recognized standing in matters pertaining to the validity of, and exclusion from gross income for federal tax purposes of interest on, bonds issued by states and political subdivisions and duly admitted to practice law before the highest court of any state of the United States and acceptable to the Authority.

“Bond Fund” means the Bond Fund established pursuant to the Indenture.

“Bond Purchase Fund” means the Bond Purchase Fund established pursuant to the Indenture.

“Bond Register” means the books for the registration of ownership of the Bonds, and the transfer of ownership of the Bonds, maintained by the Trustee pursuant to the Indenture.

“Bonds” means the bonds authorized and issued pursuant to the Indenture and any bonds issued in exchange or replacement thereof in accordance with the Indenture.

“Book-Entry Bonds” means any Bonds which are then held in book-entry form by a Securities Depository as specified under the Indenture.

“Business Day” means any day other than a Saturday, Sunday, legal holiday or a day on which banks located in Los Angeles, California and the cities in which the Remarketing Agent 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.

“Certificate of the Authority” means a certificate signed by an Authorized Authority Representative in such form as specified for such purpose under the Indenture.

“Certificate of the Corporation” means a certificate signed by an Authorized Corporation Representative in such form as specified for such purpose under the Indenture.

“Certified Resolution” means a copy of a resolution of the Authority certified by the Secretary of the Authority, or any other Authorized Authority Representative, to have been duly adopted by the Authority and to be in full force and effect on the date of such certification.

“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.

“Construction Fund” means the Construction Fund established pursuant to the Indenture.

“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 in accordance with the terms set forth under the caption “Notice of Conversion to Weekly Interest Rate Period” or the terms set forth under the caption “Notice of Conversion to Term Interest Rate Period.”

“Conversion Notice” means the notice required by the terms set forth under the caption “Notice of Conversion to Weekly Interest Rate Period” or the terms set forth under the caption “Notice of Conversion to Term Interest Rate Period” of the Conversion of the Bonds.

“Corporation” means the (i) Zoological Society of San Diego, a California nonprofit public benefit corporation, and its successors and assigns, and (ii) any surviving, resulting or transferee corporation as provided in the Loan Agreement.

“Costs” means, with respect to the Project, the sum of the items, or any such item, of the cost of the acquisition, construction, improvement, furnishing and 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 Certificate, 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 (including, without limitation, its initial bond administration fee), 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 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.

“Costs of Issuance Fund” means the Costs of Issuance Fund established pursuant to the Indenture.

“County” means the County of San Diego, California.

“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 Facility Account” means the Credit Facility Account established in the Bond Fund pursuant to the Indenture.

“Credit Facility Purchase Account” means the Credit Facility Purchase Account established in the Bond Purchase Fund pursuant to the Indenture.

“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 terms set forth under the caption “Disbursements from the Bond Purchase Fund” until such Bond is remarketed and the Credit Facility has been fully reinstated as provided herein under the caption “Credit Provider Bonds” or shall not be considered a Credit Provider Bond in accordance with the Credit Agreement.

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

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

“Electronic Notice” means notice through telecopy, telegraph, telex, facsimile transmission, internet, e-mail or other electronic means of communication.

“Environmental Regulation” means any federal, state or local law, statute, code, ordinance, regulation, requirement or rule relating to dangerous, toxic or hazardous pollutants, Hazardous Substances, chemical waste, materials or substances.

“Event of Default” as used with respect to the Indenture has the meaning specified herein under the caption “Events of Default; Acceleration-Waiver of Default,” and as used with respect to the Loan Agreement has the meaning specified herein with respect to the Loan Agreement under the caption “Events of Default.”

“Facilities” means all of the real and personal property under the ownership, leasehold and/or control of the Corporation as the same may be improved and expanded 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 Authority, with the approval of the Corporation, by notice to the Credit Provider, the Trustee and the Remarketing Agent.

"GAAP" means generally accepted accounting principles set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or in such other statements by such other entity as may be approved by a significant segment of the accounting profession, that are applicable to the circumstances as of the date of determination.

"Government Obligations" means bonds, notes, certificates of indebtedness, treasury bills or other securities constituting direct obligations of, or obligations the full and timely payment of which is guaranteed by, the United States of America.

"Hazardous Substances" means (a) any oil, flammable substance, explosives, radioactive materials, hazardous wastes or substances, toxic wastes or substances or any other wastes, materials or pollutants which (i) pose a hazard to the Facilities or to persons on or about the Facilities or (ii) cause the Facilities to be in violation of any Environmental Regulation; (b) asbestos in any form which is or could become friable, urea formaldehyde foam insulation, transformers or other equipment which contain dielectric fluid containing levels of polychlorinated biphenyls, or radon gas; (c) any chemical, material or substance defined as or included in the definition of "waste," "hazardous substances," "hazardous wastes," "hazardous materials," "extremely hazardous waste," "restricted hazardous waste," or "toxic substances" or words of similar import under any Environmental Regulation including, but not limited to, the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA"), 42 USC §§ 9601 et seq.; the Resource Conservation and Recovery Act ("RCRA"), 42 USC §§ 6901 et seq.; the Hazardous Materials Transportation Act, 49 USC §§ 1801 et seq.; the Federal Water Pollution Control Act, 33 USC §§ 1251 et seq.; the California Hazardous Waste Control Law ("HWCL"), Cal. Health & Safety §§ 25100 et seq.; the Hazardous Substance Account Act ("HSAA"), Cal. Health & Safety Code §§ 25300 et seq.; the Underground Storage of Hazardous Substances Act, Cal. Health & Safety §§ 25280 et seq.; the Porter-Cologne Water Quality Control Act (the "Porter-Cologne Act"), Cal. Water Code §§ 13000 et seq., the Safe Drinking Water and Toxic Enforcement Act of 1986 (Proposition 65); and Title 22 of the California Code of Regulations, Division 4, Chapter 30; (d) any other chemical, material or substance, exposure to which is prohibited, limited or regulated by any governmental authority or agency or may or could pose a hazard to the health and safety of the occupants of the Facilities or the owners and/or occupants of property adjacent to or surrounding the Facilities, or any other person coming upon the Facilities or adjacent property; or (e) any other chemical, materials or substance which may or could pose a hazard to the environment.

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

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

"Information Services" means Financial Information, Inc.'s "Daily Called Bond Service," 30 Montgomery Street, 10th Floor, Jersey City, New Jersey 07302, Attention: Editor; Kenny Information Services' "Called Bond Service," 65 Broadway, 16th Floor, New York, New York 10006; Moody's "Mergent" 5250 77 Center Drive, Suite 150, Charlotte, North Carolina, 28217, Attention: Called Bond Department; the Municipal Securities Rulemaking Board, CDI Pilot, 1640 King Street, Suite 300, Alexandria, Virginia 22314; and Standard & Poor's "Called Bond Record," 25 Broadway, 3rd Floor, New York, New York 10004; or, in accordance with then-current guidelines of the Securities and Exchange Commission, such other addresses and/or such other services providing information with respect to called bonds, as the Corporation may designate in a Certificate of the Corporation delivered to the Trustee.

"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 (i) money market funds subject to SEC Rule 2a-7 and 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, and (ii) public sector investment pools operated pursuant to SEC Rule 2a-7 in which the deposit shall not exceed 5% of the aggregate pool balance at any time and such pool is rated in one of the two highest short-term rating categories (without regard to qualifier, "A-1" by S&P, "P-1" by Moody's and "F-1" by Fitch) of at least two nationally recognized rating agencies.
- (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) 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.

“Loan” means the loan in the initial aggregate principal amount of the Bonds made by the Authority to the Corporation pursuant to herein under the caption “Loan to Corporation.”

“Mandatory Tender Bonds” has the meaning specified herein under the caption “Remarketing of Bonds - Mandatory Tender Bonds.”

“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 Authority, with the approval of the Corporation, by notice to the Credit Provider, the Trustee and the Remarketing Agent.

“Net Proceeds” means the proceeds from insurance or from actual or threatened condemnation or eminent domain actions with respect to the Facilities or any part thereof, less any costs reasonably expended by the Corporation to receive such proceeds.

“Nominee” means Cede & Co., as nominee of DTC, the initial Securities Depository for the Bonds, and any successor nominee of DTC and, if another Securities Depository replaces DTC as Securities Depository under the Indenture, any nominee of such substitute Securities Depository.

“Notice by Mail” or “notice” of any action or condition “by Mail” shall mean a written notice meeting the requirements of the Indenture mailed by first class mail, postage prepaid.

“NRMSIR” means a nationally recognized municipal securities information repository recognized by the Securities and Exchange Commission pursuant to Rule 15c2-12.

“Opinion of Bond Counsel” means an Opinion of Counsel which is a Bond Counsel.

“Opinion of Counsel” means a written opinion of counsel (who may be counsel for the Corporation) acceptable to the Authority and the Corporation in such form as specified for such purpose under the Indenture.

“Outstanding,” when used as of any particular time with reference to the Bonds (subject to the provisions of subsection (e) under the caption “Evidence of Action by Bondholders”), 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 in accordance with 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, as set forth under the caption “Discharge of Liability of Particular Bonds”; and
- (d) Bonds deemed purchased pursuant to the terms set forth under the caption “Bonds Deemed Purchased.”

“Participant” means each DTC Participant and if there is a Securities Depository for the bonds other than DTC, each broker-dealer, bank and other financial institution from time to time for which such substitute Securities Depository holds Bonds as securities depository.

“Person” means an individual, corporation, firm, association, limited liability company, corporation, partnership, trust, or other legal entity or group of entities, including a governmental entity or any agency or political subdivision thereof.

“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 principal or corporate trust office of the Trustee in Los Angeles, California set forth in the Indenture; (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 the offices of the Los Angeles representative office, 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.

“Project” means the additions to and improvements of the Facilities, including the real property upon which the Project is located, and the equipment and furnishings, more particularly described in the Loan Agreement.

“Purchase Date” means any date on which any Bond is required to be purchased pursuant to the terms set forth under the captions “Option to Tender for Purchase” or “Mandatory Tender for Purchase.”

“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 terms set forth under the captions “Option to Tender for Purchase” or “Mandatory Tender for Purchase,” 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.

“Qualified Newspaper” means The Wall Street Journal or The Bond Buyer or any other newspaper or journal containing financial news, printed in the English language and customarily published on each Business Day, of general circulation in New York, New York, and selected by the Corporation and designated to the Trustee.

“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 Fund” means the Rebate Fund established and held by the Trustee under the Indenture.

“Rebate Requirement” has the meaning assigned to such term in the Tax Certificate.

“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.

“Remarketing Agent” means the initial Remarketing Agent for the Bonds designated under the Indenture and any successor thereto appointed pursuant thereto.

“Remarketing Agreement” means any agreement or agreements meeting the requirements of the Indenture as set forth herein under the caption “Appointment, Duties and Qualifications of Remarketing Agent.”

“Repayment Installment” means any amount that the Corporation is required to pay to the Trustee pursuant to the terms of the Loan Agreement set forth herein under the caption “Repayment and Payment of Other Amounts Payable.”

“Representation Letter” has the meaning specified in the Indenture.

“Revenues” means all payments received by the Authority or the Trustee pursuant or with respect to the Loan Agreement (except certain payments made pursuant or with respect to the Loan Agreement which generally include payments made by the Corporation (i) as required to pay rebate to the United States or otherwise necessary to maintain the tax exempt status of the Bonds, (ii) as fees or expenses of the Authority and/or the Trustee, their respective representatives and professionals, (iii) as payments made by the Corporation to certain parties in accordance with its covenants to indemnify and/or defend and (iv) such other expenses which may constitute Additional Payments for the payments of taxes, assessments, fees and charges of or against the Authority or the Trustee in connection with the Loan Agreement, the Indenture, the Credit Agreement, the Remarketing Agreement or the Bonds) 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.

“Rule 15c2-12” means Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as it may from time to time be amended and supplemented.

“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 Authority, with the approval of the Corporation, by notice to the Credit Provider, the Trustee and the Remarketing Agent.

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

“SID” means the state information depository, if any, of the State recognized by the Securities and Exchange Commission pursuant to Rule 15c2-12.

“State” means the State of California.

“Supplemental Indenture” or “indenture supplemental [hereto]” means any indenture hereafter duly authorized and entered into between the Authority and the Trustee in accordance with the provisions of the Indenture.

“Surplus Account” means an account so designated established pursuant to the Indenture.

“Tax Certificate” means the Tax Certificate and 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.

“Tax-Exempt” means, with respect to interest on any obligations of a state or local government, including the Bonds, that such interest is excluded from the gross income of the holders thereof (other than any holder who is a “substantial user” of facilities financed with such obligations or a “related person” within the meaning of Section 147(a) of the Code) for federal income tax purposes, whether or not such interest is includable as an item of tax preference or otherwise includable directly or indirectly for purposes of calculating other tax liabilities, including any alternative minimum tax or environmental tax under the Code.

“Tax-Exempt Securities” means revenue bonds or other securities the interest on which is Tax-Exempt.

“Term Interest Rate” means a non-variable interest rate on the Bonds established for a Term Interest Rate Period in accordance with to the Indenture as set forth herein under the caption “Determination of Term Interest Rate.”

“Term Interest Rate Period” means each period determined by the Corporation pursuant to the Indenture as set forth herein under the caption “Conversion to a Term Interest Rate Period” 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.

“Trustee” means Union Bank of California, N.A., a national banking association organized under the laws of the United States of America, and its successors and assigns or any successor trustee appointed pursuant to the Indenture as set forth herein under the caption “Resignation and Removal of Trustee and Appointment of Successor Trustee.”

“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 as set forth herein under the caption “Determination of Weekly Interest Rate.”

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

“Written Order of the Authority” and “Written Request of the Authority” mean, respectively, a written order or request signed by or on behalf of the Authority by an Authorized Authority Representative.

“Weekly Put Bonds” shall have the meaning given such term herein under the caption “Remarketing of Bonds - Weekly Put Bonds.”

“Yield” shall have the meaning ascribed to such term by Section 148(h) of the Code.

Additional Definitions: Any term used in the Indenture that is not defined in the Indenture but that is defined in the Tax Certificate shall have the meaning ascribed to it in the Tax Certificate.

THE INDENTURE OF TRUST

THE BONDS

The Indenture constitutes a continuing agreement with the Holders from time to time of the Bonds to secure the full payment of the principal (or redemption price) and Purchase Price of and interest on all the Bonds subject to the covenants, provisions and conditions contained in the Indenture.

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 do not constitute a charge against the general credit of the Authority and are not secured by a legal or equitable pledge of, or charge or lien upon, any property of the Authority or any of its income or receipts except the Revenues and the other funds pledged therefor under the Indenture. The Bonds and the obligation to pay the principal or Purchase Price of, premium, if any, or interest on, the Bonds 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 in the Indenture. 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, premium, if any, or interest on the Bonds. Neither the faith and credit nor the taxing power of the State of California or any public agency thereof is pledged to the payment of the principal or Purchase Price of, premium, if any, or interest on, the Bonds.

Principal and Purchase Price of, and premium, if any, and interest on, the Bonds shall be payable in lawful money of the United States of America which is legal tender for the payment of public and private debts. The Bonds shall bear interest on the unpaid principal amount thereof as set forth in the Indenture, provided, however, that in no event shall the rate of interest on any Bond (other than a Credit Provider Bond which shall bear interest as provided in the applicable Credit Agreement) exceed at any time the Maximum Interest Rate.

Interest Rates. (a) The Bonds shall bear interest from and including the Issue Date thereof until payment of the principal or redemption price thereof shall have been made or provided for on the due date thereof in accordance with the provisions of the Indenture, whether at maturity, upon redemption or acceleration or otherwise. Interest on the Bonds with respect to the immediately preceding Interest Period shall be paid on each Interest Payment Date as provided below, provided that if any Interest Payment Date is not a Business Day, such interest shall be mailed or wired pursuant to the Indenture on the next succeeding Business Day, with the same effect as if made on the day such payment was due. Except during a Term Interest Rate Period of one year or longer, interest on the Bonds shall be computed upon the basis of a 365-day or 366 day year, as applicable, for the number of days actually elapsed. 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.

Payment of the interest on any Bond shall be made to the person appearing on the Bond Register as the registered owner thereof as of the applicable Record Date, such interest to be paid by the Trustee to such Bondholder (i) by check mailed by first class mail on the Interest Payment Date, to such Bondholder’s address as it appears on the Bond Register, or (ii) upon written request at least three Business Days prior to the applicable Record Date of the Holder of all of the Outstanding Bonds or the Holder of Outstanding Bonds aggregating not less than \$1,000,000 in principal amount, by wire transfer in immediately available funds at an account maintained in the United States at such wire address as such Bondholder shall specify in its written notice (any such written request shall remain in effect until rescinded in writing by such Bondholder), or (iii) with respect to Credit Provider Bonds, as provided in the applicable Credit Agreement; except, in each case, that, if and to the extent that there shall be a default in the payment of the interest due on such Interest Payment Date, such defaulted interest shall be paid to the Bondholder in whose name any such Bonds are registered on the Bond Register at the close of business on a special record date to be fixed by the Trustee. Notwithstanding the foregoing, if any Bond is authenticated as of a day during the period from the day after the Record Date immediately preceding an Interest Payment Date to such Interest Payment Date, inclusive, such Bond shall bear interest from such Interest Payment Date; provided, however, that if the Authority shall default in the payment of interest due on such Interest Payment Date, then such Bond shall

bear interest as provided in the preceding sentence. Both the principal of and premium, if any, on the Bonds shall be payable upon surrender thereof at the Principal Office of the Trustee. Notwithstanding the foregoing, Credit Provider Bonds shall bear interest and be payable as set forth in the Credit Agreement.

(b) In the manner hereinafter provided, the term of the Bonds will be divided into consecutive Interest Rate Periods, during each of which the Bonds shall bear interest at Weekly Interest Rates or Term Interest Rates. The initial Interest Rate Period for the Bonds shall be a Weekly Interest Rate Period during which the Bonds shall bear interest at Weekly Rates. The Bonds shall continue in such Weekly Interest Rate Period until Converted to a Term Interest Rate pursuant to the Indenture as set forth herein under the caption "Conversion to a Term Interest Rate Period." The first Interest Payment Date for the Bonds shall be August 1, 2004.

(c) (i) Determination of Weekly Interest Rate. During each Weekly Interest Rate Period, the Bonds shall bear interest at Weekly Interest Rates determined pursuant to this subsection (c)(i). Except as otherwise provided in the Indenture as set forth herein under the caption "Determination of Term Interest Rate" and the Indenture as set forth herein under the caption "Failure of Conditions to Convert to Term Interest Rate Period," the Weekly Interest Rate for each Calendar Week shall be determined by the Remarketing Agent not later than 5:00 p.m. (New York City time) on the Wednesday immediately preceding such 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, however, that the initial Weekly Interest Rate for the Bonds shall be determined by the Remarketing Agent on or prior to the Issue Date and provided further 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 not later than the Business Day next preceding the effective date of such Weekly Interest Rate Period.

The 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; provided, however, that 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 percent per annum equal to the Variable Index), and the Weekly Interest Rate for each succeeding Calendar Week shall be a percent per annum equal to the Variable Index. Upon determination of each Weekly Interest Rate, the Remarketing Agent shall provide notice to the Trustee of such Weekly Interest Rate.

(ii) Conversion to Weekly Interest Rate Period. The Corporation, by written direction to the Trustee and the Remarketing Agent, delivered at least 40 days prior to the proposed Conversion Date, accompanied by the written consent of the Credit Provider and 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. Such direction shall specify the Conversion Date to such 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 which is 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.

