
SUBORDINATE INDENTURE

between

SAN DIEGO COUNTY REGIONAL TRANSPORTATION COMMISSION

and

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

Dated as of April 1, 2018

(Amending and Restating the Subordinate Indenture, dated as of August 1, 1991, as previously amended and restated by the Amended and Restated Subordinate Indenture, dated as of November 1, 2005, as further supplemented and amended)

Relating To
San Diego County Regional Transportation Commission
Subordinate Sales Tax Revenue Commercial Paper Notes (Limited Tax Bonds)
and Parity Debt

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SUBORDINATE INDENTURE

This SUBORDINATE INDENTURE, dated as of April 1, 2018 (as amended and supplemented, this “Indenture”), between the SAN DIEGO COUNTY REGIONAL TRANSPORTATION COMMISSION, a public entity duly established and existing under the laws of the State of California (the “Commission”), and U.S. BANK NATIONAL ASSOCIATION, a national banking association duly organized and existing under and by virtue of the laws of the United States of America, as trustee (the “Trustee”), amending and restating the Subordinate Indenture, dated as of August 1, 1991, as previously amended and restated by the Amended and Restated Subordinate Indenture, dated as of November 1, 2005, as further supplemented and amended;

W I T N E S S E T H:

WHEREAS, the Commission adopted the San Diego Transportation Improvement Program Ordinance and Expenditure Plan on July 31, 1987 (as amended, the “1987 Ordinance”), pursuant to the provisions of Sections 132000 through 132314, inclusive, of the Public Utilities Code of the State of California, which 1987 Ordinance provided for the imposition of a retail transactions and use tax (the “retail transactions and use tax”) applicable in the incorporated and unincorporated territory of the County of San Diego (the “County”) in accordance with the provisions of Part 1.6 of Division 2 of the Revenue and Taxation Code at the rate of one-half of one percent (1/2%) for a period not to exceed twenty (20) years;

WHEREAS, by its terms the 1987 Ordinance became effective at the close of the polls on November 3, 1987, the day of the election at which the proposition imposing the retail transactions and use tax was adopted by a majority vote of the electors voting on such proposition;

WHEREAS, in order to provide for the extension of the initial term of the retail transactions and use tax for a period of forty (40) years, the Commission adopted the San Diego Transportation Improvement Program Ordinance and Expenditure Plan (the “Sales Tax Extension Ordinance,” and, together with the 1987 Ordinance, hereinafter collectively referred to as the “Ordinance”) on May 28, 2004;

WHEREAS, by its terms the Sales Tax Extension Ordinance became effective on November 3, 2004, the day following the date of the election at which the proposition providing for the extension of the retail transactions and use tax was approved by at least two-thirds of the electors voting on such proposition;

WHEREAS, pursuant to Section 132310 of the California Public Utilities Code, the Commission is authorized to issue limited tax bonds (defined to include indebtedness and securities of any kind or class, including commercial paper notes), secured by and payable from revenues of the retail transactions and use tax;

WHEREAS, in order to provide for the issuance, authentication and delivery of certain limited tax bonds in the form of commercial paper notes, the Commission entered into that certain Amended and Restated Subordinate Indenture, dated as of November 1, 2005 (as amended and supplemented to the date hereof, the “Existing Indenture”), by and between the Commission and the Trustee, pursuant to which the Commission authorized and reauthorized the issuance,

authentication and delivery of three series of commercial paper notes designated the San Diego County Regional Transportation Commission Subordinate Sales Tax Revenue Commercial Paper Notes (Limited Tax Bonds), Series A (the “Series A Notes”), the San Diego County Regional Transportation Commission Subordinate Sales Tax Revenue Commercial Paper Notes (Limited Tax Bonds), Series B (the “Series B Notes”) and the San Diego County Regional Transportation Commission Subordinate Sales Tax Revenue Commercial Paper Notes (Limited Tax Bonds), Series C (the “Series C Notes”);

WHEREAS, pursuant to a First Supplement to the Existing Indenture, dated March 27, 2008 (the “2008 First Supplement”), and other documents, the Commission permanently reduced the Commitment Amounts of the Series A Notes and the Series C Notes, terminated related dealer and support agreements, and provided continuing authorization of only a single series of Notes, the Series B Notes;

WHEREAS, in order to provide liquidity for payment of the Series B Notes, the Commission has entered into a Reimbursement Agreement, dated as of September 1, 2012 (as amended and extended, and as more fully defined in Section 1.02 hereof, the “Series B Support Agreement”), by and among the Commission and MUFG Union Bank, N.A. (f/k/a Union Bank, N.A.) (as more fully defined in Section 1.02 hereof, the “Series B Bank”), pursuant to which the Series B Bank extended a support facility in the form of an irrevocable transferable letter of credit (as more fully defined in Section 1.02 hereof, the “Series B Support Facility”) which Series B Support Facility could be drawn upon by the Issuing and Paying Agent to pay principal of and interest on the Series B Notes;

WHEREAS, in order to provide for the offering and sale of the Series B Notes, the Commission entered into a Dealer Agreement, dated as of November 1, 2005 (as more fully defined in Section 1.02 hereof, the “Series B Dealer Agreement”), between the Commission and Citigroup Global Markets Inc., as dealer (as more fully defined in Section 1.02 hereof, the “Series B Dealer”);

WHEREAS, in order to provide for the issuance, authentication and delivery of certain limited tax bonds payable on a basis senior to the Series B Notes (as more fully defined in Section 1.02 of the Indenture, the “Bonds”) and any obligations of the Commission on a parity with the Series B Notes (as more fully defined in Section 1.02 of the Indenture, the “Parity Debt”), the Commission entered into that certain Indenture, dated as of March 1, 2008 (as more fully defined herein and as amended and supplemented, the “Bond Indenture”), by and between the Commission and the Trustee;

WHEREAS, pursuant to the Bond Indenture, and a third supplemental indenture thereto, the Commission issued its Sales Tax Revenue Bonds (Limited Tax Bonds), 2010 Series A (Taxable Build America Bonds) (the “2010 Build America Bonds”) which qualified the Commission to receive federal subsidy payments under Sections 54AA and 6431 of the Code;

WHEREAS, the issuance of the 2010 Build America Bonds required certain amendments be made to the Bond Indenture pursuant to a supplement to the Bond Indenture and conforming amendments be made to the Existing Indenture pursuant to a second supplement to the Existing Indenture, dated as of October 1, 2010 (the “2010 Second Supplement”);

WHEREAS, the Commission has entered into a TIFIA Loan Agreement, dated as of June 27, 2017 (the “TIFIA Loan Agreement”), by and between the Commission and the United States Department of Transportation, an agency of the United States of America, acting by and through the Executive Director of the Build America Bureau (the “TIFIA Lender”) in anticipation of financing on a long-term basis certain costs of the Mid-Coast Corridor Transit Project (the “Mid-Coast Project”), comprising a portion of the Project (as defined herein);

WHEREAS, the Existing Indenture provides that the Commission may issue indebtedness having an equal lien and charge upon the Revenues and payable on a parity with the Notes (as more fully defined herein, “Parity Debt”) and amend the Existing Indenture to make modifications or adjustments necessary, appropriate or desirable to provide for the issuance of such Parity Debt;

WHEREAS, the Commission has determined to provide for the issuance of a series of short-term notes pursuant to, and as Parity Debt under, this Indenture and a first supplement to this Indenture, dated as of April 1, 2018 (the “First Supplement”), for the purpose of providing funds to (i) finance the Mid-Coast Project Costs, (ii) refund a portion of the outstanding Series B Notes, and (iii) pay for the Costs of Issuance, all as provided in the First Supplement;

WHEREAS, concurrently with the execution and delivery of the First Supplement, the Commission desires to provide at this time for the execution and delivery of this Indenture in order to make modifications and adjustments necessary, appropriate and desirable to provide for the issuance of Parity Debt, to incorporate into the provisions of this Indenture the amendments effected by the 2008 First Supplement and 2010 Second Supplement, and to conform certain provisions of the Existing Indenture to the provisions of the Bond Indenture;

WHEREAS, this Indenture will become effective on April 18, 2018, a date on which all Notes Outstanding mature and new Series B Notes will be issued, the proceeds of which will be applied to pay all such Outstanding Notes, subject to receipt by the Commission of written consent to this Indenture from the Series B Bank and the TIFIA Lender;

WHEREAS, the execution and delivery of this Indenture has in all respects been duly and validly authorized by a resolution duly passed and approved by the Commission; and

WHEREAS, all acts, conditions and things required by law to exist, to have happened and to have been performed precedent to and in connection with the execution and the entering into of this Indenture do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the parties hereto are now duly authorized to execute and enter into this Indenture;

NOW, THEREFORE, THIS SUBORDINATE INDENTURE WITNESSETH, that in order to secure the payment of the principal of and the interest on all Notes and Parity Debt at any time issued, authenticated and delivered hereunder and to provide the terms and conditions under which all property, rights and interests hereby assigned and pledged are to be dealt with and disposed of, and to secure performance and observance of the terms, conditions, stipulations, covenants, agreements, trusts, uses and purposes hereinafter expressed, and in consideration of the premises and of the material covenants herein contained and of the purchase and acceptance of the

Notes and Parity Debt by the Owners thereof, respectively, and for other valuable consideration, the receipt of which is hereby acknowledged, the Commission does hereby agree and covenant with the Trustee for the benefit of the respective Owners, from time to time, of the Notes and the Parity Debt, or any part thereof, and each Bank, as follows:

ARTICLE I

EQUALITY OF SECURITY; DEFINITIONS; CONTENT OF CERTIFICATES AND OPINIONS

SECTION 1.01 Equality of Security. In consideration of the acceptance of the Notes and evidences of Parity Debt by the Owners thereof from time to time, this Indenture shall be deemed to be and shall constitute a contract among the Commission, the Trustee and the Owners from time to time of the Notes and Parity Debt and the covenants and agreements herein set forth to be performed by or on behalf of the Commission or the Trustee shall be for the equal and proportionate benefit, security and protection of each Bank and all Owners of the Notes and Parity Debt, without preference, priority or distinction as to security or otherwise of any of the Notes or evidences of Parity Debt over any of the others by reasons of the series, time of issue, sale or negotiation thereof or for any cause whatsoever, except as expressly provided therein or herein. Nothing herein shall prevent additional security being provided to particular Notes or Parity Debt under any Supplemental Indenture.

SECTION 1.02 Definitions. Unless the context otherwise requires, the terms defined in this Section shall, for all purposes of this Indenture and of any Supplemental Indenture and of any certificate, opinion or other document herein mentioned, have the meanings herein specified, to be equally applicable to both the singular and plural forms of any of the terms herein defined. Unless otherwise defined in this Indenture, all terms used herein shall have the meanings assigned to such terms in the Law.

Accreted Value

“Accreted Value” means, with respect to any Capital Appreciation Bond, the principal amount thereof plus the interest accrued thereon, compounded at the approximate interest rate thereon on each date specified therein. The Accreted Value at any date shall be the amounts set forth in the accreted value table as of such date, if such date is a compounding date, and if not, as of the immediately preceding compounding date.

Administrative Agent

“Administrative Agent” means the entity, acting as administrative agent under a Support Agreement, or its successor as administrative agent; provided, however, that, in the event that either (i) no Administrative Agent has been appointed under a Support Agreement or (ii) utilization of an Administrative Agent is discontinued under any Support Agreement, all references contained herein to “Administrative Agent” shall be deemed to be references to the Bank which has entered into such Support Agreement with the Commission.

Advance

“Advance” means each advance of funds from a Support Facility, in accordance with the terms of the Support Agreement entered into in connection with such Support Facility.

Advice

“Advice” means a notice or a written instrument, executed by the Issuing and Paying Agent for a Series of Notes and delivered to the Depository for such Series of Notes, which specifies the amount by which the indebtedness evidenced by the Master Note delivered in connection with such Series of Notes is to be increased or decreased on any particular date, and which includes such other information as may be required pursuant to the systems and procedures of the Depository applicable to implementation of its book-entry program for obligations of the character of such Series of Notes.

Alternate Facility

“Alternate Facility” means a replacement Support Facility provided pursuant to the provisions of Section 6.11 and the instruments pursuant to which such Support Facility is provided.

Annual Debt Service

“Annual Debt Service” means for any Fiscal Year the aggregate amount (without duplication) of principal and interest on all Senior Lien Debt, Notes and Parity Debt becoming due and payable during such Fiscal Year calculated using the principles and assumptions set forth under the definition of Debt Service.

Assumed Debt Service

“Assumed Debt Service” means for any Fiscal Year the aggregate amount of principal and interest which would be payable on all Senior Lien Debt, Notes and Parity Debt if each Excluded Principal Payment were amortized for a period commencing on the date of calculation of such Assumed Debt Service and ending on the earlier of (i) the Tax Expiration Date, and (ii) the date which is thirty (30) years from such date of calculation, on a substantially level debt service basis, calculated based on a fixed interest rate equal to the rate at which the Commission could borrow for such period, as certified by a certificate of a financial advisor or investment banker, delivered to the Trustee, who may rely conclusively on such certificate, such certificate to be delivered within thirty (30) days of the date of calculation;

Authorized Representative

“Authorized Representative” means the Chair of the Board of Directors, Executive Director, the Chief Deputy Executive Director, the Director of Finance, the TransNet Program Manager, or any other person designated to complete and deliver Issuance Requests and who has been identified in a Certificate of the Commission delivered to the Issuing and Paying Agent and whose signature has likewise been certified to the Issuing and Paying Agent.

Available Amount

“Available Amount” means the initial amount available to be drawn on a Support Facility as set forth in such. Support Facility or the Support Agreement entered into in connection with such Support Facility, as applicable, as such amount may be reduced and/or reinstated pursuant to the terms of such Support Facility or the Support Agreement entered into in connection with such Support Facility, as applicable, and available to be drawn under such Support Facility.

Bank

“Bank” means a provider or the providers of a Support Facility securing a Series of Notes.

Bank Loan

“Bank Loan” means each loan of funds made by a Bank to repay an Advance, in accordance with the terms of the Support Agreement entered into by such Bank with the Commission.

Board

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

Bond Indenture

“Bond Indenture” means that certain Indenture, dated as of March 1, 2008, by and between the Commission and the Trustee, as amended and supplemented.

Bond Reserve Costs

“Bond Reserve Costs” means the amounts, including fees, expenses and accrued interest, owing to the provider of a surety bond, insurance policy or letter of credit which is used to satisfy all or a portion of a bond reserve requirement established pursuant to a Bond Indenture.

Bond Trustee

“Bond Trustee” means the financial institution designated as trustee under the Bond Indenture or its successor as trustee under the Bond Indenture.

Bonds; Capital Appreciation Bonds; Current Interest Bonds; Serial Bonds; Term Bonds

“Bonds” means the San Diego County Regional Transportation Commission Sales Tax Revenue Bonds (Limited Tax Bonds) authorized by, and at any time outstanding pursuant to, the Bond Indenture.

“Capital Appreciation Bonds” means the Bonds of any Series designated as Capital Appreciation. Bonds in the supplemental indenture providing for the issuance of such Series and on which interest is compounded and paid at maturity or on prior redemption.

“Current Interest Bonds” means the Bonds of any Series designated as Current Interest Bonds in the supplemental indenture providing for the issuance of such Series of Bonds and which pay interest at least semiannually excluding the first payment of interest thereon.

“Serial Bonds” means Bonds, maturing in specified years, for which no Mandatory Sinking Account Payments are provided.

“Term Bonds” means Bonds payable at or before their specified maturity date or dates from Mandatory Sinking Account Payments established for that purpose and calculated to retire such Bonds on or before their specified maturity date or dates.

Business Day

“Business Day” means, except as otherwise provided in the Supplemental Indenture pursuant to which a Series of Notes is issued or the instrument establishing any Parity Debt, for so long as DTC shall be the Depository for any Series of Notes, any day on which DTC is scheduled to be open for money market instrument settlement services, and is other than: (1) a Saturday, Sunday, or a day on which banking institutions in the State or the State of New York are authorized or obligated by law or executive order to be closed; (2) a day on which the New York Stock Exchange is authorized or obligated by law or executive order to be closed; and (3) for purposes of payments and other actions relating to Notes secured by a Support Facility, a day upon which commercial banks are authorized or obligated by law or executive order to be closed in the city in which demands for payment are to be presented pursuant to such Support Facility.

Certificate, Statement, Request, Requisition or Order of the Commission

“Certificate,” “Statement,” “Request,” “Requisition” and “Order” of the Commission mean, respectively, a written certificate, statement, request, requisition or order signed in the name of the Commission by its Executive Director, Chief Deputy Executive Director, Director of Finance, TransNet Program Manager, or any other person authorized by the Executive Director to execute such instruments. Any such instrument and supporting opinions or representations, if any, may, but need not, be combined in a single instrument with any other instrument, opinion or representation, and the two or more so combined shall be read and construed as a single instrument. If and to the extent required by Section 1.03, each such instrument shall include the statements provided for in Section 1.03.

Certificate Agreement

“Certificate Agreement” means the Book-Entry-Only Money Market Instrument (Master Note Program) Certificate Agreement, dated as of November 6, 2003, between the Issuing and Paying Agent and DTC.

Code

“Code” means the Internal Revenue Code of 1986, and the regulations applicable thereto or issued thereunder, or any successor to the Internal Revenue Code of 1986. Reference to any particular Code section shall, in the event of such a successor Code, be deemed to be reference to the successor to such Code section.

Commission

“Commission” means San Diego County Regional Transportation Commission, a public entity of the State, duly organized and existing under the Law.

Corporate Trust Office

“Corporate Trust Office” or “corporate trust office” means the corporate trust office of the Trustee at 633 West 5th Street, 24th Floor, Los Angeles, California 90071, Attention: Corporate Trust Division, or such other or additional offices as may be designated by the Trustee.

Costs of Issuance

“Costs of Issuance” means all items of expense directly or indirectly payable by or reimbursable to the Commission and related to the authorization, execution, sale and delivery of a Series of Notes or Parity Debt, including but not limited to advertising and printing costs, costs of preparation and reproduction of documents, filing and recording fees, travel expenses and costs relating to rating agency meetings and other meetings concerning the Notes or Parity Debt, initial fees and charges of the Trustee and the Issuing and Paying Agent, legal fees and charges, fees and disbursements of consultants and professionals, including fees of the Dealers, underwriters fees and discounts, financial advisor fees and expenses, rating agency fees, fees and charges for preparation, execution, transportation and safekeeping of Notes or other evidences of Parity Debt, surety, insurance, liquidity and credit enhancements costs, including without limitation fees and expenses payable to a Bank under a Support Agreement, and any other cost, charge or fee in connection with the issuance of a Series of Notes or Parity Debt.

Counterparty

“Counterparty” means an entity which has entered into an Interest Rate Swap Agreement with the Commission.

Dealer

“Dealer” means any dealer for a Series of Notes which has been appointed by the Commission and which has entered into a Dealer Agreement with the Commission with respect to such Series of Notes.

Dealer Agreement

“Dealer Agreement” means any agreement entered into by the Commission with a Dealer in connection with a Series of Notes, as originally executed and as it may from time to time be supplemented or amended pursuant to its terms.

Debt Service

“Debt Service” means, when used with respect to all Senior Lien Debt, Notes and Parity Debt (for purposes of this definition of “Debt Service,” herein collectively referred to as “Obligations”), as of any date of calculation and with respect to any Fiscal Year, the sum of (1)

the interest falling due on such Obligations during such Fiscal Year and (2) the principal or Mandatory Sinking Account Payments required with respect to such Obligations during such Fiscal Year; computed on the assumption that no portion of such Obligations shall cease to be Outstanding during such Fiscal Year except by reason of the application of such scheduled payments; provided, however, that for the purposes of such computation:

(a) Excluded Principal Payments (and the interest related thereto provided such interest is being paid from the same source as the Excluded Principal Payments) shall be excluded from such calculation and Assumed Debt Service shall be included in such calculation;

(b) in determining the principal amount due in each Fiscal Year, payment shall (unless a different subsection of this definition applies for purposes of determining principal maturities or amortization) be assumed to be made in accordance with any amortization schedule established for such Obligations, including any Mandatory Sinking Account Payments or any scheduled redemption or payment of Obligations on the basis of Accreted Value, and for such purpose, the redemption payment or payment of Accreted Value shall be deemed a principal payment and interest that is compounded and paid as Accreted Value shall be deemed due on the scheduled redemption or payment date of such Capital Appreciation Bond;

(c) if any Obligations bear, or if any Obligations proposed to be issued will bear interest at a variable interest rate for which an Interest Rate Swap Agreement is not in place and the interest on which is excluded or expected to be excluded from gross income for federal income tax purposes, the interest rate on such Obligations for periods when the actual interest rate cannot yet be determined shall be calculated at an interest rate equal to twelve percent (12%) per annum;

(d) if any Obligations bear, or if any Obligations proposed to be issued will bear, interest at a variable interest rate for which an Interest Rate Swap Agreement is not in place and interest on which is included or expected to be included in gross income for federal income tax purposes, the interest rate on such Obligations shall be calculated at an interest rate equal to twelve percent (12%) per annum;

(e) with respect to any Obligations bearing interest, or expected to bear interest, at a variable interest rate for which an Interest Rate Swap Agreement is in place providing for a fixed rate of interest to maturity or for a specific term with respect to such Obligations, the interest rate on such Obligations shall be assumed to be the synthetic fixed interest rate specified in such Interest Rate Swap Agreement for such term; provided that if, pursuant to a Certificate of the Commission filed with the Trustee, the sum of (i) interest payable on such Obligations, plus (ii) amounts payable by the Commission under such Interest Rate Swap Agreement, less (iii) amounts receivable by the Commission under such Interest Rate Swap Agreement, is expected to be greater than the interest payable on the Obligations to which such Interest Rate Swap Agreement relates (i.e., if such Interest Rate Swap Agreement is an "off-market" Interest Rate Swap Agreement), then, in such instance, such excess amounts payable by the Commission under such Interest Rate Swap Agreement shall be included in the calculation of Debt Service;

(f) with respect to any Obligations bearing interest, or expected to bear interest, at a fixed interest rate for which an Interest Rate Swap Agreement is in place providing for a net variable interest rate with respect to such Obligations for a specific term, the interest rate on such

Obligations shall be assumed to be equal for such term to the sum of (i) the fixed interest rate or rates to be paid on the Obligations, minus (ii) the fixed interest rate receivable by the Commission under such Interest Rate Swap Agreement, plus (iii) the average interest rate of the index on which the Interest Rate Swap Agreement is based, as identified in a Certificate of the Commission, or, if not based on an identifiable index, then the SIFMA Swap Index, in each case, over the five (5) years preceding the date of calculation;

(g) if any Obligations feature an option, on the part of the owners or an obligation under the terms of such Obligations, to tender all or a portion of such Obligations to the Commission, the Trustee or other fiduciary or agent, and requires that such Obligations or portion thereof be purchased if properly presented, then for purposes of determining the amounts of principal and interest due in any Fiscal Year on such Obligations, the options or obligations of the owners of such Obligations to tender the same for purchase or payment prior to the stated maturity or maturities shall be ignored and not treated as a principal maturity; and

(h) principal and interest payments on Obligations shall be excluded to the extent such payments are to be paid from Revenues then held on deposit by the Trustee or from other amounts on deposit, including Investment Securities and interest to be payable thereon, with the Trustee or other fiduciary in escrow specifically therefor and interest payments shall be excluded to the extent that such interest payments are to be paid from the proceeds of Obligations, including Investment Securities and interest to be payable thereon, held by the Trustee or other fiduciary as capitalized interest specifically to pay such interest or from pledged Subsidy Payments the Commission expects to receive.

