

INDENTURE OF TRUST

Dated as of ____ 1, 2014

by and between

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

and the

HARBOR DEPARTMENT OF THE CITY OF LOS ANGELES

Relating to

\$_____

Harbor Department of the City of Los Angeles
Revenue Bonds and Refunding Revenue Bonds
2014 Series A (AMT) and
2014 Series B (Non-AMT)

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INDENTURE OF TRUST

THIS INDENTURE OF TRUST (this “Indenture”), made and entered into as of ___ 1, 2014, by and between the HARBOR DEPARTMENT OF THE CITY OF LOS ANGELES, a Department of the City of Los Angeles (the “Department”), and U.S. BANK NATIONAL ASSOCIATION, a national banking association, as trustee hereunder (the “Trustee”);

WITNESSETH:

WHEREAS, in order to provide for the authentication and delivery of the Bonds, in one or more Series, to establish and declare the terms and conditions upon which the Bonds are to be issued and secured and to secure the payment of the principal thereof and interest and premium, if any, thereon, the Department has authorized the execution and delivery of this Indenture; and

WHEREAS, all acts and proceedings required by law necessary to make the Bonds, when executed by the Department, authenticated and delivered by the Trustee, and duly issued, the valid, binding and legal special obligations of the Department, and to constitute this Indenture a valid and binding agreement for the uses and purposes herein set forth in accordance with its terms, have been done and taken, and the execution and delivery of this Indenture have been in all respects duly authorized; and

WHEREAS, the Department has determined that the Bonds shall be issued as Parity Obligations pursuant to Section 6.04 of the 2005/06 Indenture, Section 6.04 of the 2006D Indenture, Section 6.04 of the 2009 Indenture, Section 6.04 of the 2011 Indenture, and Section 5.09 of the CP Issuing Document and concurrently with the execution and delivery of this Indenture, all conditions and requirements for the issuance of the Bonds pursuant to Section 6.04 of the 2005/06 Indenture, Section 6.04 of the 2006D Indenture, Section 6.04 of the 2009 Indenture, Section 6.04 of the 2011 Indenture, and Section 5.09 of the CP Issuing Document have been satisfied and met; and

WHEREAS, the Resolution authorizing the Bonds in all respects conform with the Charter and with the Procedural Ordinance; and

WHEREAS, the indebtedness to be evidenced by the Bonds, together with all other indebtedness of the Department and of the City pertaining to the Projects for or on account of which such Bonds are to be issued, is within every debt or other limit prescribed by the Constitution and the statutes of the State of California and the Charter; and

WHEREAS, upon the issuance of each Series of Bonds any and all acts, conditions and things required to exist, to happen and to be performed, precedent to and in the issuance thereof, will exist, will have happened and will have been performed, in due time, form and manner, as required by the Constitution and the statutes of the State of California and the Charter;

NOW, THEREFORE, THIS INDENTURE WITNESSETH:

GRANTING CLAUSES

The Department, in consideration of the premises and the acceptance by the Trustee of the trusts hereby created and of the mutual covenants herein contained and of the purchase and acceptance of the Bonds by the owners thereof, and for other valuable consideration, the receipt whereof is hereby acknowledged, in order to secure the payment of the principal of and the interest and premium (if any) on all Bonds at any time issued and Outstanding under this Indenture, according to their tenor, and to secure the performance and observance of all the covenants and conditions therein and herein set forth, does hereby assign and pledge unto, and grant a security interest in, the following (the "Trust Estate") to U.S. Bank National Association, as trustee, and its successors in trust and assigns forever, for the securing of the performance of the obligations of the Department to the Bond Owners hereinafter set forth, subject only to the provisions of this Indenture permitting the application thereof for the purposes and on the terms and conditions set forth herein:

GRANTING CLAUSE FIRST

All right, title and interest of the Department in and to the Revenues (as defined herein), including, but without limiting the generality of the foregoing, the present and continuing right to make claim for, collect, receive and receipt for any Revenues payable to or receivable by the Department under the Constitution of this State, the Charter and this Indenture and any other applicable laws of this State or otherwise, to bring actions and proceedings thereunder for the enforcement thereof, and to do any and all things which the Department is or may become entitled to do thereunder, subject to the terms hereof, such pledge of the Revenues being on a parity with the lien on and security interest in the Revenues of the Parity Obligations pursuant to the Issuing Documents for such Parity Obligations;

GRANTING CLAUSE SECOND

All moneys and securities held in funds and accounts of this Indenture, to the extent described and subject to the limitations set forth herein, but excluding, in all cases, amounts held in the Rebate Fund established hereunder, and all other rights of every name and nature from time to time herein or hereafter by delivery or by writing of any kind pledged, assigned or transferred as and for additional security hereunder to the Trustee by the Department or by anyone on its behalf, or with its written consent, and to hold and apply the same, subject to the terms hereof, said pledge of amounts held in the Reserve Fund (which the Department has elected pursuant to Section 5.09 to treat as part of the Common Reserve securing all Common Reserve Parity Obligations) being on a parity with the lien on and security interest in such amounts of the Common Reserve Parity Obligations pursuant to the Issuing Documents for such Common Reserve Parity Obligations;

TO HAVE AND TO HOLD all and singular the Trust Estate, whether now owned or hereafter acquired, unto the Trustee and its respective successors in trust and assigns forever for the benefit of the Owners and such pledge shall constitute a lien on and security interest in such Trust Estate as set forth above;

IN TRUST NEVERTHELESS, upon the terms and trusts herein set forth for the equal and proportionate benefit, security and protection of all present and future owners of the Bonds issued under and secured by this Indenture without privilege, priority or distinction, except as to timing of payment, as to the lien or otherwise of any of the Bonds over any of the other Bonds;

PROVIDED, FURTHER, that if the Department, its successors or assigns shall well and truly pay, or cause to be paid, the principal of and interest and any redemption premium on the Bonds due or to become due thereon, at the times and in the manner provided in the Bonds according to the true intent and meaning thereof, and shall well and truly keep, perform and observe all the covenants and conditions pursuant to the terms of this Indenture to be kept, performed and observed by it, and shall pay or cause to be paid to the Trustee all sums of money due or to become due in accordance with the terms and provisions hereof, then upon such final payments or deposits as herein provided, this Indenture and the rights hereby granted shall cease, terminate and be void; otherwise this Indenture shall remain in full force and effect.

THIS INDENTURE FURTHER WITNESSETH, and it is expressly declared, that all Bonds issued and secured hereunder are to be issued, authenticated and delivered, and all sold property, rights and interests, including, without limitation, the Revenues, hereby assigned and pledged, are to be dealt with and disposed of, under, upon and subject to the terms, conditions, stipulations, covenants, agreements, trusts, uses and purposes hereinafter expressed, and the Department has agreed and covenanted and does hereby covenant and agree with the Trustee, for the benefit of the respective Owners from time to time of the Bonds, as follows:

ARTICLE I

DEFINITIONS; CONTENT OF CERTIFICATES AND OPINIONS

Section 1.01. Definitions. Unless the context otherwise requires, the terms defined in this Section 1.01 shall, for all purposes of this Indenture and of any indenture supplemental hereto and of any certificate, opinion or other document herein mentioned, have the meanings herein specified, to be equally applicable to both the singular and plural forms of any of the terms herein defined.