(iii) Notice of Conversion to Weekly Interest Rate Period. Except for an automatic Conversion to a Weekly Interest Rate Period pursuant to the Indenture as set forth herein under the caption "Determination of Term Interest Rate" or the Indenture as set forth herein under the caption "Failure of Conditions to Convert to Term Interest Rate Period," as to which no notice shall be required, the Trustee shall give notice by first class mail of a Conversion of the Bonds to a Weekly Interest Rate Period to the Bondholders, the Credit Provider, the Remarketing Agent and the Corporation not less than 30 days prior to the Conversion Date to 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 Conversion Date to such Weekly Interest Rate Period, (3) the day by which the initial Weekly Interest Rate for such Weekly Interest Rate Period shall be determined and the manner by which the Weekly Interest Rates for such Weekly Interest Rate Period may be obtained, (4) the Interest Payment Dates with respect to such Weekly Interest Rate Period, (5) that the Bonds will be purchased on such Conversion Date pursuant to the terms of the Indenture set forth herein under the caption "Mandatory Tender for Purchase," (6) the procedures for such

purchase as provided in (5) above, (7) that, subsequent to such effective date, the Bondholders or the Beneficial Owners will have the right to demand purchase of the Bonds upon not less than seven days' notice, (8) the procedures for a demand for purchase as provided in (7) above, (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.

(d) (i) Determination of Term Interest Rate. During each Term Interest Rate Period, the Bonds shall bear interest at the applicable Term Interest Rate, which shall 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 and the Remarketing Agent shall determine the Weekly Interest Rate for the initial Calendar Week on such date. Upon determination of each Term Interest Rate, the Remarketing Agent shall provide written notice of such Term Interest Rate to the Trustee.

(ii) Conversion to Term Interest Rate Period. The Corporation, by written direction to the Trustee and the Remarketing Agent, delivered at least 40 days prior to the proposed Conversion Date to a Term Interest Rate Period, accompanied by the written consent of the Authority and the Credit Provider and 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, and shall determine the duration of any such new Term Interest Rate Period which shall be one of the periods specified in the definition "Term Interest Rate Period." Such direction (a) shall specify the Conversion Date to 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) shall specify the last day thereof. Notwithstanding anything else provided in this to the Indenture as set forth herein under the caption "Conversion to a Term Interest Rate Period," 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 subsection (a) under the caption "Credit Facility; Alternate Credit Facility" 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 Conversion Date to 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 Rule 15c2-12 with respect to the Bonds as provided in the terms of the Loan Agreement set forth herein under the caption "Continuing Disclosure."

(iii) Notice of Conversion to Term Interest Rate Period. The Trustee shall give notice by first class mail of each Conversion to a Term Interest Rate Period to the Bondholders not less than 30 days prior to the Conversion Date to 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 Conversion Date to, 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 Date or Dates with respect to such Term Interest Rate Period, (6) the Bonds shall be purchased on such effective date pursuant to the terms of the Indenture set forth herein under the caption "Mandatory Tender for Purchase," (7) the procedures of such purchase as provided in (6) above, (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.

(e) Failure of Conditions to Convert to Term Interest Rate Period. Notwithstanding anything in the Indenture to the contrary, if the conditions to Convert the Bonds to a Weekly Interest Rate Period contained in the Indenture as set forth herein under the caption “Conversion to Weekly Interest Rate Period” or to Convert the Bonds from one Term Interest Rate Period to another Term Interest Rate Period contained in the Indenture as set forth herein under the caption “Conversion to a Term Interest Rate Period” are not satisfied, then the Interest Rate Period that shall commence on the mandatory purchase of the Bonds on the Conversion Date specified in the notice of Conversion delivered to Bondholders in accordance with the terms set forth under the caption “Notice of Conversion to Weekly Interest Rate Period” or as set forth under the caption “Notice of Conversion to Term Interest Rate Period,” as applicable, shall automatically and without further action under the Indenture, 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 commencing on such Conversion Date on such date.

(f) Notwithstanding anything in the Indenture to the contrary, if an Event of Default shall have occurred and be continuing, the interest rate on the Bonds shall be the rate on the Bonds on the day prior to the occurrence of such Event of Default.

(g) 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 Credit Provider and the Trustee.

Book-Entry System. (a) The Bonds shall initially be issued in the form of one separate single certificated fully registered bond for the aggregate principal amount of the Bonds, registered in the name of Cede & Co., as nominee of DTC, the initial Securities Depository for the Bonds. Except as provided in subsection (e) below, all of the Outstanding Bonds shall be so registered on the Bond Register, and the provisions of subsection (f) of this section shall apply thereto.

(b) The Authority, the Corporation, the Remarketing Agent, the Credit Provider and the Trustee shall have no responsibility or obligation to any DTC Participant or to any Beneficial Owner, except as otherwise expressly provided under the Indenture. Without limiting the immediately preceding sentence, the Authority, the Corporation, the Remarketing Agent, the Credit Provider and the Trustee shall have no responsibility or obligation with respect to (1) the accuracy of the records of DTC or any other Securities Depository for the Bonds, any Nominee or any Participant with respect to any ownership interest in the Bonds, (2) the delivery to any Participant or any other person, other than a Bondholder as shown on the Bond Register, of any notice with respect to the Bonds, including any notice of redemption (except that the Trustee shall have the obligation to deliver notices of optional and mandatory tender to the Remarketing Agent as provided under the Indenture) or (3) the payment to any Participant or any other Person, other than a Bondholder as shown on the Bond Register, of any amount with respect to principal or Purchase Price of, premium, if any, or interest on the Bonds. The Trustee shall pay all principal and Purchase Price of, premium, if any, and interest on the Bonds only to or upon the order of the respective Bondholders, as shown on the Bond Register, or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the Authority’s obligations with respect to payment of principal and Purchase Price of, premium, if any, and interest on the Bonds to the extent of the sum or sums so paid. The Authority, the Corporation, the Remarketing Agent and the Trustee may treat and consider the Person in whose name each Bond is registered on the Bond Register as the Holder and absolute owner of such Bond for the purpose of payment of principal and Purchase Price of, and premium and interest on, such Bond, for the purpose of giving notices of redemption and other matters with respect to such Bond, for the purpose of registering transfers with respect to such Bond, and for all other purposes whatsoever; provided, however, notwithstanding the foregoing provisions, the Trustee shall accept any notice of optional tender pursuant to the terms of the Indenture set forth herein under the caption “Option to Tender for Purchase” from any Beneficial Owner of any Book-Entry Bond, but shall make payment of the Purchase Price thereof only to the registered owner of such Bond as shown on the Bond Register in the manner provided in the Representation Letter.

(c) No person other than a Bondholder, as shown on the Bond Register, shall receive a certificated Bond evidencing the obligation of the Authority to make payments of principal or Purchase Price of, or premium, if any, or interest on, the Bonds pursuant to the Indenture.

(d) The Authority and the Trustee shall, if not previously on file, execute and deliver to DTC and each substitute Securities Depository a letter of representation in customary form with respect to the Bonds (the "Representation Letter"), but such Representation Letter shall not in any way limit the provisions of subsection (b) of the Indenture set forth herein under the caption "Book-Entry System" or in any other way impose upon the Authority or the Trustee any obligation whatsoever with respect to Persons having interests in the Bonds other than the Bondholders, as shown on the Bond Register. The Trustee shall take all action necessary for all representations of such party in the Representation Letter with respect to the Trustee to be complied with at all times.

(e) The Authority, with the consent of the Corporation, may, and upon request of the Corporation shall, terminate the services of the Securities Depository then acting as securities depository for the Bonds. The Securities Depository then acting as securities depository for the Bonds may determine to discontinue providing its services with respect to the Bonds at any time by giving written notice and all known information on the Participants and the Beneficial Owners having an interest in the Bonds to the Authority, the Corporation and the Trustee and discharging its responsibilities with respect thereto under applicable law. Upon the discontinuance or termination of the services of DTC with respect to the Bonds, unless a substitute securities depository is appointed by the Authority (with the consent, or at the request, of the Corporation) to undertake the functions of Securities Depository under the Indenture, the Authority, at the expense of the Corporation, is obligated to deliver Bond certificates to or upon the order of the Beneficial Owners of such Bonds, as described in the Indenture, and such Bonds shall no longer be restricted to being registered on the Bond Register in the name of the Securities Depository or its Nominee, but may be registered in whatever name or names Bondholders transferring or exchanging such Bonds shall designate, in accordance with the provisions of the Indenture. If a substitute Securities Depository is appointed for the Bonds in accordance with this subsection (e), the Bonds shall be registered in the Bond Register in the name of such substitute Securities Depository or its Nominee.

(f) So long as any Bond is registered in the name of a Securities Depository or its Nominee, all payments with respect to principal and Purchase Price of, premium, if any, and interest on such Bond and all notices with respect to such Bond shall be made and given, respectively, in the manner provided in the Representation Letter. Bondholders shall have no lien or security interest in any rebate or refund paid by a Securities Depository to the Trustee which arises from the payment by the Trustee of principal or Purchase Price of, premium, if any, or interest on the Bonds in immediately available funds to such Securities Depository or its Nominee.

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 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. Except with respect to Bonds purchased pursuant to the terms set forth under the captions "Option to Tender for Purchase" or "Mandatory Tender for Purchase," 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. Except with respect to Bonds purchased pursuant to the terms set forth under the captions "Option to Tender for Purchase" or "Mandatory

Tender for Purchase,” 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.

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

Bonds Mutilated, Lost, Destroyed or Stolen. If any Bond shall become mutilated, the Authority, upon the request and at the expense of the Holder of said Bond, shall prepare and execute, and the Trustee shall thereupon authenticate and deliver, a new Bond of like tenor and Authorized Denomination in exchange and substitution for the Bond so mutilated, but only upon surrender to the Trustee of the Bonds so mutilated. Every mutilated Bond so surrendered to the Trustee shall be cancelled by it and destroyed and, upon the written request of the Authority, a certificate evidencing such destruction shall be delivered to the Authority, with a copy to the Corporation. If any Bond issued under the Indenture shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Authority and the Trustee, and if such evidence be satisfactory to them and indemnity satisfactory to them shall be given by or on behalf of the Holder of such lost, destroyed or stolen Bond, the Authority, at the expense of the Holder, shall prepare and execute, and the Trustee shall thereupon authenticate and deliver, a new Bond of like tenor and Authorized Denomination in lieu of and in substitution for the Bond so lost, destroyed or stolen (or if any such Bond shall have matured, instead of issuing a substitute Bond the Trustee may pay the same without surrender thereof upon receipt of indemnity satisfactory to it). The Authority may require payment of a reasonable fee for each new Bond issued under this section and payment of the expenses which may be incurred by the Authority and the Trustee. Any Bond issued under the provisions of this section in lieu of any Bond mutilated or alleged to be lost, destroyed or stolen shall constitute an original additional contractual obligation on the part of the Authority whether or not the Bond mutilated or so alleged to be lost, destroyed or stolen shall be at any time enforceable by anyone, and shall be equally and proportionately entitled to the benefits of the Indenture with all other Bonds secured by the Indenture.

Disposition of Cancelled Bonds. When and as paid in full, all Bonds shall be delivered to the Trustee, who shall forthwith cancel such Bonds and deliver a certificate evidencing such cancellation to the Authority and the Corporation. The Trustee may destroy or retain such cancelled Bonds.

CUSIP Numbers. The Authority in issuing the Bonds may use “CUSIP” numbers (if then generally in use), and, if so, the Trustee shall use “CUSIP” numbers in notices of redemption as a convenience to Holders; provided that any such notice may state that no representation is made as to the correctness of such numbers either as printed on the Bonds or as contained in any notice of a redemption and that reliance may be placed only on the other identification numbers printed on the Bonds, and any such redemption shall not be affected by any defect in or omission of such CUSIP numbers.

ISSUANCE OF BONDS; APPLICATION OF PROCEEDS

Authentication and Delivery of Bonds. Forthwith upon the execution and delivery of the Indenture, upon the execution of the Bonds by the Authority and delivery thereof to the Trustee, as hereinabove provided, and without any further action on the part of the Authority, the Trustee shall authenticate the Bonds in an aggregate principal amount and shall deliver the Bonds to or upon the Written Order of the Authority upon receipt of the purchase price thereof as specified in such Written Order.

Construction Fund.

(a) The Trustee shall establish the Zoological Society of San Diego Wild Animal Park Project Construction Fund (the “Construction Fund”). The Trustee shall establish within the Construction Fund such accounts and subaccounts as are specified in the Tax Certificate and, upon written direction from an Authorized

Corporation Representative, such additional accounts and subaccounts as may be necessary or convenient to carry out the purposes of the Tax Certificate.

(b) 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 as set forth herein under the caption "Disbursements of Bond Proceeds," 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.

(c) Upon the receipt by the Trustee of a certificate conforming with the requirements of the Loan Agreement as set forth herein under the caption "Establishment of Completion Date; Obligation of Corporation to Complete," 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 terms of the Indenture set forth herein under the caption "Bond Fund," 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 terms of the Indenture as set forth herein under the caption "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.

(d) 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.

Costs of Issuance Fund. The Trustee shall establish the Costs of Issuance Fund (the "Costs of Issuance Fund"). The moneys in the Costs of Issuance Fund shall be held by the Trustee in trust and applied to the payment of Costs of Issuance, upon a requisition filed with the Trustee in the form attached to the Indenture, signed by an Authorized Corporation Representative; provided, however, that the Costs of Issuance paid from the Bond proceeds deposited in the Costs of Issuance Fund shall not exceed 2% of the principal amount of the Bonds. All payments from the Costs of Issuance Fund shall be reflected in the Trustee's regular accounting statements. Any amounts remaining in the Costs of Issuance Fund six months following the Issue Date of the Bonds shall be transferred to the Construction Fund and applied as provided in the Indenture as set forth herein under the caption "Construction Fund."

Validity of Bonds. The validity of the authorization and issuance of the Bonds is not dependent on and shall not be affected in any way by any proceedings taken by the Authority or the Trustee with respect to or in connection with the Loan Agreement. The recital contained in the Bonds that the same are issued pursuant to the Act and the Constitution and laws of the State of California shall be conclusive evidence of their validity and of compliance with the provisions of law in their issuance.

REDEMPTION AND PURCHASE OF BONDS

Redemption of Bonds. (a) The Bonds are subject to redemption as set forth below if and to the extent the Corporation makes a prepayment of Repayment Installments pursuant to the Loan Agreement or moneys are available in the Surplus Account for such purpose pursuant to subsection (c) of the Indenture as set forth herein under the caption "Construction Fund."

Option to Tender for Purchase.

(a) During any Weekly Rate Period, any Bond or any permitted portion thereof may be tendered for purchase at the option of the Holder thereof on any Business Day at the applicable Purchase Price, payable from the sources specified under the caption "Disbursements from the Bond Purchase Fund" in immediately available funds upon delivery by the Holder of such Bond to the Trustee at its Principal Office of an irrevocable notice by telephone or Electronic Notice (promptly confirmed in writing) or written 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. The Trustee shall keep a written record of the notice described in this subsection (a).

(b) If any Bond is to be purchased in part pursuant to (a) above, the amount so purchased and the amount not so purchased, if any, must each be an Authorized Denomination.

(c) Any notice of tender of Bonds delivered to the Trustee in accordance with this section shall be irrevocable with respect to the purchase 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 Bonds 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 (a) above 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.

Mandatory Tender for Purchase.

(a) The Bonds shall be subject to mandatory tender for purchase at the applicable Purchase Price, payable from the sources specified under the caption "Disbursements from the Bond Purchase Fund" in immediately available funds, upon the occurrence of any of the events listed below:

- (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 pursuant to subsection (c) under the caption "Credit Facility; Alternate Credit Facility";
- (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 and requesting the Trustee to cause the mandatory tender of the Bonds for purchase.

(b) 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 subsection (a)(i) under the caption "Mandatory Tender for Purchase," which notice shall be in the form of the notice required by the terms

set forth under the caption "Notice of Conversion to Weekly Interest Rate Period" or the terms set forth under the caption "Notice of Conversion to Term Interest Rate Period," as applicable.

(c) If the Trustee has received a copy of a commitment to issue an Alternate Credit Facility, 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 subsection (a)(ii) under the caption "Mandatory Tender for Purchase," which notice shall (i) state the expected effective date of such Alternate Credit Facility and (ii) state that the Bonds shall be subject to mandatory tender for purchase on the date specified in such notice, in accordance with subsection (a)(ii) under the caption "Mandatory Tender for Purchase."

(d) 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 subsection (a)(iii) under the caption "Mandatory Tender for Purchase," 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 in accordance with subsection (a)(iii) under the caption "Mandatory Tender for Purchase" on the date determined in accordance with such subsection (a)(iii) under the caption "Mandatory Tender for Purchase" which date shall be specified in such notice.

(e) 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 subsection (a)(iv) under the caption "Mandatory Tender for Purchase," which notice by the Trustee shall (i) state 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 (iii) state that the Bonds are subject to mandatory tender for purchase in accordance with subsection (a)(iv) under the caption "Mandatory Tender for Purchase" on the date determined in accordance with subsection (a)(iv) under the caption "Mandatory Tender for Purchase" which date shall be specified in such notice.

(f) Upon the giving of notice to Bondholders of the mandatory tender of Bonds for purchase pursuant to subsection (b), (c), (d) or (e) of this section, the Bonds shall be subject to such 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 for the Bonds, 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.

Delivery of Tendered Bonds. With respect to any Book-Entry Bond, delivery of such Bond to the Trustee in connection with any optional or mandatory tender for purchase pursuant to the terms set forth under the captions "Option to Tender for Purchase" or "Mandatory Tender for Purchase" shall be effected by the making of, or the irrevocable authorization to make, appropriate entries on the books of DTC or any DTC Participant to reflect the transfer of the beneficial ownership interest in such Bond to the account of the Trustee, or to the account of a DTC Participant acting on behalf of the Trustee. With respect to any Bond which is not a Book-Entry Bond, delivery of such Bond to the Trustee in connection with any optional or mandatory tender pursuant to the terms set forth under the captions "Option to Tender for Purchase" or "Mandatory Tender for Purchase" shall be effected by physical delivery of such Bond to the Trustee at its Principal Office, by 1:00 p.m. (New York City time) on the Purchase Date, accompanied by a notice of transfer thereof, in a form satisfactory to the Trustee, executed in blank by the Holder thereof with the signature of such Holder guaranteed in accordance with the guidelines set forth by one of the nationally recognized medallion signature programs.

Bonds Deemed Purchased.

(a) If moneys available and sufficient to pay the Purchase Price of Bonds to be purchased pursuant to the terms set forth under the captions "Option to Tender for Purchase" or "Mandatory Tender for Purchase" shall be held by the Trustee on the date such Bonds are to be purchased, such Bonds shall be deemed to have been purchased for all purposes of the Indenture, irrespective of whether or not such Bonds shall have been delivered to the Trustee or transferred on the books of DTC, and neither the former Holder nor the former Beneficial Owner of such Bonds shall have any claim thereon, under the Indenture or otherwise, for any amount other than the Purchase Price thereof.

(b) In the event of non-delivery of any Bond to be purchased pursuant to the terms set forth under the captions "Option to Tender for Purchase" or "Mandatory Tender for Purchase," the Trustee shall segregate and hold uninvested the moneys for the Purchase Price of such Bonds in trust, without liability for interest thereon, for the benefit of the former Holders of such Bonds, who shall, except as provided in the following sentence, thereafter be restricted exclusively to such moneys for the satisfaction of any claim for the Purchase Price of such Bonds. Any moneys which the Trustee shall segregate and hold in trust for the payment of the Purchase Price of any Bond and remaining unclaimed for two (2) years after the applicable Purchase Date shall be paid, to the Corporation. After the payment of such unclaimed moneys to the Corporation, the former Holder of such Bond shall look only to the Corporation for the payment thereof.

Bond Purchase Fund. There shall be created and established with the Trustee a trust fund designated the "ABAG Finance Authority for Nonprofit Corporations Variable Rate Demand Revenue Bonds (Zoological Society of San Diego Wild Animal Park Project) Series 2004 Bond Purchase Fund" (the "Bond Purchase Fund"). There shall also be created and established separate accounts in the Bond Purchase Fund designated the "Remarketing Account" and the "Credit Facility Purchase Account."

(a) **Remarketing Account.** All moneys received by the Trustee on behalf of purchasers of Bonds shall be (i) deposited in the Remarketing Account within the Bond Purchase Fund, (ii) held in trust in accordance with the provisions of the Indenture and (iii) paid out in accordance with the terms set forth under the caption "Disbursements from the Bond Purchase Fund."