Defeasance Securities

“Defeasance Securities” means: (i) U.S. Treasury Certificates, Notes and Bonds, including State and Local Government Series securities; (ii) direct obligations of the U.S. Treasury which have been stripped by the U.S. Treasury itself; (iii) Resolution Funding Corp. securities (“REFCORP”), provided, however, only the interest component of REFCORP strips which have been stripped by request to the Federal Reserve Bank of New York in book entry form are acceptable; (iv) pre-refunded municipal bonds rated “Aaa” by Moody’s and “AAA” by S&P, provided, however, that if such municipal bonds are rated only by S&P, then such pre-refunded municipal bonds must have been pre-refunded with cash, direct United States or United States guaranteed obligations, or “AAA” rated pre-refunded municipal bonds; (v) obligations issued by the following agencies, which are backed by the full faith and credit of the United States: (a) Farmers Home Administration (FmHA) - certificates of beneficial ownership; (b) General Services Administration - participation certificates; (c) U.S. Maritime Administration - Guaranteed Title XI financing; (d) Small Business Administration guaranteed participation certificates and guaranteed pool certificates; (e) GNMA guaranteed MSB and participation certificates; and (f) U.S. Department of Housing and Urban Development (HUD) Local Authority Bonds, or (vi) certain obligations of government-sponsored agencies that are not backed by the full faith and credit of the United States limited to: (a) Federal Home Loan Mortgage Corp. (FHLMC) debt obligations; (b) Farm Credit System (formerly Federal Land Banks, Federal Intermediate Credit Banks, and Banks for Cooperatives) consolidated system-wide bonds and notes; (c) Federal Home Loan Banks (FHL Banks) consolidated debt obligations; (d) Federal National Mortgage Association (FNMA)

debt obligations; (e) Student Loan Marketing Association (SLMA) debt obligations; and (f) Financing Corp. (FICO) debt obligations.

Depository

“Depository” means DTC or any other qualified securities depository selected as set forth in Section 2.10 hereof.

DTC

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

Event of Default

“Event of Default” means any of the events specified in Section 7.01 and Section 22.01.

Excluded Principal Payments

“Excluded Principal Payments” means each payment of principal (or the principal component of lease or installment purchase payments) of Senior Lien Debt, Notes or Parity Debt which the Commission determines (in a Supplemental Bond Indenture, this Indenture, a Supplemental Indenture or other document delivered on a date not later than the date of issuance of such Senior Lien Debt, Notes or Parity Debt) that the Commission intends to pay with moneys which are not Senior Lien Revenues or Revenues, as applicable (such as commercial paper, balloon indebtedness or bond anticipation notes), but from future debt obligations of the Commission, grants received from the State or federal government, or any agency or instrumentality thereof, or any other source of funds of the Commission, upon which determination of the Commission the Trustee may conclusively rely. No such determination shall affect the security for such Senior Lien Debt, Notes or Parity Debt or the obligation of the Commission to pay such payments from Revenues or Senior Lien Revenues, as applicable, or with respect to Senior Lien Debt, from the bond reserve fund, if any, established under the Bond Indenture. No payment of principal of Senior Lien Debt, Notes or Parity Debt may be determined to be an Excluded Principal Payment unless it is due on or prior to the Tax Expiration Date.

Fiscal Year

“Fiscal Year” means the period beginning on July 1 of each year and ending on the next succeeding June 30, or any other twelve-month period hereafter selected and designated as the official fiscal year period of the Commission which designation shall be provided to the Trustee in a Certificate of the Commission.

Fitch

“Fitch” means Fitch Ratings, a corporation duly organized and existing under and by virtue of the laws of the State of Delaware, and its successors and assigns, except that if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities

rating agency, then the term “Fitch” shall be deemed to refer to any other nationally recognized securities rating agency selected by the Commission.

Holder or Noteholder or Noteowner or Owner

“Holder” or “Noteholder” or “Noteowner” or “Owner,” whenever used herein with respect to a Note, means the person in whose name such Note is registered, and whenever used herein with respect to any evidence of Parity Debt, means the person in whose name such Parity Debt is registered.

Indenture

“Indenture” means this Subordinate Indenture, dated as of April 1, 2018, between the Trustee and the Commission, as originally executed or as it may from time to time be supplemented or amended by any Supplemental Indenture delivered pursuant to the provisions hereof.

Interest Fund

“Interest Fund” means the fund by that name established pursuant to Section 5.02.

Interest Rate Swap Agreement

“Interest Rate Swap Agreement” means an interest rate swap, cap, collar, option, floor, forward, derivative, or other hedging agreement, arrangement or security, however denominated, entered into between the Commission and a Counterparty, in connection with or incidental to, the issuance or carrying of Bonds, Notes or Parity Debt, including, without limitation, an interest rate swap, cap, collar, option, floor, forward, derivative, or other hedging agreement, arrangement or security entered into in advance of the issuance of Bonds, Notes or Parity Debt.

Investment Securities

“Investment Securities” means the following:

(i) any bonds or other obligations which as to principal and interest constitute direct obligations of, or are unconditionally guaranteed by, the United States of America, and obligations of any of the federal agencies and federally sponsored entities or instrumentalities set forth in clause (iii) below;

(ii) any certificates, receipts, securities or other obligations evidencing ownership of, or the right to receive, a specified portion of one or more interest payments or principal payments, or any combination thereof, to be made on any bond, note, or other obligation described above in clause (i);

(iii) senior unsubordinated obligations of the Federal National Mortgage Association, the Government National Mortgage Association, Federal Home Loan Banks, Farmers Home Administration, Federal Home Loan Mortgage Corporation International

Bank for Reconstruction and Development, International Finance Corporation, and the Inter-American Development Bank;

(iv) housing authority bonds issued by public agencies or municipalities and fully secured as to the payment of both principal and interest by a pledge of annual contributions under an annual contributions contract or contracts with the United States of America; or project notes issued by public agencies or municipalities and fully secured as to the payment of both principal and interest by a requisition or payment agreement with the United States of America;

(v) obligations of any state, territory or commonwealth of the United States of America or any political subdivision thereof or any agency or department of the foregoing; provided that at the time of their purchase such obligations are rated in either of the two highest long-term or highest short-term Rating Categories by Moody's and S&P;

(vi) any bonds or other obligations of any state of the United States of America or any political subdivision thereof (a) which are not callable prior to maturity or as to which irrevocable instructions have been given to the trustee of such bonds or other obligations by the obligor to give due notice of redemption and to call such bonds for redemption on the date or dates specified in such instructions, (b) which are secured as to principal and interest and redemption premium, if any, by a fund consisting only of cash or bonds or other obligations of the character described above in clause (i) or (ii) which fund 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 interest payment dates and the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate, (c) as to which the principal of and interest on the bonds and obligations of the character described above in clause (i) or (ii) which have been deposited in such fund along with any cash on deposit in such fund are sufficient to pay the principal of and interest and redemption premium, if any, on the bonds or other obligations described in this clause (vi) on the interest payment dates and the maturity date or dates thereof or on the redemption date or dates specified in the irrevocable instructions referred to in subclause (a) of this clause (vi), as appropriate, and (d) which have been rated in one of the two highest long-term Rating Categories by Moody's and S&P;

(vii) bonds, notes, debentures or other evidences of indebtedness issued or guaranteed by any corporation which are, at the time of purchase, rated by Moody's and S&P in their respective highest short-term Rating Categories, or, if the term of such indebtedness is longer than one (1) year, rated by Moody's and S&P in one of their respective two highest long-term Rating Categories, for comparable types of debt obligations;

(viii) demand or time deposits or certificates of deposit, whether negotiable or nonnegotiable, issued by any bank or trust company organized under the laws of any state of the United States of America or any national banking association (including the Trustee), provided that such certificates of deposit shall be purchased directly from such a bank, trust company or national banking association and shall be either (1) continuously and fully insured by the Federal Deposit Insurance Corporation, or (2) continuously and fully

secured by such securities and obligations as are described above in clauses (i) through (v), inclusive, which shall have a market value (exclusive of accrued interest) at all times at least equal to the principal amount of such certificates of deposit and shall be lodged with the Trustee, as custodian, by the bank, trust company or national banking association issuing such certificates of deposit, and the bank, trust company or national banking association issuing each such certificate of deposit required to be so secured shall furnish the Trustee with an undertaking satisfactory to it that the aggregate market value of all such obligations securing each such certificate of deposit will at all times be an amount equal to the principal amount of each such certificate of deposit and the Trustee shall be entitled to rely on each such undertaking;

(ix) taxable commercial paper or tax-exempt commercial paper rated in the highest Rating Category by Moody's and S&P;

(x) variable rate obligations required to be redeemed or purchased by the obligor or its agent or designee upon demand of the holder thereof secured as to such redemption or purchase requirement by a liquidity agreement with a corporation and as to the payment of interest and principal either upon maturity or redemption (other than upon demand by the holder thereof) thereof by an unconditional credit facility of a corporation, provided that the variable rate obligations themselves are rated in the highest Rating Category for its short-term rating, if any, and in either of the two highest Rating Categories for its long-term rating, if any, by Moody's and S&P, and that the corporations providing the liquidity agreement and credit facility have, at the date of acquisition of the variable rate obligation by the Trustee, an outstanding issue of unsecured, uninsured and unguaranteed debt obligations rated in either of the two highest long-term Rating Categories by Moody's and S&P;

(xi) any repurchase agreement with any bank or trust company organized under the laws of any state of the United States or any national banking association (including the Trustee) having a minimum permanent capital of one hundred million dollars (\$100,000,000) or government bond dealer reporting to, trading with, and recognized as a primary dealer by the Federal Reserve Bank of New York, which agreement is secured by any one or more of the securities and obligations described in clauses (i), (ii), (iii) or (iv) above, which shall have a market value (exclusive of accrued interest and valued at least monthly) at least equal to the principal amount of such investment and shall be lodged with the Trustee or other fiduciary, as custodian for the Trustee, by the bank, trust company, national banking association or bond dealer executing such repurchase agreement, and the entity executing each such repurchase agreement required to be so secured shall furnish the Trustee with an undertaking satisfactory to it that the aggregate market value of all such obligations securing each such repurchase agreement (as valued at least monthly) will be an amount equal to the principal amount of each such repurchase agreement and the Trustee shall be entitled to rely on each such undertaking;

(xii) any cash sweep or similar account arrangement of or available to the Trustee, the investments of which are limited to investments described in clauses (i), (ii), (iii), (iv), (v) and (xi) of this definition of Investment Securities and any money market fund, the entire investments of which are limited to investments described in clauses (i),

(ii), (iii), (iv), (v) and (xi) of this, definition of Investment Securities; provided that as used in this clause (xii) and clause (xiii) investments will be deemed to satisfy the requirements of clause (xi) if they meet the requirements set forth in clause (xi) ending with the words “clauses (i), (ii), (iii) or (iv) above” and without regard to the remainder of such clause (xi);

(xiii) any investment agreement with a financial institution or insurance company which: (a) has at the date of execution thereof an outstanding issue of unsecured, uninsured and unguaranteed debt obligations or a claims paying ability rated in either of the two highest long-term Rating Categories by Moody’s and S&P; or (b) is fully secured by obligations described in items (i), (ii), (iii) or (iv) of the definition of Investment Securities which are (A) valued not less frequently than monthly and have a fair market value, exclusive of accrued interest, at all times at least equal to the principal amount of the investment, (B) held by the Trustee or other custodian acceptable to the Trustee, (C) subject to a perfected first lien in the Trustee, and (D) free and clear from all third party liens;

(xiv) shares of beneficial interest in diversified management companies investing exclusively in securities and obligations described in clauses (i) through (xiii) of this definition of Investment Securities and which companies have either the highest rating by Moody’s and S&P or have an investment advisor registered with the Securities and Exchange Commission with not less than five (5) years experience investing in such securities and obligations and with assets under management in excess of \$500,000,000;

(xv) shares in a common law trust established pursuant to Title 1, Division 7, Chapter 5 of the Government Code of the State which invests exclusively in investments permitted by Section 53601 of Title 5, Division 2, Chapter 4 of the Government Code of the State, as it may be amended;

(xvi) bankers’ acceptances issued by domestic or foreign banks, which are eligible for purchase by the Federal Reserve System, the short-term paper of which is rated in the highest category by Moody’s and S&P, which purchases may not exceed two hundred seventy (270) days maturity or forty percent (40%) of the Commission’s surplus money;

(xvii) the pooled investment fund of the County of San Diego, California, which is administered in accordance with the investment policy of said County as established by the Treasurer/Tax Collector thereof, as permitted by Section 53684 of the Government Code of the State, copies of which policy are available upon written request to said Treasurer/Tax Collector;

(xviii) the Local Agency Investment Fund or similar pooled fund operated by or on behalf of the State of California and which is authorized to accept investments of moneys held in any of the funds or accounts established pursuant to this Indenture; and

(xix) any investment approved by the Board for which confirmation is received from each rating agency then rating any of the Bonds, Notes or Parity Debt that such investment will not adversely affect such agency’s rating on such Notes.

Issuance Request

“Issuance Request” means a request made by the Commission, acting through an Authorized Representative, to the Issuing and Paying Agent for the authentication and delivery of a Note or Notes.

Issuing and Paying Agent

“Issuing and Paying Agent” means U.S. Bank Trust National Association, or any successor or assigns permitted under the Issuing and Paying Agent Agreement, or any other Issuing and Paying Agent which is appointed by the Commission and has entered into an Issuing and Paying Agent Agreement.

Issuing and Paying Agent Agreement

“Issuing and Paying Agent Agreement” means the Amended and Restated Issuing and Paying Agent Agreement, dated as of November 1, 2005, between the Commission and the Issuing and Paying Agent, and any and all modifications, alterations, amendments and supplements thereto, including that certain First Supplement to the Amended and Restated Issuing and Paying Agent Agreement, dated as of March 27, 2008, between the Commission and the Issuing and Paying Agent, or any other Issuing and Paying Agent Agreement entered into by the Commission and an Issuing and Paying Agent with respect to the Notes or a Series of Notes.

Law

“Law” means the San Diego County Regional Transportation Commission Act, Chapter 2 of Division 12.7 (Section 132000 et seq.) of the Public Utilities Code of the State and Chapter 6 of Part 1 of Division 2 of Title 5 (Section 54300 et seq.) of the Government Code of the State as referenced in said San Diego County Regional Transportation Commission Act and Articles 10 and 11 of Chapter 3 of Division 2 of Title 5 (Section 53570 et seq.) of the Government Code of the State, in each case as now in effect and as it may from time to time hereafter be amended or supplemented.

Letter of Representations

“Letter of Representations” means: (i) with respect to the Series B Notes, the Certificate Agreement and the Letter of Representations, dated September 27, 2005, executed by the Commission and the Issuing and Paying Agent and delivered to DTC, as initial Depository for the Series B Notes, or any replacement thereof or substitute therefor; and (ii) with respect to any other Series of Notes, the documentation delivered to a Depository in connection with such Series of Notes.

Mandatory Sinking Account Payment

“Mandatory Sinking Account Payment” means, with respect to Bonds of any Series and maturity, the amount required by the Bond Indenture or a Supplemental Bond Indenture to be deposited by the Commission in a Sinking Account for the payment of Term Bonds of such Series and maturity.

Master Note

“Master Note” means a Note substantially in the form attached hereto as Exhibit B.

Maximum Annual Debt Service

“Maximum Annual Debt Service” means the maximum amount of Annual Debt Service becoming due and payable on all Senior Lien Debt, Notes and Parity Debt outstanding during the period from the date of such calculation through the final maturity date of the Senior Lien Debt, Notes and Parity Debt, calculated utilizing the assumptions set forth under the definition of Debt Service.

Moody’s

“Moody’s” means Moody’s Investors Service, a corporation duly organized and existing under and by virtue of the laws of the State of Delaware, and its successors and assigns, except that if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term “Moody’s” shall be deemed to refer to any other nationally recognized securities rating agency selected by the Commission.

1987 Ordinance

“1987 Ordinance” means the San Diego Transportation Improvement Program Ordinance and Expenditure Plan, adopted by the Commission on July 31, 1987 and approved by a majority of the electors voting on such proposition on November 3, 1987, as supplemented and amended.

Note Fund

“Note Fund” means a fund by that name established pursuant to Section 5.05 and maintained by the Issuing and Paying Agent to pay principal and interest on a Series of Notes when due.

Note Interest Account

“Note Interest Account” means an account by that name established in a Note Fund pursuant to Section 5.05 and maintained by the Issuing and Paying Agent.

Note Principal Account

“Note Principal Account” means an account by that name established in a Note Fund pursuant to Section 5.05 and maintained by the Issuing and Paying Agent.

Notes

“Notes” means the Commission’s Subordinate Sales Tax Revenue Commercial Paper Notes (Limited Tax Bonds) authorized by, and at any time Outstanding pursuant to, this Indenture.

Notice of Borrowing

“Notice of Borrowing” means a notice submitted by the Issuing and Paying Agent to a Bank pursuant to Section 5 of the Issuing and Paying Agent Agreement.

Notice of No Issuance

“Notice of No Issuance” means a written notice delivered by a Bank with respect to a Series of Notes pursuant to the provisions of the Support Agreement entered into in connection with such Series of Notes, which notifies the Commission and the Issuing and Paying Agent that no additional Notes of such Series may be issued.

Notice of Termination

“Notice of Termination” means a written notice delivered by a Bank with respect to a Series of Notes pursuant to the provisions of the Support Agreement entered into in connection with such Series of Notes, which notifies the Commission and the Issuing and Paying Agent that the Support Facility provided pursuant to such Support Agreement is being terminated.

Opinion of Bond Counsel

“Opinion of Bond Counsel” means a written opinion of a law firm of national standing in the field of public finance selected by the Commission.

Ordinance

“Ordinance” means, collectively, the 1987 Ordinance and the Sales Tax Extension Ordinance.

Outstanding

“Outstanding,” when used as of any particular time with reference to Notes, means (subject to the provisions of Section 11.10) all Notes theretofore, or thereupon being, authenticated and delivered by the Issuing and Paying Agent under this Indenture except: (i) Notes theretofore cancelled by the Issuing and Paying Agent or surrendered to the Issuing and Paying Agent for cancellation; (ii) Notes with respect to which all liability of the Commission shall have been discharged in accordance with Section 10.02, including Notes (or portions of Notes) referred to in Section 11.10; and (iii) Notes for the transfer or exchange of or in lieu of or in substitution for which other Notes shall have been authenticated and delivered by the Issuing and Paying Agent pursuant to this Indenture.

Owner or Holder or Noteholder or Noteowner

“Owner” or “Holder” or “Noteholder” or “Noteowner”, whenever used herein with respect to a Note, means the person in whose name such Note is registered.

Paired Obligations

“Paired Obligations” means any Senior Lien Debt, Notes or Parity Debt, designated as Paired Obligations in a Certificate of the Commission, which are simultaneously outstanding (i) the principal of which is of equal amount maturing and to be retired on the same dates and in the same amounts and (ii) the interest rates on which, taken together, result in an irrevocably fixed interest rate obligation of the Commission for the term of such Senior Lien Debt, Notes or Parity Debt.

Parity Debt

“Parity Debt” means amounts owing under any Support Agreement and any indebtedness, installment sale obligation, lease obligation or other obligation of the Commission for borrowed money or Interest Rate Swap Agreement having an equal lien and charge upon the Revenues and therefore payable on a parity with the Notes (whether or not any Notes are Outstanding); provided, however, that any payments with respect to an Interest Rate Swap Agreement which represent termination payments or unwinding payments shall not constitute Parity Debt and shall be payable from Revenues on a subordinate basis.

Participant

“Participant” means any participant in a Depository’s book-entry system.

Person

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

Principal Fund

“Principal Fund” means the fund by that name established pursuant to Section 5.02.

Principal Office

“Principal Office” of the Issuing and Paying Agent means the office thereof designated in writing to the Commission, the Trustee, each Administrative Agent and each Dealer.

