41

EXHIBITS A-2 THROUGH C TO THE DIRECT TESTIMONY DECL. OF KENNETH DIEKER ISO CONFIRMATION OF FIRST AMENDED PLAN FOR THE ADJUSTMENT OF DEBTS
Section 6.07. Tax Covenants. The Authority covenants to and for the benefit of the Owners that, notwithstanding any other provisions of this Indenture (other than Section 11.01 hereof), it will:

(a) neither make or use nor cause to be made or used any investment or other use of the proceeds of the Bonds or the moneys and investments held in the funds and accounts established under this Indenture which would cause the Bonds to be arbitrage bonds under section 103(b) and section 148 of the Code and the Regulations issued under section 148 of the Code or which would otherwise cause the interest payable on the Bonds to be includable in gross income for federal income tax purposes;

(b) not take or cause to be taken any other action or actions, or fail to take any action or actions, which would cause the interest payable on the Bonds to be includable in gross income for federal income tax purposes;

(c) at all times do and perform all acts and things permitted by law and necessary or desirable in order to assure that interest paid by the Authority on the Bonds will be excluded from the gross income, for federal income tax purposes, of the Owners pursuant to section 103 of the Code; and

(d) not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Bonds to be “federally guaranteed” within the meaning of section 149(b) of the Code and the Regulations.

In furtherance of the covenants in this Section 6.07, the Authority shall execute, deliver and comply with the provisions of the Tax Certificate, which is by this reference incorporated into this Indenture and made a part of this Indenture as if set forth in this Indenture in full including all of the defined terms therein, and by its acceptance of this Indenture the Trustee acknowledges receipt of the Tax Certificate and acknowledges its incorporation in this Indenture by this reference. The Trustee agrees it will invest funds held under this Indenture in accordance with the terms of this Indenture (this covenant shall extend throughout the term of the Bonds, to all funds and accounts created under this Indenture and all moneys on deposit to the credit of any fund or account).

Section 6.08. Rebate Fund.

(a) The Trustee shall establish and maintain, when required, 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 to comply with instructions of the Authority given pursuant to the terms and conditions of the Tax Certificate. Subject to the transfer provisions provided in paragraph (e) below, all money at any time deposited in the Rebate Fund shall be held by the Trustee in trust, to the extent required to satisfy the Rebate Requirement (as defined in the Tax Certificate), for payment to the federal government of the United States of America. Neither the Authority nor the Owner of any Bonds 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 Section 6.08, by Section 6.07 and by the Tax Certificate (which is incorporated herein by reference). The Trustee shall be deemed conclusively to have complied with such provisions if it follows the directions of the Authority including supplying all necessary information in the manner provided in the Tax Certificate, and shall have no liability or responsibility to enforce compliance by the Authority with the terms of the Tax Certificate or any other tax covenants contained herein. The Trustee shall not be responsible for calculating rebate amounts or for the adequacy or correctness of any rebate report or rebate calculations. The Trustee shall have no independent duty to review such calculations or enforce the compliance by the Authority with such rebate requirements. The
Trustee shall have no duty or obligation to determine the applicability of the Code and shall only be obligated to act in accordance with written instructions provided by the Authority.

(b) Upon the Authority’s written direction, an amount shall be deposited to the Rebate Fund by the Trustee from deposits by the Authority, if and to the extent required, so that the balance in the Rebate Fund shall equal the Rebate Requirement. Computations of the Rebate Requirement shall be furnished by or on behalf of the Authority in accordance with the Tax Certificate. The Trustee shall supply to the Authority all necessary information in the manner provided in the Tax Certificate to the extent such information is reasonably available to the Trustee.

(c) The Trustee shall have no obligation to rebate any amounts required to be rebated pursuant to this Section 6.08, other than from moneys held in the funds and accounts created under this Indenture or from other moneys provided to it by the Authority.

(d) At the written direction of the Authority, the Trustee shall invest all amounts held in the Rebate Fund in Permitted Investments. Moneys shall not be transferred from the Rebate Fund except as provided in paragraph (e) below. The Trustee shall not be liable for any consequences arising from such investment.

(e) Upon receipt of the Authority’s written directions, the Trustee shall remit part or all of the balances in the Rebate Fund to the United States, as so directed. In addition, if the Authority so directs, the Trustee will deposit money into or transfer money out of the Rebate Fund from or into such accounts or funds as directed by the Authority’s written directions; provided, however, only moneys in excess of the Rebate Requirement may, at the written direction of the Authority, be transferred out of the Rebate Fund to such other accounts or funds or to anyone other than the United States in satisfaction of the arbitrage rebate obligation. Any funds remaining in the Rebate Fund after each five year remission to the United States, redemption and payment of all of the Bonds and payment and satisfaction of any Rebate Requirement, or provision made therefor satisfactory to the Trustee, shall be withdrawn and remitted to the Authority.

(f) Notwithstanding any other provision of this Indenture, including in particular Article X, the obligation to remit the Rebate Requirement to the United States and to comply with all other requirements of this Section 6.08, Section 6.07 and the Tax Certificate shall survive the defeasance or payment in full of the Bonds.

Section 6.09. Collection of Amounts Due Under Lease Agreement. The Trustee shall promptly collect all amounts due from the City pursuant to the Lease Agreement. Subject to the provisions of Article VIII, the Trustee shall enforce, and take all steps, actions and proceedings which the Trustee determines to be reasonably necessary for the enforcement of all of its rights thereunder as assignee of the Authority, for the enforcement of all of the obligations of the City under the Lease Agreement.

The Authority shall not amend, modify or terminate any of the terms of the Lease Agreement, or consent to any such amendment, modification or termination, without the prior written consent of the Trustee. The Trustee shall give such written consent only if (a) in the opinion of Bond Counsel, such amendment, modification or termination will not materially adversely affect the interests of the Owners, or (b) the Trustee first obtains the written consent of the Owners of a majority in aggregate principal amount of the Bonds then Outstanding to such amendment, modification or termination.

Section 6.10. Continuing Disclosure. The Authority hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate.
Notwithstanding any other provision of this Indenture, failure of the Authority to comply with the Continuing Disclosure Certificate shall not constitute an Event of Default hereunder; provided, however, that any Participating Underwriter or any Owner or beneficial owner of the Bonds may take such actions as may be necessary and appropriate to compel performance by the Authority of its obligations under this Section 6.10, including seeking mandate or specific performance by court order.

Section 6.11. Waiver of Laws. The Authority shall 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 of law now or at any time hereafter in force that may affect the covenants and agreements contained in this Indenture or in the Bonds, and all benefit or advantage of any such law or laws is hereby expressly waived by the Authority to the extent permitted by law.

Section 6.12. Further Assurances. The Authority will make, execute and deliver any and all such further indentures, 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 Bonds of the rights and benefits provided in this Indenture.
ARTICLE VII
EVENTS OF DEFAULT AND REMEDIES

Section 7.01. Events of Default. The following events shall be Events of Default hereunder:

(a) Default in the due and punctual payment of the principal or sinking fund installments of any Bonds when and as the same shall become due and payable, whether at maturity as therein expressed, by proceedings for redemption or otherwise.

(b) Default in the due and punctual payment of any installment of interest on any Bonds when and as the same shall become due and payable.

(c) Default by the Authority in the observance of any of the other covenants, agreements or conditions on its part in this Indenture or in the Bonds contained, if such default shall have continued for a period of thirty (30) days after written notice thereof, specifying such default and requiring the same to be remedied, shall have been given to the Authority by the Trustee; provided, however, that if in the reasonable opinion of the Authority the default stated in the notice can be corrected, but not within such thirty (30) day period, such default shall not constitute an Event of Default hereunder if the Authority shall commence to cure such default within such thirty (30) day period and thereafter diligently and in good faith cure such failure in a reasonable period of time.

(d) The occurrence and continuation of an event of default under and as defined in the Lease Agreement.

Section 7.02. Remedies Upon Event of Default. Upon the occurrence and continuance of any Event of Default, then and in every such case the Trustee in its discretion may, and upon the written request of the Owners of not less than 25% in principal amount of the Bonds then Outstanding and receipt of indemnity to its satisfaction, and payment of its fees and expenses, including the fees and expenses of its counsel, shall in its own name and as the Trustee of an express trust:

(a) by mandamus, or other suit, action or proceeding at law or in equity, enforce all rights of the Owners under, and require the Authority or the City to carry out any agreements with or for the benefit of the Owners of Bonds and to perform its or their duties under the Lease Agreement and this Indenture, provided that any such remedy may be taken only to the extent permitted under the applicable provisions of the Lease Agreement or this Indenture, as the case may be;

(b) bring suit upon the Bonds;

(c) by action or suit in equity require the Authority to account as if it were the trustee of an express trust for the Owners of Bonds; or

(d) by action or suit in equity enjoin any acts or things which may be unlawful or in violation of the rights of the Owners of Bonds hereunder.