“Accountant” means any firm of Independent Certified Public Accountants selected by the Department in its sole discretion.

“Agencies” means (1) obligations of any of the following federal agencies which obligations represent full faith and credit of the United States of America, including the Export - Import Bank; Farmers Home Administration; General Services Administration; U.S. Maritime Administration; Small Business Administration; Government National Mortgage Association (GNMA); U.S. Department of Housing & Urban Development (PHA’s); and Federal Housing Administration; and (2) bonds, notes or other evidences of indebtedness rated “AAA” and “Aaa” by S&P and Moody’s, respectively, and the highest rating by Fitch, if Fitch rates such instruments issued by the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation with remaining maturities not exceeding three years.

“Annual Debt Service” means, for any Fiscal Year, the sum of (1) the interest payable on all Parity Obligations in such Fiscal Year, (2) the principal amount or accreted value of all outstanding serial Parity Obligations maturing by their terms in such Fiscal Year, and (3) the principal amount or accreted value of all outstanding term Parity Obligations required to be redeemed or paid in such Fiscal Year.

“Authorized Representative” means with respect to the Department, its Executive Director, Chief Financial Officer, Director of Debt and Treasury or any other person designated as an Authorized Representative of the Department by a Certificate of the Department signed by its Executive Director and filed with the Trustee.

“Average Annual Debt Service” means, as of any date of calculation, the average of Annual Debt Service for all Fiscal Years on all Bonds and Parity Obligations outstanding as of such date.

“Board” means the Board of Harbor Commissioners of the City of Los Angeles.

“Book-Entry Bonds” means the Bonds registered in the name of the Nominee, or any successor securities depository for the Bonds, as the registered owner thereof pursuant to the terms and provisions of Section 2.08 hereof.

“Bond Counsel” means a firm of nationally-recognized attorneys experienced in the issuance of tax-exempt obligations the interest on which is excludable from gross income under Section 103 of the Code.

“Bonds” means the Harbor Department of the City of Los Angeles Revenue Bonds and Refunding Revenue Bonds, 2014 Series A (AMT) and 2014 Series B (Non-AMT).

“Business Day” means (i) a day which is not a Saturday, Sunday or legal holiday on which banking institutions in the State, or in any other state in which the Office of the Trustee is located, are closed or (ii) a day on which the New York Stock Exchange is not closed.

“Certificate,” “Direction,” “Request,” or “Requisition” of the Department mean a written certificate, direction, request or requisition signed in the name of the Department by its Authorized Representative. Any such instrument and supporting opinions or representations, if any, may, but need not, be combined in a single instrument with any other instrument, opinion or representation, and the two or more so combined shall be read and construed as a single instrument. If and to the extent required by Section 1.02, each such instrument shall include the statements provided for in Section 1.02.

“Charter” means the Charter of the City of Los Angeles, effective on July 1, 2000, as the same may be amended or supplemented from time to time.

“City” means the City of Los Angeles, California and its successors and assigns.

“Closing Date” means, with respect to any Series of Bonds, the date on which Bonds of such Series are delivered to the original purchaser thereof.

“Code” means the Internal Revenue Code of 1986, and the regulations issued thereunder, as the same may be amended from time to time, and any successor provisions of law. Reference to a particular section of the Code shall be deemed to be a reference to any successor to any such section.

[“Common Reserve” means the Reserve Fund established hereunder together with all reserve funds established with respect to Parity Obligations which have been designated by the Department to be a part of the Common Reserve in accordance with Section 5.09 or any Issuing Document for a Common Reserve Parity Obligation.]

[“Common Reserve Parity Obligation” shall have the meaning set forth in Section 5.09.]

[“Common Reserve Requirement” means, as of any date of calculation, an amount equal to the least of (a) 125% of average annual principal of and interest on all outstanding Parity Obligations entitled to the benefit of the Common Reserve, determined on a fiscal year basis, (b) the maximum aggregate annual principal of and interest on all outstanding Parity Obligations entitled to the benefit of the Common Reserve, determined on a fiscal year basis, and (c) 10% of the proceeds of all Parity Obligations entitled to the benefit of the Common Reserve; provided, however, that, if, upon issuance of a Parity Obligation entitled to the benefit of the Common Reserve, such amount would require moneys to be credited to the Common Reserve from the proceeds of such Parity Obligations in an amount in excess of the maximum amount permitted under the Code to be funded from the proceeds of tax-exempt bonds, the Common Reserve Requirement shall mean an amount equal to the sum of the Common Reserve Requirement immediately preceding issuance of such Parity Obligation and the maximum amount permitted under the Code to be funded from the proceeds of tax-exempt bonds to be deposited therein from the proceeds of such Parity Obligation, as certified in a Certificate of the Department.]

[“Common Reserve Security Device” shall have the meaning set forth in Section 5.09.]

“Construction Account – 2014 Series A” means the account by that name established pursuant to Section 3.04.

“Construction Account – 2014 Series B” means the account by that name established pursuant to Section 3.04.

“Construction Fund” means the fund by that name established pursuant to Section 3.04.

“Consultant’s Report” means a report signed by an Independent Financial Consultant or Independent Certified Public Accountant and including (1) a statement that the person or firm making or giving such report has read the pertinent provisions of this Indenture to which such report relates; (2) a brief statement as to the nature and scope of the examination or investigation upon which the report is based; and (3) a statement that, in the opinion of such person or firm, sufficient examination or investigation was made as is necessary to enable said Independent Financial Consultant or Independent Certified Public Accountant to express an informed opinion with respect to the subject matter referred to in the report.

“Continuing Disclosure Certificate” means that certain Continuing Disclosure Certificate executed by the Department, dated the date of delivery of the Bonds, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

“Costs of Issuance” means all items of expense directly or indirectly payable by or reimbursable to the Department and related to the authorization, issuance, sale and delivery of the Bonds, including but not limited to costs of preparation and reproduction of documents, printing expenses, filing and recording fees, initial fees and charges of the Trustee and counsel to the Trustee, legal fees and charges, fees and disbursements of consultants and professionals, rating agency fees, title insurance premiums, letter of credit fees, bond insurance premiums and surety bond premiums (if any), fees and charges for preparation, execution and safekeeping of the Bonds and any other cost, charge or fee in connection with the original issuance of the Bonds.

“Costs of Issuance Fund” means the fund by that name established pursuant to Section 3.03.

“Council” means the City Council of the City of Los Angeles.

“CP Notes” means the Harbor Department of the City of Los Angeles Commercial Paper Notes, Series A-1 and A-2 (Exempt Facility AMT), Series B-1 and B-2 (Exempt Facility Non-AMT), Series C-1 and C-2 (Governmental Non-AMT) and Series D-1 and D-2 (Taxable).