(b) **Credit Facility Purchase Account.** All moneys received by the Trustee as payments under any Credit Facility for the purchase of Bonds shall be (i) deposited in the Credit Facility Purchase Account within the Bond Purchase Fund, (ii) held in trust in accordance with the provisions of the Indenture and (iii) paid out in accordance with the terms set forth under the caption "Disbursements from the Bond Purchase Fund."

The funds held by the Trustee in the Bond Purchase Fund shall not be considered Revenues as that term is defined under the Indenture and shall not constitute part of the trust estate that is subject to the lien of the Indenture. The moneys in the Bond Purchase Fund shall be used solely to pay the Purchase Price of Bonds as provided under the Indenture (or to reimburse the Credit Provider, if any, for payments made under the Credit Facility for such purpose) and may not be used for any other purposes. All amounts held in the Bond Purchase Fund and the Credit Facility Purchase Account and the Remarketing Account therein shall be held in trust by the Trustee for the benefit of the Bondholders or Beneficial Owners of tendered Bonds (provided that any amounts held in the Remarketing Account which are derived from the remarketing of Credit Provider Bonds shall be held in trust for the benefit of the Credit Provider).

Deposit of Bonds. The Trustee agrees to accept and hold all Bonds delivered to it pursuant to the Indenture in trust for the benefit of the respective Bondholders or Beneficial Owners which shall have so delivered such Bonds until the Purchase Price of such Bonds shall have been delivered to or for the account of or to the order of such Holders or Beneficial Owners pursuant to the terms set forth under the caption "Remarketing of Bonds." Any Bonds registered for transfer to new purchasers and delivered to the Trustee as described under the caption "Disbursements from the Bond Purchase Fund" shall be held in trust by the Trustee for the benefit of such new purchasers until delivery to such new purchasers.

Remarketing of Bonds.

(a) **Weekly Put Bonds.**

(i) Not later than 10:30 a.m. (New York City time) on each Business Day succeeding a day on which the Trustee receives a notice from a Holder of Bonds to be tendered pursuant to subsection (a) under the caption "Option to Tender for Purchase" (the "Weekly Put Bonds"), the Trustee shall give notice by telephone to the Remarketing Agent, specifying the principal amount of Bonds for which it has received such notice, the names of the Holder or Holders thereof and the Purchase Date. The Remarketing Agent shall thereupon offer for sale at par and use its best efforts to find purchasers for such Weekly Put Bonds, other than Credit Provider Bonds, which shall be remarketed pursuant to subsection (d) of this section.

(ii) Not later than 11:00 a.m. (New York City time) on the Business Day immediately preceding the Purchase Date described in subparagraph (i) above, the Trustee shall give notice by telephone to the Remarketing Agent of the accrued amount of the interest payable as of such Purchase Date, and confirming the aggregate principal amount of, the Weekly Put Bonds.

(iii) Not later than 10:30 a.m. (New York City time) on each Purchase Date for Weekly Put Bonds, the Remarketing Agent shall give Electronic Notice (promptly confirmed in writing) to the Corporation and the Trustee of the amount of remarketing proceeds that the Remarketing Agent has received and the principal amount of Weekly Put Bonds which have not been remarketed in accordance with the Remarketing Agreement.

(iv) If the Remarketing Agent's notice pursuant to subparagraph (iii) above indicates that the Remarketing Agent has less remarketing proceeds than are needed to purchase all the Weekly Put Bonds to be purchased on any Purchase Date, the Trustee shall demand payment under the Credit Facility then in effect with respect to the Weekly Put Bonds by 11:30 a.m. (New York City time) on such Purchase Date so as to provide by 2:30 p.m. (New York City time) on such Purchase Date an amount sufficient, together with the remarketing proceeds to be available for such purchase, calculated solely on the basis of the notice given by the Remarketing Agent pursuant to subparagraph (iii) above, to pay the Purchase Price of the Weekly Put Bonds. The Trustee shall immediately after such demand for payment give notice by telephone to the Corporation of the amount, if any, of such demand.

(b) **Mandatory Tender Bonds.**

(i) Not later than 8:30 a.m. (New York City time) on each Purchase Date occurring pursuant to the terms of the Indenture set forth herein under the caption "Mandatory Tender for Purchase," the Trustee shall give notice by telephone to the Remarketing Agent specifying the principal amount of all Outstanding Bonds which are subject to mandatory tender on such Purchase Date pursuant to the terms of the Indenture set forth herein under the caption "Mandatory Tender for Purchase" (the "Mandatory Tender Bonds") and the names of the registered owner or owners thereof. The Remarketing Agent shall thereupon offer for sale at par and use its best efforts to find purchasers for such Mandatory Tender Bonds, other than Credit Provider Bonds, which shall be remarketed pursuant to subsection (d) of this section.

(ii) Not later than 9:00 a.m. (New York City time) on each Purchase Date described in subparagraph (i) above, the Trustee shall give notice by telephone to the Remarketing Agent of the accrued amount of the interest payable as of the Purchase Date specified in such notice from the Trustee on, and confirming the aggregate principal amount of, the Mandatory Tender Bonds.

(iii) Not later than 10:30 a.m. (New York City time) on each Purchase Date with respect to Mandatory Tender Bonds, the Remarketing Agent shall give Electronic Notice (promptly confirmed in writing) to the Corporation and the Trustee of the amount of remarketing proceeds that the Remarketing Agent has received and the principal amount of Mandatory Tender Bonds which have not been remarketed in accordance with the Remarketing Agreement.

(iv) If the Remarketing Agent's notice pursuant to subparagraph (iii) above indicates that such Remarketing Agent has on hand less remarketing proceeds than are needed to purchase all the Mandatory Tender Bonds to be purchased on such Purchase Date, the Trustee shall demand payment under the Credit Facility then in effect with respect to the Mandatory Tender Bonds by 11:30 a.m. (New York City time) on such Purchase Date so as to provide by 2:30 p.m. (New York City time) on such Purchase Date an amount sufficient, together with the remarketing proceeds to be available for such purchase, calculated solely on the basis of the notice given by the Remarketing Agent pursuant to subparagraph (iii) above, to pay the Purchase Price of the Mandatory Tender Bonds. The Trustee shall immediately after such demand for payment give notice to the Corporation of the amount, if any, of such demand.

If a Credit Facility is in effect with respect to the Bonds, the Remarketing Agent shall not remarket any tendered Bonds to the Authority, the Corporation or any affiliate of the Corporation.

(d) **Credit Provider Bonds.**

(i) Any Bonds purchased with payments made under a Credit Facility pursuant to subsection (b) of the Indenture set forth herein under the caption "Repayment to Corporation or Credit Provider" shall be registered in the name of, or as otherwise directed by, the Credit Provider and delivered to or upon the order of, or as otherwise directed by, such Credit Provider; provided, that if such Bonds are Book-Entry Bonds, the Trustee shall immediately upon making any demand for payment on a Credit Facility pursuant to subsection (b)(iii) of the Indenture set forth herein under the caption "Repayment to Corporation or Credit Provider" direct DTC to cause any Bonds purchased with the proceeds of such demand to be transferred to such account at DTC as directed by the Credit Provider, and such Bonds shall be held in the name of or for the account of the Credit Provider or as may be directed by such Credit Provider.

(ii) Unless otherwise provided in the Credit Facility, Credit Provider Bonds shall be remarketed by the Remarketing Agent prior to any other Bonds tendered for purchase in accordance with the Indenture, and shall be remarketed in accordance with the terms of the Remarketing Agreement. Upon (i) receipt by the Trustee of written notification from the Credit Provider that its Credit Facility has been fully reinstated with respect to principal and interest and (ii) release by the Credit Provider of any Credit Provider Bonds which the Remarketing Agent has remarketed, such Bonds shall be made available to the purchasers thereof and shall no longer constitute Credit Provider Bonds for purposes of the Indenture. The proceeds of any remarketing of Credit Provider Bonds shall be paid to the Credit Provider by the Trustee on such remarketing date in immediately available funds.

(iii) The Trustee agrees that it will, immediately upon receipt, send to the Credit Provider (by telephonic notice or Electronic Notice (promptly confirmed in writing)) a copy of every notice received by it under the Indenture relating to any Credit Provider Bonds.

(iv) Notwithstanding anything to the contrary in the Indenture or in the Bonds, all obligations of the Corporation under or in connection with any Credit Agreement (including, without limitation, reimbursement obligations of the Corporation to any participating Credit Providers with respect to a Credit Facility and any Credit Provider Bonds) shall be governed by the terms of such Credit Agreement.

(v) The Trustee shall provide to each Rating Agency then rating the Bonds written notice of the extension of any Credit Facility in effect with respect to the Bonds.

Deposits into Remarketing Account.

The terms of any sale by the Remarketing Agent of tendered Bonds shall provide for the payment of the Purchase Price for tendered Bonds by the Remarketing Agent to the Trustee for deposit in the Remarketing Account of the Bond Purchase Fund in immediately available funds at or before 3:45 p.m. (New York City time) on the Purchase Date. The Remarketing Agent shall cause to be paid to the Trustee on each Purchase Date for tendered Bonds the amount specified in the notice given by the Remarketing Agent pursuant to subsections (a)(iii) or (b)(iii) under the caption "Remarketing of Bonds," as the case may be.

Disbursements from the Bond Purchase Fund.

(a) Application of Moneys. Moneys in the Bond Purchase Fund (other than the proceeds of any remarketing of Credit Provider Bonds which shall be paid to the Credit Provider on the remarketing date) shall be applied at or before 4:00 p.m. (New York City time) to the purchase of Bonds as provided in the Indenture by the Trustee, on each Purchase Date, as follows:

First -- Moneys constituting funds in the Remarketing Account shall be used by the Trustee on any Purchase Date to purchase tendered Bonds at the Purchase Price.

Second -- In the event such moneys in the Remarketing Account on any Purchase Date are insufficient to purchase all tendered Bonds, moneys in the Credit Facility Purchase Account on such Purchase Date shall be used by the Trustee at that time to purchase such remaining tendered Bonds at the Purchase Price thereof.

Notwithstanding anything to the contrary in this section, if the Bonds are Book-Entry Bonds, payment of the Purchase Price for tendered Bonds shall be made in accordance with the rules and procedures of DTC.

(b) **Nondeliveries.** The Trustee shall, as to any Bonds which have not been delivered to it as required by the Indenture as set forth herein under the caption “Delivery of Tendered Bonds,” (i) notify the Remarketing Agent in writing of such nondelivery and (ii) place a stop transfer against an appropriate amount of Bonds registered in the name of the Holder of such Bonds on the Bond Register. The Trustee shall place and maintain such stop transfer commencing with the lowest serial number Bond registered in the name of such Holder until stop transfers have been placed against an appropriate amount of Bonds until the appropriate Bonds are delivered to the Trustee. Upon such delivery, the Trustee shall make any necessary adjustments to the Bond Register.

Notwithstanding anything contained in the Indenture to the contrary, while any Credit Facility is in effect for the Bonds the Trustee shall not use proceeds obtained by remarketing any Bonds to the Corporation, any affiliate of the Corporation or the Authority to pay any portion of the Purchase Price of the tendered Bonds, and no such proceeds shall be deposited in the Remarketing Account.

Delivery of Bonds.

(a) If the Bonds are not Book-Entry Bonds, a principal amount of Bonds equal to the amount of Bonds successfully remarketed by the Remarketing Agent shall be delivered by the Trustee to such persons as shall be designated by the Remarketing Agent. Such Bonds shall be held available at the Principal Office of the Trustee and shall be picked up by the Remarketing Agent at or after 1:00 p.m. (New York City time) on the Purchase Date against delivery of funds for deposit into the Remarketing Account of the Bond Purchase Fund equal to the Purchase Price of such Bonds that have been remarketed. If the Bonds are Book-Entry Bonds, transfer of ownership of the remarketed Bonds shall be effected in accordance with the procedures of DTC and the DTC Participants against delivery of funds for deposit into the Remarketing Account of the Bond Purchase Fund equal to the Purchase Price of such Bonds that have been remarketed.

(b) Bonds purchased with funds in the Credit Facility Purchase Account of the Bond Purchase Fund shall be delivered and held in accordance with the terms set forth under the caption “Credit Provider Bonds.” Such Bonds shall be held available for registration of transfer and delivery by the Trustee in such manner as may be agreed between the Trustee and such Credit Provider.

REVENUES

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 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) of this section 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 (Zoological Society of San Diego Wild Animal Park 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 this section, of the Indenture set forth herein under the caption "Repayment to Corporation or Credit Provider" and the Indenture as set forth herein under the caption "Payment of Bonds After Discharge," 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 terms of the Indenture as set forth herein under the caption "Investment of Moneys," 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 Loan 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 those terms of the Indenture providing for defeasance of the Bonds and discharge of 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 in accordance with the Indenture which shall be deposited

in the Credit Facility Purchase Account pursuant to subsection (b) of the Indenture as set forth under the caption “Bond Purchase Fund”) 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 those terms of the Indenture providing for defeasance of the Bonds and discharge of 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.

Trustee Authorized to Take Actions Under the Loan Agreement. The Authority authorizes and directs the Trustee, and the Trustee agrees, to take such actions as the Trustee deems necessary to enforce the Corporation’s obligation under the Loan Agreement to make payments at such times and in such amounts as are necessary in order for the Trustee to make timely payment of principal of and interest on the Bonds to the extent any Bond proceeds and other moneys in the Bond Fund are not available for such payment in accordance with the provisions of the terms of the Indenture set forth herein under the caption “Bond Fund.”

Investment of Moneys. Subject to the Indenture as set forth herein under the caption “Arbitrage Covenants; Rebate Fund,” 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) 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, if and to the extent then permitted by law, 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) 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, the Rebate Fund and any fund or account established pursuant to those terms of the Indenture providing for defeasance of the Bonds) but shall account for each separately.

Notwithstanding the foregoing provisions of this section, 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 those terms of the Indenture providing for defeasance of the Bonds 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 in accordance with the Indenture. Unless otherwise directed by the Corporation, the Trustee may make or sell any investment permitted under this section through or with its own commercial banking or investment departments or an affiliate.

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 periodic cash transaction statements which include detail 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.

Repayment to Corporation or Credit Provider. When there are no longer any Bonds Outstanding under the Indenture, and all fees, charges and expenses of the Trustee, the Credit Provider, and the Remarketing Agent have been paid or provided for, payment of the full amount owing the United States Government, as determined under the Loan Agreement as set forth herein under the caption "Tax-Exempt Status of Interest on Bonds," the Indenture as set forth herein under the caption "Arbitrage Covenants; Rebate Fund" and the Tax Certificate, all expenses of the Authority relating to the Project and the Indenture have been paid or provided for, and all other amounts payable under the Indenture and under the Loan Agreement have been paid, and the Indenture has been discharged and satisfied in accordance with those terms of the Indenture providing for defeasance of the Bonds and discharge of the Indenture, the Trustee shall pay to the Corporation any amounts remaining in any fund established and held under the Indenture; 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.

Credit Facilities.

(a) The Trustee acknowledges the right of the Corporation at any time to provide an Alternate Credit Facility with respect to the Bonds and, upon satisfaction of the conditions specified in subsection (a) under the caption "Credit Facility; Alternate Credit Facility," to discontinue providing a Credit Facility with respect to the Bonds. If there shall have been delivered to the Authority and the Trustee (i) an Alternate Credit Facility meeting the requirements of the Loan Agreement set forth herein under the caption "Credit Facility; Alternate Credit Facility" and (ii) the opinions and documents required by subsection (d) under the caption "Credit Facility; Alternate Credit Facility," 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 subsection (a)(ii) under the caption "Mandatory Tender for Purchase" in connection with such Alternate Credit Facility (either from the proceeds of the remarketing of Bonds or from amounts made available under the Credit Facility being replaced by such Alternate Credit Facility) promptly surrender the Credit Facility theretofore in effect with respect to the Bonds in accordance with the respective terms thereof for cancellation; provided the Trustee shall not surrender any Credit Facility until all draws or requests to purchase Bonds made under such Credit Facility have been honored. In the event that the Corporation elects to provide an Alternate Credit Facility, the Bonds secured by the Credit Facility being replaced shall be subject to mandatory tender as provided in subsection (a)(ii) under the caption "Mandatory Tender for Purchase." If at any time all Bonds shall cease to be Outstanding under the Indenture or the conditions specified in subsection (a) under the caption "Credit Facility; Alternate Credit Facility" permitting the Corporation to discontinue providing a Credit Facility with respect to the Bonds shall be satisfied, or a Credit Facility shall be terminated pursuant to its terms, the Trustee shall promptly surrender such Credit Facility in accordance with its terms for cancellation. The Trustee shall comply with the procedures set forth in each Credit Facility relating to the termination thereof.

(b) In the event that a Credit Facility is in effect with respect to the Bonds, the Trustee shall make a demand for payment under such Credit Facility subject to and in accordance with its terms, in order to receive payment thereunder not later than the time payment is due on the Bonds on the following dates in the following amounts:

(i) On each Interest Payment Date, in an amount which will be sufficient to pay all interest due and payable on the Outstanding Bonds on such Interest Payment Date;

(ii) On any date fixed for payment (whether by acceleration or otherwise), defeasance or redemption of the Bonds in an amount which, together with amounts demanded for payment pursuant to paragraph (i) above, will be sufficient to pay the amount due on such Bonds, including accrued interest and premium, if any (if a demand for payment is permitted for premium under the terms of such Credit Facility); and

(iii) On each Purchase Date, in an amount sufficient to pay the Purchase Price of any Bonds tendered or deemed tendered pursuant to the Indenture and which have not been remarketed in accordance with the Indenture

as set forth herein under the caption "Remarketing of Bonds," or for which sufficient remarketing proceeds have not been received as provided subsections (a) or (b) under the caption "Remarketing of Bonds."

(c) Each such demand for payment shall be made not later than the time required by the Credit Facility in order to receive payment thereunder not later than the time payment is required to be made to the Holders of the Bonds pursuant to the Indenture. The proceeds of each such demand shall be deposited in the Credit Facility Account in the Bond Fund or the Credit Facility Purchase Account in the Bond Purchase Fund, as appropriate, and used in the order of priority established by the terms of the Indenture set forth herein under the caption "Bond Fund" or the Indenture as set forth herein under the caption "Disbursements from the Bond Purchase Fund," as applicable. At the time of the receipt of proceeds of any demand under a Credit Facility pursuant to subsections (b)(i) or (ii) of the Indenture set forth herein under the caption "Repayment to Corporation or Credit Provider," the Trustee shall deposit the proceeds of such demand directly in the Credit Facility Account in the Bond Fund. At the time of the receipt of proceeds of any demand under a Credit Facility pursuant to subsection (b)(iii) of the Indenture set forth herein under the caption "Repayment to Corporation or Credit Provider," the Trustee shall deposit the proceeds of such demand directly in the Credit Facility Purchase Account in the Bond Purchase Fund. The Trustee shall comply with all provisions of each Credit Facility in order to realize upon any demand for payment thereunder, and will not demand payment under any Credit Facility of any amounts for payment of: (i) Credit Provider Bonds; or (ii) Bonds held by the Authority or the Corporation or actually known by the Trustee to be held by any affiliate of the Corporation or any nominee of the Authority unless such Credit Facility specifically permits such demand.

(d) Whenever requested in writing by the Corporation, the Trustee shall submit to each Credit Provider a reduction certificate or other appropriate documentation necessary under the Credit Facility to reduce the principal amount of Bonds and related interest to which such Credit Facility relates to reflect any purchase or redemption and the cancellation of such Bonds.

COVENANTS OF THE AUTHORITY

Payment of Principal and Interest. The Authority shall punctually pay, but only out of Revenues, the other amounts pledged therefor under the Indenture, the proceeds of the remarketing of Bonds and the proceeds of any demand under a Credit Facility, in each case as provided under the Indenture, the principal and Purchase Price of and the interest (and premium, if any) on every Bond issued under the Indenture at the times and places and in the manner provided under the Indenture and in the Bonds according to the true intent and meaning thereof. All such payments shall be made by the Trustee as provided in subsection (f) of the Indenture set forth herein under the caption "Book-Entry System." When and as paid in full, all Bonds, if any, shall be delivered to the Trustee and shall forthwith be cancelled by the Trustee, who shall deliver a certificate evidencing such cancellation to the Authority and the Corporation. The Trustee shall destroy such cancelled Bonds.