Project

“Project” means transportation facility and service improvements within the County of San Diego, including transportation and service improvements for highways, rail transit services, bus services, local streets and roads, bicycle and pedestrian facilities, transportation-related community infrastructure to support smart growth development and related environmental mitigation and enhancement projects, and the payment of all costs incidental to or connected with the accomplishment of such purposes, including, without limitation, engineering, inspection, legal, fiscal agents, financial consultant and other fees, bond and other reserve funds, working capital, bond or note interest estimated to accrue during construction and for a period not to exceed one

year thereafter and expenses for all proceedings for the authorization, issuance and sale of Notes and Parity Debt.

Project Fund

“Project Fund” means a fund by that name established pursuant to Section 4.01 to hold the proceeds of a Series of Notes or a portion thereof prior to expenditure on the Project.

Rating Category

“Rating Category” means: (i) with respect to any long-term rating category, all ratings designated by a particular letter or combination of letters, without regard to any numerical modifier, plus or minus sign or other modifier and (ii) with respect to any short-term or commercial paper rating category, all ratings designated by a particular letter or combination of letters and taking into account any numerical modifier, but not any plus or minus sign or other modifier.

Rebate Fund

“Rebate Fund” means the fund by that name established pursuant to Section 6.08.

Rebate Requirement

“Rebate Requirement” means the Rebate Requirement defined in the Tax Certificate delivered in connection with a Series of Notes.

Redemption Price

“Redemption Price” means, with respect to any Senior Lien Debt or Parity Debt (or portion thereof) the principal amount of such Senior Lien Debt or Parity Debt (or portion thereof) plus the applicable premium, if any, payable upon redemption thereof pursuant to the provisions of such Senior Lien Debt or Parity Debt and the Bond Indenture, Indenture or other document authorizing such Senior Lien Debt or Parity Debt, as applicable.

Revenue Fund

“Revenue Fund” means the Subordinate Sales Tax Revenue Fund established pursuant to Section 5.01.

Revenues

“Revenues” means all (i) all Sales Tax Revenues; (ii) all Swap Revenues and (iii) such additional sources of revenue pledged to pay the Senior Lien Debt under the Bond Indenture; but excluding all amounts which are required by the terms of the Bond Indenture to be used to pay the principal of or interest on, or reserve requirements with respect to, Senior Lien Debt; provided that the Commission by Supplemental Indenture may provide for additional revenues or assets of the Commission to be included in the definition of Revenues hereunder.

Sales Tax Extension Ordinance

Sales Tax Extension Ordinance means the San Diego Transportation Program Ordinance and Expenditure Plan, adopted by the Commission on May 28, 2004, and approved by at least two-thirds of electors voting on such proposition in the November 2, 2004 election.

Sales Tax Revenues

“Sales Tax Revenues” means the amounts available for distribution to the Commission on and after July 1, 1988 on account of the retail transactions and use tax imposed in the County of San Diego pursuant to the Law after deducting amounts payable by the Commission to the California Department of Tax and Fee Administration, as statutorily created and designated successor to the California State Board of Equalization, for costs and expenses for its services in connection with the retail transactions and use taxes collected pursuant to the Law.

Senior Lien Debt

“Senior Lien Debt” means the Bonds and other debt payable on a parity with the Bonds issued in accordance with the requirements of the Bond Indenture and the provisions thereof.

Senior Lien Revenues

“Senior Lien Revenues” means all Sales Tax Revenues and all interest, profits and other income received from the investment of Sales Tax Revenues (other than amounts in any rebate fund established with respect to Senior Lien Debt) and such additional sources of revenue, if any, as are pledged to pay the Senior Lien Debt under the Bond Indenture. Senior Lien Revenues do not include grants from the State or federal governments or any agency or instrumentality thereof or any other funds or assets of the Commission except Sales Tax Revenues and earnings thereon; provided that the Commission by Supplemental Bond Indenture may provide for additional revenues or assets of the Commission to be included in the definition of Senior Lien Revenues.

Series

“Series,” whenever used herein with respect to Notes, means all of the Notes designated as being of the same series, regardless of variations in maturity, interest rate and other provisions, and whenever used herein with respect to Parity Debt, all Parity Debt designated in the instrument establishing such Parity Debt as being of the same series, regardless of variations in maturity, interest rate and other provisions.

Series B Bank

“Series B Bank” means MUFG Union Bank, N.A., or the provider or providers of any Alternate Facility for the Series B Notes, substituted therefor in accordance with the provisions set forth in Section 6.11 hereof.

Series B Dealer

“Series B Dealer” means Citigroup Global Markets Inc., or any successor or assign, permitted under the Series B Dealer Agreement, or any other Dealer for the Series B Notes which has entered into a Dealer Agreement with the Commission.

Series B Dealer Agreement

“Series B Dealer Agreement” means, as of the effective date of this Indenture, the Dealer Agreement, dated as of November 1, 2005, between the Commission and Citigroup Global Markets Inc., as originally executed and as it may from time to time be amended or supplemented pursuant to its terms, or any other Series B Dealer Agreement entered into by the Commission with a Series B Dealer with respect to the Series B Notes.

Series B Support Agreement

“Series B Support Agreement” means, as of the effective date of this Indenture, the Reimbursement Agreement, dated as of September 1, 2012, by and between the Commission and MUFG Union Bank, N.A. (f/k/a Union Bank, N.A.), as originally executed and as it may from time to time be amended or supplemented pursuant to its terms, and any similar agreement entered into in connection with delivery of an Alternate Facility for the Series B Notes.

Series B Support Facility

“Series B Support Facility” means, as of the effective date of this Indenture, the liquidity facility provided by MUFG Union Bank, N.A. pursuant to the Series B Support Agreement, and any Alternate Facility for the Series B Notes substituted therefor in accordance with the provisions set forth in Section 6.11 hereof.

Series B Support Facility Fund

“Series B Support Facility Fund” means the fund by that name established and held by the Issuing and Paying Agent pursuant to Section 6 of the Issuing and Paying Agent Agreement.

SIFMA Swap Index

“SIFMA Swap Index” means, on any date, a rate determined on the basis of the seven-day high grade market index of tax-exempt variable rate demand obligations, as produced by Municipal Market Data and published or made available by the Securities Industry & Financial Markets Association (formerly the Bond Market Association) (“SIFMA”) or any Person acting in cooperation with or under the sponsorship of SIFMA and acceptable to the Trustee and effective from such date.

Standard & Poor’s or S&P

“Standard & Poor’s” or “S&P” means S&P Global Ratings, a corporation duly organized and existing under and by virtue of the laws of the State of New York, and its successors and assigns, except that if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term “Standard & Poor’s” or “S&P”

shall be deemed to refer to any other nationally recognized securities rating agency selected by the Commission.

State

“State” means the State of California.

Subsidy Payments

“Subsidy Payments” means payments to be made by the United States Treasury to the Trustee pursuant to Section 54AA of the Code or Section 6431 of the Code or any successor to either of such provisions of the Code and with respect to the interest due on Senior Lien Debt issued as taxable bonds that have been accorded Build America Bonds status under the provisions of the American Recovery and Reinvestment Act of 2009 or any successor thereto or replacement thereof.

Supplemental Bond Indenture

“Supplemental Bond Indenture” means any indenture, duly executed and delivered, supplementing, modifying or amending the Bond Indenture, but only if and to the extent such Supplemental Bond Indenture is specifically authorized under the Bond Indenture.

Supplemental Indenture

“Supplemental Indenture” means any supplement to this Indenture hereafter duly executed and delivered, supplementing, modifying or amending this Indenture, but only if and to the extent that such Supplemental Indenture is specifically authorized hereunder.

Support Agreement

“Support Agreement” means any agreement, pursuant to which a Bank provides a Support Facility in connection with a Series of Notes, between the Commission and such Bank, as originally executed and as it may from time to time be amended or supplemented pursuant to its terms, and any similar agreement entered into in connection with an Alternate Facility for such Series of Notes.

Support Agreement Fund

“Support Agreement Fund” means a fund by that name established pursuant to Section 5.04.

Support Facility

“Support Facility” means any letter of credit, line of credit, credit agreement, standby bond purchase agreement or other agreement, instrument, or facility, insurance or guarantee arrangement issued by a financial institution, insurance company or association pursuant to which the Issuing and Paying Agent and/or the Trustee, as the case may be, on behalf of the Commission, is entitled to obtain funds to pay the principal of, or the principal of and interest on,

any Series of Notes or any Alternate Facility substituted therefor in accordance with the provisions hereof.

Support Facility Expiration Date

“Support Facility Expiration Date” means the stated expiration date of a Support Facility, taking into account any extension of such stated expiration date.

Support Facility Fund

“Support Facility Fund” means a fund by that name established pursuant to Section 6 of the Issuing and Paying Agent Agreement.

Swap Revenues

"Swap Revenues" means all regularly-scheduled amounts (but not termination payments) owed or paid to the Commission by any Counterparty under any Interest Rate Swap Agreement after offset for the regularly-scheduled amounts (but not termination payments) owed or paid by the Commission to such Counterparty under such Interest Rate Swap Agreement.

Tax Certificate

“Tax Certificate” means the Master Tax Certificate delivered by the Commission in connection with the Series B Notes, as originally executed and as it may from time to time be amended or supplemented pursuant to its terms, including, without limitation, as amended or supplemented in connection with a new commercial paper program as described therein, or the Master Tax Certificate delivered by the Commission in connection with the issuance of any additional Series of Notes.

Tax Expiration Date

“Tax Expiration Date” means March 31, 2048, or such later date to which the levy of the retail transactions and use tax is extended in accordance with the Law.

Trustee

“Trustee” means U.S. Bank National Association, a national banking association, duly organized and existing under the laws of the United States, or its successor, as Trustee, as provided in Section 8.01.

Variable Rate Indebtedness

“Variable Rate Indebtedness” means any indebtedness, including, without limitation, auction rate indebtedness, the interest rate on which is not fixed at the time of incurrence of such indebtedness, and has not at some subsequent date been fixed, at a single numerical rate for the entire term of the indebtedness.

SECTION 1.03 Content of Certificates and Opinions. Every certificate or opinion provided for in this Indenture with respect to compliance with any provision hereof shall include: (1) a statement that the person making or giving such certificate or opinion has read such provision and the definitions herein relating thereto; (2) a brief statement as to the nature and scope of the examination or investigation upon which the certificate or opinion is based; (3) a statement that, in the opinion of such person, he has made or caused to be made such examination or investigation as is necessary to enable him to express an informed opinion with respect to the subject matter referred to in the instrument to which his signature is affixed; and (4) a statement as to whether, in the opinion of such person, such provision has been complied with.

Any such Certificate of the Commission or opinion made or given by an Authorized Representative of the Commission may be based, insofar as it relates to legal or accounting matters, upon a certificate or opinion of or representation by counsel, an accountant, a financial advisor, an investment banker or an independent consultant, unless such Authorized Representative knows, or in the exercise of reasonable care should have known, that the certificate, opinion or representation with respect to the matters upon which such certificate or statement may be based, as aforesaid, is erroneous. Any such certificate or opinion made or given by counsel, an accountant or an independent consultant may be based, insofar as it relates to factual matters (with respect to which information is in the possession of the Commission) upon a certificate or opinion of or representation by an Authorized Representative of the Commission, unless such counsel, accountant or independent consultant knows, or in the exercise of reasonable care should have known, that the certificate or opinion or representation with respect to the matters upon which such person's certificate or opinion or representation may be based, as aforesaid, is erroneous. The same Authorized Representative of the Commission, or the same counsel or accountant or independent consultant, as the case may be, need not certify to all of the matters required to be certified under any provision of this Indenture, but different officers, counsel, accountants or independent consultants may certify to different matters, respectively.

ARTICLE II

THE NOTES

SECTION 2.01 Authorization of Notes; Series B Notes.

(a) Notes may be issued hereunder, in registered form, from time to time as authorized by this Article. The maximum principal amount of Notes which may be issued hereunder is not limited; subject, however, to any limitations contained in the Law and to the right of the Commission, which is hereby reserved, to limit the aggregate principal amount of Notes which may be issued or outstanding hereunder. The Notes authorized to be issued hereunder are designated generally as "San Diego County Regional Transportation Commission Subordinate Sales Tax Revenue Commercial Paper Notes (Limited Tax Bonds)," each Series thereof to bear such additional designation as may be necessary or appropriate to distinguish such Series from every other Series of Notes.

(b) A Series of Notes entitled "Series B" is hereby authorized to be issued. The Series B Notes shall be issued from time to time as provided herein to finance and refinance the cost of the Project and Costs of Issuance. Proceeds of the Series B Notes may be used to pay

maturing Series B Notes and to reimburse the Series B Bank for Advances and Bank Loans used to pay maturing Series B Notes. Such authorization specifically includes the authorization to issue and reissue Series B Notes for such purposes. The aggregate principal amount of Series B Notes that may be Outstanding hereunder shall not at any one time exceed \$100,000,000; provided, however, that in the event the Issuing and Paying Agent shall have made a draw on the Series B Support Facility pursuant to the terms of the Series B Support Agreement to pay principal of, or, if provided pursuant to the terms of such Series B Support Agreement, principal of and interest on, the Series B Notes which the Commission shall not have repaid, the aggregate principal amount of the Series B Notes Outstanding at any one time shall not exceed \$100,000,000 less the aggregate principal amount of such draw used to pay the principal of Series B Notes at maturity and provided further that the interest to accrue to maturity on the Outstanding Notes shall not exceed the interest portion of the Available Amount. The principal amount of the Series B Notes and the corresponding amount of any Advances are hereby determined to be Excluded Principal Payments intended to be paid from the proceeds of debt obligations of the Commission, including without limitation, Series B Notes, grants received from the State or federal government, or any agency or instrumentality thereof, and other funds of the Commission, other than Revenues.

SECTION 2.02 Terms of the Notes.

(a) The Notes shall be dated the date of their respective authentication and issuance; shall be issued in registered form, registered as designated by the applicable Dealer; subject to the provisions regarding delivery of Notes in book-entry form set forth in Section 2.10 hereof; shall be issued in denominations of \$100,000 and in integral multiples of \$1,000 in excess thereof; and interest on the Notes shall be separately stated by rate and amount on the face of each Note. Notes shall bear interest from their respective dates, payable on their respective maturity dates.

(b) The Notes: (i) shall bear interest payable at maturity at an annual rate (calculated on the basis of a year consisting of 365/366 days and actual number of days elapsed); (ii) shall mature not more than two hundred seventy (270) days after their respective dates, but in no event later than the Tax Expiration Date or five (5) days prior to the applicable Support Facility Expiration Date; (iii) shall be sold at a price of not less than 100% of the principal amount thereof; and (iv) shall mature on a Business Day. The stated interest rate, maturity date and other terms of each Note, so long as not inconsistent with the terms of this Indenture, shall be as set forth in the Issuance Request required to be delivered pursuant to Section 3.01 hereof directing the issuance of such Note.

(c) The Notes shall not be subject to redemption prior to maturity.

(d) Each Series of Notes shall be numbered consecutively from No. 1 upward. The Issuing and Paying Agent may make additional provisions for numbering, including additional prefixes and suffixes, as it may deem appropriate.

(e) The principal of and the interest on the Notes shall be paid in federal or other immediately available funds in such coin or currency of the United States of America as, at the respective times of payment, is legal tender for the payment of public and private debts. The principal of and the interest on the Notes shall be payable at the Principal Office of the Issuing and

Paying Agent on or before the close of business on any Business Day upon which such Notes have become due and payable provided that such Notes are presented and surrendered on a timely basis. Upon presentation of such a Note to the Issuing and Paying Agent no later than 2:00 p.m. (New York City time) on a Business Day, payment for such Note shall be made by the Issuing and Paying Agent in immediately available funds on such Business Day. If a Note is presented for payment after 2:00 p.m. (New York City time) on a Business Day, payment therefor shall be made by the Issuing and Paying Agent on the next succeeding Business Day without the accrual of additional interest thereon.

Notwithstanding the provisions set forth in this Section 2.02: (i) in the event that the Commission determines to issue a taxable Series of Notes, the terms of such taxable Series of Notes shall be set forth in the Supplemental Indenture creating such taxable Series of Notes; and (ii) in the event that a Series of Notes is issued in the form of a Master Note or Master Notes in book-entry form, such Notes shall be payable at maturity without the necessity of physical presentation or surrender in accordance with the procedures of the Depository for such Series of Notes.

SECTION 2.03 Form of Notes. The Series B Notes shall be in the form set forth in Exhibit A hereto. The Notes of any Series (other than Series B) shall be in such form or forms as may be specified in the Supplemental Indenture creating such Series.

Notwithstanding the foregoing, the Commission may deliver the Notes of any Series, including the Series B Notes, in the form of a Master Note, representing all Notes of such Series to be issued from time to time, each maturing no later than the date calculated pursuant to Section 2.02(b)(ii). Each Master Note may be replaced by a new Master Note having a later maturity date so long as the maturity date thereof does not extend beyond the date calculated pursuant to Section 2.02(b)(ii), as the same may be extended from time to time. Each Master Note shall evidence indebtedness of the Commission as set forth in the Advices. Each Advice shall comply with the limitations on Notes set forth in Section 2.01 and Section 2.02. The aggregate indebtedness evidenced by any Master Note shall at all times equal or be less than the Available Amount of the Support Facility then in effect with respect to the Series of Notes to which the Master Note relates. References herein to Notes when a Master Note has been issued therefor shall refer to the indebtedness under the Master Note or the Advices issued with respect thereto.

SECTION 2.04 Execution of Notes. The Notes shall be executed in the name and on behalf of the Commission with the facsimile or manual signature of the Chairperson of the Commission attested by the facsimile or manual signature of the Director of Finance of the Commission. In case any of the officers who shall have signed or attested any of the Notes shall cease to be such officer or officers of the Commission before the Notes so signed or attested shall have been authenticated or delivered by the Issuing and Paying Agent or issued by the Commission, such Notes may nevertheless be authenticated, delivered and issued and, upon such authentication, delivery and issue, shall be as binding upon the Commission as though those who signed and attested the same had continued to be such officers of the Commission.

SECTION 2.05 Authentication of Notes.

(a) Each Note shall be authenticated by manual signature of the Issuing and Paying Agent who shall, pursuant to the provisions set forth in the Issuing and Paying Agent Agreement, authenticate and deliver Notes in accordance with the terms of an Issuance Request delivered pursuant to Section 3.01 hereof.

(b) Notwithstanding anything herein or in the Issuing and Paying Agent Agreement to the contrary, the Issuing and Paying Agent shall not authenticate any Note except in compliance with Section 4(e) and Section 4(f) of the Issuing and Paying Agent Agreement.

(c) Only such of the Notes as shall bear thereon a certificate of authentication substantially in the form set forth in Exhibit A hereto or as set forth in the Supplemental Indenture creating such Series, manually executed by the Issuing and Paying Agent, shall be valid or obligatory for any purpose or entitled to the benefits of this Indenture, and such certificate of authentication when manually executed by the Issuing and Paying Agent shall be conclusive evidence that the Notes so authenticated have been duly executed, authenticated and delivered hereunder and are entitled to the benefits of this Indenture.

SECTION 2.06 Transfer of Notes. Any Note may, in accordance with its terms, be transferred, upon the register required to be kept pursuant to the provisions of Section 2.08, by the Person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Note for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form approved by the Issuing and Paying Agent.

Whenever any Note or Notes shall be surrendered for transfer, the Commission shall execute and the Issuing and Paying Agent shall authenticate and deliver a new Note or Notes, of the same Series, maturity and interest rate and for a like aggregate principal amount. The Issuing and Paying Agent shall require the Noteholder requesting such transfer to pay any tax or other governmental charge required to be paid with respect to such transfer.

SECTION 2.07 Exchange of Notes. Notes may be exchanged at the Principal Office of the Issuing and Paying Agent for a like aggregate principal amount of Notes of other authorized denominations of the same Series, maturity and interest rate. The Issuing and Paying Agent shall require the Noteholder requesting such exchange to pay any tax or other governmental charge required to be paid with respect to such exchange.

SECTION 2.08 Note Register. The Issuing and Paying Agent will keep or cause to be kept, at its Principal Office, sufficient books for the registration and transfer of the Notes, which shall at all times be open to inspection during normal business hours by the Commission upon reasonable prior notice; and, upon presentation for such purpose, the Issuing and Paying Agent shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on such books, Notes as hereinbefore provided.

SECTION 2.09 Notes Mutilated, Lost, Destroyed or Stolen. If any Note shall become mutilated, the Commission, at the expense of the Holder of said Note, shall execute and deliver a new Note of like tenor and number in exchange and substitution for the Note so mutilated, but only upon surrender to the Commission of the Note so mutilated. If any Note shall

be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Commission and, if such evidence be satisfactory to it and the Issuing and Paying Agent and indemnity satisfactory to it shall be given, the Commission, at the expense of the owner, shall execute and deliver a new Note of like tenor and Series in lieu of and in substitution for the Note so lost, destroyed or stolen. Neither the Commission nor the Issuing and Paying Agent shall be required to treat both the original Note and any replacement Note as being outstanding for the purpose of determining the principal amount of Notes which may be issued hereunder, but both the original and the replacement Note shall be treated as one and the same.

SECTION 2.10 Special Provisions Regarding Book-Entry Only System for Notes.

(a) Except as may otherwise be provided in a Supplemental Indenture establishing the terms and provisions of an additional Series of Notes, and except as otherwise provided in subsections (b) and (c) of this Section 2.10, each Series of Notes shall be initially issued in book-entry form and shall be registered in the name of Cede & Co., as nominee for DTC, or in the name of such other nominee as the Depository for such Series of Notes shall request pursuant to the Letter of Representations delivered in connection with such Series of Notes. Payment of the interest on any Note registered in the name of Cede & Co. or any other nominee (hereinafter referred to as a “Nominee”) shall be made in the manner and at the address indicated in or pursuant to the Letter of Representations delivered in connection with such Series of Notes.