“CP Issuing Document” means that certain Amended and Restated Issuing and Paying Agent Agreement, dated as of July 1, 2012, by and between the Department and U.S. Bank Trust National Association, as issuing and paying agent.

“Debt Service” means, for any period of calculation, the sum of principal of and interest on the Bonds, Parity Obligations and other bonds, notes, certificates and other evidences of indebtedness of the Department and bonds, notes, certificates and other evidences of indebtedness of the City payable or serviced out of the Harbor Revenue Fund (as calculated based on the reasonable assumptions of the Department) on a parity with the Bonds during such period.

“Department” means the Harbor Department of the City of Los Angeles and its successors and assigns.

[“Deposit Letter Agreement” means that certain letter agreement, dated as of ____, 2014, by and between the Department and the Trustee.]

“Depository” or “DTC” means The Depository Trust Company, New York, New York, a limited purpose trust company organized under the laws of the State of New York in its capacity as securities depository for the Bonds.

“Escrow Agent” means U.S. Bank National Association, as escrow agent under the Escrow Agreement, and its successors.

“Escrow Agreement” means the Escrow Agreement, dated as of ____ 1, 2014, between the Department and U.S. Bank National Association, as Trustee and Escrow Agent.

“Escrow Fund” means the fund held by the Escrow Agent under the terms of the Escrow Agreement, which fund is established and held for the purpose of providing for the redemption of the Refunded Bonds.

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

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

“Fiscal Year” means the twelve-month period beginning on July 1 of each year and ending on the next succeeding June 30, both dates inclusive, or any other twelve-month period hereafter selected and designated as the official fiscal year period of the Department.

“Fitch” means Fitch, Inc., or any successor thereto.

“Governmental Bonds” means the 2014 Series B Bonds.

“Governmental Projects” means improvements, utilities, structures, watercraft, appliances, facilities and services as the Board may deem necessary or convenient for the promotion or accommodation of maritime commerce, navigation or fishery, or for any use in connection therewith, or upon the lands and waters, or interests therein, in the possession and under the management, supervision and control of said Board, or for the payment of the cost of acquiring or taking such real property or any interest therein that the Board may deem necessary or convenient for such purposes. All Governmental Projects (other than projects to the extent the bond-financed cost thereof is not in excess of 10% of the proceeds of the bond issue, or series of bonds, as applicable, from which such costs are financed, net of amounts therefrom deposited in a debt service reserve fund) must not be used in a “private business use” within the meaning of Section 141(b) of the Code and the Treasury Regulations thereunder.

“Harbor District” shall have the meaning set forth in the Charter.

“Harbor Revenue Fund” means the Harbor Revenue Fund established pursuant to Section 656(a) of the Charter.

“Indenture” means this Indenture of Trust, as originally executed or as it may from time to time be supplemented, modified or amended by any Supplemental Indenture.

“Independent Certified Public Accountant” means any firm of certified public accountants appointed by the Department, and each of whom is independent pursuant to the Statement on Auditing Standards No. 1 of the American Institute of Certified Public Accountants.

“Independent Financial Consultant” means a financial consultant or firm of such consultants appointed by the Department, and who, or each of whom:

- (A) is in fact independent and not under control of the Department;
- (B) does not have any substantial interest, direct or indirect, with the Department; and
- (C) is not connected with the Department as an officer or employee of the Department, but who may be regularly retained to make reports to the Department.

“Information Services” means the Electronic Municipal Market Access System (“EMMA”), a service of the Municipal Securities Rulemaking Board, or such other service providing information with respect to called bonds as the Department may designate in writing to the Trustee.

“Interest Account - 2014 Series A” means the account by that name established pursuant to Section 5.01(b).

“Interest Account - 2014 Series B” means the account by that name established pursuant to Section 5.01(b).

“Interest Fund” means the fund by that name established pursuant to Section 5.01(b).

“Interest Payment Date” means each February 1 and August 1, commencing [February 1, 2015] with respect to the Bonds.

“Issuing Document” means any indenture, trust agreement or other document pursuant which any Parity Obligations are issued or delivered; provided that, if a trustee is appointed under an Issuing Document, the trustee for all Parity Obligations shall be the Trustee.

“Letter of Representations” means the letter of the Department and the Trustee delivered to and accepted by the Depository on or prior to delivery of the Bonds as book-entry bonds setting forth the basis on which the Depository serves as depository for such book-entry bonds, as originally executed or as it may be supplemented or revised or replaced by a letter from the Department and the Trustee delivered to and accepted by the Depository.

“Moody’s” means Moody’s Investors Service, Inc. or any successor thereto.

“Net Revenues” means Revenues less Operation and Maintenance costs.

“Nominee” means the nominee of the Depository, which may be the Depository, as determined from time to time pursuant to Section 2.08 hereof.

“Office” means with respect to the Trustee, the office of the Trustee at 633 West Fifth Street, 24th Floor, Los Angeles, California 90071, Attention: Corporate Trust Services, provided however, for the purposes of maintenance of the Registration Books and surrender of the Bonds for transfer, exchange or payment, such term shall mean the office or agency at which the

Trustee conducts its corporate agency function or at such other or additional offices as may be specified in writing by the Trustee to the Department.

“Operation and Maintenance” shall mean the necessary expenses of conducting the Department, including the operation, promotion and maintenance of all harbor or port improvements, works, utilities, appliances, facilities, services, maritime related recreation facilities and watercraft, owned, controlled or operated by the City for the promotion or accommodation of maritime commerce, navigation or fishery, or used in connection therewith, but shall not include any Shortfall Advances, defined in the Official Statement, dated January 29, 1999, with respect to the Alameda Corridor Transportation Authority Taxable Senior Lien Revenue Bonds Series 1999C and Taxable Subordinate Lien Revenue Bonds Series 1999D as the payments by that name are more particularly defined and described in the Alameda Corridor Use and Operating Agreement, dated as of October 12, 1998, by and among the Department and the other parties thereto, as amended by any amendments and supplements thereto, which the Department is obligated to pay to the Alameda Corridor Transportation Authority pursuant to such Alameda Corridor Use and Operating Agreement.

“Outstanding,” when used as of any particular time with reference to Bonds, means (subject to the provisions of Section 11.09) all Bonds theretofore, or thereupon being, authenticated and delivered by the Trustee under this Indenture except (a) Bonds theretofore canceled by the Trustee or surrendered to the Trustee for cancellation; (b) Bonds with respect to which all liability of the Department shall have been discharged in accordance with Section 10.02, including Bonds (or portions thereof) described in Section 11.10; and (c) Bonds for the transfer or exchange of or in lieu of or in substitution for which other Bonds shall have been authenticated and delivered by the Trustee pursuant to this Indenture.

“Owner” or “Bond Owner,” whenever used herein with respect to a Bond, means the person in whose name the ownership of such Bond is registered on the Registration Books.