Upon the occurrence of an Event of Default, the Trustee shall be entitled as a matter of right to the appointment of a receiver or receivers for the Revenues, ex parte, and without notice, and the Authority consents to the appointment of such receiver upon the occurrence of an Event of Default. In the case of any receivership, insolvency, bankruptcy, or other judicial
proceedings affecting the Authority or the City, the Trustee shall be entitled to file such proofs of claims and other documents as may be necessary or advisable in order to have the claims of the Trustee and the Bond Owners allowed in such proceedings, without prejudice, however, to the right of any Bond Owner to file a claim on his or her own behalf; provided, however, the Trustee shall be entitled to compensation and reimbursement for the reasonable fees and expenses of its counsel and indemnity for its reasonable expenses and liability from the Authority, the City or the Bond Owners, as appropriate.

Section 7.03. Application of Revenues and Other Funds After Default. If an Event of Default shall occur and be continuing, all Revenues and any other funds then held or thereafter received by the Trustee under any of the provisions of this Indenture shall be applied by the Trustee 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 Bonds and payment of reasonable fees, charges and expenses of the Trustee (including reasonable fees and disbursements of its counsel) incurred in and about the performance of its powers and duties under this Indenture;

(b) To the payment of the principal of and interest then due on the Bonds (upon presentation of the Bonds to be paid, and stamping or otherwise noting thereon of the payment if only partially paid, or surrender thereof if fully paid) in accordance with the provisions of this Indenture, as follows:

First: To the payment to the persons entitled thereto of all installments of interest then due in the order of the maturity of such installments, and, if the amount available shall not be sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon, to the persons entitled thereto, without any discrimination or preference; and

Second: To the payment to the persons entitled thereto of the unpaid principal of any Bonds which shall have become due, whether at maturity or by redemption, with interest on the overdue principal at the rate borne by the respective Bonds (to the extent permitted by law), and, if the amount available shall not be sufficient to pay in full all the Bonds, together with such interest, then to the payment thereof ratably, according to the amounts of principal due on such date to the persons entitled thereto, without any discrimination or preference.

Section 7.04. Trustee to Represent Bond Owners. The Trustee is hereby irrevocably appointed (and the successive respective Owners of the Bonds, 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 Bonds 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 Bonds, this Indenture and applicable provisions of any 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 Bond Owners, the Trustee in its discretion may, and upon the written request of the Owners of a majority in aggregate principal amount of the Bonds then Outstanding, and upon being indemnified to its satisfaction therefor, the Trustee shall, proceed to protect or enforce its rights or the rights of such Owners 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 under the Bonds, this Indenture 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 Bonds or otherwise may be prosecuted and enforced by the Trustee without the possession of any of the Bonds 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 Bonds, subject to the provisions of this Indenture.

Section 7.05. Bond Owners’ Direction of Proceedings. Anything in this Indenture to the contrary notwithstanding, the Owners of a majority in aggregate principal amount of the Bonds then Outstanding shall have the right, by an instrument or concurrent instruments in writing executed and delivered to the Trustee, and upon indemnification of the Trustee to its reasonable satisfaction, 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, and that the Trustee shall have the right to decline to follow any such direction which in the opinion of the Trustee would expose it to liability.

Section 7.06. Limitation on Bond Owners’ Right to Sue. Notwithstanding any other provision hereof, no Owner of any Bonds 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 Lease Agreement or any other applicable law with respect to such Bonds, unless (a) such Owner shall have given to the Trustee written notice of the occurrence of an Event of Default; (b) the Owners of a majority in aggregate principal amount of the Bonds 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; (c) such Owner or Owners shall have tendered to the Trustee reasonable indemnity against the costs, expenses and liabilities to be incurred in compliance with such request; (d) the Trustee shall have failed 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 (e) no direction inconsistent with such written request shall have been given to the Trustee during such sixty (60) day period by the Owners of a majority in aggregate principal amount of the Bonds 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 Bonds of any remedy hereunder or under law; it being understood and intended that no one or more Owners of Bonds 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 Bonds, or to enforce any right under the Bonds, this Indenture, the Lease Agreement or other applicable law with respect to the Bonds, 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 Bonds, subject to the provisions of this Indenture.

Section 7.07. Absolute Obligation of Authority. Nothing in Section 7.06 or in any other provision of this Indenture or in the Bonds contained shall affect or impair the obligation of the Authority, which is absolute and unconditional, to pay the principal of and interest and premium (if any) on the Bonds to the respective Owners of the Bonds at their respective dates of maturity, or upon call for redemption, as herein provided, 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 Bonds.
Section 7.08. Termination of Proceedings. If any proceeding taken by the Trustee or any one or more Bond Owners 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 Bond Owners, then the Authority, the Trustee and the Bond Owners, 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 Authority, the Trustee and the Bond Owners 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 the Owners of the Bonds 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 any Owner of the Bonds to exercise any right or power arising upon the occurrence of any Event of Default shall impair any such right or power or shall be construed to be a waiver of any such Event of Default or an acquiescence therein; and every power and remedy given by this Indenture to the Trustee or the Owners of the Bonds may be exercised from time to time and as often as may be deemed expedient.

Section 7.11. Parties Interested Herein. Nothing in this Indenture expressed or implied is intended or shall be construed to confer upon, or to give to, any person or entity, other than the City, the Authority, the Trustee, their officers, employees and agents, and the Owners any right, remedy or claim under or by reason of this Indenture, or any covenant, condition or stipulation hereof, and all covenants, stipulations, promises and agreements in this Indenture contained by and on behalf of the Authority shall be for the sole and exclusive benefit of the City, the Authority, the Trustee, their officers, employees and agents, and the Owners.
ARTICLE VIII
THE TRUSTEE

Section 8.01. Duties, Immunities and Liabilities of Trustee.

(a) The Trustee shall, prior to an Event of Default, and after the curing or waiver of all Events of Default which may have occurred, perform such duties and only such duties as are expressly and specifically set forth in this Indenture and no implied duties or 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 or waived), exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in its exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs.

(b) The Authority may remove the Trustee at any time unless an Event of Default shall have occurred and then be continuing, and the Authority shall remove the Trustee if at any time requested to do so by the Owners of not less than a majority in aggregate principal amount of the Bonds 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 8.01, 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 the City and thereupon shall appoint a successor Trustee by an instrument in writing. Any such removal shall be made upon at least thirty (30) days’ prior written notice to the Trustee.

(c) The Trustee may at any time resign by giving written notice of such resignation to the Authority and the City, and by giving the Bond Owners notice of such resignation by mail at the addresses shown on the Registration Books. Upon receiving such notice of resignation, the Authority 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 sixty (60) days of giving notice of removal or notice of resignation as aforesaid, the Authority shall 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 Authority, 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, notwithstanding the Written Request of the Authority 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 Authority 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 Authority shall promptly mail or cause the successor trustee to mail a notice of the succession of such Trustee to the trusts hereunder to each rating agency which is then rating the Bonds and to the Bond Owners at the addresses shown on the Registration Books. If the Authority fails to mail such notice within fifteen (15) days after acceptance of appointment by the successor Trustee, the successor Trustee shall cause such notice to be mailed at the expense of the Authority.

(e) Any Trustee appointed under this Indenture shall be a corporation or association organized and doing business under the laws of any state or the United States of America or the District of Columbia, shall be authorized under such laws to exercise corporate trust powers, shall have (or, in the case of a corporation or national banking association included in a bank holding company system, the related bank holding company shall have) a combined capital and surplus of at least fifty million dollars ($50,000,000), shall be subject to supervision or examination by federal or state agency, so long as any Bonds are Outstanding. If such corporation or national banking association publishes a report of condition at least annually pursuant to law or to the requirements of any supervising or examining agency above referred to then for the purpose of this subsection (e), the combined capital and surplus of such corporation or national banking association 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 8.01.