(b) Each Series of Notes shall be initially issued in the form of a separate single authenticated fully registered Master Note. Upon initial issuance, except as otherwise provided in subsection (a) of this Section 2.10, the ownership of Notes of all Series shall be registered in the registration records maintained by the Issuing and Paying Agent pursuant to Section 2.08 hereof in the name of the Nominee for such Series of Notes. The Commission and the Issuing and Paying Agent may treat each Depository as the sole and exclusive owner of the Notes registered in its name or the name of its Nominee for the purposes of payment of the principal of and interest on the Series of Notes to which such Note belongs, giving any notice permitted or required to be given to Owners hereunder, registering the transfer of Notes, obtaining any consent or other action to be taken by Owners of the Notes and for all other purposes whatsoever; and neither the Commission nor the Issuing and Paying Agent shall be affected by any notice to the contrary. Neither the Commission nor the Issuing and Paying Agent shall have any responsibility or obligation to any participant in a Depository (hereinafter referred to as a “Participant”), any Person claiming a beneficial ownership interest in the Notes under or through a Depository or any Participant, or any other Person which is not shown on the registration records as being an Owner, including, but not limited to, any responsibility or obligation with respect to (i) the accuracy of any records maintained by any Depository or any Participant, (ii) the payment by any Depository or any Participant of any amount in respect of the principal of, or interest on the Notes, (iii) the delivery of any notice which is permitted or required to be given to Owners of Notes hereunder, (iv) any consent given or other action taken by any Depository as Owner of Notes, or (v) any other purpose. The Issuing and Paying Agent shall pay all principal of, and interest on the Notes only at the times to the accounts, at the addresses and otherwise in accordance with the Letter of Representations, and all such payments shall be valid and effective to satisfy fully and discharge the Commission’s obligations with respect to the principal of, and interest on the Notes to the extent of the sum or sums so paid. Upon delivery by any Depository to the Issuing and Paying Agent of written notice

to the effect that any Depository has determined to substitute a new nominee in place of its then existing Nominee, the Notes will be transferable to such new nominee in accordance with subsection (e) of this Section 2.10.

(c) In the event that the Commission determines that it is in the best interests of the beneficial owners of the Notes of any Series that they be able to obtain note certificates, the Issuing and Paying Agent shall, upon the Request of the Commission, so notify each Depository, whereupon pursuant to the Letter of Representations, each Depository shall notify the Participants of the availability of note certificates. In such event, the Notes will be transferable in accordance with subsection (e) of this Section 2.10. Any Depository may determine to discontinue providing its services with respect to the Notes at any time by giving written notice of such discontinuance to the Commission and the Issuing and Paying Agent and discharging its responsibilities with respect thereto under applicable law. In such event, the Notes will be transferable in accordance with subsection (e) of this Section 2.10. Whenever any Depository requests the Commission and any Issuing and Paying Agent to do so, the Issuing and Paying Agent and the Commission will cooperate with such Depository in taking appropriate action after reasonable notice to arrange for another depository to maintain custody of all certificates evidencing the Notes then Outstanding. In such event, the Notes will be transferable to such depository in accordance with subsection (e) of this Section 2.10, and thereafter, all references in this Indenture to such depository or its Nominee shall be deemed to refer to such securities depository and its nominee, as appropriate.

(d) In connection with any successor nominee for DTC or any other Depository or any successor to DTC or any other Depository, the Issuing and Paying Agent is hereby authorized and requested to enter into arrangements comparable to those entered into with DTC in connection with the Initial Series of Notes, and the Issuing and Paying Agent shall have the same rights and immunities with respect to its actions thereunder as it has with respect to its actions under this Indenture.

(e) In the event that any transfer or exchange of Notes is authorized under subsection (b) or (c) of this Section 2.10, such transfer or exchange shall be accomplished upon receipt by the Issuing and Paying Agent from the registered owner thereof of the Notes to be transferred or exchanged and appropriate instruments of transfer to the permitted transferee, all in accordance with the applicable provisions of Sections 2.06 and 2.07 hereof. In the event note certificates are issued to Owners other than Cede & Co., its successor as nominee for DTC as holder of all the Notes, another securities depository as holder of all the Notes, or the nominee of such successor securities depository, the provisions of Sections 2.02, 2.06 and 2.07 hereof shall also apply to, among other things, the registration, exchange and transfer of the Notes and the method of payment of principal of and interest on the Notes.

(f) Notwithstanding any other provision of this Indenture to the contrary, so long as any Series of Notes are issued in the form of a Master Note, all payments with respect to principal of and interest on such Notes and all notices with respect to such Notes shall be made and given, respectively, as provided in the Letter of Representations delivered in connection with such Series of Notes or as otherwise instructed in writing by the Depository.

ARTICLE III

ISSUE AND SALE OF NOTES

SECTION 3.01 Issuance and Sale of Notes.

(a) Except as otherwise provided in Section 2.10 with respect to the issuance of a Series of Notes in book-entry form, whenever an Authorized Representative determines that the Commission shall sell or issue Notes, such Authorized Representative shall deliver an Issuance Request to the Issuing and Paying Agent prescribing the terms of such Notes and the sale or issuance thereof in accordance with Section 2.02, and representing: (i) that all action on the part of the Commission necessary for the valid issuance of the Notes then to be issued has been taken and has not been rescinded or revoked; (ii) that all provisions of State and federal law necessary for the valid issuance of such Notes and (except in the case of a Series of Notes, the interest with respect to which is not expected to be excluded from gross income for federal income tax purposes) necessary to provide that interest thereon is excludable from gross income for purposes of federal income taxes and exempt from State of California personal income taxes have been complied with; (iii) that interest on the Notes is excludable from gross income for purposes of federal income taxes and is exempt from State of California personal income taxes, provided, however, that such representation need not be provided in the case of a Series of Notes, the interest with respect to which is not expected to be excluded from gross income for federal income tax purposes; and (iv) that such Notes in the hands of the Holders thereof will be valid and binding limited tax bond obligations of the Commission according to their terms. Each such Issuance Request shall also certify or constitute a representation and warranty that:

(1) no Event of Default under Section 7.01 has occurred and is continuing as of the date of such Issuance Request;

(2) the Commission is in compliance with the covenants set forth in Article VI hereof, including without limitation, the tax covenants contained in Section 6.08 and 6.09, as of the date of such Issuance Request, and is in compliance with the covenants set forth in Section 1.8.2 of the Tax Certificate, as of the date of such Issuance Request, except in the case of a Series of Notes the interest with respect to which is not expected to be excluded from gross income for federal income tax purposes under the Code; and

(3) No Notice of No Issuance has been received from the applicable Bank.

Upon receipt of an Issuance Request, the Issuing and Paying Agent shall authenticate and deliver the Notes to the applicable Dealer for the consideration and in the manner hereinafter and in the Issuing and Paying Agent Agreement provided, but only if the Issuing and Paying Agent shall have received such Issuance Request no later than 12:00 Noon (New York City time) on the Business Day on which such Notes are to be delivered. If an Issuance Request is received after 12:00 Noon (New York City time) on a given day, the Issuing and Paying Agent shall not be obligated to deliver the requested Notes until the next succeeding Business Day.

(b) Upon receipt of such Issuance Request which shall be transmitted by the Commission in accordance with the provisions set forth in the Issuing and Paying Agent Agreement, the Issuing and Paying Agent shall, by 2:00 p.m. (New York City time) on such day, complete each Note then to be delivered as to principal amount, date of issue, registered owner (which shall be registered in accordance with the instructions for registration provided by the applicable Dealer), maturity date, interest rate and interest amount specified in such Issuance Request, authenticate each such Note and deliver it to the applicable Dealer. The applicable Dealer shall, by 12:00 Noon (New York City time) on such day, pursuant to the provisions set forth in the applicable Dealer Agreement, pay to the Issuing and Paying Agent, in immediately available funds, the aggregate purchase price for such Notes.

(c) Notwithstanding any other provision of this Indenture or the Issuing and Paying Agent Agreement to the contrary, no such Notes shall be delivered by the Issuing and Paying Agent if the delivery of such Notes would result in violation of any of the prohibitions respecting authentication of Notes set forth in Section 2.05. If the Issuing and Paying Agent is unable to comply with an Issuance Request due to a failure to comply with the conditions set forth in Section 2.05, the Issuing and Paying Agent shall promptly notify the Commission and the applicable Dealer of the circumstances prohibiting the issuance of Notes.

(d) So long as any Series of Notes is issued in book-entry form as provided in Section 2.10, the Issuing and Paying Agent shall deliver Notes of such Series in accordance with the terms of the Letter of Representations delivered in connection with such Series of Notes.

SECTION 3.02 Proceeds of Sale of Notes.

(a) Upon receipt from a Dealer of the proceeds of the issuance and sale of a Series of Notes, the Issuing and Paying Agent shall:

(1) deposit such proceeds to the credit of the applicable Support Facility Fund created pursuant to the Issuing and Paying Agent Agreement if such Notes are being issued pursuant to Section 4(f) of the Issuing and Paying Agent Agreement or the Note Principal Account in the applicable Note Fund to the extent necessary for the payment of the principal of Notes then due and payable or becoming due and payable on the day of receipt of such proceeds; and

(2) transfer the balance of such proceeds to the Trustee for deposit in the appropriate fund or account established hereunder.

(b) Upon receipt from the Issuing and Paying Agent, the Trustee shall deposit all moneys representing proceeds of the issuance and sale of a Series of Notes to the credit of the following funds and accounts in the following order of priority:

(1) the Interest Fund, to the extent required to increase the amount on deposit therein to the amount required to be on deposit therein pursuant to Section 5.02;

(2) the Support Agreement Fund, to the extent set forth in a Request of the Commission, to pay fees and expenses due each Bank; and

- (3) the Project Fund established pursuant to Section 4.01.

SECTION 3.03 Issuance of Additional Series of Notes or Parity Debt. The Commission may by Supplemental Indenture establish one or more additional Series of Notes or Parity Debt, payable from Revenues and secured by the pledge made under this Indenture equally and ratably with the Series B Notes and any other Notes and Parity Debt previously issued, and the Commission may issue, and the Issuing and Paying Agent or the Trustee, as applicable, may authenticate and deliver to the purchasers thereof, Notes of any Series so established, or Parity Debt in such principal amount as shall be determined by the Commission, but only, with respect to each such additional Series of Notes or Parity Debt issued hereunder after the Series B Notes, upon compliance by the Commission with the provisions of Section 3.04 and any additional requirements set forth in said Supplemental Indenture and subject to the following specific conditions, which are hereby made conditions precedent to the issuance of any such additional Series of Notes or Parity Debt:

(a) No Event of Default shall have occurred and then be continuing.

(b) The aggregate principal amount of Notes or Parity Debt authorized to be issued hereunder together with all outstanding Senior Lien Debt and Parity Debt shall not in combination with all outstanding debt obligations of the Commission exceed any limitation imposed by law or by any Supplemental Indenture or by Section 132309(b) of the Public Utilities Code of the State, and such Notes or Parity Debt have been duly and legally authorized for any lawful purpose of the Commission.

(c) The Commission shall place on file with the Trustee and each Administrative Agent a Certificate of the Commission certifying that the amount of Sales Tax Revenues collected during the Fiscal Year for which audited financial statements are available preceding the date on which such additional Series of Notes or Parity Debt will become Outstanding shall have been at least equal to 1.5 times the amount of Maximum Annual Debt Service on all Senior Lien Debt, Notes and Parity Debt then outstanding and the additional Series of Notes or Parity Debt then proposed, which Certificate shall also set forth the computations upon which such Certificate is based.

In the event additional assets or revenues are included within the definition of “Senior Lien Revenues” by a Supplemental Bond Indenture, such additional assets or revenues shall be included in the calculations in this subsection (c) as if such additional assets or revenues had always been included in Senior Lien Revenues; provided that the consent of each Bank to such inclusion is obtained and Moody’s and S&P each confirm that inclusion of such revenues will not cause a reduction or withdrawal of any rating then in effect with respect to the Notes.

Nothing in this Section or in this Indenture contained shall prevent or be construed to prevent the Supplemental Indenture providing for the issuance of an additional Series of Notes or Parity Debt from pledging or otherwise providing, in addition to the security given or intended to be given by this Indenture, additional security for the benefit of such additional Series of Notes or Parity Debt or any portion thereof.

SECTION 3.04 Proceedings for Issuance of Additional Series of Notes or Parity Debt. Whenever the Commission shall determine to issue an additional Series of Notes or Parity Debt pursuant to Section 3.03, the Commission shall authorize the execution of a Supplemental Indenture specifying the aggregate principal amount of such Series of Notes or Parity Debt, which shall prescribe the terms and conditions of such Series of Notes or Parity Debt, including the Series designation, forms, authorized denominations and the Support Facility, if applicable, to be provided with respect to such Notes or Parity Debt and which shall include such other provisions respecting the Notes of such Series or Parity Debt as shall be necessary or appropriate and not inconsistent with the terms of this Indenture.

Before an additional Series of Notes or Parity Debt shall be issued and delivered, the Commission shall file the following documents with the Trustee and the Issuing and Paying Agent (upon which documents the Trustee and Issuing and Paying Agent may conclusively rely in determining whether the conditions precedent to the issuance of such Series of Notes and Parity Debt have been satisfied), and each Administrative Agent:

(a) An executed copy of the Supplemental Indenture authorizing such Series of Notes or Parity Debt.

(b) An executed copy of the Dealer Agreement, the Support Agreement and the Support Facility, and, as and to the extent applicable, the Issuing and Paying Agent Agreement executed in connection with the issuance and delivery of such additional Series of Notes.

(c) A Certificate of the Commission stating that no Event of Default has occurred and is then continuing; and that upon the delivery of such Series of Notes or Parity Debt the aggregate principal amount of Notes or Parity Debt then Outstanding will not exceed the amount permitted by law or by this Indenture.

(d) An Opinion of Bond Counsel to the effect that the execution of the Supplemental Indenture has been duly authorized by the Commission in accordance with this Indenture; and that such Series, when duly executed by the Commission and authenticated and delivered by the Issuing and Paying Agent, will be valid and binding limited tax bond obligations of the Commission.

(e) A Certificate of the Commission executed by the Director of Finance of the Commission certifying (on the basis of calculations as of the date of sale of such Series of Notes or Parity Debt, which calculations shall be set forth in such Certificate) that the requirement of Section 3.03(c) is satisfied.

(f) A Certificate of the Commission certifying that upon delivery of such additional Series of Notes or Parity Debt, the aggregate principal amount of debt of the Commission then outstanding will not exceed the amount permitted by Section 132309(b) of the Public Utilities Code of the State.

(g) A Certificate of the Commission, if appropriate, designating any Excluded Principal Payments.

Before an additional Series of Parity Debt shall be issued and delivered, the Commission shall file with the Trustee and each Administrative Agent an Opinion of Bond Counsel, addressed to the Trustee, to the effect that such Parity Debt has been duly authorized in accordance with this Indenture.

The Commission shall also deliver to the Trustee and each Administrative Agent a transcript of the proceedings providing for the issuance of such Parity Debt.

SECTION 3.05 Issuance of Refunding Debt.

(a) Refunding debt may be authorized and issued by the Commission without compliance with the provisions of Sections 3.03 or 3.04; provided that no Note, Advance or Bank Loan shall be deemed to constitute refunding debt and provided further that Debt Service on all Senior Lien Debt, Notes and Parity Debt outstanding following the issuance of such refunding debt is less than or equal to Debt Service on all Senior Lien Debt, Notes and Parity Debt outstanding prior to the issuance of such refunding debt. Such refunding debt may be issued as Senior Lien Debt in accordance with the provisions set forth in the Bond Indenture or as Parity Debt in accordance with the provisions set forth herein, in each case, in an aggregate principal amount sufficient (together with any additional funds available or to become available) to provide funds for the payment of all of the following:

(1) The principal or Redemption Price, if applicable, of the outstanding Senior Lien Debt, Notes or Parity Debt to be refunded.

(2) All expenses incident to the calling, retiring or paying of such outstanding Senior Lien Debt, Notes or Parity Debt and the Costs of Issuance of such refunding debt.

(3) Interest on all outstanding Senior Lien Debt, Notes or Parity Debt to be refunded to the date such Senior Lien Debt, Notes or Parity Debt will be called for redemption or paid at maturity, as applicable.

(4) Interest on the refunding debt from the date thereof to the date of payment or redemption of the Senior Lien Debt, Notes or Parity Debt to be refunded.

(b) Before such refunding debt shall be issued and delivered, the Commission shall file the following documents with the Trustee and the Issuing and Paying Agent (upon which documents the Trustee and the Issuing and Paying Agent may conclusively rely in determining whether the conditions precedent to the issuance of such debt have been satisfied), and each Administrative Agent:

(1) A transcript of the proceedings providing for the issuance of such refunding debt.

(2) An Opinion of Bond Counsel to the effect that such refunding debt has been duly authorized by the Commission in accordance with this Indenture.

(3) If any of the Senior Lien Debt or Parity Debt to be refunded is to be redeemed prior to its stated maturity date, irrevocable instructions to the trustee for such debt to give the applicable notice of redemption or a waiver of the notice of redemption signed by the owners of all or the portion of such debt to be redeemed, or proof that such notice has been given by the Commission; provided, however, that in lieu of such instructions or waiver or proof of notice of redemption, the Commission may cause to be deposited with the trustee for such debt all of the debt proposed to be redeemed (whether cancelled or uncanceled) with irrevocable instructions 'to the trustee for such debt to cancel said debt so to be redeemed upon the exchange and delivery of said refunding debt; and provided further that no provision of this Indenture shall be construed to require the redemption of such debt prior to the maturity date thereof due to the refunding thereof.

(4) A Certificate of the Commission executed by the Director of Finance of the Commission certifying (on the basis of calculations as of the date of sale of such refunding debt, which calculations shall be set forth in such Certificate) that Debt Service on all Senior Lien Debt, Notes and Parity Debt outstanding following the issuance of such refunding debt is less than or equal to the Debt Service on all Senior Lien Debt, Notes and Parity Debt outstanding prior to the issuance of such refunding debt.

(c) The proceeds of the sale of the refunding debt shall be applied according to the written direction of the Commission to the retirement of the outstanding Senior Lien Debt, Notes or Parity Debt for the refunding of which said refunding debt is being issued. All Senior Lien Debt, Notes or Parity Debt purchased, redeemed or retired by use of funds received from the sale of refunding debt, and all Senior Lien Debt, Notes or Parity Debt surrendered to the trustee for such debt against the issuance of refunding debt, shall be forthwith cancelled and shall not be reissued.

SECTION 3.06 Limitations on the Issuance of Obligations Payable from Revenues. The Commission will not, so long as any of the Notes, Parity Debt, Advances or Bank Loan are outstanding, issue any obligations or securities, howsoever denominated, payable in whole or in part from Revenues except the following:

(a) Notes of any additional Series authorized pursuant to Sections 3.03 and 3.04.

(b) Refunding debt authorized pursuant to Section 3.05.

(c) Parity Debt authorized pursuant to Section 3.03 or as refunding debt pursuant to Section 3.05.

(d) Obligations which are junior and subordinate to the payment of the principal, premium, if any, interest and reserve fund requirements, if any, for the Notes and all Parity Debt, and which junior and subordinate obligations are payable as to principal, premium, if any, interest and reserve fund requirements, if any, only out of Revenues after the prior payment of all amounts then required to be paid hereunder from Revenues for principal, premium, if any, interest and reserve fund requirements, if any, for the Notes and all Parity Debt, as the same become due and payable and at the times and in the manner as required in this Indenture.

Notwithstanding anything herein to the contrary, the issuance of the Series B Notes or the making of an Advance or Bank Loan with respect to Notes of any Series shall not be considered the issuance of additional debt within the provisions of Sections 3.03 through 3.07, inclusive, and no limitation contained in such Sections shall apply to the issuance of Series B Notes, or the making of Advances or Bank Loans with respect thereto or with respect to the makings of Advances or Bank Loans with respect to any other Series of Notes.

SECTION 3.07 Limitations on the Issuance of Obligations Payable From Senior Lien Revenues. The Commission will not, so long as any of the Notes or Parity Debt are outstanding, issue any Senior Lien Debt unless the Commission shall have placed on file with the Trustee and each Administrative Agent a Certificate of the Commission executed by the Director of Finance of the Commission certifying that, the amount of Senior Lien Revenues received for any period of twelve (12) consecutive months during the eighteen (18) months immediately preceding the date on which such additional Senior Lien Debt will become outstanding shall have been at least equal to 1.15 times the amount of Maximum Annual Debt Service on all Senior Lien Debt, Notes and Parity Debt then outstanding and the additional Senior Lien Debt then proposed to be issued and 1 times the amount of Bond Reserve Costs then due and owing.

ARTICLE IV

PROJECT FUNDS

SECTION 4.01 Establishment and Application of Project Funds.

(a) In connection with the issuance of each Series of Notes issued to finance a portion of the Project, the Trustee shall establish, maintain and hold in trust a separate fund designated as the “____ Project Fund” (inserting therein the Series designation of such Project Fund). The moneys in each Project Fund shall be used and withdrawn by the Trustee to pay the costs of the Project, including providing interim funds for a portion or portions of the Project which shall on a long term basis be financed with private developer funding, as contemplated by the Ordinance, and the Costs of Issuance of any Series of Notes, provided that moneys in a Project Fund for a tax-exempt Series of Notes cannot be used to pay Costs of Issuance of a taxable Series of Notes. All investment earnings on funds held in a Project Fund shall be deposited in such Project Fund unless directed by the Commission to be deposited in the Rebate Fund.

(b) Before any payment from any Project Fund shall be made, the Commission shall file or cause to be filed with the Trustee a Requisition of the Commission stating: (i) the item number of such payment; (ii) the name and address of the person to whom each such payment is due, which may be the Commission in the case of reimbursement for costs theretofore paid by the Commission; (iii) the respective amounts to be paid; (iv) the purpose by general classification for which each obligation to be paid was incurred; (v) that obligations in the stated amounts have been incurred by the Commission or a constituent thereof and are presently due and payable and that each item thereof is a proper charge against such Project Fund and has not been previously paid from said Project Fund, and (vi) that there has not been filed with or served upon the Commission notice of any lien, right to lien or attachment upon, or claim affecting the right to receive payment of, any of the amounts payable to any of the persons named in such Requisition, which has not

been released or will not be released simultaneously with the payment of such obligation, other than materialmen's or mechanics' liens accruing by mere operation of law.