“Paired Obligation” means any Parity Obligations (or portion thereof) designated as Paired Obligations in the resolution, indenture or other document authorizing the issuance or execution and delivery thereof, which are simultaneously issued or executed and delivered (i) the principal of which is of equal amount maturing and to be redeemed or prepaid (or cancelled after acquisition thereof) on the same dates and in the same amounts, and (ii) the interest rates which, taken together, result in an irrevocably fixed interest rate obligation of the Department for the term of all or any portion of the term of such Parity Obligation.

“Parity Obligations” means the Bonds and all revenue bonds or notes of the Department authorized, executed, issued and delivered by the Department, and all contracts of the Department authorized and executed by the Department, the payments of which are on a parity with the Bonds and which are secured by a pledge of and lien on the Revenues.

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

“Permitted Investments” means any of the following:

(A) Direct obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury, and CATS and TIGRS) or obligations the principal of and interest on which are unconditionally guaranteed by the United States of America.

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

U.S. Export-Import Bank (Eximbank)

Direct obligations or fully guaranteed certificates of beneficial ownership

Farmers Home Administration (FmHA)

Certificates of beneficial ownership

Federal Financing Bank

Federal Housing Administration Debentures (FHA)

General Services Administration

Participation certificates

Government National Mortgage Association (GNMA or “Ginnie Mae”)

GNMA – guaranteed mortgage-backed bonds

GNMA – guaranteed pass-through obligations

U.S. Maritime Administration

Guaranteed Title XI financing

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

Project Notes

Local Authority Bonds

New Communities Debentures – U.S. government guaranteed debentures

U.S. Public Housing Notes and Bonds – U.S. government guaranteed public housing notes and bonds

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

Federal Home Loan Bank System

Senior debt obligations

Federal Home Loan Mortgage Corporation (FHLMC or “Freddie Mac”)

Participation Certificates

Senior debt obligations

Federal National Mortgage Association (FNMA or “Fannie Mae”)
Mortgage-backed securities and senior debt obligations

Resolution Funding Corp. (REFCORP) obligations

Farm Credit System
Consolidated systemwide bonds and notes

- (D) Money market funds registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, and having a rating by S&P of AAAm-G; AAA-m; or AA-m and if rated by Moody’s rated Aaa, Aa1 or Aa2, including funds for which the Trustee, its parent holding company, if any, or any affiliates or subsidiaries of the Trustee provide investment advisory or other management services.
- (E) Certificates of deposit secured at all times by collateral described in (A) and/or (B) above. Such certificates must be issued by commercial banks, savings and loan associations or mutual savings banks which may include the Trustee and its affiliates. The collateral must be held by a third party and the bondholders must have a perfected first security interest in the collateral.
- (F) Certificates of deposit, savings accounts, deposit accounts or money market deposits of any bank where the short term obligations are rated “Prime-1” by Moody’s and “A-1” or better by S&P.
- (G) Investment Agreements, including guaranteed investment contracts, forward purchase agreements and reserve fund put agreements with a provider whose long-term unsecured debt is rated at the time of execution and delivery thereof in not lower than the second highest rating category of Moody’s and S&P.
- (H) Commercial paper rated, at the time of purchase, “Prime-1” by Moody’s and “A-1” or better by S&P.
- (I) Bonds or notes issued by any state or municipality which are rated by Moody’s and S&P in one of the two highest rating categories assigned by such agencies.
- (J) Federal funds or bankers acceptances with a maximum term of one year of any bank which has an unsecured, uninsured and unguaranteed obligation rating of “Prime-1” or “A3” or better by Moody’s and “A-1” or “A” or better by S&P.
- (K) Repurchase Agreements which meet the following criteria:

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

Repurchase Agreements must be between the Department and a dealer bank or securities firm.

Primary dealers on the Federal Reserve reporting dealer list which are rated A or better by S&P and Moody's at the time of execution and delivery thereof, or

Banks rated "A" or above by S&P and Moody's at the time of execution and delivery thereof.

The written Repurchase Agreement must include the following:

Securities which are acceptable for transfer are: (1) Direct U.S. governments, or (2) Federal agencies backed by the full faith and credit of the U.S. government (and FNMA & FHLMC)

The term of the Repurchase Agreement may be up to 30 days

The collateral must be delivered to the Department, the Trustee (if the Trustee is not supplying the collateral) or third party acting as agent for the Trustee (if the Trustee is supplying the collateral) before/simultaneous with payment (perfection by possession of certificated securities).

Valuation of Collateral

The securities must be valued weekly, marked-to-market at current market price plus accrued interest; and

The value of the collateral must be equal to 104% of the amount of cash transferred by the Department to the dealer bank or security firm under the Repurchase Agreement plus accrued interest. If the value of securities held as collateral slips below 104% of the value of the cash transferred by the Department, then additional cash and/or acceptable securities must be transferred. If, however, the securities used as collateral are FNMA or FHLMC, then the value of collateral must equal 105%.

A legal opinion which must be delivered to the Department that the Repurchase Agreement meets the guidelines under State law for legal investment of public funds.

Additional Notes

Any state administered pool investment fund in which the Department is statutorily permitted or required to invest will be deemed a Permitted Investment.

The Trustee shall Value the Permitted Investments on deposit in the Common Reserve at least once per year. Permitted Investments on deposit in the Common Reserve may not have maturities extending beyond 5 years, except for Investment Agreements with respect to the Bonds with a provider whose long-term unsecured debt is rated at the time of execution and delivery thereof in not lower than the second highest rating category of Moody's and S&P.

"Principal Account – 2014 Series A" means the account by that name established pursuant to Section 5.01(b).

"Principal Account – 2014 Series B" means the account by that name established pursuant to Section 5.01(b).

"Principal Fund" means the fund by that name established pursuant to Section 5.01(b).

"Private Activity Bonds" means the 2014 Series A Bonds.

"Private Activity Projects" means improvements, utilities, structures, watercraft, appliances, facilities and services as the Board may deem necessary or convenient for the promotion or accommodation of maritime commerce, navigation or fishery, or for any use in connection therewith, or upon the lands and waters, or interests therein, in the possession and under the management, supervision and control of said Board, or for the payment of the cost of acquiring or taking such real property or any interest therein that the Board may deem necessary or convenient for such purposes. All Private Activity Projects (other than projects to the extent the bond-financed cost thereof is not in excess of 3% of the proceeds of the bond issue, or series of bonds, as applicable, from which such costs are financed, net of amounts therefrom deposited in a debt service reserve fund) must constitute a "dock or wharf" facility, or property functionally related and subordinate thereto, within the meaning of Section 142(a)(2) of the Code and the Treasury Regulations thereunder.

"Procedural Ordinance" means that certain Charter implementation ordinance related to the procedures for issuance and sale of revenue bonds and other obligations by the Department, and amending Sections 11.28.1 through 11.28.9 of Division 11, Chapter 1, Article 6.5 of the Los Angeles Administrative Code to conform the procedures to Charter Sections 609(a) and 610.

"Projects" means, collectively, the Private Activity Projects and the Governmental Projects.