Extension or Funding of Claims for Interest. In order to prevent any accumulation of claims for interest after maturity, the Authority shall not, directly or indirectly, extend or assent to the extension of the time for the payment of any claim for interest on any of the Bonds, and shall not, directly or indirectly, be a party to or approve any such arrangement by purchasing or funding such claims or in any other manner. In case any such claim for interest shall be extended or funded, whether or not with the consent of the Authority, such claim for interest so extended or funded shall not be entitled, in case of default under the Indenture, to the benefits of the Indenture, except subject to the prior payment in full of the principal of all of the Bonds then Outstanding and of all claims for interest which shall not have been so extended or funded.

Preservation of Revenues. The Authority shall not waive any provision of the Loan Agreement or take any action to interfere with or impair the pledge and assignment under the Indenture of Revenues and the assignment to the Trustee of rights under the Loan Agreement, or the Trustee's enforcement of any rights thereunder, without the prior written consent of the Trustee and the Credit Provider. The Trustee may give such written consent, and may itself take any such action, or consent to any Amendment, only in accordance with the provisions of those terms of the Indenture providing for the amendment thereof.

Compliance with Indenture. The Authority shall not issue, or permit to be issued, any Bonds secured or payable in any manner out of Revenues in any manner other than in accordance with the provisions of the Indenture,

and shall not suffer or permit any default to occur under the Indenture, but shall faithfully observe and perform all the covenants, conditions and requirements of the Indenture.

Other Liens. So long as any Bonds are Outstanding, the Authority shall not create or suffer to be created any pledge, lien or charge of any type whatsoever upon all or any part of the Revenues, the other amounts pledged under the Indenture, the proceeds of the remarketing of Bonds, and the proceeds of demands under a Credit Facility, other than the lien of the Indenture.

Arbitrage Covenants; Rebate Fund.

(a) 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 Certificate, which is incorporated in the Indenture by reference as though fully set forth in the Indenture.

(b) The Trustee shall establish and maintain a fund separate from any other fund established and maintained under the Indenture designated the “ABAG Finance Authority for Nonprofit Corporations Variable Rate Demand Revenue Bonds, (Zoological Society of San Diego Wild Animal Park Project), Series 2004 Rebate Fund” (herein called the “Rebate Fund”). Within the Rebate Fund, the Trustee shall maintain such accounts as shall be directed by the Corporation as necessary in order for the Authority and the Corporation to comply with the terms and requirements of the Tax Certificate. Subject to the transfer provisions provided in paragraph (c) below, all money at any time deposited in the Rebate Fund shall be held by the Trustee in trust, to the extent required to satisfy the Rebate Requirement (as defined in the Tax Certificate), for payment to the United States Government, and neither the Corporation, the Authority nor the Bondholders shall have any rights in or claim to such moneys. All amounts deposited into or on deposit in the Rebate Fund shall be governed by this section, by the Loan Agreement as set forth herein under the caption “Tax-Exempt Status of Interest on Bonds” and by the Tax Certificate. The Trustee shall conclusively be deemed to have complied with such provisions if it follows the directions of the Corporation, including supplying all necessary information requested by the Corporation and the Authority in the manner set forth in the Tax Certificate, and shall not be required to take any actions thereunder in the absence of written directions from the Corporation.

(c) Upon receipt of the Corporation’s written instructions, the Trustee shall remit part or all of the balances in the Rebate Fund to the United States Government, as so directed. In addition, if the Corporation so directs, the Trustee will deposit moneys into or transfer moneys out of the Rebate Fund from or into such accounts or funds as directed by the Corporation’s written directions. Any funds remaining in the Rebate Fund after redemption and payment of all of the Bonds and payment and satisfaction of any Rebate Requirement shall be withdrawn and remitted to the Corporation upon its written request.

(d) Notwithstanding any provision of the Indenture, including in particular those terms of the Indenture providing for defeasance of the Bonds and discharge of the Indenture, the obligation of the Corporation to pay the Rebate Requirement to the United States Government and to comply with all other requirements of this section, the Loan Agreement as set forth herein under the caption “Tax-Exempt Status of Interest on Bonds” and the Tax Certificate shall survive the defeasance or payment in full of the Bonds.

(e) Notwithstanding any provisions of this section and the Loan Agreement as set forth herein under the caption “Tax-Exempt Status of Interest on Bonds,” if the Corporation shall provide to the Authority and the Trustee an Opinion of Bond Counsel that any specified action required under this section or the Loan Agreement as set forth herein under the caption “Tax-Exempt Status of Interest on Bonds” is no longer required or that some further or different action is required to maintain the Tax-Exempt status of interest on the Bonds, the Corporation, the Trustee and the Authority may conclusively rely on such opinion in complying with the requirements of this section and the covenants under the Indenture shall be deemed to be modified to that extent.

Further Assurances. Whenever and so often as requested so to do by the Trustee or the Credit Provider, the Authority shall promptly execute and deliver or cause to be executed and delivered all such other and further instruments, documents or assurances, and promptly do or cause to be done all such other and further things, as may be necessary or reasonably required in order to further and more fully vest in the Trustee, the Credit Provider and the Bondholders all of the rights, interests, powers, benefits, privileges and advantages conferred or intended to be conferred upon them by the Indenture and to perfect and maintain as perfected such rights, interests, powers, benefits, privileges and advantages.

DEFAULT

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 herein with respect to the Loan Agreement under the caption “Events of Default”;

(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 this section, 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 subsections (c) or (d) immediately above until the Trustee has actual knowledge of such Event of Default. After any declaration of acceleration under this section the Trustee shall immediately declare all indebtedness payable under the terms of the

Loan Agreement set forth herein under the caption “Repayment and Payment of Other Amounts Payable” with respect to the Bonds to be immediately due and payable in accordance with the terms of the Loan Agreement set forth herein under the caption “Repayment and Payment of Other Amounts Payable” 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 hereinafter provided, 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, any notice from the Credit Provider that an event of default under the Credit Agreement shall have been rescinded and annulled, 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 in its sole discretion or provision deemed by the Trustee to be adequate shall have been made therefor; 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.

Institution of Legal Proceedings by Trustee. In addition, if one or more of the Events of Default under the Indenture shall happen and be continuing, the Trustee in its sole discretion may, and upon the written request of the Credit Provider, or the Holders of a majority in aggregate principal amount of the Bonds then Outstanding with the consent of the Credit Provider, and upon being indemnified to its satisfaction in its sole discretion therefor (including with respect to any expenses or liability the Trustee may incur) shall, proceed to protect or enforce its rights or the rights of the Holders under the Act or under the Indenture, by a suit in equity or action at law, either for the specific performance of any covenant or agreement contained in the Indenture, or in aid of the execution of any power granted under the Indenture, or by mandamus or other appropriate proceeding for the enforcement of any other legal or equitable remedy as the Trustee shall deem most effectual in support of any of its rights or duties under the Indenture.

Application of Moneys Collected by Trustee. Any moneys collected by the Trustee and moneys in the funds and accounts (other than the Rebate Fund and the Bond Purchase Fund) on or after the occurrence of an Event of Default shall be applied in the order following, at the date or dates fixed by the Trustee and, in the case of distribution of such moneys on account of principal (or premium, if any) or interest, upon presentation of the Bonds, and stamping thereon the payment, if only partially paid, and upon surrender thereof, if fully paid:

First: To the payment of costs and expenses of collection, just and reasonable compensation to the Trustee for its own services and for the services of counsel, agents and employees by it properly engaged and employed, and for advances made pursuant to the provisions of the Indenture with interest on all such advances at the rate of nine percent (9%) per annum; provided, that any payments under a Credit Facility including, without limitation, amounts on deposit in the Credit Facility Account of the Bond Fund, shall not be so applied.

Second: In case the principal of none of the Outstanding Bonds shall have become due and remains unpaid, to the payment of interest in default on the Outstanding Bonds in the order of the maturity thereof, such payments to be made ratably and proportionately to the persons entitled thereto without discrimination or preference, except as specified in the Indenture as set forth herein under the caption “Extension or Funding of Claims for Interest”; provided, however, that no payment of interest shall be made with respect to any Bonds held by the Authority, the Corporation or actually known by the Trustee to be held by any affiliate of the Corporation, or any nominee of the Authority, the Corporation, or any affiliate of the Corporation, until interest due on all Bonds not so registered shall have been paid.

Third: In case the principal of any of the Outstanding Bonds shall have become due by declaration or otherwise and remains unpaid, first to the payment of principal of all Outstanding Bonds then due and unpaid, then to the payment of interest in default in the order of maturity thereof, and then to the payment of the premium thereon, if any; in every instance such payment to be made ratably to the persons entitled thereto without discrimination or preference, except as specified in the Indenture as set forth herein under the caption "Extension or Funding of Claims for Interest"; provided, however, that no payment of principal or premium or interest shall be made with respect to any Bonds held by the Authority, the Corporation or known by the Trustee to be held by any affiliate of the Corporation or any nominee of the Authority, the Corporation, or any affiliate of the Corporation, until all amounts due on all Bonds not so held have been paid.

Fourth: To the Credit Provider, if any, for amounts due under its Credit Facility other than as the Holder of Credit Provider Bonds, as certified by the Credit Provider to the Trustee.

Effect of Delay or Omission to Pursue Remedy. No delay or omission of the Trustee or of any Holder of Bonds to exercise any right or power arising from any default shall impair any such right or power or shall be construed to be a waiver of any such default or acquiescence therein, and every power and remedy given under the Indenture to the Trustee or to the Holders may be exercised from time to time and as often as shall be deemed expedient. In case the Trustee shall have proceeded to enforce any right under the Indenture, and such proceedings shall have been discontinued or abandoned because of waiver or for any other reason, or shall have been determined adversely to the Trustee, then and in every such case the Authority, the Trustee, the Credit Provider, if any, and the Holders of the Bonds, severally and respectively, shall be restored to their former positions and rights under the Indenture; and all remedies, rights and powers of the Authority, the Trustee, the Credit Provider and the Holders of the Bonds shall continue as though no such proceedings had been taken.

Remedies Cumulative. No remedy conferred upon or reserved to the Trustee under the Indenture or to any Holder of the Bonds is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under the Indenture or now or hereafter existing at law or in equity.

Covenant to Pay Bonds in Event of Default. The Authority covenants that, upon the happening of any Event of Default, the Authority will pay to the Trustee upon demand, but only out of Revenues, amounts made available under a Credit Facility and any other funds pledged therefor under the Indenture, for the benefit of the Holders of the Outstanding Bonds, the whole amount then due and payable thereon (by declaration or otherwise) for interest or for principal and premium, or both, as the case may be, and all other sums which may be due under the Indenture or secured thereunder, including reasonable compensation to the Trustee, its agents and counsel, and any expenses or liabilities incurred by the Trustee under the Indenture. In case the Authority shall fail to pay the same forthwith upon such demand, the Trustee, in its own name and as trustee of an express trust, shall be entitled to institute proceedings at law or in equity in any court of competent jurisdiction to recover judgment for the whole amount due and unpaid, together with costs and reasonable attorneys' fees and expenses, subject, however, to the condition that such judgment, if any, shall be limited to, and payable solely out of, Revenues, amounts made available under a Credit Facility and any other funds pledged therefor under the Indenture, as provided under the Indenture and not otherwise. The Trustee shall be entitled to recover such judgment as aforesaid, either before or after or during the pendency of any proceedings for the enforcement of the Indenture, and the right of the Trustee to recover such judgment shall not be affected by the exercise of any other right, power or remedy for the enforcement of the provisions of the Indenture.

Trustee Appointed Agent for Bondholders. The Trustee is appointed the agent and attorney of the Holders of all Bonds Outstanding under the Indenture for the purpose of filing any claims relating to the Bonds.

Power of Trustee to Control Proceeding. In the event that the Trustee, upon the happening of an Event of Default, shall have taken any action, by judicial proceedings or otherwise, pursuant to its duties under the Indenture, whether upon its own discretion or upon the request of Holders of the Bonds, it shall have full power, in the exercise of its discretion for the best interests of the Holders of the Bonds or the Credit Provider, with respect to the continuance, discontinuance, withdrawal, compromise, settlement or other disposal of such action; provided, however, that the Trustee shall not, unless there no longer continues an Event of Default under the Indenture, discontinue, withdraw, compromise or settle, or otherwise dispose of any litigation pending at law or in equity, if at

the time there has been filed with it a written request signed by the Credit Provider, if any, or the Holders of at least a majority in principal amount of the Bonds Outstanding under the Indenture opposing such discontinuance, withdrawal, compromise, settlement or other disposal of such litigation with the consent of the Credit Provider.

All rights of action under the Indenture or under any of the Bonds secured under the Indenture which are enforceable by the Trustee may be enforced by it without the possession of any of the Bonds, or the production thereof at the trial or other proceedings relative thereto, and any such suit, action or proceeding instituted by the Trustee shall be brought in its name as Trustee of an express trust for the equal and ratable benefit of the Bondholders, subject to the provisions of the Indenture.

Limitation on Bondholders' Right to Sue. (a) Except as provided in the Indenture as set forth herein under the caption "Credit Provider" and subsection (b) of this section, 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 hereinbefore granted 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 under 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 under 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 in the Indenture and therein provided, 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 this section or any other provision of the Indenture.

THE TRUSTEE AND THE REMARKETING AGENT

Duties, Immunities and Liabilities of Trustee. The Trustee shall, prior to an Event of Default under the Indenture, and after the curing of all Events of Default under the Indenture which may have occurred, shall perform such duties and only such duties as are specifically set forth in the Indenture. The Trustee shall, during the existence of any Event of Default under the Indenture (which has not been cured), exercise such of the rights and powers vested in it by the Indenture, and use the same degree of care and skill in their exercise, as prudent persons would exercise or use under the circumstances in the conduct of their own affairs.

No provision of the Indenture shall be construed to relieve the Trustee from liability for its own negligent action or its own negligent failure to act or its own willful misconduct, except that:

(a) Prior to the occurrence of any Event of Default under the Indenture and after the curing of all Events of Default which may have occurred, the duties and obligations of the Trustee shall at all times be determined solely by the express provisions of the Indenture; the Trustee shall not be liable except for the performance of such duties and obligations as are specifically set forth in the Indenture; and no covenants or obligations shall be implied into the Indenture which are adverse to the Trustee; and

(b) At all times, regardless of whether or not any Event of Default shall exist,

(i) the Trustee shall not be liable for any error of judgment made in good faith by the Trustee unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts; and

(ii) the Trustee shall not be personally liable with respect to any action taken, permitted or omitted by it in good faith in accordance with the direction of the Holders of not less than a majority, or such other percentage as may be required under the Indenture, in aggregate principal amount of the Bonds Outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee under the Indenture; and

(iii) in the absence of bad faith on the part of the Trustee, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon any certificate or opinion furnished to the Trustee conforming to the requirements of the Indenture; but in the case of any such certificate or opinion, the Trustee shall be under a duty to examine the same to determine whether or not it conforms to the requirements of the Indenture.

(c) The Trustee may execute any of the trusts or powers of the Indenture and perform the duties required of it under the Indenture by or through attorneys, agents or receivers, and shall be entitled to advice of counsel concerning all matters of trust and concerning its duties under the Indenture and the Trustee shall not be responsible for any misconduct or negligence on the part of any attorney or agent appointed with due care by it under the Indenture.

None of the provisions contained in the Indenture shall require the Trustee to expend or risk its own funds or otherwise incur individual financial liability in the performance of any of its duties or in the exercise of any of its rights or powers. The permissive right of the Trustee to perform acts enumerated in the Indenture or the Loan Agreement shall not be construed as a duty or obligation under the Indenture.

Right of Trustee to Rely upon Documents, Etc. Except as otherwise provided in the section immediately above:

(a) The Trustee may rely and shall be protected in acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, bond, direction, demand, election or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties;

(b) Any notice, request, direction, election, order or demand of the Authority mentioned in the Indenture shall be deemed to be sufficiently evidenced by an instrument signed in the name of the Authority by an Authorized Authority Representative, and any resolution of the Authority shall be evidenced to the Trustee by a Certified Resolution;

(c) The Trustee may consult with counsel of its selection (who may include its own counsel or counsel for the Authority or Bond Counsel) and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it under the Indenture in good faith and in accordance with the opinion of such counsel; and

(d) Whenever in the administration of the trusts of the Indenture the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action under the Indenture, such matter (unless other evidence in respect thereof be specifically prescribed in the Indenture) may, in the absence of negligence or bad faith on the part of the Trustee, be deemed to be conclusively proved and established by a Certificate of the Authority; and such Certificate of the Authority shall, in the absence of negligence or bad faith on the part of the Trustee, be full warrant to the Trustee for any action taken or suffered by it under the provisions of the Indenture upon the faith thereof.

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

(f) The Trustee shall not be deemed to have knowledge of an Event of Default under the Indenture, under the Loan Agreement or any other document related to the Bonds unless it shall have actual knowledge at its Principal Office.

(g) Before taking any action upon a default under the Indenture the Trustee may require indemnity satisfactory to the Trustee be furnished from any expenses and to protect it against any liability it may incur under the Indenture, subject to the Indenture as set forth herein under the caption "Compensation and Indemnification of Trustee."

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

Trustee Not Responsible for Recitals. The recitals contained in the Indenture and in the Bonds shall be taken as the statements of the Authority, and the Trustee assume no responsibility for the correctness of the same except for the Certificate of Authentication thereon. The Trustee makes no representations as to the validity or sufficiency of the Indenture or of the Bonds. The Trustee shall not be accountable for the use or application by the Authority of any of the Bonds authenticated or delivered under the Indenture or of the proceeds of such Bonds except to the extent specifically provided in the Indenture.

Right of Trustee to Acquire Bonds. The Trustee, and its officers and directors, may acquire and hold, or become the pledgee of, Bonds and otherwise deal with the Authority in the manner and to the same extent and with like effect as though it were not Trustee under the Indenture.

Moneys Received by Trustee to Be Held in Trust. Subject to the provisions of the Indenture as set forth herein under the caption "Payment of Bonds After Discharge," all moneys received by the Trustee shall, until used or applied as provided under the Indenture, be held in trust for the purposes for which they were received, but need not be segregated from other funds except to the extent required by law or as otherwise provided in the Indenture. Except to the extent provided otherwise in the Indenture, any interest allowed on any such moneys shall be deposited in the fund to which such moneys are credited. Available Amounts, moneys being held to become Available Amounts, amounts received under any Credit Facility and proceeds of any remarketing of Bonds shall not be commingled with any other funds held by the Trustee under the Indenture.

Compensation and Indemnification of Trustee. The Trustee shall be entitled to reasonable compensation for all services rendered by the Trustee in the execution of the trusts created and in the exercise and performance of any of the powers and duties under the Indenture of the Trustee, which compensation shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust, and the Loan Agreement will require the Corporation to pay or reimburse the Trustee, upon its request, for all reasonable expenses, disbursements and advances incurred or made by the Trustee in accordance with any of the provisions of the Indenture (including the reasonable compensation and the expenses and disbursements of its counsel and of all persons not regularly in its employ) except any such expense, disbursement or advance as may arise from its negligence or bad faith. If any property, other than cash, shall at any time be held by the Trustee subject to the Indenture as security for the Bonds, the Trustee, if and to the extent authorized by a receivership, bankruptcy or other court of competent jurisdiction or by the instrument subjecting such property to the provisions of the Indenture as such security for the Bonds, shall be entitled (but not required) to make advances for the purpose of preserving such property or of discharging tax liens or other prior liens or encumbrances thereon. The Loan Agreement will also require the Corporation to provide certain indemnification to the Trustee. Notwithstanding the foregoing, the Trustee and any co-Trustee appointed pursuant to the Indenture shall make timely payments of principal of and interest on the Bonds with moneys on deposit in the Bond Fund as provided in the Indenture, and shall effect the tender of Bonds, effect the redemption of Bonds and accelerate the payment of principal on the Bonds and demand payment under each Credit Facility when required by the Indenture without seeking indemnification from the Corporation, any Credit Provider or any Bondholder. Upon the occurrence and continuance of an Event of Default under the Indenture, and subject to the Indenture as set forth herein under the caption "Application of Moneys

Collected by Trustee,” the Trustee shall have a lien prior to the Bonds as to all property and funds held by it (other than the Rebate Fund and the Bond Purchase Fund) for any amount owing to it or any predecessor Trustee pursuant to this section or the Loan Agreement and the rights of the Trustee to compensation for its services and to payment or reimbursement for its costs, expenses, or advances shall have priority over the Bonds in respect of all property or funds held or collected by the Trustee as such and other funds held in trust by the Trustee for the benefit of the Holders of particular Bonds; provided, however, that neither the Trustee nor any predecessor Trustee shall have any lien or claim against moneys paid under any Credit Facility for payment of any such compensation, reimbursement or other amounts.