Upon receipt of each such Requisition, the Trustee shall pay the amount set forth in such Requisition as directed by the terms thereof out of the applicable Project Fund. The Trustee need not make any such payment if it has received notice of any lien, right to lien or attachment upon, or claim affecting the right to receive payment of, any of the moneys to be so paid, which has not been released or will not be released simultaneously with such payment. The Trustee shall not incur any liability for any disbursement from any Project Fund made in reliance upon any Requisition.

(c) When the Commission determines that the portion of the Project to be financed with the proceeds of a Series of Notes has been completed, a Certificate of the Commission shall be delivered to the Trustee by the Commission stating: (i) the fact and date of such completion; (ii) that all of the costs thereof have been determined and paid (or that all of such costs have been paid less specified claims which are subject to dispute and for which a retention in such Project Fund is to be maintained in the full amount of such claims until such dispute is resolved); and (iii) that the Trustee is to transfer the remaining balance in such Project Fund, less the amount of any such retention, to the Principal Fund and apply such funds to the payment at maturity of the Notes of such Series. Upon the receipt of such Certificate, the Trustee shall transfer any remaining balance in such Project Fund, less the amount of any such retention, to the Principal Fund to be used for the payment at maturity of the Notes of such Series as soon as practicable in accordance with the foregoing Certificate and the terms and conditions of the Indenture.

ARTICLE V

REVENUES

SECTION 5.01 Pledge of Revenues; Subordinate Sales Tax Revenue Fund.

(a) The Notes are limited obligations of the Commission and are payable as to both principal and interest exclusively from the Revenues and other funds pledged under the Indenture, which pledge the Commission hereby ratifies and approves. All Revenues are hereby pledged to secure the payment of the principal of and interest on the Notes and any Parity Debt in accordance with their terms, subject only to the provisions of this Indenture permitting the application thereof for the purposes and on the terms and conditions set forth herein. There are hereby pledged to secure the payment of the principal of and interest on the Notes and all amounts owed to each Bank pursuant to a Support Agreement, each in accordance with their terms, all amounts (including proceeds of the Notes) held by the Trustee hereunder (except for amounts held in the Rebate Fund) and all amounts held by the Issuing and Paying Agent hereunder and under the Issuing and Paying Agent Agreement, subject only to the provisions of this Indenture permitting the application thereof for the purposes and on the terms and conditions set forth herein. Said pledge shall constitute a first lien on the Revenues and amounts in such funds and shall be valid and binding from and after delivery by the Trustee of the Notes or Parity Debt, without any physical delivery thereof or further act.

The Revenues are hereby pledged to the payment of Notes and Parity Debt, including, without limitation, all amounts owed to each Bank pursuant to a Support Agreement, without priority or distinction of one over the other and the Revenues constitute a trust fund for the security and payment of the Notes and Parity Debt, including, without limitation, all amounts owed to each Bank pursuant to a Support Agreement; but nevertheless out of Revenues certain amounts may be applied for other purposes as provided herein.

Out of Revenues there shall be applied as hereinafter set forth all sums required for the payment of the principal of and interest on the Notes and all Parity Debt, together with any sinking fund payments of Parity Debt and reserve fund requirements with respect thereto. The pledge of Revenues herein made shall be irrevocable until all of the Notes and all Parity Debt are no longer outstanding.

(b) The Commission has assigned and caused all Sales Tax Revenues to be transmitted directly to the Bond Trustee by the State Board of Equalization or the California Department of Tax and Fee Administration, as statutorily created and designated successor to the California State Board of Equalization. After application of the Sales Tax Revenues in accordance with the provisions set forth in the Bond Indenture, the Bond Trustee shall pay over all Revenues directly to the Trustee in accordance with an instruction which the Commission covenants and agrees to provide to the Bond Trustee in the Bond Indenture. In the event that all Senior Lien Debt is discharged in accordance with the provisions of the Bond Indenture and any Notes or Parity Debt remain unpaid, the Commission covenants and agrees to amend and restate its existing agreement with the State Board of Equalization in order to cause the California Department of Tax and Fee Administration, as statutorily created and designated successor to the California State Board of Equalization, to remit all Sales Tax Revenues directly to the Trustee, such assignment to continue as long as any Notes or Parity Debt remain unpaid.

The Trustee shall forthwith deposit in a trust fund, designated as the "Subordinate Sales Tax Revenue Fund," which fund the Trustee shall establish and maintain, all Revenues, when and as received by the Trustee. Investment income on amounts held by the Trustee hereunder (other than amounts held in the Rebate Fund or for which particular instructions, such as with respect to a Project Fund, are provided) shall also be deposited in the Revenue Fund. All moneys at any time held in the Revenue Fund shall be held in trust for the benefit of the Owners of the Notes and Parity Debt including, without limitation, each Bank and shall be disbursed, allocated and applied solely for the uses and purposes set forth in Section 5.02.

SECTION 5.02 Allocation of Revenues.

(a) So long as any Notes are Outstanding, the Trustee shall set aside in each month following receipt of the Sales Tax Revenues the moneys in the Revenue Fund in the following respective funds (each of which the Trustee shall establish, maintain and hold in trust for the benefit of the Owners of the Notes) in the following amounts, in the following order of priority, the requirements of each such fund (including the making up of any deficiencies in any such fund resulting from lack of Revenues sufficient to make any earlier required deposit) at the time of deposit to be satisfied before any deposit is made to any fund subsequent in priority; provided that on a parity with such deposits the Trustee shall set aside or transfer amounts with respect to outstanding Parity Debt, as provided in the proceedings for such Parity Debt delivered

to the Trustee pursuant to Section 3.06 hereof, including, without limitation, all amounts owed to each Bank pursuant to a Support Agreement, which amounts shall be set forth by each Bank in an invoice delivered to the Commission and the Trustee or represented by an Advance or Bank Loan, and which amounts shall be deposited in the Support Agreement Fund established pursuant to Section 5.04, which deposits and amounts shall be proportionate in the event such Revenues are insufficient to provide for all deposits and amounts required as of any date to be made with respect to the Notes and such Parity Debt:

(1) Interest Fund. The Trustee shall set aside in the Interest Fund as soon as practicable in each month an amount which would be sufficient to cause the amount on deposit in the Interest Fund on such day to equal the accrued and unpaid interest, if any, on the Notes Outstanding on such date plus the interest which would accrue on such Notes from such date to and including the next forty (40) calendar days, or such longer period as shall be established in any Supplemental Indenture, if such Notes were outstanding at all times during such period, calculated (i) at the actual rate of interest on the Notes for any day interest is to accrue at a rate known on the date such deposit is made and (ii) at the rate of twelve percent (12%) for any day interest is to accrue at a rate unknown on the date such deposit is made. On April 1 of each year any excess amounts in the Interest Fund not needed to pay interest on the Notes on such date shall be transferred to the Commission; provided, however, that in each case, any moneys on deposit in the Interest Fund to pay interest on Notes maturing on any dates no later than forty (40) calendar days following such April 1 shall be retained on deposit in the Interest Fund.

(2) Principal Fund. The Trustee shall deposit in the Principal Fund as soon as practicable in each month an amount equal to the principal amount of Notes maturing in the next forty (40) calendar days, or such longer period as shall be established in a Supplemental Indenture, which the Commission certifies in writing to the Trustee shall be paid from Revenues and which shall no longer be designated Excluded Principal Payments. The Trustee shall also deposit in the Principal Fund moneys provided by the Commission from grants received from the State or federal government, or any agency or instrumentality thereof, or any other source of funds of the Commission (other than from the issuance and delivery of Notes pursuant to the Issuing and Paying Agent Agreement) for the payment of principal of the Notes.

(b) Any Revenues remaining in the Revenue Fund after the foregoing transfers described in subsection (a) above, except as otherwise provided in Section 5.04 and Section 5.05 hereof, or in a Supplemental Indenture, shall be transferred on the same Business Day to the Bond Trustee for application in accordance with the provisions of the Bond Indenture and, until expended by the Commission, shall continue to be "Revenues" as such term is used in the Bond Indenture and herein and be subject to the lien of the Bond Indenture and the lien granted herein.

(c) If five (5) days prior to any principal payment date or interest payment date the amounts on deposit in the Interest Fund and Principal Fund, with respect to the payments to be made on such upcoming date from Revenues are insufficient to make such payments, the Trustee shall immediately notify the Commission, in writing, of such deficiency and direct that the Commission transfer the amount of such deficiency to the Trustee on or prior to such payment date. The Commission hereby covenants and agrees to transfer to the Trustee from any Revenues

in its possession the amount of such deficiency on or prior to the principal or interest payment date referenced in such notice.

SECTION 5.03 Application of Interest Fund and Principal Fund: Transfer to Issuing and Paying Agent.

(a) All amounts in the Interest Fund shall be used and withdrawn by the Trustee solely for the purpose of paying interest on the Notes as it shall become due and payable and making payments on Interest Rate Swap Agreements related to the Notes. Such funds shall be transferred to the Issuing and Paying Agent by 12:00 Noon (New York City time) on or before the date interest on the Notes is due to make payment thereon.

(b) All amounts in the Principal Fund shall be used and withdrawn by the Trustee solely for the purposes of paying the principal of the Notes when due and payable. Such funds shall be transferred to the Issuing and Paying Agent by 12:00 Noon (New York City time) on or before the date principal on the Notes is due to make payment thereon.

SECTION 5.04 Support Agreement Funds. In connection with the issuance of each Series of Notes, the Trustee shall establish and maintain a separate fund, which fund shall be designated the “Support Agreement, Fund – Series __ Support Facility” (inserting therein the Series designation of such Support Agreement Fund). Within each such Support Agreement Fund, the Trustee shall establish two (2) separate accounts to be known as the “Support Agreement Interest Account – Series __ Support Facility” (inserting therein the Series designation of such Support Agreement Interest Account) and the “Support Agreement Principal Account – Series __ Support Facility” (inserting therein the Series designation of such Support Agreement Principal Account). To the extent that there is an Advance outstanding relating to a Series of Notes, the Trustee shall deposit in the applicable Support Agreement Fund, as soon as practicable in each month, an amount equal to one-third (1/3) of the amount expected to become due within the next ninety (90) calendar days with respect to interest due with respect to such Advance, which amount shall be deposited in the applicable Support Agreement Interest Account. To the extent that there is a Bank Loan outstanding relating to a Series of Notes, the Trustee shall deposit in the applicable Support Agreement Fund as soon as practicable in each month, an amount equal to one-twelfth (1/12) or, during the first six months of a Bank Loan, one-sixth (1/6) of the amount expected to become due on the next date on which an installment of principal is due with respect to such Bank Loan, which amount shall be deposited in the applicable Support Agreement Principal Account, and an amount equal to one-third (1/3) of the amount expected to become due within the next ninety (90) calendar days with respect to the interest due with respect to such Bank Loan, which amount shall be deposited in the applicable Support Agreement Interest Account. The foregoing deposits by the Trustee, shall be made from Revenues on a parity basis with the deposits made pursuant to Section 5.02. A Support Agreement Fund may also be funded by the Commission from any other source of funds of the Commission and shall be used only to reimburse and repay the applicable Bank with respect to Advances or Bank Loans at the times and in accordance with the terms of the applicable Support Agreement.

For purposes of this Section 5.04, with respect to a determination as to the principal amount due in connection with an Advance or a Bank Loan relating to the Series A Notes, the Trustee shall utilize the principal amount set forth in a Notice of Borrowing or a Notice of Bank

Loan (as such term is defined in the applicable Support Agreement) received from the Issuing and Paying Agent or the Commission, as applicable, shall assume, unless otherwise informed by the Commission to the contrary, for purposes of calculating interest, that such Advance or Bank Loan bears interest at the Applicable Rate (as such term is defined in the applicable Support Agreement), and shall utilize the Federal Funds Rate or the Base Rate supplied by the applicable Administrative Agent in calculating such interest amount. When the actual rate of interest payable on such Advance or Bank Loan is supplied to the Trustee, the amount of the next deposit to be made by the Trustee with respect thereto shall be adjusted to reflect the excess or deficiency on deposit with respect to such interest.

SECTION 5.05 Note Funds.

(a) In connection with the issuance of each Series of Notes, the Issuing and Paying Agent shall establish and maintain a separate fund, which shall be designated the “____ Note Fund” (inserting therein the Series designation of such Note Fund). Within each such Note Fund, the Issuing and Paying Agent shall establish two (2) separate accounts to be known as the “____ Note Principal Account” (inserting therein the Series designation of such Note Principal Account) and the “Note Interest Account” (inserting therein the Series designation of such Note Interest Account). The Issuing and Paying Agent shall not have a lien on any Note Fund for the payment of any fees or expenses or other obligations owing to the Issuing and Paying Agent and each such Note Fund shall only be used for the purposes set forth herein and in the Issuing and Paying Agent Agreement.

(b) All moneys from time to time on deposit in each Note Principal Account, whether received from a Dealer from the proceeds of Notes pursuant to Section 3.02 hereof, from the Trustee from the Principal Fund pursuant to Section 5.03, from an Advance under a Support Facility, or from any other source, shall be used to pay the principal of matured Notes of the applicable Series. Pursuant to the provisions set forth in the Issuing and Paying Agent Agreement and this Section 5.05, the Issuing and Paying Agent shall apply all amounts from time to time held in each Note Principal Account, to the payment of the principal of Notes of the applicable Series when due, as contemplated by this Section 5.05 and the Issuing and Paying Agent Agreement, without further authorization or direction.

(c) Pursuant to the provisions set forth in the Issuing and Paying Agent Agreement and this Section 5.05, the Issuing and Paying Agent shall apply all amounts from time to time on deposit in each Note Interest Account solely for the purpose of paying interest on the Notes of the applicable Series, as contemplated by this Section 5.05 and the Issuing and Paying Agent Agreement, without further authorization or direction.

SECTION 5.06 Investment of Moneys in Funds and Accounts. All moneys in any of the funds and accounts held by the Trustee or the Issuing and Paying Agent and established pursuant to this Indenture shall be invested, as directed by the Commission, solely in Investment Securities. All Investment Securities shall, as directed by the Commission in writing or by telephone, promptly confirmed in writing, be acquired subject to the limitations set forth in Section 6.09 and each Tax Certificate, the limitations as to maturities hereinafter in this Section and each Tax Certificate set forth and such additional limitations or requirements consistent with the foregoing as may be established in each Tax Certificate or by Request of the Commission. If

and to the extent the Trustee or the Issuing and Paying Agent does not receive investment instructions from the Commission with respect to the moneys in the funds and accounts held pursuant to this Indenture by the Trustee or the Issuing and Paying Agent, as applicable, such moneys shall be invested in Investment Securities described in clause (xii) of the definition thereof and the Trustee or the Issuing and Paying Agent, as applicable, shall thereupon request investment instructions from the Commission for such moneys.

Moneys in the funds and accounts shall be invested in Investment Securities maturing or available on demand not later than the date on which it is estimated that such moneys will be required by the Trustee or the Issuing and Paying Agent.

Moneys held by the Issuing and Paying Agent for the payment of the principal of and interest on Notes that have matured shall be held uninvested or shall be invested only in Investment Securities described in clauses (i) or (ii) of the definition thereof.

Unless otherwise provided herein or in a Supplemental Indenture, all interest, profits and other income received from the investment of moneys in, any fund or account, other than the Rebate Fund, shall be transferred to the Revenue Fund when received. All interest, profits and other income received from the investment of moneys in the Rebate Fund shall be deposited in the Rebate Fund, except as provided in Section 6.09. Notwithstanding anything to the contrary contained in this paragraph, an amount of interest received with respect to any Investment Security equal to the amount of accrued interest, if any, paid as part of the purchase price of such Investment Security shall be credited to the fund or account from which such accrued interest was paid.

The Trustee may commingle any of the funds or accounts established and held by the Trustee pursuant to this Indenture (other than the Rebate Fund) into a separate fund or funds for investment purposes only, provided that all funds or accounts held by the Trustee hereunder shall be accounted for separately as required by this Indenture; and provided further the Trustee shall segregate such funds and accounts if so instructed by the Commission to assist in the calculation of the Rebate Requirement. The Trustee may act as principal or agent in the making or disposing of any investment and, with the prior written consent of the Commission may impose its customary charge therefor. The Trustee may sell at the best price obtainable, or present for redemption, any Investment Securities so purchased whenever it shall be necessary to provide moneys to meet any required payment, transfer, withdrawal or disbursement from the fund or account to which such Investment Security is credited, and the Trustee shall not be liable or responsible for any loss resulting from such investment.

The Commission may, and the Trustee shall, upon the Request of the Commission, enter into a financial futures or financial option contract with an entity the debt securities of which are rated in the highest short-term or one of the two highest long-term Rating Categories by Moody's and S&P.

The Commission may, and the Trustee shall, upon the Request of the Commission, enter into an Interest Rate Swap Agreement corresponding to the interest rate or rates payable on a Series of Notes or Parity Debt or any portion thereof and the amounts received by the Commission or the Trustee, if any, pursuant to such Interest Rate Swap Agreement may be applied to the deposits required hereunder. If the Commission so designates, amounts payable under an

Interest Rate Swap Agreement shall be secured by Revenues and other assets pledged hereunder to the Notes and other Parity Debt on a parity basis therewith (excluding amounts payable in connection with any termination or unwinding of an Interest Rate Swap Agreement which shall be secured on a subordinate basis) and, in such event, the Commission shall pay to the Trustee for deposit in the Interest Fund, at the times and in the manner provided by Section 5.02, the amounts to be paid under such Interest Rate Swap Agreement, as if such amounts were additional interest due on the Notes to which such Interest Rate Swap Agreement relates, and the Trustee shall pay to the other party to the Interest Rate Swap Agreement, to the extent required thereunder, amounts deposited in the Interest Fund for the payment of interest on the Notes with respect to which such Interest Rate Swap Agreement was entered into.

The Trustee shall keep proper books of record and accounts containing complete and correct entries of all transactions made by it relating to the receipt, investment, disbursement, allocation and application of the moneys related to the Notes, including moneys derived from, pledged to, or to be used to make payments on the Notes. Such records 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) identifying information, including par amount, coupon rate, and payment dates, (c) the amount received at maturity or its sale price, as the case may be, including accrued interest, (d) the amounts and dates of any payments made with respect thereto, and (e) the dates of acquisition and disposition or maturity.

The Trustee shall also provide to the Commission in accordance with a Request of the Commission, with respect to each Investment Security such documentation as is reasonably available to the Trustee and is required by the Code or other applicable law to be obtained by the Commission as evidence to establish that each investment had been acquired and disposed of on an established market in an arm's-length transaction at a price equal to its fair market value and with no amounts having been paid to reduce the yield on the investments.

ARTICLE VI

COVENANTS OF THE COMMISSION

SECTION 6.01 Punctual Payment. The Commission will punctually pay or cause to be paid the principal of and interest on all the Notes, in strict conformity with the terms of the Notes and of this Indenture, according to the true intent and meaning thereof, but in each case only out of Revenues as provided in this Indenture.

SECTION 6.02 Extension of Payment of Notes. The Commission will not directly or indirectly extend or assent to the extension of the maturity of any of the Notes or the time of payment of any Notes or claims for interest by the purchase or funding of such Notes or claims for interest or by any other arrangement and in case the maturity of any of the Notes or the time of payment of any such claims for interest shall be extended, such Notes or claims for interest shall not be entitled, in case of any default hereunder, to the benefits of this Indenture, except subject to the prior payment in full of the principal of all of the Notes then Outstanding and of all claims for interest thereon which shall not have been so extended. Nothing in this Section shall be deemed to limit the right of the Commission to issue debt for the purpose of refunding any

Outstanding Notes, and such issuance shall not be deemed to constitute an extension of maturity of Notes.

SECTION 6.03 Waiver of Laws. The Commission will not at any time insist upon or plead in any manner whatsoever, or claim or take the benefit or advantage of, any stay or extension law now or at any time hereafter in force that may affect the covenants and agreements contained in this Indenture or in the Notes, and all benefit or advantage of any such law or laws is hereby expressly waived by the Commission to the extent permitted by law.

SECTION 6.04 Further Assurances. The Commission will make, execute and deliver any and all such instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of this Indenture and for the better assuring and confirming unto the Owners of the Notes of the rights and benefits provided in this Indenture.

SECTION 6.05 Against Encumbrances. The Commission will not create any pledge, lien or charge upon any of the Revenues having priority over or having parity with the lien of the Notes except only as permitted in Section 3.06.

SECTION 6.06 Accounting Records and Financial Statements.

(a) The Commission will at all times keep, or cause to be kept, proper books of record and account, prepared in accordance with generally accepted accounting principles, in which complete and accurate entries shall be made of all transactions relating to the Revenues. Such books of record and account shall be available for inspection by the Trustee and each Bank at reasonable hours and under reasonable circumstances.

(b) The Commission will furnish the Trustee and each Administrative Agent within two hundred ten (210) days after the end of each Fiscal Year, the financial statements of the Commission relating to the Revenues for such Fiscal Year, together with the report and opinion of an independent certified public accountant stating that the financial statements have been prepared in accordance with generally accepted accounting principles and that such accountant's examination of the financial statements was performed in accordance with generally accepted auditing standards and a Certificate of the chief financial officer of the Commission stating that no event which constitutes an Event of Default or which with the giving of notice or the passage of time or both would constitute an Event of Default has occurred and is continuing as of the end of such Fiscal Year, or specifying the nature of such event and the actions taken and proposed to be taken by the Commission to cure such default. Thereafter, a copy of such financial statements will be furnished to any owner of Notes upon written request to the Commission.

SECTION 6.07 Collection of Sales Tax Revenues.