"Rating Agencies" means Fitch, S&P and Moody's.

"Rebate Fund" means the fund by that name established pursuant to Section 5.07(a).

"Record Date" means, with respect to any Interest Payment Date, the fifteenth (15th) day of the calendar month preceding such Interest Payment Date, whether or not such day is a Business Day.

“Redemption Account – 2014 Series A” means the account by that name established pursuant to Section 5.05(a).

“Redemption Account – 2014 Series B” means the account by that name established pursuant to Section 5.05(a).

“Redemption Date” means any date fixed for a redemption prior to maturity of Bonds.

“Redemption Fund” means the fund by that name established pursuant to Section 5.05(a).

“Redemption Price” means, with respect to any Bond (or portion thereof), the principal amount with respect to such Bond (or portion thereof), plus accrued and unpaid interest thereon to the Redemption Date, without premium, payable upon redemption thereof pursuant to the provisions of such Bond and this Indenture.

“Refunded Bonds” means the 2006D Bonds.

“Refunded Bond Indenture” means the 2006D Indenture.

“Refunded CP Notes” means the Governmental Non-AMT CP Notes.

“Refunded Obligations” means the Refunded Bonds and the Refunded CP Notes, collectively.

“Registration Books” means the records maintained by the Trustee for the registration of ownership and registration of transfer of the Bonds pursuant to Section 2.05.

“Reserve Fund” means the fund by that name established pursuant to Section 5.09.

“Resolution” means Resolution No. ____ of the Board adopted on ____, 2014.

“Responsible Officer of the Trustee” means any officer within the corporate trust division (or any successor group or department of the Trustee) including any vice president, assistant vice president, assistant secretary or any other officer or assistant officer of the Trustee with administrative responsibility for this Indenture on behalf of the Trustee.

“Revenues” means:

(a) all money received or collected from or arising out of the use or operation of any harbor or port improvement, work, structure, appliance, facility or utility, service, or watercraft, owned, controlled or operated by the City of Los Angeles in or upon or pertaining to the lands and waters, or interests therein, of said City in the Harbor District; all tolls, charges and rentals collected by the Harbor Department; and all compensations or fees required to be paid for franchises or licenses, or otherwise by law or ordinance or order, to the City for the operation of any public service utility upon lands and waters, or interests therein, of the City in the Harbor District; provided that for the avoidance of doubt user fees collected by the Department on behalf of, or required to be transmitted to,

third parties pursuant to applicable law and not commingled with Revenues, shall not be deemed to be Revenues; and

(b) all interest or gain derived from the investment of amounts in any of the funds or accounts established hereunder (except interest and gain derived from the Rebate Fund established and maintained hereunder).

“S&P” means Standard & Poor’s Ratings Services, a division of The McGraw-Hill Companies, Inc., or any successor thereto.

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

“Separate Reserve Fund” means a reserve fund created pursuant to an Issuing Document for a Parity Obligation that is not a part of the Common Reserve.

“Separate Reserve Fund Requirement” shall have the meaning set forth for the term “Reserve Fund Requirement” in the Issuing Documents for the Parity Obligations that are not a part of the Common Reserve.

“Separate Reserve Fund Security Device” shall have the meaning set forth for the term “Reserve Fund Security Device” in the Issuing Documents for a Parity Obligation that is not a part of the Common Reserve.

“Series” wherever used herein with respect to Bonds, means all of the Bonds designated as being of the same series, authenticated and delivered in a simultaneous transaction, regardless of variations in maturity, interest rate, redemption and other provisions, and any Bonds thereafter authenticated and delivered upon transfer or exchange of or in lieu of or in substitution for (but not to refund) such Bonds as herein provided.

“State” means the State of California.

“Subseries” wherever used herein with respect to Bonds, means all of the Bonds designated as being of the same subseries within a Series, authenticated and delivered in a simultaneous transaction, regardless of variations in maturity, interest rate, redemption and other provisions, and any Bonds thereafter authenticated and delivered upon transfer or exchange of or in lieu of or in substitution for (but not to refund) such Bonds as herein provided.

“Supplemental Indenture” means any indenture hereafter duly authorized and entered into between the Department and the Trustee, supplementing, modifying or amending this Indenture; but only if and to the extent that such Supplemental Indenture is authorized pursuant to Article IX hereunder.

“Tax Certificate” means the Tax Certificate concerning certain matters pertaining to the use and investment of proceeds of the Bonds, executed by the Department on the date of

issuance of the Bonds, including any and all exhibits attached thereto, as such Tax Certificate may be amended or supplemented in connection with the issuance of the Bonds or otherwise.

“TEFRA Notice” means the notice of public hearing to be held by the Department regarding, among other things, the Department’s issuance of the Private Activity Bonds to finance the costs of the Private Activity Projects and to provide related costs published on _____, 2014 in the Los Angeles Daily News, The Daily Breeze and Los Angeles Metropolitan News-Enterprise, all newspapers of general circulation within the City and County of Los Angeles.

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

“2005/06 Indenture” means the Indenture of Trust, dated as of October 1, 2005, by and between the Department and The Bank of New York Trust Company, N.A., as predecessor trustee, and as it may from time to time be supplemented, modified or amended in accordance with the terms thereof.

“2006D Bonds” means the Harbor Department of the City of Los Angeles Revenue Bonds, 2006 Series D (AMT).

“2006D Indenture” means the Indenture of Trust, dated as of August 1, 2006, by and between the Department and U.S. Bank National Association, as trustee, and as it may from time to time be supplemented, modified or amended in accordance with the terms thereof.

“2009 Indenture” means the Indenture of Trust, dated as of July 1, 2009, by and between the Department and U.S. Bank National Association, as trustee, and as it may from time to time be supplemented, modified or amended in accordance with the terms thereof.

“2011 Indenture” means the Indenture of Trust, dated as of July 1, 2011, by and between the Department and U.S. Bank National Association, as trustee, and as it may from time to time be supplemented, modified or amended in accordance with the terms thereof.

“2014 Series A Bonds” means the Harbor Department of the City of Los Angeles Revenue Bonds and Refunding Revenue Bonds, 2014 Series A (AMT).

“2014 Series B Bonds” means the Harbor Department of the City of Los Angeles Revenue Bonds and Refunding Revenue Bonds, 2014 Series B (Non-AMT).

“Value” means that the value of any investments shall be the lower of the initial cost of such investment and value calculated as follows:

- (a) as to investments the bid and asked prices of which are published on a regular basis in The Wall Street Journal (or, if not there, then in The New York Times): the average of the bid and asked prices for such investments so published on or most recently prior to such time of determination;

(b) as to investments the bid and asked prices of which are not published on a regular basis in The Wall Street Journal or The New York Times: the average bid price at such time of determination for such investments by any two nationally recognized government securities dealers (selected by the Trustee in its absolute discretion) at the time making a market in such investments or the bid price published by a nationally recognized pricing service;

(c) as to certificates of deposit and bankers acceptances: the face amount thereof, plus accrued interest;

(d) as to any investment not specified above: the value thereof established by the Department and specified to the Trustee; or

(e) as to any investment, in the manner currently employed by the Trustee or any other manner consistent with corporate trust industry standard.