Section 8.02. Merger or Consolidation. Any bank or trust company into which the Trustee may be merged or converted or with which it may be consolidated or any bank or trust company resulting from any merger, conversion or consolidation to which it shall be a party or any bank or trust company to which the Trustee may sell or transfer all or substantially all of its corporate trust business, provided such bank or trust 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 Bonds contained shall not be taken as statements of the Trustee, and the Trustee shall not assume responsibility for the correctness of the same, or make any representations as to the validity or sufficiency of this Indenture, the Bonds or the Lease Agreement, nor shall the Trustee incur any responsibility in respect thereof, other than as expressly stated herein in connection with the respective duties or obligations herein or in the Bonds assigned to or imposed upon it. The Trustee shall, however, be responsible for its representations contained in its certificate of authentication on the Bonds. The Trustee shall not be liable in connection with the performance of its duties hereunder, except for its own negligence. The Trustee may become the Owner of Bonds with the same rights it would have if it were not Trustee, and, to the extent permitted by law, may act as depository for and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Bond Holders, whether or not such committee shall represent the Owners of a majority in principal amount of the Bonds then Outstanding.

(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.

(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 a
majority in aggregate principal amount of the Bonds 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 not be liable for any action taken by it in good faith and believed
by it to be authorized or within the discretion or rights or powers conferred upon it by this
Indenture.

(e) The Trustee shall not be deemed to have knowledge of any Event of Default
hereunder, or any other event which, with the passage of time, the giving of notice, or both,
would constitute an Event of Default hereunder unless and until it shall have actual
knowledge thereof, or a corporate trust officer shall have received written notice thereof, at its
Office. Except as otherwise expressly provided herein, the Trustee shall not be bound to
ascertain or inquire as to the performance or observance by the Authority or the City of any of
the terms, conditions, covenants or agreements herein, under the Lease Agreement or of any of
the documents executed in connection with the Bonds, or as to the existence of an Event of
Default or an event which would, with the giving of notice, the passage of time, or both,
constitute an Event of Default. The Trustee shall not be responsible for the validity,
effectiveness or priority of any collateral given to or held by it. Without limiting the generality
of the foregoing, the Trustee shall not be required to ascertain or inquire as to the performance
or observance by the City and the Authority of the terms, conditions, covenants or agreements
set forth in the Lease Agreement, other than the covenants of the City to make Lease Payments
to the Trustee when due, such reports and certifications as the City are required to file with the
Trustee hereunder.

(f) 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 of any of its duties
hereunder, or in the exercise of any of its rights or powers, if it is not assured to its satisfaction
that the repayment of such funds or adequate indemnity against such risk or liability is not
reasonably assured to it.

(g) The Trustee may execute any of the trusts or powers hereunder or perform any
duties hereunder either directly or through agents or attorneys and the Trustee shall not be
responsible for any misconduct or negligence on the part of any agent or attorney appointed
with due care by it hereunder.

(h) The Trustee shall be under no obligation to exercise any of the rights or powers
vested in it by this Indenture at the request or direction of Owners pursuant to this Indenture,
unless such Owners shall have offered to the Trustee reasonable security or indemnity against
the costs, expenses and liabilities which might be incurred by it in compliance with such
request or direction. 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.

(i) Whether or not therein expressly so provided, every provision of this Indenture and
the Lease Agreement relating to the conduct or affecting the liability of or affording protection
to the Trustee shall be subject to the provisions of Section 8.01(a), this Section 8.03 and Section
8.04 hereof.

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

(k) The Trustee makes no representation or warranty, expressed or implied as to the
title, value, design, compliance with specifications or legal requirements, quality, durability,
operation, condition, merchantability or fitness for any particular purpose for the use contemplated by the Authority or the City of the Property. In no event shall the Trustee be liable for incidental, indirect, special or consequential damages in connection with or arising from the Lease Agreement or this Indenture for the existence, furnishing or use of the Property.

(l) Except to the extent that information was provided by the Trustee, the Trustee shall have no responsibility with respect to any information, statement, or recital in any official statement, offering memorandum or any other disclosure material prepared or distributed with respect to the Bonds.

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

(n) The Trustee may become the owner or pledgee of any Bonds with the same rights it would have if it were not Trustee.

(o) The Trustee shall not be considered in breach of or in default in its obligations hereunder or progress in respect thereto in the event of enforced delay ("unavoidable delay") in the performance of such obligations due to unforeseeable causes beyond its control and without its fault or negligence, including, but not limited to, Acts of God or of the public enemy or terrorists, acts of a government, acts of the other party, fires, floods, epidemics, quarantine restrictions, strikes, freight embargoes, earthquakes, explosion, mob violence, riot, inability to procure or general sabotage or rationing of labor, equipment, facilities, sources of energy, material or supplies in the open market, litigation or arbitration involving a party or others relating to zoning or other governmental action or inaction pertaining to the Property, malicious mischief, condemnation, and unusually severe weather or delays of suppliers or subcontractors due to such causes or any similar event and/or occurrences beyond the control of the Trustee.

(p) The Trustee agrees to accept and act upon facsimile transmission of written instructions and/or directions pursuant to this Indenture provided, however, that: (a) subsequent to such facsimile transmission of written instructions and/or directions the Trustee shall forthwith receive the originally executed instructions and/or directions, (b) such originally executed instructions and/or directions shall be signed by a person as may be designated and authorized to sign for the party signing such instructions and/or directions, and (c) the Trustee shall have received a current incumbency certificate containing the specimen signature of such designated person.

Section 8.04. Right to Rely on Documents. The Trustee shall be protected in acting upon any notice, facsimile, e-mail, resolution, request, requisition, consent, order, certificate, report, opinion, bonds or other paper or document believed by them to be genuine and to have been signed or presented by the proper party or parties. The Trustee may consult with counsel, who may be counsel of or to the Authority, with regard to legal questions, and the opinion or advice 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.

The Trustee may treat the Owners of the Bonds appearing in the Registration Books as the absolute owners of the Bonds for all purposes and the Trustee shall not be affected by any notice to the contrary.

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 Written Certificate, Written Request or Written Requisition of the Authority or the City, and such Written Certificate, Written Request or Written Requisition 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 Written Certificate, Written Request or Written Requisition, 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 deem reasonable.

Section 8.05. Preservation and Inspection of Documents. All documents received by the Trustee under the provisions of this Indenture shall be retained by the Trustee and shall be subject at all reasonable times to the inspection of the Authority, the City and any Bond Owner, and their agents and representatives duly authorized in writing, at reasonable hours and under reasonable conditions.

Section 8.06. Compensation and Indemnification. The Authority shall pay to the Trustee from time to time compensation for all services rendered under this Indenture and also all reasonable expenses and disbursements (including fees and expenses of counsel), incurred in and about the performance of its powers and duties under this Indenture.

The Authority shall indemnify, defend and hold harmless the Trustee against any loss, liability or expense incurred without negligence or willful misconduct on its part, arising out of or in connection with the acceptance or administration of this trust, including costs and expenses of defending itself against any claim or liability in connection with the exercise or performance of any of its powers hereunder. As security for the performance of the obligations of the Authority under this Section 8.06 to the Trustee, the Trustee shall have a lien prior to the lien of the Bonds upon all property and funds held or collected by the Trustee as such, except funds held in trust for the payment of principal of or interest on particular Bonds. The rights of the Trustee and the obligations of the Authority under this Section 8.06 shall survive the resignation or removal of the Trustee or the discharge of the Bonds and this Indenture.
ARTICLE IX
MODIFICATION OR AMENDMENT OF THIS INDENTURE

Section 9.01. Amendments Permitted.

(a) This Indenture and the rights and obligations of the Authority and of the Owners of the Bonds and of the Trustee may be modified or amended from time to time and at any time by an indenture or indentures supplemental thereto, which the Authority and the Trustee may enter into when the written consents of the Owners of a majority in aggregate principal amount of all Bonds then Outstanding, shall have been filed with the Trustee. No such modification or amendment shall (i) extend the fixed maturity of any Bonds, or reduce the amount of principal thereof or extend the time of payment, or change the method of computing the rate of interest thereon, or extend the time of payment of interest thereon, without the consent of the Owner of each Bond so affected, or (ii) reduce the aforesaid percentage of Bonds 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 except as permitted herein, or deprive the Owners of the Bonds of the lien created by this Indenture on such Revenues and other assets (except as expressly provided in this Indenture), without the consent of the Owners of all of the Bonds then Outstanding. It shall not be necessary for the consent of the Bond Owners 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 Authority, of the Trustee and the Owners of the Bonds may also be modified or amended from time to time and at any time by a Supplemental Indenture, which the Authority and the Trustee may enter into without the consent of any Bond Owners, if the Trustee has been furnished an opinion of counsel that the provisions of such Supplemental Indenture shall not materially adversely affect the interests of the Owners of the Bonds, including, without limitation, for any one or more of the following purposes:

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

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

(iii) 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; or

(iv) to modify, amend or supplement this Indenture in such manner as to cause interest on the Bonds to remain excludable from gross income under the Code.