(a) The Commission covenants and agrees that it has duly levied a retail transactions and use tax in accordance with the Law, pursuant to and in accordance with the Ordinance, duly passed and adopted by the Commission. Said Ordinance has not and will not be amended, modified or altered so long as any of the Notes or Parity Debt are Outstanding in any manner which would reduce the amount of or timing of receipt of Sales Tax Revenues, and the Commission will continue to levy and collect such retail transactions and use tax to the full amount

permitted by law. The Commission further covenants that it has entered into an agreement with the State Board of Equalization under and pursuant to which the Board of Equalization, or the California Department of Tax and Fee Administration, as statutorily created and designated successor to the former California State Board of Equalization, will process and supervise collection of said retail transactions and use tax and will transmit Sales Tax Revenues directly to the Bond Trustee. Said agreement will be continued in effect so long as any of the Senior Lien Debt remains unpaid and any of the Notes or Parity Debt are Outstanding and shall not be amended, modified or altered without the written consent of the Bond Trustee so long as any of the Senior Lien Debt remains unpaid. The Commission will receive and hold in trust for (and remit immediately to) the Bond Trustee any Sales Tax Revenues paid to the Commission by the State Board of Equalization or the California Department of Tax and Fee Administration, as statutorily created and designated successor to the California State Board of Equalization.

(b) In the event that the Bonds are discharged in accordance with the provisions set forth in the Bond Indenture and no other Senior Lien Debt remains outstanding, the Commission covenants and agrees that it will amend and restate said agreement with the State Board of Equalization to provide for the California Department of Tax and Fee Administration, as statutorily created and designated successor to the California State Board of Equalization, to transmit Sales Tax Revenues to the Trustee. If such agreement is so amended and restated, the Commission covenants and agrees that said agreement will be continued in effect so long as any of the Notes or Parity Debt are Outstanding and that said agreement will not be further amended, modified or altered without the written consent of the Trustee so long as any of the Notes or Parity Debt are Outstanding.

(c) The Commission represents and warrants that it has directed and ordered the Bond Trustee to transmit to the Trustee, on the same Business Day as such Sales Tax Revenues are received, all Sales Tax Revenues, other than the portion of the Sales Tax Revenues applied to payment of the principal of, premium, if any, and interest on the Senior Lien Debt, together with any sinking fund payments and reserve fund requirements with respect thereto, applied by the Bond Trustee pursuant to the provisions set forth in the Bond Indenture.

(d) During the continuance of an Event of Default, any Sales Tax Revenues received by the Trustee as trustee hereunder shall be applied first to the payment of the costs and expenses of the Trustee in declaring such Event of Default and pursuing remedies, including reasonable compensation of its agents, attorneys and counsel, which costs and expenses shall be paid from the Revenue Fund, and, second, shall be deposited into the Interest Fund, Principal Fund, and the Support Agreement Funds, as more fully set forth in Section 7.03.

(e) The Commission covenants and agrees to separately account for all Revenues and to provide to the Trustee and each Bank access to such accounting records at reasonable hours and under reasonable circumstances.

(f) The Commission covenants that so long as the Notes or Parity Debt are Outstanding, it will not, to the best of its ability, suffer or permit any change, modification or alteration to be made to the Law which would materially and adversely affect the rights of Noteholders, holders of any Parity Debt or any Bank.

SECTION 6.08 Rebate Fund.

(a) The Trustee shall establish and maintain a fund separate from any other fund established and maintained hereunder designated as the Rebate Fund. Within the Rebate Fund, the Trustee shall maintain such accounts as shall be necessary in order to comply with the terms and requirements of each Tax Certificate. Subject to the transfer provisions provided in subsection (c) below, all money at any time deposited in the Rebate Fund shall be held by the Trustee for the account of the Commission in trust, to the extent required to satisfy the Rebate Requirement (as defined in each Tax Certificate), for payment to the federal government of the United States of America, and neither the Trustee nor the Owner of any Notes nor any Bank shall have any rights in or claim to such money. All amounts deposited into or on deposit in the Rebate Fund shall be governed by this Indenture and by the provisions of each Tax Certificate (which are incorporated herein by reference). The Commission hereby covenants to comply with the directions contained in each Tax Certificate and the Trustee hereby covenants to comply with all written instructions of the Commission delivered to the Trustee pursuant to each Tax Certificate (which instructions shall state the actual amounts to be deposited in or withdrawn from the Rebate Fund and shall not require the Trustee to make any calculations with respect thereto). The Trustee shall be deemed conclusively to have complied with the provisions of this Section 6.08(a) if it follows such instructions of the Commission, and the Trustee shall have no liability or responsibility to enforce compliance by the Commission with the terms of any Tax Certificate nor to make computations in connection therewith.

(b) The Trustee shall invest all amounts held in the Rebate Fund, pursuant to written instructions of the Commission, in Investment Securities, subject to the restrictions set forth in each Tax Certificate.

(c) Upon receipt of the instructions of the Commission, the Trustee shall remit part or all of the balances in the Rebate Fund to the federal government of the United States of America, as directed. In addition, if such instructions so direct, the Trustee will deposit moneys into or transfer moneys out of the Rebate Fund from or into such accounts or funds (other than the Support Facility Funds) as directed. Any funds remaining in the Rebate Fund after payment of all of the Notes and payment and satisfaction of any Rebate Requirement, shall be withdrawn and remitted to the Commission in accordance with a Request of the Commission.

(d) Notwithstanding any other provision of this Indenture, including in particular Article X hereof, the obligation to remit the Rebate Requirement to the federal government of the United States of America and to comply with all other requirements of this Section and each Tax Certificate shall survive the defeasance or payment in full of the Notes.

The Commission shall retain all records, with respect to the calculations and instructions required by this Section for at least six (6) years after the date on which the last of the principal of and interest on the Notes has been paid, whether upon maturity or prior redemption thereof.

The Commission shall establish and maintain additional rebate funds and accounts with respect to any Parity Debt as provided in the tax certificate and other proceedings relating to such Parity Debt.

SECTION 6.09 Tax Covenants. The Commission covenants that it will not take any action, or fail to take any action, if any such action or failure to take action would adversely affect the exclusion from gross income of the interest on the Notes under Section 103 of the Code; provided that, prior to the issuance of any Series of Notes, the Commission may exclude the application of the covenants contained in this Section 6.09 and Section 6.08 to such Series of Notes. Without limiting the generality of the foregoing, the Commission shall comply with all requirements and covenants contained in each Tax Certificate. In the event that at any time the Commission is of the opinion that for purposes of this Section 6.09 it is necessary to restrict or limit the yield on the investment of any moneys held by the Trustee under this Indenture, the Commission shall so instruct the Trustee in writing, and the Trustee shall take such action as may be necessary in accordance with such instructions.

Notwithstanding any provision of this Section 6.09 and Section 6.08 hereof, if the Commission shall receive an Opinion of Bond Counsel to the effect that any action required under any Tax Certificate or this Section 6.09 and Section 6.08 hereof is no longer required, or to the effect that some further action is required, to maintain the exclusion from gross income of the interest on the Notes pursuant to Section 103 of the Code, the Commission and the Trustee may rely conclusively on such opinion in complying with the provisions hereof, and the covenants hereunder shall be deemed to be modified to that extent.

SECTION 6.10 Maintenance of Issuing and Paying Agent. The Commission will at all times maintain an Issuing and Paying Agent for the Notes in New York, New York.

SECTION 6.11 Support Facilities; Alternate Facilities. The Commission will at all times maintain in effect a Support Facility enabling it to borrow an amount equal to the principal amount of each Series of Notes then authorized by the Indenture, and may, in its sole discretion, at any time maintain in effect a Support Facility which also enables it to borrow an amount equal to the accrued interest on such principal amount. The Commission may deliver a substitute (each, an "Alternate Facility") to replace any Support Facility then in effect, provided, however, that: (i) the Commission shall have provided to the Issuing and Paying Agent, the Trustee and the applicable Dealer written evidence from Moody's, if such Series of Notes are then rated by Moody's, and S&P, if such Series of Notes are then rated by S&P, of the ratings which will be assigned to such Series of Notes upon delivery of such Alternate Facility; and (ii) such Alternate Facility shall take effect on a date on which all Notes of such Series mature. The Commission shall provide advance written notice of the proposed delivery of an Alternate Facility to the Issuing and Paying Agent, the Trustee and the applicable Dealer, such notice to be provided by the Commission, to the extent practicable, at least forty (40) days in advance of the proposed delivery of an Alternate Facility. Upon receipt of such written notice from the Commission, the Issuing and Paying Agent shall provide written notice of the proposed delivery of an Alternate Facility to the Owners of the applicable Series of Notes, such written notice to be provided by first class mail at least thirty (30) days prior to the proposed date of delivery of such Alternate Facility. Following the substitution of an Alternate Facility for a Support Facility then in effect, references to the Support Facility replaced thereby will refer to such Alternate Facility. Upon receipt of an Alternate Facility, the Issuing and Paying Agent or the Trustee, as applicable, shall promptly give notice of the acceptance of such Alternate Facility to the Owners of the Notes, such notice to be given by first class mail, postage prepaid.

SECTION 6.12 Appointment of Dealers. The Commission covenants and agrees to take all reasonable steps necessary to assure that, at all times, there shall be one or more Dealers for each Series of Notes, and to that end shall from time to time enter into one or more Dealer Agreements with such Dealers, providing for the services specified in such Dealer Agreements to be performed by such Dealers, in connection with the offering, sale and issuance of Notes. The Commission hereby appoints Citigroup Global Markets Inc. to serve as the initial Dealer with respect to the Series B Notes.

ARTICLE VII

EVENTS OF DEFAULT AND REMEDIES OF NOTEHOLDERS

SECTION 7.01 Events of Default. The following events shall be Events of Default:

(a) default in the due and punctual payment of the principal of any Note when and as the same shall become due and payable, whether at maturity as therein expressed, by declaration or otherwise;

(b) default in the due and punctual payment of any installment of interest on any Note when and as such interest installment shall become due and payable;

(c) if the Commission shall fail to observe or perform any covenant, condition, agreement or provision in this Indenture on its part to be observed or performed, other than as referred to in subsection (a) or (b) of this Section, for a period of sixty (60) days after written notice, specifying such failure and requesting that it be remedied, has been given to the Commission by the Trustee; except that, if such failure can be remedied but not within such sixty (60) day period and if the Commission has taken all action reasonably possible to remedy such failure within such sixty (60) day period, such failure shall not become an Event of Default for so long as the Commission shall diligently proceed to remedy the same in accordance with and subject to any directions or limitations of time established by the Trustee;

(d) if any default shall exist under any agreement governing any Parity Debt and such default shall continue beyond the applicable grace period, if any, provided for with respect to such default or if the holder of any Parity Debt exercises a right under the Parity Debt or the corresponding instruments pursuant to which such Parity Debt was issued to declare the principal thereof to be accelerated and payable immediately;

(e) if the Commission files a petition in voluntary bankruptcy, for the composition of its affairs or for its corporate reorganization under any state or federal bankruptcy or insolvency law, or makes an assignment for the benefit of creditors, or admits in writing to its insolvency or inability to pay debts as they mature, or consents in writing to the appointment of a trustee or receiver for itself;

(f) if a court of competent jurisdiction shall enter an order, judgment or decree declaring the Commission insolvent, or adjudging it bankrupt, or appointing a trustee or receiver of the Commission, or approving a petition filed against the Commission seeking reorganization of the Commission under any applicable law or statute of the United States of America or any state

thereof, and such order, judgment or decree shall not be vacated or set aside or stayed within sixty (60) days from the date of the entry thereof;

(g) if, under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction shall assume custody or control of the Commission or of the Revenues, and such custody or control shall not be terminated within sixty (60) days from the date of assumption of such custody or control;

(h) if the Legislature of the State shall repeal or amend all or any portion of the provisions of the Law relating to the retail transactions and use tax, being Sections 132301 to 132308, inclusive, of the Public Utilities Code of the State unless the Commission has determined that said repeal or amendment does not materially and adversely affect the rights of Noteholders; or

(i) if the holder of any Senior Lien Debt or the trustee for any holder of Senior Lien Debt exercises a right under the Senior Lien Debt or the corresponding instruments under which such Senior Lien Debt was issued to declare the principal thereof to be payable prior to the maturity thereof.

SECTION 7.02 Reserved.

SECTION 7.03 Application of Revenues and Other Funds After Default. If an Event of Default shall occur and be continuing, the Commission shall immediately transfer to the Bond Trustee all Revenues held by it. The Trustee shall apply all Revenues and any other funds then held or thereafter received by the Trustee under any of the provisions of this Indenture (except as otherwise provided in this Indenture) as follows and in the following order:

(a) To the payment of any expenses necessary in the opinion of the Trustee to protect the interests of the Owners of the Notes and Parity Debt, including the costs and expenses of the Trustee, the Noteholders and the Owners of any Parity Debt in declaring such Event of Default, and payment of reasonable fees and expenses of the Trustee (including reasonable fees and disbursements of its counsel and other agents) incurred in and about the performance of its powers and duties under this Indenture;

(b) To the payment of the whole amount of principal then due on the Notes and Parity Debt (upon presentation of the Notes and Parity Debt to be paid, and stamping thereon of the payment if only partially paid, or surrender thereof if fully paid) subject to the provisions of this Indenture (including Section 9.02), with interest on such principal, at the rate or rates of interest borne by the respective Notes and Parity Debt, to the payment to the persons entitled thereto of all installments of interest then due and the unpaid principal or Redemption Price, if applicable, of any Notes and Parity Debt which shall have become due whether at maturity or by call for redemption, in the order of their due dates, with interest on the overdue principal and Parity Debt at the rate borne by the respective Notes and Parity Debt, and, if the amount available shall not be sufficient to pay in full all the Notes and Parity Debt due on any date, together with such interest, then to the payment thereof ratably, according to the amounts of principal or interest due on such date to the persons entitled thereto, without any discrimination or preference.

SECTION 7.04 Trustee to Represent Noteholders and Owners of Parity Debts. The Trustee is hereby irrevocably appointed (and the successive respective Owners of the Notes, by taking and holding the same, shall be conclusively deemed to have so appointed the Trustee) as trustee and true and lawful attorney-in-fact of the Owners of the Notes and the owners of any Parity Debt for the purpose of exercising and prosecuting on their behalf such rights and remedies as may be available to such Owners under the provisions of the Notes, this Indenture, the Law and applicable provisions of any other law and to such owners of any Parity Debt under the provisions of the evidences of such Parity Debt, this Indenture, the Law and applicable provisions of any other law. Upon the occurrence and continuance of an Event of Default or other occasion giving rise to a right in the Trustee to represent the Noteholders or the owners of Parity Debt, the Trustee in its discretion may, and upon the written request of the Owners of not less than twenty-five percent (25%) in aggregate amount of Notes and Parity Debt then Outstanding, and upon being indemnified to its satisfaction therefor, shall, proceed to protect or enforce its rights or the rights of such Owners and the owners of Parity Debt by such appropriate action, suit, mandamus or other proceedings as it shall deem most effectual to protect and enforce any such right, at law or in equity, either for the specific performance of any covenant or agreement contained herein, or in aid of the execution of any power herein granted, or for the enforcement of any other appropriate legal or equitable right or remedy vested in the Trustee or in such Owners or in such owners of Parity Debt under this Indenture, the Law or any other law; and upon instituting such proceeding, the Trustee shall be entitled, as a matter of right, to the appointment of a receiver of the Revenues and other assets pledged under this Indenture, pending such proceedings. All rights of action under this Indenture or the Notes or the evidences of Parity Debt or otherwise may be prosecuted and enforced by the Trustee without the possession of any of the Notes or the evidences of Parity Debt or the production thereof in any proceeding relating thereto, and any such suit, action or proceeding instituted by the Trustee shall be brought in the name of the Trustee for the benefit and protection of all the Owners of such Notes and the owners of such Parity Debt, subject to the provisions of this Indenture (including Section 7.07).

SECTION 7.05 Holders' Direction of Proceedings. Anything in this Indenture to the contrary notwithstanding, the Owners of a majority in aggregate principal amount of the Notes and Parity then Outstanding shall have the right, by an instrument or concurrent instruments in writing executed and delivered to the Trustee and upon furnishing the Trustee with indemnification satisfactory to it, to direct the method of conducting all remedial proceedings taken by the Trustee hereunder, provided that such direction shall not be otherwise than in accordance with law and the provisions of this Indenture, that the Trustee may take any other action deemed proper by the Trustee which is not inconsistent with such direction, and that the Trustee shall have the right to decline to follow any such direction which in the opinion of the Trustee would be unjustly prejudicial to Noteholders or Owners of Parity Debt that are not parties to such direction.

SECTION 7.06 Limitation on Holders' Right to Sue. No Owner of any Note or evidence of Parity Debt shall have the right to institute any suit, action or proceeding at law or in equity, for the protection or enforcement of any right or remedy under this Indenture, the Law or any other applicable law with respect to such Note or Parity Debt, unless: (1) such Owner shall have given to the Trustee written notice of the occurrence of an Event of Default; (2) the Owners of not less than twenty-five percent (25%) in aggregate principal amount of the Notes and Parity Debt then Outstanding shall have made written request upon the Trustee to exercise the powers

hereinbefore granted or to institute such suit, action or proceeding in its own name; (3) such Owner or said Owners shall have tendered to the Trustee reasonable indemnity against the costs, expenses and liabilities to be incurred in compliance with such request; (4) the Trustee shall have refused or omitted to comply with such request for a period of sixty (60) days after such written request shall have been received by, and said tender of indemnity shall have been made to, the Trustee; and (5) the Trustee shall not have received contrary directions from the Owners of a majority in aggregate principal amount of the Notes and Parity Debt then Outstanding.

Such notification, request, tender of indemnity and refusal or omission are hereby declared, in every case, to be conditions precedent to the exercise by any Owner of Notes or Parity Debt of any remedy hereunder or under law; it being understood and intended that no one or more Owners of Notes or Parity Debt shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security of this Indenture or the rights of any other Owners of Notes or Parity Debt, or to enforce any right under this Indenture, the Law or other applicable law with respect to the Notes or Parity Debt, except in the manner herein provided, and that all proceedings at law or in equity to enforce any such right shall be instituted, had and maintained in the manner herein provided and for the benefit and protection of all Owners of the Outstanding Notes and Parity Debt, subject to the provisions of this Indenture.

SECTION 7.07 Absolute Obligation of the Commission. Nothing in Section 7.07 or in any other provision of this Indenture, or in the Notes or evidences of Parity Debt, contained shall affect or impair the obligation of the Commission, which is absolute and unconditional, to pay the principal of and interest on the Notes and the Parity Debt to the respective Owners of the Notes and Parity Debt at their respective dates of maturity, but only out of the Revenues and other assets herein pledged therefor, or affect or impair the right of such Owners, which is also absolute and unconditional, to enforce such payment by virtue of the contract embodied in the Notes and evidences of Parity Debt.

SECTION 7.08 Termination of Proceedings. In case any proceedings taken by the Trustee or any one or more Owners of Notes or Parity Debt on account of any Event of Default shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Trustee or the Owners of Notes or Parity Debt, then in every such case the Commission, the Trustee and the Owners of Notes or Parity Debt, subject to any determination in such proceedings, shall be restored to their former positions and rights hereunder, severally and respectively, and all rights, remedies, powers and duties of the Commission, the Trustee and the Owners of Notes or Parity Debt shall continue as though no such proceedings had been taken.

SECTION 7.09 Remedies Not Exclusive. No remedy herein conferred upon or reserved to the Trustee or to the Owners of the Notes or Parity Debt is intended to be exclusive of any other remedy or remedies, and each and every such remedy, to the extent permitted by law, shall be cumulative and in addition to any other remedy given hereunder or now or hereafter existing at law or in equity or otherwise.

SECTION 7.10 No Waiver of Default. No delay or omission of the Trustee or of any Owner of the Notes or Parity Debt to exercise any right or power arising upon the occurrence of any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein; and every power and remedy given by this

Indenture to the Trustee or to the Owners of the Notes or Parity Debt may be exercised from time to time and as often as may be deemed expedient.

ARTICLE VIII

THE TRUSTEE

SECTION 8.01 Appointment: Duties, Immunities and Liabilities of Trustee.

(a) The appointment of U.S. Bank National Association as Trustee under the Indenture is hereby ratified, confirmed and extended, and U.S. Bank National Association hereby ratifies, confirms and extends its acceptance of the trust imposed upon it as Trustee hereunder and to perform all the functions and duties of the Trustee hereunder, subject to the terms and conditions set forth in this Indenture. The Trustee shall, prior to an Event of Default, and after the curing of all Events of Default which may have occurred, perform such duties and only such duties as are specifically set forth in this Indenture and no implied covenants shall be read into this Indenture against the Trustee. The Trustee shall, during the existence of any Event of Default (which has not been cured), exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of his or her own affairs.

(b) The Commission may remove the Trustee at any time unless an Event of Default shall have occurred and then be continuing, and shall remove the Trustee if at any time requested to do so by an instrument or concurrent instruments in writing signed by the Owners of not less than a majority in aggregate amount of principal of the Notes and Parity Debt then Outstanding (or their attorneys duly authorized in writing) or if at any time the Trustee shall cease to be eligible in accordance with subsection (e) of this Section, or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or a receiver of the Trustee or its property shall be appointed, or any public officer shall take control or charge of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation, in each case by giving written notice of such removal to the Trustee and each Administrative Agent, and thereupon shall appoint a successor Trustee by an instrument in writing.

(c) The Trustee may at any time resign by giving written notice of such resignation to the Commission, the Issuing and Paying Agent, each Administrative Agent and each Dealer and any parties as may be specified in the proceedings relating to Parity Debt. Upon receiving such notice of resignation, the Commission shall promptly appoint a successor Trustee by an instrument in writing.