When the Trustee incurs expenses or renders services in connection with an Event of Default specified for the Loan Agreement in subsection (c) under the caption "Events of Default" and under the caption "Events of Default; Acceleration-Waiver of Default," such expenses (including the reasonable charges and expenses of its counsel and agents) and the compensation for such services are intended to constitute expenses of administration under any applicable federal or state bankruptcy, insolvency or other similar law. The provisions of this section shall survive the termination of the Indenture and the resignation or removal of the Trustee.

Qualifications of Trustee. There shall at all times be a trustee under the Indenture which shall be a corporation or banking association organized and doing business under the laws of the United States or of a state thereof, authorized under such laws to exercise corporate trust powers, having a combined capital and surplus of at least fifty million dollars (\$50,000,000), subject to supervision or examination by federal or state authority. If such a corporation or banking association publishes reports of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purposes of this section the combined capital and surplus of such corporation or banking association shall be deemed to be their combined capital and surplus as set forth in its most recent reports of conditions so published. In case at any time the Trustee shall cease to be eligible in accordance with the provisions of this section, the Trustee shall resign immediately in the manner and with the effect specified in the Indenture as set forth herein under the caption "Resignation and Removal of Trustee and Appointment of Successor Trustee."

Resignation and Removal of Trustee and Appointment of Successor Trustee.

(a) The Trustee may at any time resign by giving written notice to the Authority, the Corporation and the Credit Provider, if any, and by giving to the Bondholders notice either by publication of such resignation, which notice shall be published at least once in a Qualified Newspaper, or by giving Notice by Mail to such Bondholders. The Trustee shall also mail a copy of any such notice of resignation to the Rating Agency. Upon receiving such notice of resignation, the Authority, with the advice and consent of the Corporation and the consent of the Credit Provider shall promptly appoint a successor trustee by an instrument in writing. If no successor trustee shall have been so appointed and have accepted appointment within thirty (30) days after the giving of such notice of resignation by the resigning Trustee, the resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor trustee, or any Bondholder who has been a bona fide Holder for at least six (6) months may, on behalf of himself and others similarly situated, petition any such court for the appointment of a successor trustee. Such court may thereupon, after such notice, if any, as it may deem proper and may prescribe, appoint a successor trustee.

(b) In case at any time either of the following shall occur:

(i) the Trustee shall cease to be eligible in accordance with the provisions of the Indenture as set forth herein under the caption "Qualifications of Trustee" and shall fail to resign after written request therefor by the Authority or by any Bondholder who has been a bona fide Holder for at least six (6) months, or

(ii) the Trustee shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or a receiver of the Trustee or of its property shall be appointed, or any public officer shall take charge or control of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation,

then, in any such case, the Authority may remove the Trustee and, with the advice and consent of the Corporation and the consent of the Credit Provider appoint a successor trustee by an instrument in writing, or any Bondholder who has been a bona fide Holder for at least six (6) months may, on behalf of himself and others

similarly situated, petition any court of competent jurisdiction for the removal of the Trustee, and the appointment of a successor trustee. Such court may thereupon, after such notice, if any, as it may deem proper and may prescribe, remove the Trustee, and appoint a successor trustee. Upon any removal of the Trustee, any outstanding fees and expenses of such former Trustee shall be paid in accordance with the Indenture as set forth herein under the caption “Compensation and Indemnification of Trustee.”

(c) The Authority, in the absence of an Event of Default, or the Holders of a majority in aggregate principal amount of the Bonds at the time Outstanding may at any time remove the Trustee, and with the consent of the Credit Provider, if any, appoint a successor trustee, by an instrument or concurrent instruments in writing signed by the Authority or such Bondholders, as the case may be.

(d) Any resignation or removal of the Trustee, and appointment of a successor trustee, pursuant to any of the provisions of this section shall become effective only upon acceptance of appointment by the successor trustee as provided in the Indenture as set forth herein under the caption “Acceptance of Trust by Successor Trustee,” and upon transfer of the Credit Facility, if any, then in effect to the successor trustee.

Acceptance of Trust by Successor Trustee. Any successor trustee appointed as provided in the Indenture as set forth herein under the caption “Resignation and Removal of Trustee and Appointment of Successor Trustee” shall execute, acknowledge and deliver to the Authority, the Corporation, the Credit Provider, if any, and to its predecessor Trustee an instrument accepting such appointment under the Indenture, and thereupon the resignation or removal of the predecessor Trustee shall become effective and such successor trustee, without any further act, deed or conveyance, shall become vested with all the rights, powers, trusts, duties and obligations of its predecessor in the trusts under the Indenture, with like effect as if originally named as Trustee under the Indenture; but, nevertheless, on the Written Request of the Authority or the request of the successor trustee, the Trustee ceasing to act shall execute and deliver an instrument transferring to such successor trustee, upon the trusts expressed in the Indenture, all the rights, powers and trusts of the trustee so ceasing to act. Upon request of any such successor trustee, the Authority shall execute any and all instruments in writing necessary or desirable for more fully and certainly vesting in and confirming to such successor trustee all such rights, powers and duties. Any Trustee ceasing to act shall, nevertheless, retain a lien upon all property or funds held or collected by such Trustee to secure the amounts due it as compensation, reimbursement, expenses and indemnity afforded to it by the Indenture as set forth herein under the caption “Compensation and Indemnification of Trustee.”

No successor trustee shall accept appointment as provided in this section unless at the time of such acceptance such successor trustee shall be eligible under the provisions of the Indenture as set forth herein under the caption “Qualifications of Trustee.”

Upon acceptance of appointment by a successor trustee as provided in this section, the Authority or such successor trustee shall give the Bondholders, the Credit Provider, if any, and the Rating Agency notice of the succession of such trustee to the trusts under the Indenture in the manner prescribed in the Indenture as set forth herein under the caption “Resignation and Removal of Trustee and Appointment of Successor Trustee” for the giving of notice of resignation of the Trustee.

Merger or Consolidation of Trustee. Any corporation or banking association into which the Trustee may be merged or with which it may be consolidated, or any corporation or banking association resulting from any merger or consolidation to which the Trustee shall be a party, or any corporation or banking association succeeding to all or substantially all of the corporate trust business of the Trustee shall be the successor of the Trustee under the Indenture without the execution or filing of any paper or any further act on the part of any of the parties to the Indenture, anything to the contrary in the Indenture notwithstanding, provided that such successor trustee shall be eligible under the provisions of the Indenture as set forth herein under the caption “Qualifications of Trustee.”

Accounting Records and Reports; Financing Statements. The Trustee shall keep proper books of record and account in accordance with corporate trust accounting standards in which complete and correct entries shall be made of all transactions relating to the receipt, investment, disbursement, allocation and application of the Revenues, the proceeds of the Bonds the proceeds of remarketing Bonds and any amounts drawn under a Credit Facility received by the Trustee. Such records relating to investment shall specify the account or fund to which each investment (or portion thereof) held by the Trustee is to be allocated and shall set forth, in the case of each

Investment Security, (a) its purchase price, (b) its value at maturity or its sale price, as the case may be, (c) the amounts and dates of any payments to be made with respect thereto and (d) such documentation and evidence as is required to be obtained by the Corporation to establish that the requirements of the Tax Certificate have been met. Such records shall be open to inspection by the Authority, the Corporation and the Credit Provider, if any, and by any Bondholder at any reasonable time during regular business hours on reasonable notice. The Trustee shall furnish to the Authority and the Corporation monthly statements of all investments made by the Trustee and all funds and accounts held by the Trustee.

The Trustee shall furnish to any Bondholder who may make written request therefor a copy of the most recent audited financial statements of the Corporation that are in the possession of the Trustee. The Trustee shall have no responsibility or liability with respect to the Corporation's failure to provide such statements, and the Trustee shall not be required to compel the Corporation to provide any such statements.

The Trustee shall not be responsible for the preparation or filing of any UCC financing statements or continuation statements under the Indenture.

Tax Certificate. The Trustee covenants and agrees that it will comply with all written instructions of the Corporation given in accordance with the Tax Certificate and will take any and all action as may be necessary in accordance with such written instructions. With respect to the Tax Certificate, the Trustee is not required to act without direction from the Corporation. The Trustee acknowledges receipt of the Tax Certificate and acknowledges that the provisions of the Tax Certificate are incorporated under the Indenture by reference as provided in the Indenture as set forth herein under the caption "Arbitrage Covenants; Rebate Fund." The Trustee shall not be accountable for the use by the Corporation of the proceeds of the Bonds.

Appointment of Co-Trustee. In the event the Trustee deems that by reason of any present or future law of any jurisdiction it may not exercise any of the powers, rights or remedies granted under the Indenture to the Trustee or hold title to the properties, in trust, as granted under the Indenture, or take any other action which may be desirable or necessary in connection therewith, it may be necessary that the Trustee appoint an additional institution as a separate trustee or co-trustee. In the absence of an Event of Default under the Indenture, the appointment of any such separate trustee or co-trustee shall be subject to the approval of the Authority, the Credit Provider and the Corporation. The following provisions of this section are adapted to these ends.

(a) In the event that the Trustee appoints an additional institution as a separate trustee or co-trustee, each and every remedy, power, right, claim, demand, cause of action, immunity, estate, interest or lien expressed or intended by the Indenture to be exercised by or vested in or conveyed to the Trustee with respect thereto shall be exercisable by and vest in such separate trustee or co-trustee but only to the extent necessary to enable such separate trustee or co-trustee to exercise such powers, rights and remedies, and every covenant and obligation necessary to the exercise thereof by such separate trustee or co-trustee shall run to and be enforceable by either of them. Such co-trustee may be removed by the Trustee at any time, with or without cause.

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

Appointment, Duties and Qualifications of Remarketing Agent.

(a) In order to carry out the duties and obligations of the Remarketing Agent contained in the Indenture, the Corporation, with the approval of the Credit Provider, shall appoint the Remarketing Agent for the Bonds subject to the conditions set forth below. A Remarketing Agent shall be a bank, trust company or member of the National Association of Securities Dealers, Inc. organized and doing business under the laws of any state of the United States of America or the District of Columbia and shall have together with its parent, if any, a capitalization

of at least fifty million dollars (\$50,000,000) as shown in its or its parent's most recently published annual report. The Remarketing Agent initially appointed for the Bonds is Banc of America Securities LLC.

(b) The Corporation shall enter into a Remarketing Agreement with each Remarketing Agent and such other parties as shall be appropriate, pursuant to which such Remarketing Agent shall designate its Principal Office and agree particularly (but without limitation): (i) to perform the duties and comply with the requirements imposed upon it by the Remarketing Agreement, the Indenture and the Loan Agreement; and (ii) to keep such books and records with respect to its activities as Remarketing Agent as shall be consistent with prudent industry practice and to make such books and records available for inspection by each of the Authority, the Trustee, the Credit Provider and the Corporation at all reasonable times. The Remarketing Agent shall not be entitled to any compensation from the Authority, the Credit Provider or the Trustee but rather shall only be entitled to compensation from the Corporation.

(c) The Corporation shall furnish a copy of the Remarketing Agreement to the Authority, the Trustee and the Credit Provider.

(d) The Remarketing Agent may resign by notifying the Authority, the Trustee, the Credit Provider and the Bondholders at least thirty (30) days before the effective date of such resignation. The Corporation or the Authority may remove the Remarketing Agent in accordance with the terms of the Remarketing Agreement. Any appointment of a successor Remarketing Agent by the Corporation shall be subject to the consent of the Credit Provider, if any, and not objected to by the Authority within ten (10) Business Days after the Authority's receipt of a written notice from the Corporation of the Corporation's intent to make such appointment. The Authority and the Credit Provider, if any, shall be third party beneficiaries of the Remarketing Agreement.

MODIFICATION OF INDENTURE; AMENDMENT OF AGREEMENT

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 in the Indenture or therein reserved to or conferred upon the Authority or the Corporation; 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 thereof 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 procedures required to permit any Bondholder to separate the right to receive interest on the Bonds from the right to receive principal thereof and to sell or dispose of such rights, as contemplated by Section 1286 of the Code;
- (g) to provide for the appointment of a co-trustee or the succession of a new Trustee;
- (h) to revise the Project Description to the Loan Agreement in accordance with the provisions thereof and of the Tax Certificate;
- (i) to provide for an extension of a Credit Facility or the provision of an Alternate Credit Facility;
- (j) to comply with requirements of the Rating Agency in order to obtain or maintain a rating on any Bonds;
- (k) 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
- (l) 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 as set forth herein under the caption "Modification with Consent of Bondholders," 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 terms of the Indenture set forth herein under the caption "Mandatory Tender for Purchase" 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 terms of the Indenture set forth herein under the caption "Option to Tender for Purchase."

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 this section, 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 this section, 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 this section may be approved by an Authorized Authority Representative and need not be approved by resolution or other action of the Executive Committee of the Board of the 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 under the caption "Evidence of Action by Bondholders," 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 under the Indenture, or permit the creation of any preference of any Bondholder over any other Bondholder, except as permitted under 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 set forth herein under the caption "Modification Without Consent of Bondholders."

Upon receipt by the Trustee of: (1) without limiting the provision of the final sentence of the terms of the Indenture set forth herein under the caption "Modification Without Consent of Bondholders," 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 this section 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 this section, 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.

Effect of Supplemental Indenture or Amendment. Upon the execution of any Supplemental Indenture or any Amendment to the Loan Agreement pursuant to the provisions of those terms of the Indenture providing for the amendment thereof, the Indenture or the Loan Agreement, as the case may be, shall be and be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under the Indenture and the Loan Agreement of the Authority, the Trustee, the Corporation, the Credit Provider and all Holders of Outstanding Bonds shall thereafter be determined, exercised and enforced under the Indenture and under the Loan Agreement subject in all respects to such Supplemental Indenture and Amendment, and all the terms and conditions of any such Supplemental Indenture or Amendment shall be part of the terms and conditions of the Indenture or the Loan Agreement, as the case may be, for any and all purposes.

DEFEASANCE

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, as set forth under the caption "Discharge of Liability of Particular Bonds";

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 as set forth herein under the captions "Arbitrage Covenants; Rebate Fund" and "Payment of Bonds after Discharge" 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, as set forth under the caption "Discharge of Liability of Particular Bonds," 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 this section 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 as set forth herein under the caption "Discharge of 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 specified under 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 those terms of the Indenture providing for defeasance of the Bonds and discharge of 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 upon its written request, 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).

MISCELLANEOUS

Successors of Authority. All the covenants, stipulations, promises and agreements in the Indenture contained, by or on behalf of the Authority, shall bind and inure to the benefit of its successors and assigns, whether so expressed or not. If any of the powers or duties of the Authority shall hereafter be transferred by any law of the State, and if such transfer shall relate to any matter or thing permitted or required to be done under the Indenture by the Authority, then the body or official of the State who shall succeed to such powers or duties shall act and be obligated in the place and stead of the Authority as provided in the Indenture.

Limitation of Rights to Parties and Bondholders. Nothing in the Indenture or in the Bonds expressed or implied is intended or shall be construed to give to any person other than the Authority, the Trustee, the Corporation, the Credit Provider, if any, and the Holders of the Bonds any legal or equitable right, remedy or claim under or in respect of the Indenture or any covenant, condition or provision contained therein or in the Indenture; and all such covenants, conditions and provisions are and shall be held to be for the sole and exclusive benefit of the Authority, the Trustee, the Corporation, the Credit Provider and the Holders of the Bonds.

To the extent that any provision of the Indenture expressly confers rights upon a Credit Provider (including, without limitation, rights to provide consents or directions or to give or receive notices) the parties to the Indenture agree and acknowledge that such Credit Provider is a third party beneficiary of such provision and that such Credit Provider may enforce such provision against the other parties to the Indenture.

Waiver of Notice. Whenever in the Indenture the giving of Notice by Mail or otherwise is required, the giving of such notice may be waived in writing by the person entitled to receive such notice and in any such case the giving or receipt of such notice shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

Evidence of Action by Bondholders.

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

(b) The fact and date of the execution by any person of any such request, consent or other instrument or writing may be proved by the affidavit of a witness of such execution or by the certificate of any notary public or other officer of any jurisdiction, authorized by the laws thereof to take acknowledgments of deeds, certifying that the person signing such request, consent or other instrument or writing acknowledged to him or her the execution thereof. The fact and the date of execution of any request, consent or other instrument may also be proved in any other manner which the Trustee may deem sufficient. The Trustee may nevertheless, in its discretion, require further proof in cases where it may deem further proof desirable.

(c) The ownership of Bonds shall be proved by the Bond Register.

(d) Any request, consent or vote of the Holder shall bind every future Holder of the same Bond and the Holder issued in exchange therefor or in lieu thereof, in respect of anything done or suffered to be done by the Trustee or the Authority in pursuance of such request, consent or vote.

(e) Except as otherwise provided under the Indenture, in determining whether the Holders of the requisite aggregate principal amount of Bonds have concurred in any demand, request, direction, consent or waiver under the Indenture, Bonds which are owned by the Authority, by the Corporation or by any other direct or indirect obligor on the Bonds, or by any person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the Authority, the Corporation, or any other direct or indirect obligor on the Bonds, shall be disregarded and deemed not to be Outstanding for the purpose of any such determination, provided that, for the purpose of determining whether the Trustee shall be protected in relying on any such demand, request, direction, consent or waiver, only Bonds which the Trustee knows to be so owned shall be disregarded. Bonds so owned which have been pledged in good faith may be regarded as Outstanding for the purposes of this subsection (e) if the pledgee shall certify to the Trustee the pledgee's right to vote such Bonds and that the pledgee is not a person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the Authority, the Corporation or any other direct or indirect obligor on the Bonds. In case of a dispute as to such right, any decision by the Trustee taken upon the advice of counsel shall be full protection to the Trustee.

(f) In lieu of obtaining any demand, request, direction, consent or waiver in writing, the Trustee may call and hold a meeting of the Bondholders upon such notice and in accordance with such rules and regulations, including the right of the Bondholders to be represented and vote by proxy, as the Trustee considers fair and reasonable for the purpose of obtaining any such action.

Waiver of Personal Liability. No officer, agent or employee of the Authority, and no officer, official, agent or employee of the State or any department, board or agency of the State shall be individually or personally liable for the payment of the principal or Purchase Price of or premium or interest on the Bonds or be subject to any personal liability or accountability by reason of the issuance of the Bonds; but nothing contained in the Indenture shall relieve any such member, officer, agent or employee from the performance of any official duty provided by law or by the Indenture.

Publication of Notices. Any publication of notice to be made under the provisions of the Indenture may be made in each instance upon any day, and, except as provided in the Indenture as set forth herein under the caption "Payment of Bonds After Discharge," no such publication shall be required if such notice is given by first class mail to the Holders of all Bonds then Outstanding.

Governing Law; Venue. The Indenture shall be construed in accordance with and governed by the Constitution and laws of the State applicable to contracts made and performed in the State. The Indenture shall be enforceable in the State, and any action arising out of the Indenture shall be filed and maintained in the Sacramento County Superior Court, Sacramento, California, unless the Authority waives this requirement.