Section 1.02. Content of Certificates and Opinions. Every certificate or opinion provided for in this Indenture, except the certificate of destruction provided for in Section 11.05 hereof, with respect to compliance with any provision hereof shall include (1) a statement that the person making or giving such certificate or opinion has read such provision and the definitions herein relating thereto; (2) a brief statement as to the nature and scope of the examination or investigation upon which the certificate or opinion is based; (3) a statement that, in the opinion of such person he has made or caused to be made such examination or investigation as is necessary to enable him to express an informed opinion with respect to the subject matter referred to in the instrument to which his signature is affixed; (4) a statement of the assumptions upon which such certificate or opinion is based, and that such assumptions are reasonable; and (5) a statement as to whether, in the opinion of such person, such provision has been complied with.

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

Section 1.03. Interpretation.

(a) Unless the context otherwise indicates, words expressed in the singular shall include the plural and vice versa and the use of the neuter, masculine, or feminine gender is for convenience only and shall be deemed to include the neuter, masculine or feminine gender, as appropriate.

(b) Headings of articles and sections herein and the table of contents hereof are solely for convenience of reference, do not constitute a part hereof and shall not affect the meaning, construction or effect hereof.

(c) All references herein to “Articles,” “Sections” and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Indenture; the words “herein,” “hereof,” “hereby,” “hereunder” and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or subdivision hereof.

ARTICLE II

THE BONDS

Section 2.01. Authorization of Bonds. The Department hereby authorizes the issuance hereunder from time to time of two Series of Bonds, each of which shall constitute special obligations of the Department, for the purpose of financing the Projects and refunding the Refunded Obligations. The Bonds are hereby designated the “Harbor Department of the City of Los Angeles Revenue Bonds and Refunding Revenue Bonds, 2014 Series A (AMT)” and “Harbor Department of the City of Los Angeles Revenue Bonds and Refunding Revenue Bonds, 2014 Series B (Non-AMT).” The Bonds of a Series may be further designated by Subseries as directed by the Department. As used in this Indenture, unless otherwise provided herein or the context otherwise requires, references to a Series of Bonds shall be equally applicable to a Subseries of such Series. The aggregate principal amount of 2014 Series A Bonds initially issued and Outstanding under this Indenture shall equal \$____. The aggregate principal amount of 2014 Series B Bonds initially issued and Outstanding under this Indenture shall equal \$____. This Indenture constitutes a continuing agreement with the Owners from time to time of the Bonds to secure the full payment of the principal of and interest and premium (if any) on all the Bonds, subject to the covenants, provisions and conditions herein contained.

Section 2.02. Terms of the Bonds. The Bonds shall be issued in fully registered form without coupons in denominations of \$5,000 or any integral multiple thereof.

The 2014 Series A Bonds shall mature on August 1 in each of the years and in the amounts set forth below and shall bear interest on each Interest Payment Date at the rates set forth below:

2014 Series A Bonds

Maturity Date (August 1)	Principal Amount	Interest Rate
	\$	%

The 2014 Series B Bonds shall mature on August 1 in each of the years and in the amounts set forth below and shall bear interest on each Interest Payment Date at the rates set forth below:

2014 Series B Bonds

Maturity Date (August 1)	Principal Amount	Interest Rate
	\$	%

Interest on the Bonds shall be payable on each Interest Payment Date to the person whose name appears on the Registration Books as the Owner thereof as of the Record Date immediately preceding each such Interest Payment Date, such interest to be paid by check of the Trustee sent by first-class mail on each Interest Payment Date to the Owner at the address of such Owner as it appears on the Registration Books (except that in the case of an Owner of one million dollars (\$1,000,000) or more in principal amount of a Series of Bonds, such payment may, at such Owner's option, be made by wire transfer of immediately available funds in accordance with written instructions provided to the Trustee by such Owner prior to the Record Date). Principal of and premium (if any) on any Bond shall be paid by check or draft of the Trustee upon presentation and surrender thereof at maturity or upon the prior redemption thereof, at the Office of the Trustee. Both the principal of and interest and premium (if any) on the Bonds shall be payable in lawful money of the United States of America.

Each Bond shall be dated its respective date of delivery. Each Bond shall bear interest from the Interest Payment Date next preceding the date of authentication thereof unless (a) it is authenticated after a Record Date and on or before the following Interest Payment Date, in which event it shall bear interest from such Interest Payment Date, or (b) unless it is authenticated on or before [January 15, 2015], in which event it shall bear interest from its date of delivery; provided, however, that if, as of the date of authentication of any Bond, interest thereon is in default, such Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon. Interest on the Bonds shall be calculated on the basis of a 360-day year composed of twelve 30-day months.

Section 2.03. Transfer of Bonds. Any Bond may, in accordance with its terms, be transferred on the Registration Books by the person in whose name it is registered, in person or by his or her duly authorized attorney, upon surrender of such Bond at the Office of the Trustee for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form approved by the Trustee. The Trustee shall not be required to register the transfer of any Bond during the period in which the Trustee is selecting Bonds for redemption and any Bond that has been selected for redemption.

Whenever any Bond or Bonds shall be surrendered for transfer, the Department shall execute and the Trustee shall authenticate and shall deliver a new Bond or Bonds of authorized denomination or denominations for a like aggregate principal amount of the same maturity and Series. The Trustee shall require the Bond Owner requesting such transfer to pay any tax or other governmental charge required to be paid with respect to such transfer. The cost of printing Bonds and any services rendered or expenses incurred by the Trustee in connection with any such transfer shall be paid by the Department.

Section 2.04. Exchange of Bonds. Bonds may be exchanged at the Office of the Trustee for a like aggregate principal amount of other authorized denominations of the same maturity and Series. The Trustee shall not be required to exchange any Bond during the period in which the Trustee is selecting Bonds for redemption and any Bond that has been selected for redemption. The Trustee shall require the Bond Owner requesting such exchange to pay any tax or other governmental charge required to be paid with respect to such exchange. The cost of printing Bonds and any services rendered or expenses incurred by the Trustee in connection with any such exchange shall be paid by the Department.

Section 2.05. Registration Books. The Trustee will keep or cause to be kept, at the Office of the Trustee, sufficient records for the registration and transfer of ownership of the Bonds, which shall upon reasonable notice and at reasonable times be open to inspection during regular business hours by the Department; and, upon presentation for such purpose, the Trustee shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on such records, the ownership of the Bonds as hereinbefore provided.