(d) Any removal or resignation of the Trustee and appointment of a successor Trustee shall become effective upon acceptance of appointment by the successor Trustee. If no successor Trustee shall have been appointed and have accepted appointment within forty-five (45) days of giving notice of removal or notice of resignation as aforesaid, the resigning Trustee or any Noteholder (on behalf of himself and all other Noteholders) or any holder of Parity Debt (on behalf of himself and all other Owners of Parity Debt) may petition any court of competent jurisdiction for the appointment of a successor Trustee, and such court may thereupon, after such notice (if any) as it may deem proper, appoint such successor Trustee. Any successor Trustee

appointed under this Indenture, shall signify its acceptance of such appointment by executing and delivering to the Commission and to its predecessor Trustee a written acceptance thereof, and thereupon such successor Trustee, without any further act, deed or conveyance, shall become vested with all the moneys, estates, properties, rights, powers, trusts, duties and obligations of such predecessor Trustee, with like effect as if originally named Trustee herein; but, nevertheless at the Request of the Commission or the request of the successor Trustee, such predecessor Trustee shall execute and deliver any and all instruments of conveyance or further assurance and do such other things as may reasonably be required for more fully and certainly vesting in and confirming to such successor Trustee all the right, title and interest of such predecessor Trustee in and to any property held by it under this Indenture and shall pay over, transfer, assign and deliver to the successor Trustee any money or other property subject to the trusts and conditions herein set forth. Upon request of the successor Trustee, the Commission shall execute and deliver any and all instruments as may be reasonably required for more fully and certainly vesting in and confirming to such successor Trustee all such moneys, estates, properties, rights, powers, trusts, duties and obligations. Upon acceptance of appointment by a successor Trustee as provided in this subsection, the Commission shall give notice of the succession of such Trustee to the trusts hereunder by mail to the Issuing and Paying Agent, the Administrative Agent and the Dealer.

(e) Any Trustee appointed under the provisions of this Section in succession to the Trustee shall be a trust company or bank having the powers of a trust company having a corporate trust office in the State, having a combined capital and surplus of at least fifty million dollars (\$50,000,000), and subject to supervision or examination by federal or state authority. If such bank or trust company publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purpose of this subsection the combined capital and surplus of such bank or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. In case at any time the Trustee shall cease to be eligible in accordance with the provisions of this subsection (e), the Trustee shall resign immediately in the manner and with the effect specified in this Section.

If, by reason of the-judgment of any court, the Trustee or any successor Trustee is rendered unable to perform its duties hereunder, and if no successor Trustee be then appointed, all such duties and all of the rights and powers of the Trustee hereunder shall be assumed by and vest in the Director of Finance of the Commission in trust for the benefit of the Owners of Notes and Parity Debt.

SECTION 8.02 Merger or Consolidation. Any company into which the Trustee may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the Trustee may sell or transfer all or substantially all of its corporate trust business, provided such company shall be eligible under subsection (e) of Section 8.01, shall be the successor to such Trustee without the execution or filing of any paper or any further act, anything herein to the contrary notwithstanding.

SECTION 8.03 Liability of Trustee.

(a) The recitals of facts herein and in the Notes and evidences of any Parity Debt contained shall be taken as statements of the Commission, and the Trustee assumes no responsibility for the correctness of the same, and makes no representations as to the validity or sufficiency of this Indenture or of the Notes or of the evidences of any Parity Debt or of any Investment Security, as to the sufficiency of the Revenues or the priority of the lien of this Indenture thereon, or as to the financial or technical feasibility of any portion of the Project and shall not incur any responsibility in respect of any such matter, other than in connection with the duties or obligations expressly herein or in the Notes and evidences of Parity Debt assigned to or imposed upon it. The Trustee shall not be liable in connection with the performance of its duties hereunder, except for its own negligence, willful misconduct or breach of the express terms and conditions hereof. The Trustee and its directors, officers, employees or agents may in good faith buy, sell, own, hold and deal in any of the Notes and evidences of Parity Debt and may join in any action which any Owner of a Note or evidence of Parity Debt may be entitled to take, with like effect as if the Trustee was not the Trustee under this Indenture. The Trustee may in good faith hold any other form of indebtedness of the Commission, own, accept or negotiate any drafts, bills of exchange, acceptances or obligations of the Commission and make disbursements for the Commission and enter into any commercial or business arrangement therewith, without limitation.

(b) The Trustee shall not be liable for any error of judgment made in good faith by a responsible officer unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts. The Trustee may execute any of the trusts or powers hereof and perform the duties required of it hereunder by or through attorneys, agents, or receivers, and shall be entitled to advice of counsel concerning all matters of trust and its duty hereunder, but the Trustee shall be answerable for the negligence or misconduct of any such attorney, agent, or receiver selected by it; provided that the Trustee shall not be answerable for the negligence or misconduct of any attorney or certified public accountant selected by it with due care.

(c) The Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Owners of not less than twenty-five percent (25%) in aggregate principal amount of the Notes and any Parity Debt at the time 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 this Indenture.

(d) The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request, order or direction of any of the Holders of Notes or Parity Debt pursuant to the provisions of this Indenture, including, without limitation, the provisions of Article VII hereof, unless such Holders of Notes or Parity Debt shall have offered to the Trustee security or indemnity satisfactory to it against the costs, expenses and liabilities which may be incurred therein or thereby.

(e) No provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance or exercise of any of its duties hereunder, or in the exercise of its rights or powers, if repayment of such funds or adequate indemnity against such risk or liability is not assured to its satisfaction.

(f) The Trustee shall not be deemed to have knowledge of and shall not be required to take any action with respect to, any Event of Default (other than an Event of Default described in subsections (a) or (b) of Section 7,01) or event which would, with the giving of notice, the passage of time or both, constitute an Event of Default, unless the Trustee shall have actual knowledge of such event or shall have been notified of such event by the Commission, an Administrative Agent, or the Owners of twenty-five percent (25%) of the principal amount of the Notes and Parity Debt at the time Outstanding. Without limiting the generality of the foregoing, the Trustee shall not be required to ascertain, monitor or inquire as to the performance or observance by the Commission of the terms, conditions, covenants or agreements set forth in Article VI hereof (including, without limitation, the covenants of the Commission set forth in Sections 6.08 or 6.09 hereof) or in any other provisions contained in the proceedings relating to Parity Debt as may be specified therein, other than the covenants of the Commission to make payments with respect to the Notes when due as set forth in Section 6.01 and with respect to Parity Debt when due as set forth in the instruments establishing or evidencing such Parity Debt and to file with the Trustee when due, such reports and certifications as the Commission is required to file with the Trustee hereunder.

(g) No permissive power, right or remedy conferred upon the Trustee hereunder shall be construed to impose a duty to exercise such power, right or remedy.

(h) The Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, coupon or other paper or document but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Trustee shall determine to make such further inquiry or investigation, it shall be entitled to examine the books, records and premises of the Commission, personally or by agent or attorney.

(i) The Trustee shall not be responsible for:

(1) the application or handling by the Commission of any Revenues or other moneys transferred to or pursuant to any Requisition or Request of the Commission in accordance with the terms and conditions hereof;

(2) the application and handling by the Commission of any other fund or account designated to be held by the Commission hereunder;

(3) any error or omission by the Commission in making any computation or giving any instruction pursuant to Sections 6.08, 6.09 hereof, nor in any provisions relating to Parity Debt as may be specified in the proceedings therefor, and may rely conclusively on any computations or instructions furnished to it by the Commission in connection with such requirements, including Sections 6.08 and 6.09 and each Tax Certificate and any tax certificate relating to Parity Debt;

(4) the construction, operation or maintenance of any portion of the Project by the Commission.

(j) Whether or not therein expressly so provided, every provision of this Indenture relating to the conduct or affecting the liability of or, affording protection to the Trustee shall be subject to the provisions of this Article VIII.

SECTION 8.04 Right of Trustee to Rely on Documents. The Trustee shall be protected in acting upon any notice, resolution, request, consent, order, certificate, report, opinion, note or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. The Trustee may consult with counsel, including, without limitation, counsel of or to the Commission, with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance therewith unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts.

Whenever in the administration of the trusts imposed upon it by this Indenture the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a Certificate of the Commission, and such Certificate shall be full warrant to the Trustee for any action taken or suffered in good faith under the provisions of this Indenture in reliance upon such Certificate, but in its discretion the Trustee may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may seem reasonable. The Trustee may also rely conclusively on any report or certification of any certified public accountant, investment banker; financial consultant, or other expert selected by the Commission or selected by the Trustee with due care in connection with matters required to be proven or ascertained in connection with its administration of the trusts created hereby.

SECTION 8.05 Compensation and Indemnification of Trustee. The Commission covenants to pay to the Trustee from time to time, and the Trustee shall be entitled to, reasonable compensation for all services rendered by it in the exercise and performance of any of the powers and duties hereunder of the Trustee, and the Commission will pay or reimburse the Trustee upon its request for all expenses, disbursements and advances incurred or made by the Trustee in accordance with any of the provisions of this 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, default or willful misconduct. The Commission, to the extent permitted by law, shall indemnify, defend and hold harmless the Trustee against any loss, damages, liability or expense incurred without negligence or bad faith on the part of the Trustee, arising out of or in connection with the acceptance or administration of the trusts created hereby, including costs and expenses (including attorneys' fees) of defending itself against any claim or liability in connection with the exercise or performance of any of its powers hereunder. The rights of the Trustee and the obligations of the Commission under this Section 8.05 shall survive the discharge of the Notes, the Parity Debt and this Indenture and the resignation or removal of the Trustee.

ARTICLE IX

MODIFICATION OR AMENDMENT OF THIS INDENTURE

SECTION 9.01 Amendments Permitted.

(a) (1) This Indenture and the rights and obligations of the Commission, the Owners of the Notes, any Parity Debt and the Trustee may be modified or amended from time to time and at any time by a Supplemental Indenture, which the Commission and the Trustee may enter into with the written consent of the Owners of a majority in aggregate principal amount of the Notes and any Parity Debt (or, if such Supplemental Indenture is only applicable to a Series of Notes, such Series of Notes, or to a particular series or designation of Parity Debt, such series or designation of Parity Debt) then Outstanding shall have been filed with the Trustee; provided that if such modification or amendment will, by its terms, not take effect so long as any Notes of any particular maturity remain Outstanding or any Parity Debt of any particular maturity remain Outstanding, the consent of the Owners of such Notes or Parity Debt, as applicable, shall not be required and such Notes or Parity Debt, as applicable, shall not be deemed to be Outstanding for the purpose of any calculation of Notes or Parity Debt Outstanding under this Section.

(2) This Indenture and the rights and obligations of the Commission and of the Owners of the Notes and Parity Debt and of the Trustee may also be modified or amended at any time by a Supplemental Indenture entered into by the Commission and the Trustee which shall become binding when the written consents of each provider of a letter of credit or a policy of bond insurance for the Notes and such Parity Debt shall have been filed with the Trustee, provided that at such time the payment of all the principal of and interest on all Outstanding Notes and all Outstanding Parity Debt shall be insured by a policy or policies of municipal bond insurance or payable under a letter of credit the provider of which shall be a financial institution or association having unsecured debt obligations rated, or insuring or securing other debt obligations rated on the basis of such insurance or letters of credit, in one of the two highest Rating Categories of Moody's and S&P.

(3) No such modification or amendment shall: (a) extend the fixed maturity of any Note or Parity Debt, or reduce the amount of principal thereof, or extend the time of payment provided for any Note or Parity Debt, or reduce the rate of interest thereon, or extend the time of payment of interest thereon, without the consent of the Owner of each Note or Parity Debt so affected; or (b) reduce the aforesaid percentage of principal the consent of the Owners of which is required to effect any such modification or amendment, or permit the creation of any lien on the Revenues and other assets pledged under this Indenture prior to or on a parity with the lien created by this Indenture, or deprive the Owners of the Notes or Parity Debt of the lien created by this Indenture on such Revenues and other assets (in each case, except as expressly provided in this Indenture), without the consent of the Owners of all of the Notes and Parity Debt then Outstanding. It shall not be necessary for the consent of the Noteholders or Holders of Parity Debt to approve the particular form of any Supplemental Indenture, but it shall be sufficient if such consent shall approve the substance thereof.

(b) This Indenture and the rights and obligations of the Commission, of the Trustee and of the Owners of the Notes and Parity Debt may also be modified or amended from time to time and at any time by a Supplemental Indenture, which the Commission may adopt without the consent of any Noteholders or Holders of Parity Debt but only to the extent permitted by law and only for any one or more of the following purposes:

(1) to add to the covenants and agreements of the Commission in this Indenture contained other covenants and agreements thereafter to be observed, to pledge or assign additional security for the Notes or Parity Debt (or any portion thereof, as applicable), or to surrender any right or power herein reserved to or conferred upon the Commission;

(2) to make provisions for the purpose of curing any ambiguity, inconsistency or omission, or of curing or correcting any defective provision, contained in this Indenture;

(3) to modify, amend or supplement this Indenture in such manner as to permit the qualification hereof under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect, and to add such other terms, conditions and provisions as may be permitted by said act or similar federal statute, and which shall not materially and adversely affect the interests of the Owners of the Notes and Parity Debt;

(4) to make modifications or adjustments necessary, appropriate or desirable to provide for the issuance of Parity Debt with such interest rate, payment, maturity and other terms as the Commission may deem desirable; subject to the provisions of Sections 3.03, 3.04, 3.05 and 3.06;

(5) to provide for the issuance of Notes or Parity Debt in book-entry form, provided that no such provision shall materially and adversely affect the interests of the Owners of the Notes and Parity Debt;

(6) to make modifications or adjustments necessary, appropriate or desirable to accommodate Support Facilities, provided that no such provision shall materially and adversely affect the interests of the Owners of the Notes and Parity Debt;

(7) if the Commission agrees in a Supplemental Indenture to maintain the exclusion of interest on a Series of Notes or any Parity Debt from gross income for purposes of federal income taxation, to make such provisions as are necessary or appropriate to ensure such exclusion;

(8) to provide for the issuance of an additional Series of Notes pursuant to provisions of Section 3.04 or Section 3.05;

(9) to amend Section 3.03(c) hereof to provide for the issuance of an additional Series of Notes upon demonstration of pro forma debt service coverage or historical debt service coverage, provided that no such provision shall materially and adversely affect the interests of Owners of the Notes and Parity Debt; and

(10) for any other purpose that does not materially and adversely affect the interests of the Owners of the Notes and Parity Debt, including, without limitation, to provide for changes requested by Moody's or S&P in order to obtain or maintain a credit rating for any Series of Notes or series or other designation of Parity Debt.

SECTION 9.02 Effect of Supplemental Indenture. From and after the time any Supplemental Indenture becomes effective pursuant to this Article, this Indenture shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under this Indenture of the Commission, the Trustee, each Bank and all Owners of Notes and Parity Debt Outstanding shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modification and amendment, and all the terms and conditions of any such Supplemental Indenture shall be deemed to be part of the terms and conditions of this Indenture for any and all purposes.

SECTION 9.03 Amendment of Particular Notes and Parity Debt. The provisions of this Article shall not prevent any Noteholder or Holder of Parity Debt from accepting any amendment as to the particular Notes or evidence of Parity Debt held by him, provided that due notation thereof is made on such Notes or evidence of Parity Debt.

ARTICLE X

DEFEASANCE

SECTION 10.01 Discharge of Indenture. Notes of any Series or a portion thereof may be paid by the Commission in any of the following ways:

- (a) by paying or causing to be paid the principal of and interest on such Outstanding Notes, as and when the same become due and payable;
- (b) by depositing with the Trustee, an escrow agent or other fiduciary, in trust, at or before maturity, money or securities in the necessary amount (as provided in Section 10.03) to pay such Outstanding Notes; or
- (c) by delivering to the Trustee, for cancellation by it, such Outstanding Notes.

If the Commission shall pay all Series for which any Notes are Outstanding and also pay or cause to be paid all other sums payable hereunder by the Commission including, without limitation, all Parity Debt, if any, then and in that case, at the election of the Commission (evidenced by a Certificate of the Commission, filed with the Trustee, signifying the intention of the Commission to discharge all such indebtedness and this Indenture), and notwithstanding that any Notes or evidences of Parity Debt shall not have been surrendered for payment, this Indenture and the pledge of Revenues and other assets made under this Indenture and all covenants, agreements and other obligations of the Commission under this Indenture shall cease, terminate, become void and be completely discharged and satisfied. In such event, upon Request of the Commission, the Trustee shall cause an accounting for, such period or periods as may be requested by the Commission to be prepared and filed with the Commission and shall execute and deliver to the Commission all such instruments as may be necessary or desirable to evidence such discharge and satisfaction, and the Trustee shall pay over, transfer, assign or deliver to the Commission all

moneys or securities or other property held by it pursuant to this Indenture which, as evidenced by a verification report, upon which the Trustee may conclusively rely, from a firm of independent certified public accountants, or other firm acceptable to the Trustee, are not required for the payment of Notes or Parity Debt not theretofore surrendered for such payment.

SECTION 10.02 Discharge of Liability on Notes and Parity Debt. Upon the deposit with the Trustee, escrow agent or other fiduciary, in trust, at or before maturity, of money or securities in the necessary amount (as provided in Section 10.03) to pay or redeem any Outstanding Note or Parity Debt (whether upon or prior to maturity of the redemption date of such Outstanding Note or Parity Debt), provided that, if such Note or Parity Debt is to be redeemed prior to maturity, notice of such redemption shall have been given as provided in the Indenture or other evidence of Parity Debt or provision satisfactory to the Trustee shall have been made for the giving of such notice, then all liability of the Commission in respect of such Note or Parity Debt shall cease, terminate and be completely discharged, provided that the Owner thereof shall thereafter be entitled to the payment of such principal of and interest on the Notes or Parity Debt, and the Commission shall remain liable for such payment, but only out of such money or securities deposited as aforesaid for their payment, subject, however, to the provisions of Section 10.04 and the continuing duties of the Trustee hereunder including, without limitation, the provisions of Section 2.07 and Section 5.06.

The Commission may at any time surrender to the Trustee for cancellation by it any Notes or evidences of Parity Debt previously issued and delivered, which the Commission may have acquired in any manner whatsoever, and such Notes or Parity Debt, upon such surrender and cancellation, shall be, deemed to be paid and retired.

SECTION 10.03 Deposit of Money or Securities with Trustee. Whenever in this Indenture it is provided or permitted that there be deposited with or held in trust money or securities in the necessary amount to pay any Notes or Parity Debt, the money or securities so to be deposited or held may include money or securities held by the Trustee in the funds and accounts established pursuant to this Indenture and shall be:

(a) lawful money of the United States of America in an amount equal to the principal amount of such Notes or Parity Debt and all unpaid interest thereon to maturity; or

(b) Defeasance Securities the principal of and interest on which when due will, in the opinion of an independent certified public accountant delivered to the Trustee (upon which opinion the Trustee may conclusively rely), provide money sufficient to pay the principal of and all unpaid interest to maturity, on the Notes or Parity Debt to be paid, as such principal and interest become due; provided, however, that, with respect to the Notes, no such opinion shall be required and a Certificate of the Commission shall suffice in lieu thereof if the Defeasance Securities to be deposited shall mature within ninety (90) days of the date of such deposit and if the Commission shall have delivered to the Trustee a Certificate to the effect that the Commission will provide such additional funds as are necessary to pay all unpaid interest to maturity on the Notes or Parity Debt to be paid should such Defeasance Securities be insufficient; provided, in each case, that the Trustee, escrow agent or other fiduciary shall have been irrevocably instructed (by the terms of this Indenture or by Request of the Commission) to apply such money to the payment of such principal and interest with respect to such Notes or Parity Debt.

SECTION 10.04 Payment of Notes or Parity Debt After Discharge of Indenture. Any moneys held by the Trustee in trust for the payment of the principal of, or interest on, any Notes or Parity Debt and remaining unclaimed for two (2) years after the principal of all of the Notes or Parity Debt has become due and payable, if such moneys were so held at such date, or two (2) years after the date of deposit of such moneys if deposited after said date when all of the Notes or Parity Debt became due and payable, shall, upon Request of the Commission, be repaid to the Commission free from the trusts created by this Indenture, and all liability of the Trustee with respect to such moneys shall thereupon cease. All moneys held by or on behalf of the Trustee for the payment of principal of or interest on Notes or Parity Debt shall be held in trust for the account of the Owners thereof and the Trustee shall not be required to pay Owners any interest on, or be liable to the Owners or any other Person (other than the Commission) for any interest earned on, moneys so held. Any interest earned thereon shall belong to the Commission and shall be deposited monthly by the Trustee into the Revenue Fund.

ARTICLE XI

MISCELLANEOUS

SECTION 11.01 Liability of Commission Limited to Revenues. Notwithstanding anything in this Indenture or in the Notes contained, the Commission shall not be required to advance any moneys, derived from any source other than the Revenues and other assets pledged hereunder for any of the purposes in this Indenture mentioned, whether for the payment of the principal of or interest on the Notes or for any other purpose of this Indenture.

SECTION 11.02 Successor Is Deemed Included in All References to Predecessor. Whenever in this Indenture either the Commission or the Trustee is named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all the covenants and agreements in this Indenture contained by or on behalf of the Commission or the Trustee shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

SECTION 11.03 Limitation of Rights to Commission, Trustee, Issuing and Paying Agent, Bank and Holders. Nothing in this Indenture or in the Notes expressed or implied is intended or shall be construed to give to any Person other than the Commission, the Trustee, the Issuing and Paying Agent, each Bank and the Owners of the Notes and any Parity Debt, any legal or equitable right, remedy or claim under or in respect of this Indenture or any covenant, condition or provision therein or herein contained; and all such covenants, conditions and provisions are and shall be held to be for the sole and exclusive benefit of the Commission, the Trustee, the Issuing and Paying Agent, each Bank and the Owners of the Notes and any Parity Debt.

SECTION 11.04 Waiver of Notice. Whenever in this 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.

SECTION 11.05 Destruction or Delivery of Cancelled Notes. Whenever in this Indenture provision is made for the cancellation by the Trustee and the delivery to the

Commission of any Notes, the Trustee may, in its sole discretion, in lieu of such cancellation and delivery, destroy such Notes, and deliver a certificate of such destruction to the Commission.