(c) The Trustee may in its discretion, but shall not be obligated to, enter into any such Supplemental Indenture authorized by subsections (a) or (b) of this Section 9.01 which
materially adversely affects the Trustee’s own rights, duties or immunities under this Indenture or otherwise.

(d) Prior to the Trustee entering into any Supplemental Indenture hereunder, there shall be delivered to the Trustee an opinion of Bond Counsel stating, in substance, that such Supplemental Indenture has been adopted in compliance with the requirements of this Indenture and that the adoption of such Supplemental Indenture will not, in and of itself, adversely affect the exclusion from gross income for purposes of federal income taxes of interest on the Bonds.

(e) Written notice of any amendment or modification made pursuant to this Section 9.01 shall be given by the Authority to any rating agency then rating the Bonds at least thirty (30) days prior to the effective date of such amendment or modification.

Section 9.02. Effect of Supplemental Indenture. Upon the execution of any Supplemental Indenture pursuant to this Article IX, 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 Authority, the Trustee and all Owners of Bonds 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. Endorsement of Bonds; Preparation of New Bonds. Bonds delivered after the execution of any Supplemental Indenture pursuant to this Article may, and if the Authority so determines shall, bear a notation by endorsement or otherwise in form approved by the Authority and the Trustee as to any modification or amendment provided for in such Supplemental Indenture, and, in that case, upon demand on the Owner of any Bonds Outstanding at the time of such execution and presentation of his Bonds for the purpose at the Office of the Trustee or at such additional offices as the Trustee may select and designate for that purpose, a suitable notation shall be made on such Bonds. If the Supplemental Indenture shall so provide, new Bonds so modified as to conform, in the opinion of the Authority and the Trustee, to any modification or amendment contained in such Supplemental Indenture, shall be prepared and executed by the Authority and authenticated by the Trustee, and upon demand on the Owners of any Bonds then Outstanding shall be exchanged at the Office of the Trustee, without cost to any Bond Owner, for Bonds then Outstanding, upon surrender for cancellation of such Bonds, in equal aggregate principal amount of the same series and maturity.

Section 9.04. Amendment of Particular Bonds. The provisions of this Article IX shall not prevent any Bond Owner from accepting any amendment as to the particular Bonds held by him.
ARTICLE X

DEFEASANCE

Section 10.01. Discharge of Indenture. Any or all of the Outstanding Bonds may be paid by the Authority in any of the following ways, provided that the Authority also pays or causes to be paid any other sums payable hereunder by the Authority:

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

(b) by depositing with the Trustee, in trust, at or before maturity, Defeasance Obligations in the necessary amount (as provided in Section 10.03) to pay or redeem such Bonds;

(c) by delivering to the Trustee, for cancellation by it, such Bonds.

If the Authority shall also pay or cause to be paid all other sums payable hereunder by the Authority, then and in that case, at the election of the Authority (evidenced by a Written Certificate of the Authority, filed with the Trustee, signifying the intention of the Authority to discharge all such indebtedness and this Indenture), and notwithstanding that any of such Bonds shall not have been surrendered for payment, this Indenture and the pledge of Revenues and other assets made under this Indenture with respect to such Bonds and all covenants, agreements and other obligations of the Authority under this Indenture with respect to such Bonds shall cease, terminate, become void and be completely discharged and satisfied. In such event, upon the Written Request of the Authority, the Trustee shall execute and deliver to the Authority 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 City all moneys or securities or other property held by it pursuant to this Indenture which are not required for the payment or redemption of any of such Bonds not theretofore surrendered for such payment or redemption.

Section 10.02. Discharge of Liability on Bonds. Upon the deposit with the Trustee, 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 Bonds (whether upon or prior to the maturity or the redemption date of such Bonds), provided that, if such Bonds are to be redeemed prior to maturity, notice of such redemption shall have been given as provided in Article IV or provision satisfactory to the Trustee shall have been made for the giving of such notice, then all liability of the Authority in respect of such Bonds shall cease, terminate and be completely discharged, and the Owners thereof shall thereafter be entitled only to payment out of such money or securities deposited with the Trustee as aforesaid for their payment, subject, however, to the provisions of Section 10.04.

The Authority may at any time surrender to the Trustee for cancellation by it any Bonds previously issued and delivered, which the Authority may have acquired in any manner whatsoever, and such Bonds, 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 by the Trustee money or securities in the necessary amount to pay or redeem any Bonds, 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 Bonds and all unpaid interest thereon to maturity, except that, in the case of Bonds which are to be redeemed prior to maturity and in respect of which notice of such redemption shall have been given as provided in Article IV or provision satisfactory to the Trustee shall have been made for the giving of such notice, the amount to be deposited or held shall be the principal amount of such Bonds and all unpaid interest thereon to the redemption date; or

(b) Defeasance Obligations, the principal of and interest on which when due will, in the written opinion of an Independent Accountant filed with the City, the Authority and the Trustee, provide money sufficient to pay the principal of and interest and premium (if any) on the Bonds to be paid or redeemed, as such principal, interest and premium become due, provided that in the case of Bonds which are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given as provided in Article IV or provision satisfactory to the Trustee shall have been made for the giving of such notice;

provided, in each case, that (i) the Trustee shall have been irrevocably instructed (by the terms of this Indenture or by Written Request of the Authority) to apply such money to the payment of such principal, interest and premium (if any) with respect to such Bonds, and (ii) the Authority shall have delivered to the Trustee an opinion of Bond Counsel to the effect that such Bonds have been discharged in accordance with this Indenture (which opinion may rely upon and assume the accuracy of the Independent Accountant’s opinion referred to above).

Section 10.04. Unclaimed Funds. Notwithstanding any provisions of this Indenture, and subject to applicable provisions of State law, any moneys held by the Trustee in trust for the payment of the principal of, or interest on, any Bonds and remaining unclaimed for two (2) years after the principal of all of the Bonds has become due and payable (whether at maturity or upon call for redemption as provided in this Indenture), 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 Bonds became due and payable, shall be repaid to the Authority free from the trusts created by this Indenture, and all liability of the Trustee with respect to such moneys shall thereupon cease; provided, however, that before the repayment of such moneys to the Authority as aforesaid, the Trustee shall (at the written request and cost of the Authority) first mail to the Owners of Bonds which have not yet been paid, at the addresses shown on the Registration Books, a notice, in such form as may be deemed appropriate by the Trustee with respect to the Bonds so payable and not presented and with respect to the provisions relating to the repayment to the Authority of the moneys held for the payment thereof.
ARTICLE XI
MISCELLANEOUS

Section 11.01. Liability of Authority Limited to Revenues. Notwithstanding anything in this Indenture or in the Bonds contained, the Authority shall not be required to advance any moneys derived from any source other than the Revenues and other assets pledged under this Indenture for any of the purposes in this Indenture mentioned, whether for the payment of the principal of or interest on the Bonds or for any other purpose of this Indenture. Nevertheless, the Authority may, but shall not be required to, advance for any of the purposes hereof any funds of the Authority which may be made available to it for such purposes.

Section 11.02. Limitation of Rights to Parties and Bond Owners. Nothing in this Indenture or in the Bonds expressed or implied is intended or shall be construed to give to any person other than the Authority, the Trustee, the City and the Owners of the Bonds, 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 Trustee, the City, the Authority and the Owners of the Bonds.

Section 11.03. Funds and Accounts. Any fund or account 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 and accounts shall at all times be maintained in accordance with industry standards to the extent practicable, and with due regard for the requirements of Section 5.08 and for the protection of the security of the Bonds and the rights of every Owner thereof. The Trustee may establish such funds and accounts as it deems necessary to perform its obligations hereunder. The Trustee shall deliver a monthly accounting to the Authority of the funds and accounts held hereunder; provided, that the Trustee shall not be obligated to deliver an accounting for any fund or account that has had no activity since the last reporting date and that has a balance of zero.

Section 11.04. Waiver of Notice; Requirement of Mailed 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. Whenever in this Indenture any notice shall be required to be given by mail, such requirement shall be satisfied by the deposit of such notice in the United States mail, postage prepaid, by first class mail.

Section 11.05. Destruction of Bonds. Whenever in this Indenture provision is made for the cancellation by the Trustee and the delivery to the Authority of any Bonds, the Trustee shall, in lieu of such cancellation and delivery, destroy such Bonds as may be allowed by law, and at the written request of the Authority the Trustee shall deliver a certificate of such destruction to the Authority.