Section 2.06. Form and Execution of Bonds. The 2014 Series A Bonds shall be in substantially the form set forth in Exhibit A hereto. The 2014 Series B Bonds shall be in substantially the form set forth in Exhibit B hereto. The Bonds shall be executed in the name and on behalf of the Department with the manual or facsimile signature of its Executive Director or the Chief Financial Officer, or his or her designee, attested by the manual or facsimile signature of its Secretary or Assistant Secretary. The Bonds may carry a seal, and such seal may be in the form of a facsimile of the Department's seal and may be reproduced, imprinted or impressed on the Bonds. The Bonds shall then be delivered to the Trustee for authentication by it. In case any of the officers who shall have signed or attested any of the Bonds shall cease to be such officer or officers of the Department before the Bonds so signed or attested shall have been authenticated or delivered by the Trustee, or issued by the Department, such Bonds may nevertheless be authenticated, delivered and issued and, upon such authentication, delivery and issue, shall be as binding upon the Department as though those who signed and attested the same had continued to be such officers of the Department, and also any Bonds may be signed and attested on behalf of the Department by such persons as at the actual date of execution of such Bonds shall be the proper officers of the Department although at the nominal date of such Bonds any such person shall not have been such officer of the Department.

Only such of the Bonds as shall bear thereon a certificate of authentication substantially in the form set forth in Exhibit A or B hereto, as applicable, manually executed by the Trustee, shall be valid or obligatory for any purpose or entitled to the benefits of this Indenture, and such certificate of or on behalf of the Trustee shall be conclusive evidence that the Bonds so

authenticated have been duly executed, authenticated and delivered hereunder and are entitled to the benefits of this Indenture.

Section 2.07. Bonds Mutilated, Lost, Destroyed or Stolen. If any Bond shall become mutilated, the Department, at the expense of the Owner of said Bond, shall execute, and the Trustee shall thereupon authenticate and deliver, a new Bond of like tenor, authorized denomination and Series in exchange and substitution for the Bonds so mutilated, but only upon surrender to the Trustee of the Bond so mutilated. Every mutilated Bond so surrendered to the Trustee shall be canceled by it and destroyed. If any note shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Department and the Trustee and, if such evidence be satisfactory to them and indemnity satisfactory to them shall be given, the Department, at the expense of the Owner, shall execute, and the Trustee shall thereupon authenticate and deliver, a new Bond of like tenor, authorized denomination, maturity and Series in lieu of and in substitution for the Bond so lost, destroyed or stolen (or if any such Bond shall have matured or shall have been called for redemption, instead of issuing a substitute Bond, the Trustee may pay the same without surrender thereof upon receipt of the above-mentioned indemnity). The Department may require payment by the Owner of a sum not exceeding the actual cost of preparing each new Bond issued under this Section and of the expenses which may be incurred by the Department and the Trustee in the premises. Any Bond issued under the provisions of this Section in lieu of any Bond alleged to be lost, destroyed or stolen shall constitute an original additional contractual obligation on the part of the Department whether or not the Bond so alleged to be lost, destroyed, or stolen be at any time enforceable by anyone, and shall be entitled to the benefits of this Indenture with all other Bonds secured by this Indenture.

Section 2.08. Book-Entry System.

(a) Election of Book-Entry System. Before the issuance of the Bonds, the Department may provide that such Bonds shall be initially issued as Book-Entry Bonds. If the Department shall elect to deliver any Bonds in book-entry form, then the Department shall cause the delivery of a separate single fully registered bond (which may be typewritten) for each maturity date of each Series of such Bonds in an authorized denomination corresponding to that total principal amount of such Series of Bonds designated to mature on such date. Upon initial issuance, the ownership of each such Bond shall be registered in the Registration Books in the name of the Nominee, as nominee of the Depository and ownership of the Bonds, or any portion thereof may not thereafter be transferred except as provided in Section 2.08(e).

With respect to Book-Entry Bonds, the Department and the Trustee shall have no responsibility or obligation to any Participant or to any person on behalf of which such a Participant holds an interest in such Book-Entry Bonds. Without limiting the immediately preceding sentence, the Department and the Trustee shall have no responsibility or obligation with respect to (i) the accuracy of the records of the Depository, the Nominee, or any Participant with respect to any ownership interest in Book-Entry Bonds, (ii) the delivery to any Participant or any other person, other than an Owner as shown in the Bond Registration Books, of any notice with respect to Book-Entry Bonds, including any notice of redemption, (iii) the selection by the Depository and its Participants of the beneficial interests in Book-Entry Bonds to be redeemed in the event the Department redeems the Bonds in part, or (iv) the payment by the Depository or any Participant or any other person, of any amount of principal of, premium, if any, or interest on

Book-Entry Bonds. The Department and the Trustee may treat and consider the person in whose name each Book-Entry Bond is registered in the Registration Books as the absolute Owner of such Book-Entry Bond for the purpose of payment of principal of, premium and interest on such Bond, for the purpose of giving notices of redemption and other matters with respect to such Bond, for the purpose of registering transfers with respect to such Bond, and for all other purposes whatsoever. The Trustee shall pay all principal of, premium, if any, and interest on the Bonds only to or upon the order of the respective Owner, as shown in the Bond Registration Books, or such Owner's respective attorney duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the Department's obligations with respect to payment of principal of, premium, if any, and interest on the Bonds to the extent of the sum or sums so paid. No person other than an Owner, as shown in the Registration Books, shall receive a Bond evidencing the obligation to make payments of principal of, premium, if any, and interest on the Bonds. Upon delivery by the Depository to the Department and the Trustee, of written notice to the effect that the Depository has determined to substitute a new nominee in place of the Nominee, and subject to the provisions herein with respect to Record Dates, the word Nominee in this Indenture shall refer to such nominee of the Depository.

(b) Delivery of Letter of Representations. In order to qualify the Book-Entry Bonds for the Depository's book-entry system, the Department and the Trustee shall execute and deliver to the Depository a Letter of Representations or Letters of Representation. The execution and delivery of a Letter of Representations shall not in any way impose upon the Department or the Trustee any obligation whatsoever with respect to persons having interests in such Book-Entry Bonds other than the Owners, as shown on the Bond Registration Books. By executing a Letter of Representations, the Trustee shall agree to take all action necessary at all times so that the Trustee will be in compliance with all representations of the Trustee in such Letter of Representations. In addition to the execution and delivery of a Letter of Representations, the Department and the Trustee (as directed by the Department) shall take such other actions, not inconsistent with this Indenture, as are reasonably necessary to qualify Book-Entry Bonds for the Depository's book-entry program.

(c) Selection of Depository. In the event (i) the Depository determines not to continue to act as securities depository for Book-Entry Bonds, or (ii) the Department determines that continuation of the book-entry system is not in the best interest of the beneficial owners of the Bonds or the Department, then the Department will discontinue the book-entry system with the Depository. If the Department determines to replace the Depository with another qualified securities depository, the Department shall prepare or direct the preparation of a new single, separate, fully registered Bond for each of the maturity dates of each Series of such Book-Entry Bonds, registered in the name of such successor or substitute qualified securities depository or its Nominee as provided in subsection (e) hereof. If the Department fails to identify another qualified securities depository to replace the Depository, then the Bonds shall no longer be restricted to being registered in such Bond Registration Books in the name of the Nominee, but shall be registered in whatever name or names the Owners transferring or exchanging such Bonds shall designate, in accordance with the provisions of Section 2.03 and Section 2.04 hereof.