SECTION 11.06 Severability of Invalid Provisions. If any one or more of the provisions contained in this Indenture or in the Notes shall for any reason be held to be invalid, illegal or unenforceable in any respect, then such provision or provisions shall be deemed severable from the remaining provisions contained in this Indenture and such invalidity, illegality or unenforceability shall not affect any other provision of this Indenture, and this Indenture shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein. The Commission hereby declares that it would have adopted this Indenture and each and every other Section, paragraph, sentence, clause or phrase hereof and authorized the issuance of the Notes and Parity Debt pursuant thereto irrespective of the fact that any one or more Sections, paragraphs, sentences, clauses or phrases of this Indenture may be held illegal, invalid or unenforceable.

SECTION 11.07 Notices. Except as otherwise provided herein or in the Issuing and Paying Agent Agreement, any Support Agreement or any Dealer Agreement, for the purposes of each such Agreement, respectively, any notice to or demand may be served or presented, and such demand may be made and shall be deemed to have been sufficiently given or served for all purposes by being deposited, first-class mail postage prepaid, in a post office letter box, addressed, as the case may be, to the parties as follows:

Trustee: U.S. Bank National Association
633 West 5th Street, 24th Floor
Los Angeles, California 90071
Attention: Corporate Trust Division
Telephone: (213) 615-6023
Fax: (213) 615-6197

Commission: San Diego Association of Governments
401 B Street, Suite 800
San Diego, California 92101
Attention: Director of Finance
Telephone: (619) 699-1940
Fax: (619) 699-4890

Issuing and Paying Agent U.S. Bank Trust National Association
100 Wall Street, 16th Floor
New York, New York 10005
Attention: Stacey Pagliaro
Telephone: (212) 361-2529
Fax: (212) 809-5459

Series B Bank:

MUFG Union Bank, N.A.
445 South Figueroa Street, 5th Floor
Los Angeles, California 90071
Attention: Jay Goldstone
Telephone: (213) 236-5993
Fax: (213)236-6917

Series B Dealer:

Citigroup Global Markets Inc.
390 Greenwich Street, 5th Floor
New York, New York 10013
Attention: Short-Term Tax Exempt Trading
Telephone: (212) 723-7082
Fax: (212) 723-8809

SECTION 11.08 Notice to Rating Agencies. The Trustee shall give notice to Fitch, Moody's and S&P, if the Notes or Parity Debt are then rated by such rating agency, of : (i) any supplements or amendments to this Indenture; (ii) any changes to, or expiration, substitution or termination of, any Support Agreement; (iii) any substitution of any Dealer; (iv) the appointment of a successor Trustee or a successor Issuing and Paying Agent; and (v) when there are no longer any Notes or Parity Debt Outstanding under the Indenture, initially at each respective address given below, or at such other address as may be furnished to the Commission from time to time by each rating agency:

S&P Global Ratings
55 Water Street, 38th Floor
New York, New York 10041
Attention: Municipal Structured Surveillance

Moody's Investors Service
7 World Trade Center, 250 Greenwich Street
New York, New York 10007
Attention: Public Finance

Fitch Ratings
One State Street Plaza
New York, New York 10001
Attention: Municipal Structured Group

SECTION 11.09 Evidence of Rights of Holders. Any request, consent or other instrument required or permitted by this Indenture to be signed and executed by Holders of Notes or Parity Debt may be in any number of concurrent instruments of substantially similar tenor and shall be signed or executed by such Holders of Notes or Parity Debt in person or by an 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, or of the holding by any Person of Notes or

Parity Debt transferable by delivery, shall be sufficient for any purpose of this Indenture and shall be conclusive in favor of the Trustee and of the Commission if made in the manner provided in this Section.

The fact and date of the execution by any person of any such request, consent or other instrument or writing may be proved by the 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 acknowledged to him the execution thereof, or by an affidavit of a witness of such execution duly sworn to before such notary public or other officer.

The ownership of Notes shall be proved by the Note registration books held by the Issuing and Paying Agent. The Trustee may establish a record date as of which to measure consent of the Noteowners in order to determine whether the requisite consents are received.

Any request, consent, or other instrument or writing of the Owner of any Note or evidence of Parity Debt shall bind every future Owner of the same Note or Parity Debt and the Owner of every Note or evidence of Parity Debt issued in exchange therefor or in lieu thereof, in respect of anything done or suffered to be done by the Trustee or the Commission in accordance therewith or reliance thereon.

SECTION 11.10 Disqualified Obligations. In determining whether the Owners of the requisite aggregate principal amount of Notes and Parity Debt have concurred in any demand, request, direction, consent or waiver under this Indenture, Notes and Parity Debt which are owned or held by or for the account of the Commission, or by any other obligor on the Notes or Parity Debt, or by any person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the Commission or any other obligor on the Notes or Parity Debt, shall be disregarded and deemed not to be Outstanding for the purpose of any such determination. Notes and Parity Debt so owned which have been pledged in good faith may be regarded as Outstanding for the purposes of this Section if the pledgee shall establish to the satisfaction of the Trustee the pledgee's right to vote such Notes or Parity Debt and that the pledgee is not a person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the Commission or any other obligor on the Notes or Parity Debt. In case of a dispute as to such right, any decision by the Trustee taken upon the advice of counsel shall be full protection to the Trustee.

SECTION 11.11 Money Held for Particular Notes or Parity Debt. The money held by the Trustee for the payment of the interest or principal due on any date with respect to particular Notes or Parity Debt shall, on and after such date and pending such payment, be set aside on its books and held in trust by it for the Owners of the Notes or Parity Debt entitled thereto, subject, however, to the provisions of Section 10.04.

SECTION 11.12 Funds and Accounts. Any fund required by this Indenture to be established and maintained by the Trustee may be established and maintained in the accounting records of the Trustee, either as a fund or an account, and may, for the purposes of such records, any audits thereof and any reports or statements with respect thereto, be treated either as a fund or as an account; but all such records with respect to all such funds shall at all times be maintained in

accordance with customary standards of the industry, to the extent practicable, and with due regard for the protection of the security of the Notes and Parity Debt and the rights of every Holder thereof.

SECTION 11.13 Article and Section Headings and References. The headings or titles of the several Articles and Sections hereof, and any table of contents appended to copies hereof, shall be solely for convenience of reference and shall not affect the meaning, construction or effect of this Indenture.

All references herein to “Articles,” “Sections” and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Indenture; the words “herein,” “hereof,” “hereby,” “hereunder” and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or subdivision hereof; and words of the masculine gender shall mean and include words of the feminine and neuter genders.

SECTION 11.14 Waiver of Personal Liability. No Board member, officer, agent or employee of the Commission or the Trustee shall be individually or personally liable for the payment of the principal of or interest on the Notes or Parity Debt or be subject to any personal liability or accountability by reason of the issuance thereof; but nothing herein contained shall relieve any such Board member, officer, agent or employee of the Commission or the Trustee from the performance of any official duty provided by law or by this Indenture.

SECTION 11.15 Governing Law. This Indenture shall be construed and governed in accordance with the laws of the State of California.

SECTION 11.16 Business Day. Except as specifically set forth in a Supplemental Indenture, any payments or transfers which would otherwise become due on any day which is not a Business Day shall become due or shall be made on the next succeeding Business Day.

SECTION 11.17 Effectiveness of Indenture. This Indenture shall take effect immediately upon payment at maturity of all Series B Notes issued prior to and maturing on April 18, 2018 and receipt by the Commission of written consent to this Indenture from the United States Department of Transportation, an agency of the United States of America, acting by and through the Executive Director of the Build America Bureau and the Series B Bank.

SECTION 11.18 Execution in Counterparts. This Indenture may be executed in several counterparts, each of which shall be deemed an original, and all of which shall constitute but one and the same instrument.

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

SAN DIEGO COUNTY REGIONAL
TRANSPORTATION COMMISSION


Chair of the Board of Directors

(Seal)

ATTEST:


Secretary

Approved as to Form:

By: 
General Counsel

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

By: _____
Authorized Officer

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

SAN DIEGO COUNTY REGIONAL
TRANSPORTATION COMMISSION

Chair of the Board of Directors

(Seal)

ATTEST:

Secretary

Approved as to Form:

By: _____
General Counsel

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

By:  _____
Authorized Officer

Attachment I

Consent of MUFG Union Bank, N.A.

The undersigned, MUFG Union Bank, N.A., acting as letter of credit bank pursuant to that certain Reimbursement Agreement, dated as of September 1, 2012, as previously amended, supplemented and extended, by and between the San Diego County Regional Transportation Commission (the "Commission") and Union Bank, N.A. ("Union Bank"), as a bank, hereby consents to the execution and delivery of that certain Subordinate Indenture, dated as of April 1, 2018 (the "Subordinate Indenture"), between the Commission and U.S. Bank National Association, as trustee, amending and restating the Subordinate Indenture, dated as of August 1, 1991, as previously amended and restated by the Amended and Restated Subordinate Indenture, dated as of November 1, 2005, as further supplemented and amended, between the Commission and U.S. Bank National Association.

Dated: _____, 2018.

MUFG UNION BANK, N.A.

By: _____

Name: Jay Goldstone

Title: Managing Director

Exhibit A

Form of Series B Note

**United States of America
State of California**

**San Diego County Regional Transportation Commission
Subordinate Sales Tax Revenue Commercial Paper Note
(Limited Tax Bond),
Series B**

Principal Amount \$ _____

Note Number:

Interest Rate:

Registered Owner:

Date of Issue:

Maturity Date:

Interest Rate:

Interest Amount: \$ _____

The San Diego County Regional Transportation Commission (the "Commission"), acting pursuant to the provisions of the San Diego County Regional Transportation Commission Act, constituting Chapter 2 of Division 12.7 of the California Public Utilities Code and Chapter 6 of Part 1 of Division 2 of Title 5 of the California Government Code as referenced in said San Diego County Regional Transportation Commission Act and Articles 10 and 11 of Chapter 3 of Division 2 of Title 5 of the California Government Code (the "Law"), for value received, hereby promises to pay to the Registered Owner designated above (the "Holder"), on the Maturity Date identified above, but solely from Revenues (as such term is defined in the hereinafter-defined Indenture) and the other funds hereinafter mentioned, the Principal Amount identified above, together with interest on said Principal Amount at the Interest Rate per annum (calculated on the basis of a year containing 365/366 days) identified above, upon the presentation and surrender hereof at the Principal Office of U.S. Bank Trust National Association (together with any successor, the "Issuing and Paying Agent"). For payment of this Note on the Maturity Date hereof, this Note must be presented to the Issuing and Paying Agent no later than 2:00 p.m. (New York City time) on such day. If a Note is presented for payment after 2:00 p.m. (New York City time), payment therefor shall be made by the Issuing and Paying Agent on the next succeeding business day without the accrual of additional interest thereon. The principal of and interest on this Note shall be payable in lawful money of the United States of America. This Note may be transferred or exchanged in accordance with the terms and conditions and upon payment of the charges set forth in the Subordinate Indenture, dated as of April 1, 2018 (as supplemented and amended from time to time pursuant to its terms, the "Indenture"), between the Commission and U. S. Bank National Association, as trustee (together with any successor, the "Trustee").

The Indenture provides that the Commission may issue additional series of notes and incur other indebtedness (“Parity Debt”) under the terms and conditions set forth in the Indenture. All notes issued thereunder and secured thereby are collectively referred to herein as “Notes.” All Notes and Parity Debt issued or incurred pursuant to the provisions of the Indenture will be secured under the Indenture equally and ratably with this Note. All capitalized terms used and not otherwise defined herein shall have the meanings assigned to such terms in the Indenture.

This Note is one of a duly authorized issue of San Diego County Regional Transportation Commission Subordinate Sales Tax Revenue Commercial Paper Notes (Limited Tax Bonds) issued under, and secured by, the Indenture. The issue of which this Note is a part is additionally designated as Series B. Except as is otherwise authorized pursuant to the Indenture, the aggregate principal amount of Series B Notes authorized pursuant to the Indenture may not exceed \$ _____ Outstanding at any one time.

The Notes and the interest thereon (to the extent set forth in the Indenture), together with the any additional Series of Notes issued and any Parity Debt incurred by the Commission pursuant to the provisions of the Indenture, and the interest thereon, are payable from, and are secured by a charge and lien on, the proceeds derived by the Commission from the retail transactions and use tax imposed pursuant to the Law (as more particularly defined in the Indenture, the “Revenues”), which is subordinate to the charge and lien on the proceeds of such retail transactions and use tax which secures the Commission’s Senior Lien Debt. All of the Notes and Parity Debt are equally secured by a pledge of, and charge and lien upon, all of the Revenues, and the Revenues constitute a trust fund for the security and payment of the interest on and principal of the Notes and Parity Debt.

The Notes are limited obligations of the Commission and are payable, both as to principal and interest, solely from the Revenues and certain funds held by the Trustee under the Indenture and by the Issuing and Paying Agent under the Indenture and the Amended and Restated Issuing and Paying Agent Agreement, dated as of November 1, 2005, between the Commission and the Issuing and Paying Agent. The Commission is not obligated to pay the Notes except from such Revenues and such funds. The general fund of the Commission is not liable, and the credit or taxing power (other than as described above) of the Commission is not pledged, for the payment of the Notes or their interest. The Notes are not secured by a legal or equitable pledge of, or charge, lien or encumbrance upon, any of the property of the Commission or any of its income or receipts, except the Revenues. No holder of this Note shall ever have the right to compel any other exercise of the taxing power of the Commission to pay this Note or the interest hereon.

This Note shall not be entitled to any security or benefit under the Indenture or become valid or obligatory for any purpose until the certificate of authentication hereon endorsed shall have been signed by the Issuing and Paying Agent.

It is hereby certified and recited that all acts, conditions and things required to exist, to happen and to be performed, precedent to and in the incurring of the indebtedness evidenced by this Note and in the issuing of this Note, do exist, have happened and have been performed in due time, form and manner, as required by the Constitution and statutes of the State of California, and that this Note, together with all other indebtedness of the Commission pertaining to the Revenues, is within every debt and other limit prescribed by the Constitution and the statutes of the State of

California, and is not in excess of the amount of Notes permitted to be issued under the Indenture or the Law.

IN WITNESS WHEREOF, SAN DIEGO COUNTY REGIONAL TRANSPORTATION COMMISSION has caused this Note to be executed in its name and on its behalf by the facsimile signature of the Chair of the Board of Directors of the Commission and attested by the facsimile signature of its Director of Finance, and this Note to be dated the date set forth above.

SAN DIEGO COUNTY REGIONAL
TRANSPORTATION COMMISSION

By: _____
Chair of the Board of Directors

Attest:

Director of Finance

Certificate of Authentication

This Note is one of an issue described in the Indenture mentioned herein.

U.S. BANK TRUST NATIONAL ASSOCIATION,
as Issuing and Paying Agent

By: _____
Authorized Signatory

Date of Authentication:

Exhibit B

Form of Master Note

SAN DIEGO COUNTY REGIONAL TRANSPORTATION COMMISSION
SUBORDINATE SALES TAX REVENUE COMMERCIAL PAPER NOTES
(LIMITED TAX BONDS)
SERIES ___ MASTER NOTE

Registered Owner: CEDE & CO.

Principal Sum: Not To Exceed _____ Dollars (\$ _____) Outstanding

The San Diego County Regional Transportation Commission (the “Commission”), acting pursuant to the provisions of the San Diego County Regional Transportation Commission Act, constituting Chapter 2 of Division 12.7 of the California Public Utilities Code and Chapter 6 of Part 1 of Division 2 of Title 5 of the California Government Code as referenced in said San Diego County Regional Transportation Commission Act and Articles 10 and 11 of Chapter 3 of Division 2 of Title 5 of the California Government Code (the “Law”), for value received, hereby promises to pay to Cede & Co., as nominee of The Depository Trust Company, or to registered assigns, the principal amount, together with unpaid accrued interest thereon on the maturity date of each obligation identified on the records of Commission (the “Underlying Records”) as being evidenced by this Master Note, which Underlying Records are maintained by U. S. Bank Trust National Association (together with any successor, the “Issuing and Paying Agent”). Interest shall be calculated on the basis of a year containing 365/366 days at the rate specified on the Underlying Records. Payments shall be made solely from the Revenues (as such term is defined in the hereinafter-defined Indenture) and the other funds hereinafter mentioned by wire transfer to the registered owner stated hereinabove from the Issuing and Paying Agent without the necessity of presentation and surrender of this Master Note.

This Master Note is one of a duly authorized issue of San Diego County Regional Transportation Commission Subordinate Sales Tax Revenue Commercial Paper Notes (Limited Tax Bonds) (the “Obligations”) issued under, and secured by, the Subordinate Indenture, dated as of April 1, 2018 (as supplemented and amended from time to time pursuant to its terms, the “Indenture”), between the Commission and U. S. Bank National Association, as trustee (together with any successor, the “Trustee”). This Master Note evidences a series of Notes additionally designated as “San Diego County Regional Transportation Commission Subordinate Sales Tax Revenue Commercial Paper Notes (Limited Tax Bonds), Series ___” (the “Series ___ Notes”), limited to \$_____ in aggregate principal amount Outstanding at any one time, except as is otherwise authorized pursuant to the Indenture.

The Indenture provides that the Commission may issue additional Obligations and incur other indebtedness (“Parity Debt”) under the terms and conditions set forth in the Indenture. All Obligations and Parity Debt issued or incurred pursuant to the provisions of the Indenture will be secured under the Indenture equally and ratably with the Series ___ Notes. All capitalized terms used and not otherwise defined herein shall have the meanings assigned to such terms in the Indenture.

The Master Note and the interest thereon (to the extent set forth in the Indenture), together with any other Obligations issued and any Parity Debt incurred by the Commission pursuant to the provisions of the Indenture, and the interest thereon, are payable from, and are secured by a charge and lien on, the proceeds derived by the Commission from the retail transactions and use tax imposed pursuant to the Law (as more particularly defined in the Indenture, the “Revenues”), which is subordinate to the charge and lien on the proceeds of such retail transactions and use tax which secures the Commission’s Senior Lien Debt. All of the Obligations and Parity Debt are equally secured by a pledge of, and charge and lien upon, all of the Revenues, and the Revenues constitute a trust fund for the security and payment of the interest on and principal of the Obligations and Parity Debt.

This Master Note and all other Obligations are limited obligations of the Commission and are payable, both as to principal and interest, solely from the Revenues and certain funds held by the Trustee under the Indenture and by the Issuing and Paying Agent under the Indenture and the Amended and Restated Issuing and Paying Agent Agreement, dated as of November 1, 2005, between the Commission and the Issuing and Paying Agent. The Commission is not obligated to pay the Obligations except from such Revenues and such funds. The general fund of the Commission is not liable, and the credit or taxing power (other than as described above) of the Commission is not pledged, for the payment of the Obligations or their interest. The Obligations are not secured by a legal or equitable pledge of, or charge, lien or encumbrance upon, any of the property of the Commission or any of its income or receipts, except the Revenues. No holder of this Master Note shall ever have the right to compel any other exercise of the taxing power of the Commission to pay this Master Note or the interest hereon.

This Master Note shall not be entitled to any security or benefit under the Indenture or become valid or obligatory for any purpose until the certificate of authentication hereon endorsed shall have been signed by the Issuing and Paying Agent.

At the request of the registered owner, the Commission shall promptly issue and deliver one or more separate note certificates evidencing each obligation evidenced by this Master Note. As of the date any such note certificate or certificates are issued, the obligations which are evidenced thereby shall no longer be evidenced by this Master Note. This Master Note is transferable by the registered owner hereof, in person or by attorney duly authorized in writing, at the principal office of the Issuing and Paying Agent in New York, New York, but only in the manner, subject to the limitations and upon payment of the charges provided in the Indenture, and upon surrender and cancellation of this Master Note. Upon such transfer a new fully registered Series ___ Note or Series ___ Notes without coupons, of authorized denomination or denominations, for the same aggregate principal amount will be issued to the transferee in exchange herefor.

The Commission and the Issuing and Paying Agent may deem and treat the registered owner hereof as the absolute owner hereof for all purposes, and the Commission and the Issuing and Paying Agent shall not be affected by any notice to the contrary.

It is hereby certified and recited that all acts, conditions and things required to exist, to happen and to be performed, precedent to and in the incurring of the indebtedness evidenced by this Master Note and in the issuing of this Master Note, do exist, have happened and have been

performed in due time, form and manner, as required by the Constitution and statutes of the State of California, and that the Series Notes evidenced by this Master Note, together with all other indebtedness of the Commission pertaining to the Revenues, is within every debt and other limit prescribed by the Constitution and the statutes of the State of California, and is not in excess of the amount of Obligations permitted to be issued under the Indenture or the Law.

REFERENCE IS HEREBY MADE TO THE FURTHER PROVISIONS OF THIS MASTER NOTE SET FORTH ON THE FOLLOWING PAGE.

This Master Note is a valid and binding obligation of Commission.

U.S. Bank Trust National Association	San Diego County Regional Transportation Commission
_____	_____
(Issuing and Paying Agent)	(Issuer)
By: _____	By: _____
(Authorized Countersignature)	Chair of the Board of Directors
	By: _____
	Director of Finance

(Seal)

(Final Page of Master Note)

At the request of the registered owner, Commission shall promptly issue and deliver one or more separate note certificates evidencing each obligation evidenced by this Master Note. As of the date any such note certificate or certificates are issued, the obligations which are evidenced thereby shall no longer be evidenced by this Master Note.

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

(Name, Address, and Taxpayer Identification Number of Assignee)

the Master Note and all rights thereunder, hereby irrevocably constituting and appointing _____ attorney to transfer said Master Note on the books of Commission with full power of substitution in the premises.

Dated: _____

Signature(s) Guaranteed:

(Signature)

NOTICE: The signature on this assignment must correspond with name as written upon the face of this Master Note, in every particular, without alteration or enlargement or any change whatsoever.

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