Section 11.06. Severability of Invalid Provisions. If any one or more of the provisions contained in this Indenture or in the Bonds 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 Authority hereby declares that it would have entered into this Indenture and each and every other Section, paragraph, sentence, clause or phrase hereof and authorized the issuance of the Bonds 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. All written notices to be given under this Indenture shall be given by first class mail or personal delivery to the party entitled thereto at its address set forth below, or at such address as the party may provide to the other party in writing from time to time. Notice shall be effective either (a) upon transmission by facsimile transmission or other form of telecommunication, confirmed by Phone, (b) after deposit in the United States mail, postage prepaid, upon receipt, or (c) in the case of personal delivery to any person, upon actual receipt. The Authority, the City or the Trustee may, by written notice to the other parties, from time to time modify the address or number to which communications are to be given hereunder.

If to the Authority: Stockton Public Financing Authority
425 North El Dorado Street
Stockton, CA 95202
Attention: Executive Director
Phone: (209) 937-8212
Fax: (209) 937-7149

If to the City: City of Stockton
425 North El Dorado Street
Stockton, CA 95202
Attention: City Manager
Phone: (209) 937-8212
Fax: (209) 937-7149

If to the Trustee: Wells Fargo Bank, National Association
333 Market Street, 18th Floor
San Francisco CA 94111
Attention: Corporate Trust, MAC No. A0119-181
Phone: (415) 371-3355
Fax: (415) 371-3400

The City, the Authority and the Trustee, by notice given hereunder, may designate different addresses to which subsequent notices, certificates or other communications will be sent.

Section 11.08. Evidence of Rights of Bond Owners. Any request, consent or other instrument required or permitted by this Indenture to be signed and executed by Bond Owners may be in any number of concurrent instruments of substantially similar tenor and shall be signed or executed by such Bond Owners 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 Bonds transferable by delivery, shall be sufficient for any purpose of this Indenture and shall be conclusive in favor of the Trustee and the Authority if made in the manner provided in this Section 11.08.

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 Bonds shall be proved by the Registration Books.

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

Section 11.09. Disqualified Bonds. In determining whether the Owners of the requisite aggregate principal amount of Bonds have concurred in any demand, request, direction, consent or waiver under this Indenture, Bonds which are known by the Trustee to be owned or held by or for the account of the Authority or the City, or by any other obligor on the Bonds, or by any person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the Authority or the City or any other obligor on the Bonds, shall be disregarded and deemed not to be Outstanding for the purpose of any such determination. Bonds so owned which have been pledged in good faith may be regarded as Outstanding for the purposes of this Section 11.09 if the pledgee shall certify to the Trustee the pledgee’s right to vote such Bonds and that the pledgee is not a person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the Authority or the City or any other obligor on the Bonds. In case of a dispute as to such right, any decision by the Trustee taken upon the advice of counsel shall be full protection to the Trustee.

Upon request, the Authority or the City shall specify to the Trustee those Bonds disqualified pursuant to this Section 11.09. The Trustee may conclusively rely on such representation of the Authority and City.

Section 11.10. Money Held for Particular Bonds. The money held by the Trustee for the payment of the interest or principal due on any date with respect to particular Bonds (or portions of Bonds in the case of Bonds redeemed in part only) 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 Bonds entitled thereto, subject, however, to the provisions of Section 10.04 hereof but without any liability for interest thereon.

Section 11.11. Waiver of Personal Liability. No member, officer, agent or employee of the Authority shall be individually or personally liable for the payment of the principal or interest or premium (if any) on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof; but nothing herein contained shall relieve any such member, officer, agent or employee from the performance of any official duty provided by law or by this Indenture.

Section 11.12. Successor Is Deemed Included in All References to Predecessor. Whenever in this Indenture either the City, the Authority 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 City, the Authority or the Trustee shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

Section 11.13. Execution in Several Counterparts. This Indenture may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original; and all such counterparts, or as many of them as the Authority and the Trustee shall preserve undestroyed, shall together constitute but one and the same instrument.
Section 11.14. **Governing Law.** This Indenture shall be governed by and construed in accordance with the laws of the State.
IN WITNESS WHEREOF, the STOCKTON PUBLIC FINANCING AUTHORITY has caused this Indenture to be signed in its name by its officers identified below and WELLS FARGO BANK, NATIONAL ASSOCIATION, in token of its acceptance of the trust created hereunder, has caused this Indenture to be signed in its corporate name by its officer identified below, all as of the day and year first above written.

STOCKTON PUBLIC FINANCING AUTHORITY

By

Mark Moses
Treasurer

Attest:

Katherine Going-Mehta
Secretary

WELLS FARGO BANK, NATIONAL ASSOCIATION, as Trustee

By

Bakul Mehta
Vice President
IN WITNESS WHEREOF, the STOCKTON PUBLIC FINANCING AUTHORITY has caused this Indenture to be signed in its name by its officers identified below and WELLS FARGO BANK, NATIONAL ASSOCIATION, in token of its acceptance of the trust created hereunder, has caused this Indenture to be signed in its corporate name by its officer identified below, all as of the day and year first above written.

STOCKTON PUBLIC FINANCING AUTHORITY

By ____________________________________________

Mark Moses
Treasurer

Attest:

Katherine Going Meissner
Secretary

WELLS FARGO BANK, NATIONAL ASSOCIATION, as Trustee

By ________________________________

Bakul Mehta
Vice President
EXHIBIT A

FORM OF BOND

UNITED STATES OF AMERICA
STATE OF CALIFORNIA
SAN JOAQUIN COUNTY

STOCKTON PUBLIC FINANCING AUTHORITY
Lease Revenue Bonds, 2009 Series A
(Capital Improvement Projects)

<table>
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<th>INTEREST RATE</th>
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<th>ORIGINAL ISSUE DATE</th>
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<td>September 1</td>
<td>September 3, 2009</td>
<td>861394</td>
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REGISTERED OWNER: CEDE & CO.
PRINCIPAL AMOUNT: ___________________ DOLLARS

The STOCKTON PUBLIC FINANCING AUTHORITY, a duly constituted redevelopment agency under the laws of the State of California (the “Authority”), for value received, hereby promises to pay to the Registered Owner specified above or registered assigns (the "Registered Owner"), on the Maturity Date specified above (subject to any right of prior redemption hereinafter provided for), the Principal Amount specified above, in lawful money of the United States of America, and to pay interest thereon in like lawful money from the Interest Payment Date (as hereinafter defined) next preceding the date of authentication of this Bond unless (i) this Bond is authenticated on or before an Interest Payment Date and after the close of business on the fifteenth day of the month preceding such interest payment date, in which event it shall bear interest from such Interest Payment Date, or (ii) this Bond is authenticated on or before February 15, 2010, in which event it shall bear interest from the Original Issue Date specified above; provided, however, that if at the time of authentication of this Bond, interest is in default on this Bond, this Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment on this Bond, at the Interest Rate specified above, payable semiannually on March 1 and September 1 in each year, commencing March 1, 2010 (collectively, the “Interest Payment Dates”), calculated on the basis of a 360-day year composed of twelve 30-day months. Principal hereof and premium, if any, upon early redemption hereof are payable upon presentation and surrender hereof at the corporate trust office (the “Office”) of Wells Fargo Bank, National Association, as trustee (the “Trustee”) or such other place as designated by the Trustee. Interest hereon is payable by check on the Interest Payment Date of the Trustee mailed on the applicable Interest Payment Date to the Registered Owner hereof at the Registered Owner’s address as it appears on the registration books of the Trustee as of the close of business on the fifteenth day of the month preceding each Interest Payment Date (a “Record
Date”), or, upon written request filed with the Trustee at least five days prior to such Record Date by a Registered Owner of at least $1,000,000 in aggregate principal amount of Bonds, by wire transfer in immediately available funds to an account in the United States designated by such Registered Owner in such written request.

This Bond is not a debt of the City of Stockton (the “City”), San Joaquin County, the State of California, or any of its political subdivisions, and neither the City, said County, said State, nor any of its political subdivisions, is liable hereon nor in any event shall this Bond be payable out of any funds or properties of the Authority other than the Revenues (as defined in the Indenture hereinafter defined).