Credit Provider. All provisions of the Indenture regarding consents, approvals, directions, appointments or requests by the Credit Provider shall be deemed not to require or permit such consents, approvals, directions, appointments or requests by the Credit Provider during any time in which no Credit Facility is in effect and no amounts are owing to the Credit Provider, or such Credit Provider has failed to honor a demand for payment presented to it in strict conformance with the applicable provisions of the Credit Facility, or after the Credit Facility shall at any time for any reason cease to be valid and binding on the Credit Provider, or while such Credit Provider is denying further liability or obligation under the Credit Facility (unless such Credit Facility has been fully drawn or to the extent that the conditions to payment thereunder have not been fully satisfied) or after such Credit Provider has rescinded, repudiated or terminated the Credit Facility and no amounts are owing to the Credit Provider; provided, however, that nothing contained in this section shall limit the rights of the Credit Provider as a Holder of Credit Provider Bonds.

All provisions in the Indenture relating to the Credit Provider shall be of no force and effect with respect to a particular Credit Provider if the applicable Credit Facility and Credit Agreement are not in effect, there are no related Credit Provider Bonds and all amounts owing to such Credit Provider under the applicable Credit Agreement have been paid.

Continuing Disclosure. Pursuant to the terms of the Loan Agreement set forth herein under the caption “Continuing Disclosure,” the Corporation shall, at any time that a Term Interest Rate Period of longer than nine months is in effect with respect to the Bonds, or if otherwise required by Rule 15c2-12, undertake the continuing disclosure requirements for the Bonds as promulgated under S.E.C. Rule 15c2-12, as it may from time to time hereafter be amended or supplemented, and the Authority shall have no liability to the Holders of the Bonds or any other person with respect to such disclosure matters. Notwithstanding any other provision of the Indenture, failure of the Corporation to comply with the requirements of Rule 15c2-12 applicable to the Bonds, as it may from time to time hereafter be amended or supplemented, shall not be considered an Event of Default under the Indenture or under the Loan Agreement; however, the Trustee, at the written request of the Remarketing Agent or the Holders of at least 25% aggregate principal amount of Outstanding Bonds and upon receipt of indemnity satisfactory to the Trustee, shall or any Bondholder or beneficial owner (within the meaning of Rule 15c2-12) of any Bonds may take such actions as may be necessary or appropriate, including seeking mandate or specific performance by court order, to cause the Corporation to comply with its obligations under the terms of the Loan Agreement set forth herein under the caption “Continuing Disclosure.”

Opinions of Bond Counsel. The parties to the Indenture, and the Corporation, acknowledge that whenever in the Indenture or the Tax Certificate it is required that prior to the taking of any action (including but not limited to any modifications of arbitrage covenants contained in the Indenture as set forth herein under the caption “Arbitrage Covenants; Rebate Fund”) an Opinion of Bond Counsel is required to be delivered to the effect that such action will not adversely affect the Tax-Exempt status of interest on the Bonds, if such opinion is not given by Orrick, Herrington & Sutcliffe LLP, the original approving opinion of Orrick, Herrington & Sutcliffe LLP with respect to the Bonds dated the Issue Date may no longer be relied upon by any person, including subsequent Holders of the Bonds. No contrary representation shall be made by any party to the Indenture, or the Corporation, or any agent thereof.

THE LOAN AGREEMENT

REPRESENTATIONS OF AUTHORITY AND CORPORATION

Representations of the Authority. The Authority represents and warrants to the Corporation (such representations and warranties to remain operative and in full force and effect before and after the issuance of the Bonds) that:

(a) The Authority is duly organized and validly existing under the Constitution and the laws of the State, has the requisite legal right, power and authority to enter into the Loan Agreement and the Indenture and to carry out and consummate all transactions contemplated on the part of the Authority by the Loan Agreement and the Indenture and by proper action has duly authorized the execution and delivery of the Loan Agreement and the Indenture.

(b) The execution and delivery of the Loan Agreement and the Indenture and the consummation by the Authority of the transactions under the Loan Agreement and therein contemplated will not in any material respect conflict with or constitute on the part of the Authority a breach of or default under any material agreement or other material instrument to which the Authority is a party or by which it is bound or any court order or consent decree to which it is subject.

Representations of the Corporation. The Corporation represents and warrants to the Authority (such representations and warranties to remain operative and in full force and effect before and after the issuance of the Bonds and regardless of any investigations by or on behalf of the Authority or the results thereof) that:

(a) The Corporation is a nonprofit public benefit corporation duly incorporated and in good standing under the laws of the State of California, has full legal right, power and authority to enter into the Loan Agreement, the Credit Agreement relating to the Initial Credit Facility and the Remarketing Agreement and to approve the Indenture, and to carry out all of its obligations under, and consummate all transactions under the Loan Agreement and therein contemplated on the part of the Corporation and to comply with the terms and conditions hereof and thereof applicable to the Corporation, and by proper corporate action has duly authorized the execution, delivery and performance of the Loan Agreement, the Credit Agreement relating to the Initial Credit Facility and the Remarketing Agreement and the approval of the Indenture.

(b) The officers of the Corporation executing the Loan Agreement, the Credit Agreement relating to the Initial Credit Facility and the Remarketing Agreement and approving the Indenture are duly and properly in office and fully authorized to execute and approve the same.

(c) The Loan Agreement, the Credit Agreement relating to the Initial Credit Facility and the Remarketing Agreement have been duly authorized, executed and delivered by the Corporation.

(d) The Loan Agreement constitutes the legal, valid and binding agreement of the Corporation with the rights of the Authority under the Loan Agreement assigned to the Trustee pursuant to the Indenture being enforceable against the Corporation by the Trustee in accordance with their terms for the benefit of the Holders of the Bonds, and with any rights of the Authority not so assigned to the Trustee being enforceable against the Corporation by the Authority in accordance with their terms, and the Remarketing Agreement and the Credit Agreement relating to the Initial Credit Facility constitute the legal, valid and binding agreements of the Corporation with the other parties thereto enforceable against the Corporation in accordance with their terms; except in each case as enforcement may be limited by bankruptcy, insolvency or other laws affecting the enforcement of creditors' rights generally, by the application of equitable principles regardless of whether enforcement is sought in a proceeding at law or in equity and by public policy.

(e) The execution and delivery of the Loan Agreement, the Credit Agreement relating to the Initial Credit Facility and the Remarketing Agreement, and the approval of the Indenture by the Corporation, the consummation of the transactions under the Loan Agreement and therein contemplated and the fulfillment of or compliance with the terms and conditions of the Loan Agreement and thereof, will not conflict with or constitute a

violation or breach of or default under (and no event has occurred and is continuing which with the giving of notice or the passage of time or both could constitute such a breach or default) the articles of incorporation of the Corporation, its bylaws or, with respect to the Corporation, any applicable court or administrative decree or order, or any indenture, mortgage, deed of trust, loan agreement, lease, contract or other agreement or instrument to which the Corporation is a party or by which it or its properties are otherwise subject or bound, or to the best knowledge of the Corporation and with respect to the Corporation, any applicable law or administrative rule or regulation, or result in the creation or imposition of any lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the Corporation, which conflict, violation, breach, default, lien, charge or encumbrance might have consequences that would materially and adversely affect the consummation of the transactions contemplated by the Loan Agreement, the Credit Agreement relating to the Initial Credit Facility, the Remarketing Agreement or the Indenture, or the financial condition, assets, properties or operations of the Corporation.

(f) No consent or approval of any trustee or holder of any indebtedness of the Corporation, and no consent, permission, authorization, order or license of, or filing or registration with, any governmental authority (except with respect to any state securities or "blue sky" laws), is necessary in connection with the execution and delivery of the Loan Agreement, the Credit Agreement relating to the Initial Credit Facility or the Remarketing Agreement, or the consummation by the Corporation of any transaction under the Loan Agreement or therein contemplated, or the fulfillment by the Corporation of or compliance by the Corporation with the terms and conditions of the Loan Agreement or thereof, except as have been obtained or made and are in full force and effect.

(g) The Corporation is not in default (and no event has occurred and is continuing which with the giving of notice or the passage of time or both could constitute a default) with respect to any order or decree of any court or any order, regulation or demand of any federal, state, municipal or other governmental authority, which default might have consequences that would materially and adversely affect the consummation of the transactions contemplated by the Loan Agreement, the Credit Agreement relating to the Initial Credit Facility, the Remarketing Agreement or the Indenture, or the financial condition, assets, properties or operations of the Corporation. All tax returns (federal, state and local) required to be filed by or on behalf of the Corporation have been filed, and all taxes shown thereon to be due, including interest and penalties, except such, if any, as are being actively contested by the Corporation in good faith, have been paid or adequate reserves have been made for the payment thereof which reserves, if any, are reflected in the audited financial statements described in (h) of this section.

(h) The Comparative Balance Sheet of the Corporation as of December 28, 2003, and the related Comparative Statements of Activities and Cash Flows for the year then ended (copies of which, audited by Ernst & Young LLP, have been presented to the Authority) present fairly, in all material respects, the financial position of the Corporation as of December 28, 2003, and the activities and cash flows for the year then ended in conformity with generally accepted accounting principles and generally applied to non-profit institutions, and since December 28, 2003, there has been no material adverse change in the assets, operations or financial condition of the Corporation other than any such change which the Corporation has disclosed in writing to the Authority.

(i) The Corporation and the Facilities comply in all material respects with all applicable Environmental Regulations, including, without limitation, regulations governing air pollution, soil and water pollution, the use, generation, storage, treatment, removal, handling or disposal of Hazardous Substances, other materials or wastes, and the emission of electromagnetic or nuclear radiation.

(j) Neither the Corporation nor the Facilities are the subject of a federal, state or local investigation evaluating whether any remedial action is needed to respond to any alleged violation of or condition regulated by an Environmental Regulation referred to in (i) above or to respond to a release of any Hazardous Substances into the environment.

(k) The Corporation does not have any material contingent liability in connection with any release of any Hazardous Substances into the environment.

(l) The Project consists and will consist of those facilities, buildings, fixtures, equipment and furnishings as are generally described in the Project Description attached to the Loan Agreement, and, to the extent within its control, for so long as it owns or operates the Facilities, the Corporation shall make no changes to the

Project or to the operation thereof which would affect the qualification of the Project for financing under the Act. The Corporation shall comply with all requirements set forth in the Tax Certificate.

(m) To the extent necessary to preserve the security for the Bonds and the Tax-Exempt status of interest on the Bonds, all material certificates, approvals, permits and authorizations of applicable local governmental agencies, and agencies of the State and the federal government have been or will be obtained with respect to the acquisition, construction and installation of the Project and the Project will be acquired, constructed and installed and the Facilities will be operated pursuant to and in accordance with such certificates, approvals, permits and authorizations.

(n) The estimated Costs of the Project are as set forth in the Tax Certificate, and such Costs have been determined in accordance with standard engineering/construction and accounting principles. All the information and representations in the Tax Certificate are true and correct as of the date thereof.

(o) No event has occurred and no condition exists which would constitute an Event of Default with respect to the Loan Agreement or which, with the passing of time or with the giving of notice or both would become such an Event of Default.

(p) There are no actions, suits or proceedings which have been served on the Corporation or, to the best knowledge of the Corporation, are otherwise pending or threatened against the Corporation.

(i) to restrain or enjoin the issuance or delivery of any of the Bonds or the collection of Revenues pledged under the Indenture;

(ii) in any way contesting or affecting the authority for the issuance of the Bonds or the validity of the Bonds, the Indenture, the Loan Agreement or the Tax Certificate;

(iii) in any way contesting the corporate existence or powers of the Corporation;

(iv) which, if determined adversely to it, would materially adversely affect the consummation of the transactions contemplated by the Loan Agreement, the Indenture or the financial condition, assets or properties of the Corporation; or

(v) contesting or affecting the Corporation's status as an organization described in Section 501(c)(3) of the Code or which would subject any income of the Corporation to federal income taxation to such extent as would result in loss of the exclusion from gross income for federal income tax purposes of interest on any of the Bonds under Section 103 of the Code.

(q) The Corporation is an organization described in Section 501(c)(3) of the Code, and is exempt from federal income tax under Section 501(a) of the Code, except with respect to any unrelated business income of the Corporation, which income is not expected to result from the consummation of any transaction contemplated by the Loan Agreement or any other activities of the Corporation. The Corporation is not a private foundation within the meaning of Section 509(a) of the Code, and the Corporation at all times will maintain its status as an organization described in Section 501(c)(3) of the Code and its exemption from federal income tax under Section 501(a) of the Code or corresponding provisions of future federal income tax laws. The fact and circumstances which formed the basis of the Corporation's status as an organization described in Section 501(c)(3) of the Code as represented to the Internal Revenue Service continue substantially to exist.

(r) No facility financed by any portion of the proceeds of the Bonds is or at any time will be used by any person which is not an "exempt person" within the meaning of the Code and the regulations proposed and promulgated thereunder, or by a governmental unit or a 501(c)(3) organization (including the Corporation) in an "unrelated trade or business" within the meaning of Section 513(a) of the Code and the regulations proposed and promulgated thereunder, in such manner or to such extent as would result in loss of exclusion from gross income for federal tax purposes of interest on any of the Bonds under Section 103 of the Code.

(s) To the best knowledge of the Corporation, no written information, exhibit or report which was furnished to the Authority by the Corporation in connection with the negotiation of the Loan Agreement and the consummation of the transactions contemplated under the Loan Agreement contains an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements contained therein, in the light of the circumstances under which they were made, not misleading, and the information in the Official Statement other than under the headings "THE AUTHORITY" and "ABSENCE OF MATERIAL LITIGATION" and the provisions regarding DTC and the book-entry only system does not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

(t) To its best knowledge, the Corporation:

(i) is in compliance with all laws, ordinances, governmental rules and regulations to which it is subject and which are material to its properties, operations, finances or status as an organization described in Section 501(c)(3) of the Code; and

(ii) has obtained all licenses, permits, franchises or other governmental authorizations necessary and material to the ownership of its property or to the conduct of its activities including without limitation the Project to the extent currently required, and agrees to obtain all such licenses, permits, franchises or other governmental authorizations as may be required in the future for its operations including without limitation the Project to the extent currently required, in all cases where failure to obtain such licenses, permits, franchises or other governmental authorizations could reasonably be expected to materially and adversely affect the condition (financial or otherwise) of the Corporation or its ability to perform its obligations under the Loan Agreement.

(u) The Corporation acknowledges, represents and warrants that it understands the nature and structure of the transactions relating to the financing of the Project; that it is familiar with the provisions of all of the documents and instruments relating to such financing to which the Corporation is a party or of which it is a beneficiary, including the Indenture; that it understands the risks inherent in such transactions; and that it has not relied on the Authority for any guidance or expertise in analyzing the financial or other consequences of the transactions contemplated by the Loan Agreement and the Indenture or otherwise relied on the Authority for any advice or otherwise expect to issue the Bonds.

APPLICATION OF PROCEEDS; CONSTRUCTION OF PROJECT FACILITIES

Agreement to Issue Bonds; Application of Bond Proceeds. To provide funds to finance the Project, the Authority agrees that it will issue under the Indenture, sell and cause to be delivered to the purchasers thereof, the Bonds pursuant to one or more purchase contracts approved by the Corporation. The Authority will thereupon apply the proceeds received from the sale of the Bonds as provided in the Indenture.

Investment of Moneys in Funds. Any moneys in any fund held by the Trustee shall, to the extent permitted under the Indenture, at the written request of an Authorized Corporation Representative, be invested or reinvested by the Trustee as provided in the Indenture. Such investments shall be deemed at all times a part of the fund from which such investments were made, and the interest accruing thereon and any profit or loss realized therefrom shall, except as otherwise provided in the Indenture, be credited or charged to such fund.

The Corporation covenants that it will not direct the Trustee to make any investments and itself will not make any investments of the proceeds of the Bonds, or any other funds in any way pledged to the security of or reasonably expected to be used to pay the Bonds, which would cause any of the Bonds to be "arbitrage bonds" subject to federal income taxation by reason of Section 103(b)(2) of the Code. The Corporation shall not purchase any obligations of the Authority, pursuant to an arrangement, formal or informal, in an amount related to the amount of the loans made to the Corporation under the Loan Agreement. Nothing in this section shall prohibit the Corporation from receiving Bonds by gift, bequest or devise or from purchasing Bonds in the secondary market other than pursuant to an arrangement related to the Loan made hereby.

Agreement to Acquire and Construct the Project. The Corporation agrees that it will acquire, construct, improve, furnish and equip, or complete the acquisition, construction, improvement, furnishing and equipping of, the Project, and will acquire, construct, improve, furnish and equip all other facilities and real and personal property deemed necessary for the operation of the Project as a part of the Facilities, substantially in accordance with the description of the Project attached to the Loan Agreement, including any and all supplements, amendments and additions or deletions thereto or therefrom, it being understood that the approval of the Authority shall not be required for changes in such descriptions which do not substantially alter the purpose and description of the Project referred to above. The Corporation further agrees to proceed with due diligence to complete the Project within two years from the dated date of the Loan Agreement.

In the event that the Corporation desires to alter or change the Project, and such alteration or change substantially alters either the purpose or the description of the Project, as described in the Loan Agreement, including any and all supplements, amendments and additions or deletions thereto or therefrom, the Authority will enter into, and will instruct the Trustee to consent to, such amendment or supplement to the Loan Agreement as shall be required to reflect such alteration or change to the Project upon receipt of:

- (i) a certificate of the Authorized Corporation Representative describing in detail the proposed changes and stating that they will not have the effect of disqualifying the Project as facilities that may be financed pursuant to the Act;
- (ii) a copy of the proposed form of such amendment or supplement; and
- (iii) an Opinion of Bond Counsel that such proposed changes, in and of themselves, will not adversely affect the Tax-Exempt status of interest on the Bonds.

Disbursements of Bond Proceeds. Subject to the certain provisions of the Loan Agreement, the Corporation will authorize and direct the Trustee, upon compliance with the Indenture as set forth herein under the caption "Construction Fund," to disburse the moneys in the Construction Fund to or on behalf of the Corporation only to pay the Costs of the Project (and not for Costs of Issuance).

All moneys remaining in the Construction Fund after the Completion Date shall be used in accordance with the Indenture as set forth herein under the caption "Construction Fund."

Establishment of Completion Date; Obligation of Corporation to Complete. As soon as the acquisition, construction, improvement, furnishing and equipping of the Project is completed, an Authorized Corporation Representative, on behalf of the Corporation, shall evidence the Completion Date by providing the Trustee a certificate to that effect. Notwithstanding the foregoing, such certificate may state that it is given without prejudice to any rights of the Corporation against third parties for any claims or for the payment of any amount not then due and payable which exists at the date of such certificate or which may subsequently exist.

At the time such certificate is delivered to the Trustee, moneys remaining in the Construction Fund (other than moneys relating to provisional payments permitted by the Loan Agreement as set forth herein under the caption "Disbursements of Bond Proceeds"), including any earnings resulting from the investment of such moneys, shall be used as provided in the Indenture as set forth herein under the caption "Construction Fund."

In the event the moneys in the Construction Fund available for payment of the Costs of the Project should be insufficient to pay the costs thereof in full, the Corporation agrees to pay directly, or to deposit in the Construction Fund moneys sufficient to pay, any costs of completing the Project in excess of the moneys available for such purpose in the Construction Fund. The Authority makes no express or implied warranty that the moneys deposited in the Construction Fund and available for payment of the Costs of the Project under the provisions of the Loan Agreement, will be sufficient to pay all the amounts which may be incurred for such costs of the Project. The Corporation agrees that if, after exhaustion of the moneys in the Construction Fund, the Corporation should pay, or deposit moneys in the Construction Fund for the payment of, any portion of the Costs of the Project pursuant to the provisions of this section, it shall not be entitled to any reimbursement therefor from the Authority, from the Trustee

or from the Holders of any of the Bonds, nor shall it be entitled to any diminution of the amounts payable under the Loan Agreement.