This Bond is one of a duly authorized issue of bonds of the Authority designated as the “Stockton Public Financing Authority Lease Revenue Bonds, 2009 Series A (Capital Improvement Projects) (the "Bonds"), in an aggregate principal amount of thirty-five million eighty thousand dollars ($35,080,000), all of like tenor and date (except for such variation, if any, as may be required to designate varying numbers, maturities, interest rates or redemption provisions) and all issued pursuant to the provisions of Article 5 of Part 1 of Division 24 of the California Health and Safety Code (the “Law”), and pursuant to an Indenture of Trust, dated as of September 1, 2009, by and between the Authority and the Trustee (the “Indenture”), and a resolution of the Authority adopted on August 26, 2008, authorizing the issuance of the Bonds. Reference is hereby made to the Indenture (copies of which are on file at the office of the Authority) and all supplements thereto for a description of the terms on which the Bonds are issued, the provisions with regard to the nature and extent of the Revenues, and the rights thereunder of the owners of the Bonds and the rights, duties and immunities of the Trustee and the rights and obligations of the Authority thereunder, to all of the provisions of which the Registered Owner of this Bond, by acceptance hereof, assents and agrees.

To finance the acquisition and development of various capital improvements throughout the geographic boundaries of the City, the Authority has determined to issue the Bonds. In order to provide for the repayment of the Bonds, the City and the Authority will enter into a lease agreement, dated as of September 1, 2009 (the “Lease Agreement”), by and between the Authority and the City, pursuant to which the City will agree to make lease payments from moneys in its General Fund and the City will budget and appropriate sufficient amounts in each year to pay the full amount of principal of and interest on the Bonds, which payments under the Lease Agreement have been calculated to be sufficient to enable the Authority to pay the principal of and interest and premium (if any) on the Bonds when due and payable.

This Bond and the interest and premium, if any, hereon and all other Bonds and the interest and premium, if any, thereon (to the extent set forth in the Indenture) are special obligations of the Authority, and are payable from, and are secured by a charge and lien on the Revenues as defined in the Indenture, consisting primarily of payments under the Lease Agreement. As and to the extent set forth in the Indenture, all of the Revenues are exclusively and irrevocably pledged in accordance with the terms hereof and the provisions of the Indenture, to the payment of the principal of and interest and premium (if any) on the Bonds.

The rights and obligations of the Authority and the owners of the Bonds may be modified or amended at any time in the manner, to the extent and upon the terms provided in the Indenture, but no such modification or amendment shall extend the fixed maturity of any Bonds, or reduce the amount of principal thereof or premium (if any) thereon, or extend the time of payment, or change the method of computing the rate of interest thereon, or extend the time of payment of interest thereon, without the consent of the owner of each Bond so affected.
The Bonds are subject to redemption at the option of the Authority as a whole, or in part in such order of maturity as the City shall designate (and, if no specific order of redemption is designated by the City, pro rata among maturities) on any date on or after September 1, 2019, from any available source of funds, at a redemption price equal to the principal amount of the Bonds to be redeemed, together with accrued interest thereon to the date fixed for redemption, without premium.

The Bonds maturing on September 1, 2029 (the “2029 Term Bonds”) are also subject to mandatory sinking fund redemption in part by lot on September 1, 2013, and on September 1 in each year thereafter to and including September 1, 2029, from Mandatory Sinking Account Payments made by the Authority at a redemption price equal to the principal amount thereof to be redeemed together with accrued interest thereon to the redemption date, without premium, in the aggregate respective principal amounts and on the respective dates as set forth in the following table; provided, however, that if some but not all of the 2029 Term Bonds have been optionally redeemed, the total amount of all future Sinking Account payments will be reduced by the aggregate principal amount of 2029 Term Bonds so redeemed, to be allocated among the Mandatory Sinking Account Payments as are thereafter payable on a pro rata basis in integral multiples of $5,000 as determined by the Authority (notice of which determination is required to be given by the Authority to the Trustee).

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<th>Principal Amount to be Redeemed or Purchased</th>
<th>Sinking Fund Redemption Date (September 1)</th>
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<td>2026</td>
<td>1,235,000</td>
</tr>
<tr>
<td>2018</td>
<td>730,000</td>
<td>2027</td>
<td>1,315,000</td>
</tr>
<tr>
<td>2019</td>
<td>790,000</td>
<td>2028</td>
<td>1,405,000</td>
</tr>
<tr>
<td>2020</td>
<td>835,000</td>
<td>2029†</td>
<td>1,500,000</td>
</tr>
<tr>
<td>2021</td>
<td>890,000</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

†Maturity

In lieu of redemption of the 2029 Term Bonds, amounts on deposit as Mandatory Sinking Account payments may also be used and withdrawn by the Trustee, at the written direction of the Authority, at any time for the purchase of 2029 Term Bonds otherwise required to be redeemed on the following September 1 at public or private sale as and when and at such prices (including brokerage and other charges and including accrued interest) as the Authority may in its discretion determine. The par amount of any of the 2029 Term Bonds so purchased by the Authority and surrendered to the Trustee for cancellation in any 12-month period ending on September 1 in any year are required to be credited towards and will reduce the par amount of the 2029 Term Bonds otherwise required to be redeemed on the following September 1.

The Bonds maturing on September 1, 2038 (the “2038 Term Bonds”) are also subject to mandatory sinking fund redemption in part by lot on September 1, 2030, and on September 1 in each year thereafter to and including September 1, 2038, from Mandatory Sinking Account Payments made by the Authority at a redemption price equal to the principal amount thereof to be redeemed together with accrued interest thereon to the redemption date, without premium, in the aggregate respective principal amounts and on the respective dates as set forth in the following table; provided, however, that if some but not all of the 2038 Term Bonds have been optionally redeemed, the total amount of all future Sinking Account payments will be reduced by the aggregate principal amount of 2038 Term Bonds so redeemed, to be

Exhibit A
Page 3
allocated among the Mandatory Sinking Account Payments as are thereafter payable on a pro rata basis in integral multiples of $5,000 as determined by the Authority (notice of which determination is required to be given by the Authority to the Trustee).

<table>
<thead>
<tr>
<th>Sinking Fund Redemption Date (September 1)</th>
<th>Principal Amount to be Redeemed or Purchased</th>
<th>Sinking Fund Redemption Date (September 1)</th>
<th>Principal Amount to be Redeemed or Purchased</th>
</tr>
</thead>
<tbody>
<tr>
<td>2030</td>
<td>$1,600,000</td>
<td>2035</td>
<td>$2,245,000</td>
</tr>
<tr>
<td>2031</td>
<td>1,715,000</td>
<td>2036</td>
<td>2,400,000</td>
</tr>
<tr>
<td>2032</td>
<td>1,835,000</td>
<td>2037</td>
<td>2,570,000</td>
</tr>
<tr>
<td>2033</td>
<td>1,960,000</td>
<td>2038†</td>
<td>2,750,000</td>
</tr>
<tr>
<td>2034</td>
<td>2,100,000</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

†Maturity

In lieu of redemption of the 2038 Term Bonds, amounts on deposit as Mandatory Sinking Account payments may also be credited and withdrawn by the Trustee, at the written direction of the Authority, at any time for the purchase of 2038 Term Bonds otherwise required to be redeemed on the following September 1 at public or private sale as and when and at such prices (including brokerage and other charges and including accrued interest) as the Authority may in its discretion determine. The par amount of any of the 2038 Term Bonds so purchased by the Authority and surrendered to the Trustee for cancellation in any 12-month period ending on September 1 in any year are required to be credited towards and will reduce the par amount of the 2038 Term Bonds otherwise required to be redeemed on the following September 1.

The Bonds are also subject to redemption as a whole, or in part on a proportionate (pro rata) basis among maturities, on any date, to the extent the Trustee has received hazard insurance proceeds or condemnation proceeds not used to repair or replace any portion of the leased property damaged or destroyed and elected by the City, to be used for such purpose, at a redemption price equal to one hundred percent (100%) of the principal amount thereof plus interest accrued thereon to the date fixed for redemption, without premium.

As provided in the Indenture, notice of redemption shall be mailed by the Trustee by first class mail not less than thirty (30) nor more than sixty (60) days prior to the redemption date to the respective owners of any Bonds designated for redemption at their addresses appearing on the registration books of the Trustee, but neither failure to receive such notice nor any defect in the notice so mailed shall affect the sufficiency of the proceedings for redemption or the cessation of accrual of interest thereon from and after the date fixed for redemption.

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

If an Event of Default, as defined in the Indenture, shall occur, the principal of all Bonds may be declared due and payable upon the conditions, in the manner and with the effect provided in the Indenture, but such declaration and its consequences may be rescinded and annulled as further provided in the Indenture.

This Bond is transferable by the Registered Owner hereof, in person or by his attorney duly authorized in writing, at the Office of the Trustee, or such other place as designated by the Trustee, but only in the manner, subject to the limitations and upon payment of the charges provided in the Indenture, and upon surrender and cancellation of this Bond. Upon registration of such transfer, a new Bond or Bonds, of authorized denomination or
denominations, for the same aggregate principal amount and of the same maturity will be issued to the transferee in exchange herefor. This Bond may be exchanged at the Office of the Trustee, or such other place as designated by the Trustee, for Bonds of the same tenor, aggregate principal amount, interest rate and maturity, of other authorized denominations.

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

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

It is hereby certified that all of the things, conditions and acts required to exist, to have happened or to have been performed precedent to and in the issuance of this Bond do exist, have happened or have been performed in due and regular time, form and manner as required by the Law and the laws of the State of California and that the amount of this Bond, together with all other indebtedness of the Authority, does not exceed any limit prescribed by the Law or any laws of the State of California, and is not in excess of the amount of Bonds permitted to be issued under the Indenture.

This Bond shall not be entitled to any benefit under the Indenture or become valid or obligatory for any purpose until the certificate of authentication hereon endorsed shall have been manually signed by the Trustee.
IN WITNESS WHEREOF, the Stockton Public Financing Authority has caused this Bond to be executed in its name and on its behalf with the facsimile signature of its Treasurer and attested to by the facsimile signature of its Secretary, all as of the Original Issue Date specified above.

STOCKTON PUBLIC FINANCING AUTHORITY

By ______________________________
Treasurer

Attest:

_______________________________
Secretary

CERTIFICATE OF AUTHENTICATION

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

Dated: _________________________

WELLS FARGO BANK, NATIONAL ASSOCIATION, as Trustee

By ______________________________
Authorized Signatory
FORM OF ASSIGNMENT

For value received, the undersigned do(es) hereby sell, assign and transfer unto

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

the within Bond and do(es) hereby irrevocably constitute(s) and appoint(s)

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

Dated: ______________

Signature Guaranteed:

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

Notice: The signature on this assignment must correspond with the name(s) as written on the face of
the within Bond in every particular without alteration or enlargement or any change whatsoever.
Exhibit B
STOCKTON CITY COUNCIL

RESOLUTION APPROVING PROCEEDINGS BY THE STOCKTON PUBLIC FINANCING AUTHORITY FOR THE ISSUANCE AND SALE OF LEASE REVENUE BONDS TO FINANCE VARIOUS CAPITAL IMPROVEMENTS THROUGHOUT THE GEOGRAPHIC BOUNDARIES OF THE CITY AND APPROVING RELATED DOCUMENTS AND OFFICIAL ACTIONS

WHEREAS, the City of Stockton (the "City"), working together with the Stockton Public Financing Authority (the "Authority"), proposes to undertake the financing of the acquisition and development of various capital improvements throughout the geographic boundaries of the City (the "Project");

WHEREAS, for such purposes, the Authority has determined to issue its Stockton Public Financing Authority Lease Revenue Bonds, 2008 Series A (Capital Improvement Projects) (the "Bonds");

WHEREAS, the Bonds will be issued under the provisions of Article 4 (commencing with section 6584) of the Act (the "Bond Law") and an indenture of trust (the "Indenture"), by and between the Authority and Wells Fargo Bank, National Association, as trustee;

WHEREAS, in order to provide for the repayment of the Bonds, the Authority will lease certain real property and improvements (the "Property") to the City pursuant to a lease agreement (the "Lease Agreement") under which the City will agree to make lease payments to the Authority from moneys in its General Fund and the City will budget and appropriate sufficient amounts in each year to pay the full amount of principal of and interest on the Bonds;

WHEREAS, as required by section 6586.5(a) of the California Government Code, a public hearing has been held by this Council in connection with the financing;

WHEREAS, the Council desires to make a finding of significant public benefit pursuant to section 6586.5(a)(2) of the California Government Code, and to approve of the financing and the transactions contemplated by the Bonds;

WHEREAS, a proposed form of official statement (the "Official Statement") describing the Bonds, to be used in connection with the marketing of the Bonds, has been prepared and has been presented to the City; and
WHEREAS, the Council has duly considered such transactions and wishes at this time to approve said transactions in the public interests of the City; now, therefore,

BE IT RESOLVED BY THE COUNCIL OF THE CITY OF STOCKTON, AS FOLLOWS:

1. **Findings and Consent.** The Council hereby finds that significant public benefits will arise from the financing, in accordance with section 6586 of the California Government Code.

2. **Approval of Bonds.** The Council hereby approves the issuance of the Bonds by the Authority for the purpose of providing funds to finance the Project.

3. **Approval of Site and Facility Lease.** The Council hereby approves a site and facility lease, by and between the City and the Authority (the "Site and Facility Lease"), pursuant to which the City will lease the Property to the Authority, to be leased back to the City pursuant to the Lease Agreement, in substantially the form on file with the City Clerk, together with any changes therein or additions thereto deemed advisable by the City Manager, the Deputy City Manager or the Chief Financial Officer (the "Designated Officers"), whose execution thereof shall be conclusive evidence of such approval. The Designated Officers, each acting alone, are hereby authorized and directed for and in the name and on behalf of the City to execute, and the City Clerk is hereby authorized and directed to attest, the final form of the Site and Facility Lease for and in the name of the City. The Council hereby authorizes the delivery and performance of the Site and Facility Lease.

4. **Approval of Lease Agreement.** The Council hereby approves the Lease Agreement, in substantially the form on file with the City Clerk, together with any changes therein or additions thereto deemed advisable by any Designated Officer, whose execution thereof shall be conclusive evidence of the approval of any such changes or additions, so long as the term of the Lease Agreement (not including extensions, as permitted therein) does not extend beyond September 1, 2038, and so long as the principal amount of the Lease Agreement is not greater than $45,000,000. The Designated Officers, each acting alone, are hereby authorized and directed for and in the name and on behalf of the City to execute, and the City Clerk is hereby authorized and directed to attest, the final form of the Lease Agreement for and in the name of the City. The Council hereby authorizes the delivery and performance of the Lease Agreement.

5. **Sale of the Bonds.** The Council hereby approves the negotiated sale of the Bonds by the Authority to RBC Capital Markets (the "Underwriter"). The Council hereby approves a bond purchase agreement, by and among the Authority, the City and the Underwriter (the "Bond Purchase Agreement"), in substantially the form on file with the City Clerk, together with any changes therein or additions thereto deemed advisable by any Designated Officer, whose execution thereof shall be conclusive evidence of the approval of any such changes or additions, so long as the maximum par amount of the
Bonds sold to the Underwriter does not exceed $45,000,000, the average interest rate on the Bonds does not exceed 7% and the Underwriter’s discount with respect to the Bonds does not exceed 1%. The Designated Officers, each acting alone, are hereby authorized and directed for and in the name and on behalf of the City to execute, and the City Clerk is hereby authorized and directed to attest, the final form of the Bond Purchase Agreement for and in the name of the City. The Council hereby authorizes the delivery and performance of the Bond Purchase Agreement.

6. **Official Statement.** The Council hereby approves, and hereby deems nearly final within the meaning of Rule 15c2-12 of the Securities Exchange Act of 1934 (the "Rule"), the preliminary official statement describing the Bonds (the "Preliminary Official Statement") in substantially the form on file with the City Clerk. The Designated Officers, each acting alone, are hereby authorized and directed to execute an appropriate certificate stating the City’s determination that the Preliminary Official Statement is deemed final with permitted exceptions within the meaning of the Rule. Distribution of the Preliminary Official Statement in connection with the sale of the Bonds is hereby approved. The Designated Officers, each acting alone, are hereby authorized and directed to approve any changes in or additions to a final form of official statement (the “Final Official Statement”), and the execution thereof by any Designated Officer shall be conclusive evidence of approval of any such changes and additions. The Council hereby authorizes the distribution of the Final Official Statement by the Underwriter. The Final Official Statement shall be executed in the name and on behalf of the City by any Designated Officer.

7. **Official Actions.** The City Manager, the Deputy City Manager, the Chief Financial Officer, the City Clerk and all other officers of the City are each authorized and directed in the name and on behalf of the City to make any and all assignments, certificates, requisitions, agreements, notices, consents, instruments of conveyance, warrants and other documents, which they or any of them might deem necessary or appropriate in order to consummate any of the transactions contemplated by the documents approved pursuant to this Resolution. Whenever in this Resolution any officer of the City is authorized to execute or countersign any document or take any action, such execution, countersigning or action may be taken on behalf of such officer by any person designated by such officer to act on his or her behalf in the case such officer shall be absent or unavailable.
8. Effective Date. This Resolution shall take effect from and after the date of its passage and adoption.