LOAN TO CORPORATION; REPAYMENT PROVISIONS

Loan to Corporation. The Authority covenants and agrees, upon the terms and conditions in the Loan Agreement, to make a loan to the Corporation for the purpose of financing Costs of the Project. Pursuant to said covenant and agreement, the Authority will issue the Bonds upon the terms and conditions contained in the Loan Agreement and the Indenture. The Authority and the Corporation agree that the availability of the proceeds of sale of the Bonds deposited in the Construction Fund to pay the Costs of the Project will be deemed to be and treated for all purposes as a loan to the Corporation of an amount equal to the aggregate principal amount of the Bonds issued.

Repayment and Payment of Other Amounts Payable.

(a) With respect to the Bonds, the Corporation covenants and agrees to pay to the Trustee as a Repayment Installment, on or before each date provided in or pursuant to the Indenture for the payment of principal of (whether at maturity or upon redemption or acceleration), premium, if any, and/or interest on the Outstanding Bonds, until the principal of, premium, if any, and interest on the Bonds shall have been fully paid or provision for the payment thereof shall have been made in accordance with the Indenture, in immediately available funds, for deposit in the Bond Fund, a sum equal to the amount then payable as principal (whether at maturity or upon redemption or acceleration), premium, if any, and interest upon the Outstanding Bonds as provided in the Indenture. The Corporation agrees that any amounts due as a result of the acceleration of the maturity of the Bonds shall be due and payable immediately upon such acceleration.

Each payment made by the Corporation pursuant to this section (a) shall at all times be sufficient to pay the total amount of interest and principal (whether at maturity or upon redemption or acceleration) and premium, if any, then payable on the Bonds; provided that any amount held by the Trustee in the Bond Fund on any due date for a Repayment Installment under the Loan Agreement shall be credited against the Repayment Installment due on such date, to the extent available for such purpose; and provided further that, subject to the provisions of this paragraph, if at any time the available amounts held by the Trustee in the Bond Fund are sufficient to pay all of the principal of and interest and premium, if any, on the Bonds as such payments become due, the Corporation shall be relieved of any obligation to make any further payments with respect to the Bonds under the provisions of this section. Notwithstanding the foregoing, if on any date the amount held by the Trustee in the Bond Fund is insufficient to make any required payments of principal of (whether at maturity or upon redemption or acceleration) and interest and premium, if any, on the Bonds as such payments become due, the Corporation shall forthwith pay such deficiency as a Repayment Installment under the Loan Agreement.

(b) In addition to the Repayment Installments, the Corporation shall also pay to the Authority or to the Trustee, as the case may be, "Additional Payments," as follows:

(i) All taxes and assessments of any type or character charged to the Authority or to the Trustee affecting the amount available to the Authority or the Trustee from payments to be received under the Loan Agreement or in any way arising due to the transactions contemplated under the Loan Agreement (including taxes and assessments assessed or levied by any public agency or governmental authority of whatsoever character having power to levy taxes or assessments) but excluding franchise taxes based upon the capital and/or income of the Trustee and taxes based upon or measured by the net income of the Trustee; provided, however, that the Corporation shall have the right to protest any such taxes or assessments and to require the Authority or the Trustee, at the Corporation's expense, to protest and contest any such taxes or assessments levied upon them and that the Corporation shall have the right to withhold payment of any such taxes or assessments pending disposition of any such protest or contest unless such withholding, protest or contest would adversely affect the rights or interests of the Authority or the Trustee;

(ii) All reasonable fees, charges and expenses of the Trustee for services rendered under the Indenture and all amounts referred to in the Indenture as set forth herein under the caption "Compensation and Indemnification of Trustee," as and when the same become due and payable;

(iii) The fees and expenses of such accountants, consultants, attorneys and other experts as may be engaged by the Authority or the Trustee to prepare audits, financial statements, reports, opinions or provide such other services required under the Loan Agreement, the Credit Agreement, the Remarketing Agreement or the Indenture; and

(iv) The annual bond administration fee of the Authority and the fees and expenses of the Authority or any agent selected by the Authority to act on its behalf in connection with the Loan Agreement, the Credit Agreement, the Remarketing Agreement, the Bonds or the Indenture, including, without limitation, any and all reasonable expenses incurred in connection with the authorization, issuance, sale and delivery of any such Bonds or in connection with any litigation which may at any time be instituted involving the Loan Agreement, the Credit Agreement, the Remarketing Agreement, the Bonds or the Indenture or any of the other documents contemplated by the Loan Agreement or thereby, or in connection with the reasonable supervision or inspection of the Corporation, its properties, assets or operations or otherwise in connection with the administration of the Loan Agreement, the Credit Agreement, the Remarketing Agreement, the Bonds or the Indenture.

(v) Such Additional Payments shall be billed to the Corporation by the Authority or the Trustee from time to time, together with (1) a statement certifying that the amount billed has been incurred or paid by the Authority or the Trustee for one or more of the above items and (2) an invoice or statement for the amount so incurred or paid. After such a demand, amounts so billed shall be paid by the Corporation within thirty (30) days after receipt of the bill by the Corporation. Notwithstanding the foregoing, the Authority shall not be required to submit a bill to the Corporation for payment of the Authority's annual bond administration fee (which shall be due and payable annually in advance), on each July 1, commencing July 1, 2005, and which shall equal 0.02% of the aggregate principal amount of Bonds Outstanding under the Indenture as of each annual due date.

Unconditional Obligation. The obligations of the Corporation to make the payments required by the Loan Agreement as set forth herein under the caption "Repayment and Payment of Other Amounts Payable" and to perform and observe the other agreements on its part contained under the Loan Agreement shall be absolute and unconditional, irrespective of any defense or any rights of setoff, recoupment or counterclaim it might otherwise have against the Authority or the Trustee, and during the term of the Loan Agreement, the Corporation shall pay absolutely the payments to be made on account of the Loan as prescribed in the Loan Agreement as set forth herein under the caption "Repayment and Payment of Other Amounts Payable" and all other payments required under the Loan Agreement, free of any deductions and without abatement, diminution or setoff. Until such time as the principal of, premium, if any, and interest on the Bonds shall have been fully paid, or provision for the payment thereof shall have been made as required by the Indenture, the Corporation (i) will not suspend or discontinue any payments provided for in the Loan Agreement as set forth herein under the caption "Repayment and Payment of Other Amounts Payable" with respect to the Bonds; (ii) will perform and observe all of its other covenants contained in the Loan Agreement with respect to the Bonds, the Facilities and the Project; and (iii) except as provided in the Loan Agreement, will not terminate the Loan Agreement for any cause, including, without limitation, the occurrence of any act or circumstances that may constitute failure of consideration, destruction of or damage to, or taking or condemnation of, all or any part of the Project or the Facilities, commercial frustration of purpose, any change in the tax or other laws of the United States of America or of the State or any political subdivision of either of these, or any failure of the Authority or the Trustee to perform and observe any covenant, whether express or implied, or any duty, liability or obligation arising out of or connected with the Loan Agreement or the Indenture.

Assignment of Authority's Rights. As security for the payment of the Bonds, the Authority will assign to the Trustee the Authority's rights, but not its obligations, under the Loan Agreement, including the right to receive payments under the Loan Agreement (except (i) the rights of the Authority to receive notices under the Loan Agreement or the Indenture, (ii) the right of the Authority to receive certain payments with respect to expenses and indemnification and certain other purposes under of the Loan Agreement, (iii) the right of the Authority to give approvals or consents pursuant to the Loan Agreement; and (iv) the right of the Authority to access and inspect the Facilities under the Loan Agreement as set forth herein under the caption "Right of Access to the Facilities"); and the Authority directs the Corporation to make the payments required under the Loan Agreement (except such payments for expenses and indemnification and certain other purposes) directly to the Trustee. The Corporation assents to such assignment and agrees to make payments directly to the Trustee without defense or setoff by reason of any dispute between the Corporation and the Authority or the Trustee.

The Authority acknowledges that the Corporation will be obligated to reimburse each Credit Provider for amounts provided under the applicable Credit Facility to purchase Bonds which are tendered for purchase and not remarketed pursuant to the applicable Remarketing Agreement, and acknowledges that any and all proceeds of any subsequent remarketing of the Bonds so purchased will be paid to the Credit Provider, in order to discharge the Corporation's reimbursement obligation (or any loan by such Credit Provider, to finance such reimbursement obligation) to the Credit Provider.

Amounts Remaining in Funds. It is agreed by the parties to the Loan Agreement that any amounts remaining in any fund held by the Trustee under the Indenture after payment in full of (i) the Bonds, or after provision for such payment shall have been made as provided in the Indenture, (ii) the fees, charges and expenses of the Trustee, the Registrar, the Remarketing Agent, any Paying Agent and the Credit Provider, due and owing in accordance with the Loan Agreement and the Indenture and (iii) all other amounts required to be paid under the Loan Agreement and the Indenture, shall be applied as provided in the Indenture as set forth herein under the caption "Investment of Moneys."

Credit Facility; Alternate Credit Facility.

(a) The Corporation will deliver (or cause to be delivered) to the Trustee on or prior to the Issue Date the executed Initial Credit Facility for the Bonds. The Corporation shall maintain one or more Credit Facilities, either by maintaining the Initial Credit Facility or providing one or more Alternate Credit Facilities as provided in the Loan Agreement set forth herein under the caption "Credit Facility; Alternate Credit Facility," to secure the payment of the principal and Purchase Price of, and interest on, the Bonds; provided, however, that 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.

(b) Not later than two (2) Business Days preceding the last day on which notice of mandatory tender for purchase of Bonds is to be given pursuant to subsection (d) under the caption "Mandatory Tender for Purchase," the Corporation shall provide to the Trustee (with a copy to the Remarketing Agent) (i) a written renewal or extension of the term of the Credit Facility then securing the Bonds for a term of at least 364 days (or, if shorter, the period to maturity of the Bonds) or (ii) an Alternate Credit Facility meeting the requirements set forth in subsection (c) below.

(c) The Corporation may at any time substitute an Alternate Credit Facility for the Credit Facility then securing the Bonds in accordance with the provisions of this section and of the Indenture set forth herein under the caption "Repayment to Corporation or Credit Provider" and upon delivery to the Trustee of the items specified in subsection (d) below; provided, however, that the Corporation shall not substitute an Alternate Credit Facility for the Credit Facility then securing the Bonds unless the Bonds are required to be tendered for purchase pursuant to subsection (a)(ii) under the caption "Mandatory Tender for Purchase" and the Purchase Price of the Bonds due upon such tender is secured by the Credit Facility then securing the Bonds.

Each Alternate Credit Facility must meet 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 pay the greater of: (i) the principal and the maximum amount of interest payable on the Outstanding Bonds on any Interest Payment Date during the current Interest Rate Period; and (ii) the maximum Purchase Price of the Bonds which will be applicable during the then current Interest Rate Period;

(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 maturity of the Bonds); 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.

(d) On or prior to the date of the delivery of an Alternate Credit Facility to the Trustee pursuant to subsection (c) above, the Corporation shall cause to be furnished to the Trustee (i) an Approving 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 addressed to the Trustee and the Authority, 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.

SPECIAL COVENANTS AND AGREEMENTS

Right of Access to the Facilities. The Corporation agrees that during the term of the Loan Agreement, and, to the extent within its control, for so long as the Corporation owns or operates the Facilities, the Authority, the Trustee, the Credit Provider and the duly authorized agents of any of them shall have the right (but not the duty) at all reasonable times during normal business hours to enter upon the site of the Facilities to examine and inspect the Facilities; provided, however, that this right is subject to federal and State laws and regulations applicable to the site of the Facilities; and provided further that the Corporation reserves the right to restrict access to the Facilities in accordance with reasonably adopted procedures relating to safety and security. The rights of access and inspection reserved to the Authority, the Trustee, the Credit Provider and their respective authorized agents may be exercised only after the party seeking such access shall have given reasonable advance notice and executed release of liability (which release shall not limit any of the Corporation’s obligations under the Loan Agreement) agreements if requested by the Corporation in the form then currently used by the Corporation.

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 Loan Agreements contained in this section, 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 Loan Agreement 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 this section (a), the Corporation need not comply with any of the above provisions of this section (a) other than the delivery of the Opinion of Bond Counsel referred to in the second paragraph of this section (a) if, at the time of such transaction, all of the Bonds will be defeased as provided in those terms of the Indenture providing for defeasance of the Bonds and discharge of 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 subsection (a) of the Loan Agreement as set forth herein under the caption "The Corporation's Maintenance of its Existence; Assignments" 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 as set forth herein under the caption "Repayment and Payment of Other Amounts Payable," and for performance and observance of the other agreements on its part provided under the Loan Agreement to be performed and observed.

(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 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 in this section, the provisions of this section 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 this section.

Records and Financial Statements of Corporation. The Corporation shall maintain adequate books, accounts and records in connection with the operation of the Facilities in accordance with generally accepted accounting principles and in compliance with the regulations of any governmental regulatory body having jurisdiction thereof. The Corporation shall, within 150 days after the close of each fiscal year, submit to the Authority, the Credit Provider and to the Trustee audited financial statements with respect to the Corporation for such fiscal year. The Trustee shall have no duty to review such financial statements. The Trustee shall be permitted (but shall have no duty) at all reasonable times upon reasonable notice during the term of the Loan Agreement to examine the books and records of the Corporation with respect to the Project, subject to the limitations expressed in the Loan Agreement as set forth herein under the caption "Right of Access to the Facilities."

Maintenance and Repair; Taxes; Utility and Other Charges. For so long as the Facilities are in operation, the Corporation agrees to maintain, to the extent permitted by applicable law and regulation, the Facilities, or cause the Facilities to be so maintained, during the term of the Loan Agreement (i) in safe condition and (ii) in good repair and in good operating condition, ordinary wear and tear excepted, making from time to time all necessary repairs thereto and renewals and replacements thereof.

For so long as the Facilities are in operation, the Corporation agrees that between the Authority and the Corporation, the Corporation will pay or cause to be paid during the term of the Loan Agreement all taxes, governmental charges of any kind lawfully assessed or levied upon the Facilities or any part thereof, including any taxes levied against the Facilities, all utility and other charges incurred in the operation, maintenance, use, occupancy and upkeep of the Facilities and all assessments and charges lawfully made by any governmental body for public improvements that may be secured by a lien on the Facilities, provided that with respect to special assessments or other governmental charges that may lawfully be paid in installments over a period of years, the Corporation, to the extent described above, shall be obligated under the Loan Agreement to pay only such installments as are required to be paid during the term of the Loan Agreement. The Corporation may, at the Corporation's expense and in the Corporation's name, in good faith, contest any such taxes, assessments and other charges and, in the event of any such contest, may permit the taxes, assessments or other charges so contested to remain unpaid during that period of such contest and any appeal therefrom unless by such nonpayment the Facilities or any part thereof will be subject to loss or forfeiture.

Qualification in California. The Corporation agrees that throughout the term of the Loan Agreement it, or any successor or assignee as permitted by the Loan Agreement as set forth herein under the caption “The Corporation’s Maintenance of its Existence; Assignments,” will be qualified to do business in the State.

Tax Exempt Status of Interest on Bonds. It is the intention of the parties to the Loan Agreement that interest on the Bonds shall be and remain Tax-Exempt, and to that end the covenants and agreements of the Authority and the Corporation in this section and the Tax Certificate are for the benefit of the Trustee and each and every person who at any time will be a Holder of the Bonds.

Each of the Corporation and the Authority covenants and agrees that it will not directly or indirectly use or permit the use of any proceeds of the Bonds or other funds, or take or omit to take any action that will cause any Bond to be an “arbitrage bond” within the meaning of Section 148 of the Code. Each of the Corporation and the Authority further covenants and agrees that it will not direct the Trustee to invest any funds held by it under the Indenture or the Loan Agreement, in such manner as would, or enter into or allow any related person to enter into any arrangement (formal or informal) that would, cause any Bond to be an “arbitrage bond” within the meaning of Section 148(a) of the Code. To such ends with respect to the Bonds, the Authority and the Corporation will comply with all requirements of Section 148 of the Code to the extent applicable to the Bonds. In the event that at any time the Authority or the Corporation is of the opinion that for purposes of this section (b) it is necessary to restrict or limit the yield on the investment of any moneys held by the Trustee under the Loan Agreement or the Indenture, the Authority or the Corporation shall so notify the Trustee in writing.

Without limiting the generality of the foregoing, the Corporation and the Authority agree that there shall be paid from time to time all amounts required to be rebated to the United States pursuant to Section 148(f) of the Code and any applicable Treasury Regulations. This covenant shall survive payment in full or defeasance of the Bonds. The Corporation specifically covenants to calculate or cause to be calculated and to pay or cause to be paid for and on behalf of the Authority to the United States at the times and in the amounts determined under the Indenture as set forth herein under the caption “Arbitrage Covenants; Rebate Fund” the Rebate Requirement as described in the Tax Certificate.

The Authority certifies, represents and agrees that it has not taken, and will not take, any action which will cause interest paid on the Bonds to become includable in gross income of the Holders of the Bonds for federal income tax purposes pursuant to Sections 103 and 141 through 150 of the Code; and the Corporation certifies and represents that it has not taken or, to the extent within its control, permitted to be taken, and the Corporation covenants and agrees that it will not take or, to the extent within its control, permit to be taken any action which will cause the interest on the Bonds to become includable in gross income of the Holders of the Bonds for federal income tax purposes pursuant to the provisions of the Code; provided that neither the Corporation nor the Authority shall have violated these covenants if the interest on any of the Bonds becomes taxable to a person solely because such person is a “substantial user” of the financed facilities or a “related person” within the meaning of Section 147(a) of the Code; and provided, further, that none of the covenants and agreements contained in the Loan Agreement shall require either the Corporation or the Authority to enter an appearance or intervene in any administrative, legislative or judicial proceeding in connection with any changes in applicable laws, rules or regulations or in connection with any decisions of any court or administrative agency or other governmental body affecting the taxation of interest on the Bonds. The Corporation acknowledges having read the Indenture as set forth herein under the caption “Arbitrage Covenants; Rebate Fund” and agrees to perform all duties imposed on it by such section, by this section and by the Tax Certificate. Insofar as the Indenture as set forth herein under the caption “Arbitrage Covenants; Rebate Fund” and the Tax Certificate impose duties and responsibilities on the Corporation, they are specifically incorporated in the Loan Agreement by reference.

Notwithstanding any provision of this section and the Indenture as set forth herein under the caption “Arbitrage Covenants; Rebate Fund,” if the Corporation shall provide to the Authority and the Trustee an Opinion of Bond Counsel that any specified action required under this section or the Indenture as set forth herein under the caption “Arbitrage Covenants; Rebate Fund” is no longer required or that some further or different action is required to maintain the Tax-Exempt status of interest on the Bonds, the Corporation, the Trustee and the Authority may conclusively rely on such opinion in complying with the requirements of this section; and the covenants under the Loan Agreement shall be deemed to be modified to that extent.

Notice of Interest Rate Periods. The Corporation shall designate and give timely written notice to the Trustee and the Credit Provider as required by the Indenture prior to any change in Interest Rate Periods for the Bonds. In addition, if the Corporation shall elect to change Interest Rate Periods in accordance with the Indenture under circumstances requiring the delivery of an Opinion of Bond Counsel, the Corporation shall deliver such opinion to the Trustee and the Credit Provider concurrently with the giving of notice with respect thereto.

Remarketing of the Bonds. The Corporation agrees to perform all obligations and duties required of it by the Indenture and the Remarketing Agreement with respect to any remarketing of the Bonds.

Purchase of Bonds. The Corporation agrees that it shall not purchase, and it shall cause any guarantor or affiliate of the Corporation not to purchase, Bonds from the Remarketing Agent or otherwise.

Continuing Disclosure. The Corporation covenants and agrees, whenever a Term Interest Rate Period of longer than nine months is in effect or if otherwise required by Rule 15c2-12, to comply with the continuing disclosure requirements for the Bonds as promulgated under Rule 15c2-12, as it may from time to time hereafter be amended or supplemented. Notwithstanding any other provision of the Loan Agreement, failure of the Corporation to comply with the requirements of Rule 15c2-12 applicable to the Bonds, as it may from time to time hereafter be amended or supplemented, shall not be considered an Event of Default under the Loan Agreement or under the Indenture; however, the Trustee may (and, at the written request of the Remarketing Agent or the Holders of at least 25% aggregate principal amount of Outstanding Bonds and upon receipt of indemnity satisfactory to the Trustee shall), or any Bondholder or beneficial owner (within the meaning of Rule 15c2-12) of any Bonds may take such actions as may be necessary or appropriate, including seeking mandate or specific performance by court order, to cause the Corporation to comply with its obligations pursuant to this section.

Prohibited Uses Covenant. The Corporation covenants and agrees that no facility, place or building financed with a portion of the proceeds of the Bonds will be used (1) for sectarian instruction or as a place for religious worship or in connection with any part of the programs of any school or department of divinity for the useful life of the Project, or (2) by a Person that is not a 501(c)(3) organization or a governmental unit or by a 501(c)(3) organization (including the Corporation) in an unrelated trade or business, in such manner or to such extent as would result in any of the Bonds being treated as an obligation not described in Section 103(a) of the Code.

Survival Clause. Notwithstanding anything to the contrary contained in the Loan Agreement, the Loan Agreement as set forth herein under the caption "Prohibited Uses Covenant" shall survive termination of the Loan Agreement.

Obligation to Continue Payments. If prior to full payment of the Bonds (or provision for payment thereof in accordance with the provisions of the Indenture) (i) the Facilities or any portion thereof is destroyed (in whole or in part) or is damaged by fire or other casualty, or (ii) the temporary use of the Facilities or any portion thereof shall be taken under the exercise of the power of eminent domain by any governmental body or by any person, firm or corporation acting under governmental authority, the Corporation shall nevertheless be obligated to continue to pay the amounts specified in the Loan Agreement, to the extent not prepaid in accordance with those terms of the Loan Agreement providing for the prepayment of Repayment Installments.

Damage to or Condemnation of Facilities. As between the Authority and the Corporation, the Corporation shall be entitled to the Net Proceeds of any insurance or condemnation award or portion thereof made for damages to or takings of the Facilities.

EVENTS OF DEFAULT AND REMEDIES

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 terms of the Loan Agreement set forth herein under the caption "Repayment and Payment of Other Amounts Payable" 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 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) of this section.

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 (d) above, and upon the acceleration of the maturity of the Bonds as provided herein under the caption "Events of Default; Acceleration-Waiver of Default," 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 terms of the Loan Agreement set forth herein under the caption "Repayment and Payment of Other Amounts Payable," 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) of this section, 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 hereunder, 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 hereby 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.

Agreement to Pay Attorneys' Fees and Expenses. In the event the Corporation should default under any of the provisions of the Loan Agreement and the Authority or the Trustee should employ attorneys or incur other expenses for the collection of the payments due under the Loan Agreement or the enforcement of performance or observance of any obligation or agreement on the part of the Corporation contained in the Loan Agreement, the Corporation agrees to pay to the Authority and the Trustee the reasonable fees and expenses of such attorneys, such other reasonable expenses so incurred by the Trustee and such other expenses so incurred by the Authority.

No Remedy Exclusive. No remedy in the Loan Agreement conferred upon or reserved to the Authority or the Trustee 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 Loan Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Authority or the Trustee to exercise any remedy reserved to it under the Loan Agreement, it shall not be necessary to give any notice, other than such notice as may be in the Loan Agreement expressly required. Such rights and remedies as are given the Authority hereunder shall also extend to the Trustee, and the Trustee and the Holders of the Bonds shall be deemed third party beneficiaries of all covenants and agreements contained in the Loan Agreement except rights and remedies relating to fees, indemnification and notification. To the extent that any covenants and agreements in the Loan Agreement expressly grant rights to the Credit Provider, it shall be deemed a third party beneficiary of such covenants and agreements.

No Additional Waiver Implied by One Waiver. No waiver by the Corporation, the Authority or the Trustee of any agreement or covenant contained in the Loan Agreement shall be effective without the consent of the Credit Provider, if any. In the event any agreement or covenant contained in the Loan Agreement should be breached by the Corporation and thereafter waived by the Authority or the Trustee, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

PREPAYMENT

Redemption of Bonds with Prepayment Moneys. By virtue of the assignment of certain rights of the Authority under the Loan Agreement to the Trustee as is provided in the Loan Agreement as set forth herein under the caption "Assignment of Authority's Rights," the Corporation agrees to and shall pay (or cause to be paid) directly to the Trustee any amount permitted to be paid by it in accordance with the Loan Agreement. The Trustee shall use the moneys so paid to it by the Corporation to effect redemption of the Bonds in accordance with the Indenture on the date specified for such redemption or to apply such prepayment to making provision for the payment of Bonds as provided in those terms of the Indenture providing for defeasance of the Bonds and discharge of the Indenture.

Options to Prepay Repayment Installments. The Corporation shall have the option to prepay the Repayment Installments payable under the terms of the Loan Agreement set forth herein under the caption "Repayment and Payment of Other Amounts Payable" with respect to all or any portion of the Bonds (the principal amount to be specified by an Authorized Corporation Representative subject to the requirement that the Outstanding Bonds be in Authorized Denominations) by paying to the Trustee, for deposit in the Bond Fund or such other fund established for such purpose and held by the Trustee, the applicable amount.

Amount of Prepayment. In the case of a prepayment of the amount due hereunder with respect to all Outstanding Bonds, the amount to be paid shall be a sum sufficient, together with other funds then on deposit with the Trustee and available for such purpose and the principal of and interest on any Government Obligations described in the Indenture, as set forth under the caption "Discharge of Liability of Particular Bonds" then on deposit with the Trustee which are due and payable on and before the applicable payment or redemption date and which Government Obligations are then available for such purpose, to pay with Available Amounts (1) the principal of all Outstanding Bonds on the maturity date or on the redemption date, as applicable, of such Bonds, plus interest accrued and to accrue to the payment or redemption date of the Bonds, plus premium, if any, (2) all reasonable and necessary fees and expenses of the Authority, the Trustee and the Remarketing Agent accrued and owing through final payment of the Bonds, and (3) all other liabilities of the Corporation accrued and owing under the Loan Agreement with respect to the Bonds.

In the case of prepayment of the Repayment Installments with respect to less than all of the Outstanding Bonds, the amount payable shall be a sum sufficient, together with other funds deposited with the Trustee and available for such purpose and the principal of and interest on any Governmental Obligations described in the Indenture, as set forth under the caption "Discharge of Liability of Particular Bonds" then on deposit with the Trustee which are due and payable on and before the applicable payment or redemption date and which Government Obligations are then available for such purpose, to pay with Available Amounts the principal amount of and premium, if any, and interest on the Bonds to be paid or redeemed with such prepayment, as provided in the Indenture, and to pay expenses of the payment or redemption, as applicable, of such Bonds.

Notice and Date of Prepayment. In the event of a prepayment of Repayment Installments pursuant to the Loan Agreement, the Corporation shall give written notice to the Authority, the Credit Provider and the Trustee specifying the date upon which any prepayment will be made. Such notice shall be given by the Corporation at least fifteen (15) days prior to such prepayment and, if such prepayment is to be applied to the redemption of Bonds, at least fifteen days prior to the last day by which the Trustee is permitted to give notice of redemption pursuant to the Indenture; provided that the Authority, the Credit Provider and the Trustee may agree to waive their respective rights to receive such notice or may agree to a shorter notice period. Unless the Corporation specifies that a prepayment is to be applied to providing for the payment of Bonds on their maturity date, the Authority and the Trustee shall forthwith take all steps necessary under the Indenture (except that the Authority shall not be required to make payment of any money required for such redemption other than from Revenues) to effect redemption of all or part of the then Outstanding Bonds on the date specified in the notice of prepayment or if no such date is specified by the Authorized Corporation Representative on the earliest practicable date after receipt of the prepayment of Repayment Installments on which such redemption may be made under applicable provisions of the Indenture.

Notwithstanding anything to the contrary in the Loan Agreement, each notice contemplated in this section that is given with respect to a prepayment of Repayment Installments shall state that it is subject to and conditional upon receipt by the Trustee on or prior to the proposed prepayment date of an amount sufficient to effect such prepayment and such notice shall be of no force and effect and the prepayment need not be made and the Repayment Installments will not become due and payable on the proposed prepayment date unless such an amount is so received on or prior to the proposed prepayment date.

NONLIABILITY OF AUTHORITY; EXPENSES; INDEMNIFICATION

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 and other moneys and assets received by the Trustee on behalf of the Authority 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 hereby 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 investment income on certain funds and accounts held by the Trustee under the Indenture, and hereby agrees that if the payments to be made hereunder 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.

Expenses. The Corporation covenants and agrees to pay the Authority and the Trustee all costs and charges, including fees and disbursements of attorneys, accountants, consultants and other experts, incurred in good faith in connection with the Loan Agreement, any Bonds or the Indenture.

Indemnification. (a) The Corporation releases the Authority, the Association of Bay Area Governments ("ABAG"), the Trustee, the Remarketing Agent, the Credit Provider and their respective officers, directors, agents, officials, employees, attorneys (and, as to the Authority and ABAG, members of their governing bodies) and any person who controls the Authority, ABAG, the Trustee, the Remarketing Agent or the Credit Provider within the meaning of the Securities Act of 1933, from, and covenants and agrees to indemnify, hold harmless and defend the Authority, ABAG, the Trustee, the Remarketing Agent, the Credit Provider and their respective officers, directors, employees, agents, members of their governing bodies, officials and any person who controls such party within the meaning of the Securities Act of 1933 and employees and each of them (each an "Indemnified Party") from and

against, any and all losses, claims, damages, liabilities and expenses (including attorneys' fees and expenses), taxes, causes of action, suits and judgments of any nature, joint or several, by or on behalf of any person arising out of:

(i) the issuance and sale, resale or remarketing of any Bonds or any certifications or representations made [by any person other than the party seeking indemnification] in connection therewith, including, but not limited to, any (A) statement or information made by the Corporation with respect to the Corporation, the Project or the Facilities in any offering document or materials regarding the Bonds, the Project, the Facilities or the Corporation or in the Loan Agreement, the Remarketing Agreement, the Credit Agreement, or the Tax Certificate or in any other certificate executed by the Corporation which, at the time made, is misleading, untrue or incorrect in any /material respect, (B) untrue statement or alleged untrue statement of a material fact contained in any offering material relating to the sale of the Bonds, as from time to time amended or supplemented, or arising out of or based upon the omission or alleged omission to state in such offering material a material fact required to be stated in such offering material or necessary in order to make the statements in such offering material not misleading, or (C) failure to properly register or otherwise qualify the sale of the Bonds or failure to comply with any licensing or other law or regulation which would affect the manner in which or to whom the Bonds could be sold;

(ii) the interpretation, performance, enforcement, breach, default or amendment of the Loan Agreement, the Remarketing Agreement, the Credit Agreement or Tax Certificate, or any other documents relating to the Project, the Facilities or the Bonds or in connection with any federal or state tax audit, or any questions or other matters arising under such documents;

(iii) the Corporation's failure to comply with any requirement of the Loan Agreement or the Tax Certificate (other than payment of principal and interest);

(iv) the condition of the Facilities (environmental or otherwise), including any violation of any law, ordinance, court order or regulation affecting the Facilities or any part of it;

(v) any damage or injury, actual or claimed, of whatsoever kind, cause or character, to property (including loss of use of property) or persons, occurring or allegedly occurring in, on or about the Facilities or arising out of any action or inaction of the Corporation or any of its agents, servants, employees or licensees, whether or not related to the Facilities, or resulting from the acquisition, construction, design, rehabilitation, repair, operation, use or management of all or any part of the Project;

(vi) the defeasance or redemption, in whole or in part, of the Bonds;

(vii) any declaration of taxability of interest on the Bonds, or allegations (or regulatory inquiry) that interest on the Bonds is taxable for federal tax purposes;

(viii) the Trustee's acceptance or administration of the trusts created by, and the exercise of its powers or duties under, the Indenture or under the Loan Agreement, or any other agreements in connection with such agreements to which it is a party; and

(ix) to the extent not mentioned in any of the preceding subsections, any cause whatsoever in connection with transactions provided for in the Loan Agreement, the Remarketing Agreement, or Credit Agreement or otherwise in connection with the Facilities, the Bonds or the execution or amendment of any document relating to the Bonds or the Facilities.

The Indemnification shall extend to and include, without limitation, all reasonable costs, counsel fees, expenses and liabilities incurred in connection with any such claim, or proceeding brought with respect to such claim, except in the case of the foregoing indemnification of the Trustee or any of its Indemnified Parties, to the extent such damages are caused by the negligence or willful misconduct of such Person.

(b) The rights of any persons to indemnity hereunder and rights to payment of fees and reimbursement of expenses in certain instanced under the Loan Agreement shall survive the final payment or defeasance of the Bonds and in the case of the Trustee any resignation or removal.

(c) In the event that any action or proceeding is brought against any Indemnified Party with respect to which indemnity may be sought under this section, the Corporation, upon written notice from the Indemnified Party, will assume the investigation and defense of the action or proceeding, including the engagement of counsel selected by the Corporation, subject to the approval of the Indemnified Party in such party's sole discretion, and shall assume the payment of all expenses related to the action or proceeding, with full power to litigate, compromise or settle the same in its sole discretion; provided, however, that the Indemnified Party shall have the right to review and approve or disapprove any such compromise or settlement. Each Indemnified Party shall have the right to engage separate counsel in any action or proceeding and participate in the investigation and defense of such action or proceeding, and the Corporation shall pay the fees and expenses of such separate counsel if (i) the Indemnified Party determines that a conflict exists, or potential conflict of interest could develop, between the interests of the Indemnified Party and the interests of the Corporation or (ii) such separate counsel is engaged with the approval of the Corporation, which approval shall not be unreasonably withheld, conditioned or delayed.

MISCELLANEOUS

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 those terms of the Indenture providing for the amendment thereof.

Governing Law. The Loan Agreement shall be construed in accordance with and governed by the Constitution and laws of the State applicable to contracts made and performed in the State.

Term of the Loan Agreement. The Loan Agreement shall be in full force and effect from the date hereof and shall continue in effect with respect to the Bonds as long as any of the Bonds are Outstanding or the Trustee holds any moneys under the Indenture, whichever is later and, except as provided in the following sentence, shall otherwise continue in effect so long as any amounts payable by the Corporation hereunder have not been paid in full in accordance with the provisions hereof. All representations, obligations, agreements and certifications by the Corporation as to all matters affecting the Tax Exempt status of interest on the Bonds and the obligations of the Corporation under the Loan Agreement as set forth herein under the caption "Prohibited Uses Covenant" shall survive the termination of the Loan Agreement.

Credit Provider. All provisions hereof regarding consents, approvals, directions, appointments or requests by a Credit Provider shall be deemed not to require or permit such consents, approvals, directions, appointments or requests by such Credit Provider during any time in which no Credit Facility has been delivered, or the Credit Provider has failed to honor a demand for payment presented to it in strict conformance with the applicable provisions of the Credit Facility, or after the Credit Facility shall at any time for any reason cease to be valid and binding on the Credit Provider, or while such Credit Provider is denying further liability or obligation under the Credit Facility (unless such Credit Facility has been fully drawn or to the extent that the conditions to making a demand for payment thereunder have not been strictly satisfied) or after the Credit Provider has rescinded, repudiated or terminated the Credit Facility and no amounts remain owing to the Credit Provider.

All provisions in the Loan Agreement relating to a Credit Provider shall be of no force and effect with respect to the Credit Provider if the Credit Facility is not in effect, there are no related Credit Provider Bonds and all amounts owing to such Credit Provider under the Credit Agreement have been paid.

Waiver of Personal Liability. No member, officer, agent or employee of the Authority or any director, officer, agent or employee of the Corporation shall be individually or personally liable for the payment of any principal (or redemption price) or interest on the Bonds or any other sum hereunder or be subject to any personal liability or accountability by reason of the execution and delivery of the Loan Agreement; but nothing contained in the Loan Agreement shall relieve any such member, director, officer, agent or employee from the performance of any official duty provided by law or by the Loan Agreement.

APPENDIX C

FORM OF OPINION OF BOND COUNSEL

Upon issuance of the Bonds, Orrick, Herrington & Sutcliffe LLP, Bond Counsel, proposes to render its final approving opinion with respect thereto in substantially the following form:

[Date of Delivery]

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

ABAG Finance Authority for Nonprofit Corporations
Variable Rate Demand Revenue Bonds
(Zoological Society of San Diego Wild Animal Park Project) Series 2004
(Final Opinion)

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by the ABAG Finance Authority for Nonprofit Corporations (the "Authority") of \$45,000,000 aggregate principal amount of ABAG Finance Authority for Nonprofit Corporations Variable Rate Demand Revenue Bonds (Zoological Society of San Diego Wild Animal Park Project) Series 2004 (the "Bonds"), issued pursuant to the provisions of the Joint Exercise of Powers Act (constituting Chapter 5 of Division 7 of Title 1 (commencing with Section 6500 of the California Government Code)), and an indenture of trust, dated as of June 1, 2004 (the "Indenture"), between the Authority and Union Bank of California, N.A. as trustee (the "Trustee"). The Indenture provides that the Bonds are issued for the purpose of making a loan of the proceeds thereof to the Zoological Society of San Diego (the "Corporation"), pursuant to a loan agreement, dated as of June 1, 2004 (the "Loan Agreement"), between the Authority and the Corporation. 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 Certificate and Agreement, dated the date hereof (the "Tax Agreement"), between the Authority and the Corporation, opinions of counsel to the Authority, the Trustee and the Corporation, certificates of the Authority, the Trustee, the Corporation 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 Luce, Forward, Hamilton & Scripps LLP, counsel to the Corporation, regarding, among other matters, the current qualification of the Corporation as an

organization described in Section 501(c)(3) of the Internal Revenue Code of 1986 (the “Code”) and the use of the facilities financed with the proceeds of the Bonds in activities that are not considered unrelated trade or business activities of the Corporation within the meaning of Section 513 of the Code. We note that such opinion is subject to a number of qualifications and limitations. Failure of the Corporation 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, or use of the bond-financed facilities in activities that are considered unrelated trade or business activities of the Corporation within Section 513 of the Code, could negatively affect several of the opinions and conclusions set forth below.

The interest rate mode and certain agreements, requirements and procedures contained or referred to in the Indenture, the Loan Agreement, the Tax Agreement and other relevant documents may be changed and certain actions (including, without limitation, defeasance of Bonds) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. No opinion is expressed herein as to any Bond or the interest thereon if any such change occurs or action is taken or omitted upon the advice or approval of counsel other than ourselves.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the date hereof. Our engagement with respect to the Bonds has concluded with their issuance, and we disclaim any obligation to update this letter.

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 Authority. 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. Furthermore, we have assumed compliance with all covenants and agreements contained in the Indenture, the Loan Agreement and the Tax Agreement, including (without limitation) covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest on the Bonds to be included in gross income for federal income tax purposes.

We call attention to the fact that the rights and obligations under the Bonds, the Indenture, the Loan Agreement and the 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. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement or other offering material relating to the Bonds and express no opinion with respect thereto.

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 special obligations of the Authority.
2. The Indenture has been duly executed and delivered by, and constitutes the valid and binding obligation of, the Authority. The Indenture creates a valid pledge, to secure the payment of the

principal of and interest on the Bonds, of the Revenues and any other amounts (including proceeds of the sale of the Bonds) held by the Trustee in any fund or account established pursuant to the Indenture, except the Rebate Fund and the Bond Purchase Fund, 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 Authority.

4. The Bonds are not a charge or lien on the funds or property of the Authority 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 interest on the Bonds. The Bonds do not constitute a debt of the State of California and said State is not liable for payment thereof.

5. Interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Code and is exempt from State of California personal income taxes. Interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although we observe that it is included in adjusted current earnings when calculating corporate alternative minimum taxable income. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds.

Faithfully yours,

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