9. The City Manager is authorized to take such other actions as are appropriate to carry out the intent of this Resolution.

PASSED, APPROVED AND ADOPTED [SEP - 9 2008]

EDWARD J. CHAVEZ, Mayor
of the City of Stockton

ATTEST:

KATHERINE GONG MEISSNER, Clerk
of the City of Stockton
Resolution No. PFA 08-04

STOCKTON PUBLIC FINANCING AUTHORITY

RESOLUTION AUTHORIZING THE ISSUANCE AND SALE OF LEASE REVENUE BONDS TO FINANCE VARIOUS CAPITAL IMPROVEMENTS THROUGHOUT THE GEOGRAPHIC BOUNDARIES OF THE CITY OF STOCKTON AND APPROVING RELATED DOCUMENTS AND OFFICIAL ACTIONS

WHEREAS, the Stockton Public Financing Authority (the "Authority") is a joint powers authority duly organized and existing under and pursuant to that certain Joint Exercise of Powers Agreement, dated as of June 18, 1990, by and between the City of Stockton (the "City") and the Redevelopment Agency of the City of Stockton (the "Agency" and, with the City, the "Members"), and under the provisions of Articles 1 through 4 (commencing with section 6500) of Chapter 5 of Division 7 of Title 1 of the California Government Code (the "Act"), and is authorized pursuant to Article 4 of the Act to borrow money for the purpose of financing the acquisition of bonds, notes and other obligations of, or for the purpose of making loans to, public entities, including the Members, and to provide financing for public capital improvements of public entities, including the Members;

WHEREAS, the City, working together with the Authority, proposes to undertake the financing of the acquisition and development of various capital improvements throughout the geographic boundaries of the City (the "Project");

WHEREAS, for such purposes, the Authority has determined to issue its Stockton Public Financing Authority Lease Revenue Bonds (Capital Improvement Projects), 2008 Series A, in a principal amount not to exceed $45,000,000 (the "Bonds");

WHEREAS, the Bonds will be issued under the provisions of Article 4 (commencing with section 6584) of the Act (the "Bond Law") and an indenture of trust (the "Indenture"), by and between the Authority and Wells Fargo Bank, National Association, as trustee;

WHEREAS, in order to provide for the repayment of the Bonds, the Authority will lease certain real property and improvements (the "Property") to the City pursuant to a lease agreement (the "Lease Agreement") under which the City will agree to make lease payments to the Authority from moneys in its General Fund and the City will budget and appropriate sufficient amounts in each year to pay the full amount of principal of and interest on the Bonds;

City Attorney: ____________________________
Review Date: ____________________________
Date: September 2, 2008

CTY147502
WHEREAS, as required pursuant to section 6586.5(a) of the California Government Code, a public hearing has been held by the City Council of the City in connection with the financing;

WHEREAS, a proposed form of official statement (the "Official Statement") describing the Bonds, to be used in connection with the marketing of the Bonds by the Underwriter, has been prepared and has been presented to the Authority; and

WHEREAS, the Board has duly considered such transactions and wishes at this time to approve said transactions in the public interests of the Authority; now, therefore,

BE IT RESOLVED, as follows:

1. **Findings.** The Board hereby finds that significant public benefits will arise from the financing in accordance with section 6586 of the California Government Code.

2. **Issuance of Bonds; Approval of Indenture.** The Board hereby authorizes the issuance of the Bonds under and pursuant to the Bond Law and the Indenture, for the purpose of providing funds to finance the Project. The Authority hereby approves the Indenture, in substantially the form on file with the Secretary, together with any changes therein or additions thereto approved by the Chair, the Vice Chair, the Treasurer or the Executive Director of the Authority (the "Designated Officers"), whose execution thereof shall be conclusive evidence of such approval. The Designated Officers, each acting alone, are hereby authorized and directed for and in the name and on behalf of the Authority to execute, and the Secretary is hereby authorized and directed to attest, the final form of the Indenture for and in the name of the Authority. The Authority hereby authorizes the delivery and performance of the Indenture.

3. **Approval of Site and Facility Lease.** The Board hereby approves a site and facility lease, by and between the City and the Authority (the "Site and Facility Lease"), pursuant to which the City will lease the Property to the Authority, to be leased back to the City pursuant to the Lease Agreement, in substantially the form on file with the Secretary, together with any changes therein or additions thereto deemed advisable by any Designated Officer, whose execution thereof shall be conclusive evidence of such approval. The Designated Officers, each acting alone, are hereby authorized and directed for and in the name and on behalf of the Authority to execute, and the Secretary is hereby authorized and directed to attest, the final form of the Site and Facility Lease for and in the name of the Authority. The Authority hereby authorizes the delivery and performance of the Site and Facility Lease.

4. **Approval of Lease Agreement.** The Board hereby approves the Lease Agreement, in substantially the form on file with the Secretary, together with any changes therein or additions thereto deemed advisable by any Designated Officer, whose execution thereof shall be conclusive evidence of such approval. The Designated Officers, each acting alone, are hereby authorized and directed for and in the name and on behalf of the Authority to execute, and the Secretary is hereby
authorized and directed to attest, the final form of the Lease Agreement for and in the name of the Authority. The Authority hereby authorizes the delivery and performance of the Lease Agreement.

5. **Sale of the Bonds.** The Authority hereby approves the negotiated sale of the Bonds to RBC Capital Markets (the “Underwriter”). The Authority hereby approves a bond purchase agreement, by and among the Authority, the City and the Underwriter (the “Bond Purchase Agreement”), in substantially the form on file with the Secretary, together with any changes therein or additions thereto deemed advisable by any Designated Officer, whose execution thereof shall be conclusive evidence of the approval of any such changes or additions, so long as (a) the maximum par amount of the Bonds sold to the Underwriter does not exceed $45,000,000, the average interest rate on the Bonds does not exceed 7% and the Underwriter’s discount with respect to the Bonds does not exceed 1%. The Designated Officers, each acting alone, are hereby authorized and directed for and in the name and on behalf of the Authority to execute, and the Secretary is hereby authorized and directed to attest, the final form of the Bond Purchase Agreement for and in the name of the Authority. The Authority hereby authorizes the delivery and performance of the Bond Purchase Agreement.

6. **Official Statement.** The Board hereby approves, and hereby deems nearly final within the meaning of Rule 15c2-12 of the Securities Exchange Act of 1934 (the "Rule"), the preliminary official statement describing the Bonds (the "Preliminary Official Statement"), in substantially the form on file with the Secretary. The Designated Officers, each acting alone, are hereby authorized and directed to execute an appropriate certificate stating the Authority’s determination that the Preliminary Official Statement is nearly final within the meaning of the Rule. Distribution of the Preliminary Official Statement in connection with the sale of the Bonds is hereby approved. The Designated Officers, each acting alone, are hereby authorized and directed to approve any changes in or additions to a final form of official statement (the "Final Official Statement"), and the execution thereof by any Designated Officer shall be conclusive evidence of approval of any such changes and additions. The Authority hereby authorizes the distribution of the Final Official Statement by the Underwriter. The Final Official Statement shall be executed in the name and on behalf of the Authority by any Designated Officer.

7. **Official Actions.** The Chair, the Vice Chair, the Treasurer, the Executive Director, the Secretary and all other officers of the Authority are each authorized and directed in the name and on behalf of the Authority to make any and all assignments, certificates, requisitions, agreements, notices, consents, instruments of conveyance, warrants and other documents, which they or any of them might deem necessary or appropriate in order to consummate any of the transactions contemplated by the documents approved pursuant to this Resolution. Whenever in this Resolution any officer of the Authority is authorized to execute or countersign any document or take any action, such execution, countersigning or action may be taken on behalf of such officer by any person designated by such officer to act on his or her behalf in the case such officer shall be absent or unavailable.
8. **Effective Date.** This Resolution shall take effect from and after the date of its passage and adoption.

The City Manager is authorized to take such other actions as are appropriate to carry out the intent of this Resolution.

PASSED, APPROVED AND ADOPTED SEP - 9 2008

EDWARD J. CHAVEZ, Chairman
Stockton Public Financing Authority

ATTEST:

KATHERINE GONG MEISSNER
Secretary
Stockton Public Financing Authority

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