(d) Payments to Depository. Notwithstanding any other provision of this Indenture to the contrary, so long as all Outstanding Bonds of a Series are held in book-entry form and registered in the name of the Nominee, all payments of principal of, redemption premium, if any,

and interest on such Bonds of such Series and all notices with respect to such Bonds of such Series shall be made and given, respectively to the Nominee, as provided in the Letter of Representations or as otherwise instructed by the Depository and agreed to by the Trustee notwithstanding any inconsistent provisions herein.

(e) Transfer of Bonds to Substitute Depository.

(i) The Bonds shall be initially issued as provided in Section 2.01 hereof. Registered ownership of such Bonds, or any portions thereof, may not thereafter be transferred except:

(A) to any successor of DTC or its nominee, or of any substitute depository designated pursuant to clause (B) of subsection (i) of this Section 2.08(e) (“Substitute Depository”); provided that any successor of DTC or Substitute Depository shall be qualified under any applicable laws to provide the service proposed to be provided by it;

(B) to any Substitute Depository, upon (1) the resignation of DTC or its successor (or any Substitute Depository or its successor) from its functions as depository, or (2) a determination by the Department that DTC (or its successor) is no longer able to carry out its functions as depository or continuation of the book-entry system is not in the best interest of the beneficial owners or the Department; provided that any such Substitute Depository shall be qualified under any applicable laws to provide the services proposed to be provided by it; or

(C) to any person as provided below, upon (1) the resignation of DTC or its successor (or any Substitute Depository or its successor) from its functions as depository, or (2) a determination by the Department that DTC or its successor (or Substitute Depository or its successor) is no longer able to carry out its functions as depository or continuation of the book-entry system is not in the best interest of the beneficial owners or the Department.

(ii) In the case of any transfer pursuant to clause (A) or clause (B) of subsection (i) of this Section 2.08(e), upon receipt of all Outstanding Bonds by the Trustee, together with a written request of the Department to the Trustee designating the Substitute Depository, a single new Bond, which the Department shall prepare or cause to be prepared, shall be issued for each maturity of Bonds of each Series then Outstanding, registered in the name of such successor or such Substitute Depository or their Nominees, as the case may be, all as specified in such written request of the Department. In the case of any transfer pursuant to clause (C) of subsection (i) of this Section 2.08(e), upon receipt of all Outstanding Bonds by the Trustee, together with a written request of the Department to the Trustee, new Bonds, which the Department shall prepare or cause to be prepared, shall be issued in such denominations and registered in the names of such persons as are requested in such written request of the Department, subject to the limitations of Section 2.01 hereof, provided that the Trustee shall not be required to deliver such new Bonds within a period of less than sixty (60) days from the date of receipt of such written request from the Department.

(iii) In the case of a partial redemption or an advance refunding of any Bonds evidencing a portion of the principal maturing in a particular year, DTC or its successor (or any Substitute Depository or its successor) shall make an appropriate notation on such Bonds indicating the date and amounts of such reduction in principal, in form acceptable to the Trustee, all in accordance with the Letter of Representations. The Trustee shall not be liable for such Depository's failure to make such notations or errors in making such notations.

(iv) The Department and the Trustee shall be entitled to treat the person in whose name any Bond is registered as the Owner thereof for all purposes of this Indenture and any applicable laws, notwithstanding any notice to the contrary received by the Trustee or the Department; and the Department and the Trustee shall not have responsibility for transmitting payments to, communicating with, notifying, or otherwise dealing with any beneficial owners of the Bonds. Neither the Department nor the Trustee shall have any responsibility or obligation, legal or otherwise, to any such beneficial owners or to any other party, including DTC or its successor (or Substitute Depository or its successor), except to the Owner of any Bonds, and the Trustee may rely conclusively on its records as to the identity of the Owners of the Bonds.

ARTICLE III

ISSUANCE OF BONDS; APPLICATION OF PROCEEDS

Section 3.01. Issuance of the Bonds. At any time after the execution of this Indenture, the Department may execute and the Trustee shall authenticate and, upon Request of the Department, deliver the 2014 Series A Bonds in the aggregate principal amount of \$_____ and the 2014 Series B Bonds in the aggregate principal amount of \$_____.

Section 3.02. Application of Proceeds of the Bonds and Other Amounts. The proceeds received from the sale of the 2014 Series A Bonds of \$_____ (representing the par amount of \$_____, plus original issue premium of \$_____ and less an underwriters' discount of \$_____), plus the proceeds received from the sale of the 2014 Series B Bonds of \$_____ (representing the par amount of \$_____, plus original issue premium of \$_____ and less an underwriters' discount of \$_____), shall be deposited in trust with the Trustee, who shall apply such proceeds and [certain other moneys to be transferred from the 2006D Indenture and contributed by the Department] as follows:

(a) \$_____ of the proceeds of the 2014 Series A Bonds will be deposited in the Construction Account – 2014 Series A and used to pay the Private Activity Projects;

(b) [\$_____ from amounts transferred by the Department to the Trustee pursuant to the Deposit Letter Agreement will be transferred to the Escrow Agent to be deposited in the Escrow Fund;]

(c) \$_____ of the proceeds of the 2014 Series A Bonds will be transferred to the Escrow Agent to be deposited in the Escrow Fund;

(d) \$_____ of the proceeds of the 2014 Series A Bonds will be deposited in the Costs of Issuance Account – 2014 Series A and used to pay Costs of Issuance (other than underwriter’s discount with respect to the 2014 Series A Bonds);

(e) [\$_____ of the proceeds of the 2014 Series A Bonds will be deposited in the Reserve Fund;]

(f) \$_____ of the proceeds of the 2014 Series B Bonds will be deposited in the Construction Account – 2014 Series B and used to pay the Governmental Projects;

(g) \$_____ of the proceeds of the 2014 Series B Bonds will be transferred to the Issuing and Paying Agent under the CP Issuing Document to refund the Refunded CP Notes [this assumes that the Refunded CP Notes will be paid at closing; we will establish a different mechanic if this is not the case];

(h) \$_____ of the proceeds of the 2014 Series B Bonds will be deposited in the Costs of Issuance Account – 2014 Series B and used to pay Costs of Issuance (other than underwriter’s discount with respect to the 2014 Series B Bonds);

(i) [\$_____ of the proceeds of the 2014 Series B Bonds will be deposited in the Reserve Fund;]

Section 3.03. Establishment and Application of Costs of Issuance Fund. The Trustee shall establish, maintain and hold in trust a separate fund designated as the “Costs of Issuance Fund,” which shall contain a “Costs of Issuance Account – 2014 Series A” and a “Costs of Issuance Account – 2014 Series B.” Each such account shall be held in trust by the Trustee separate and apart from other funds held by it. The moneys in each of the accounts within the Costs of Issuance Fund shall be used and withdrawn by the Trustee to pay the Costs of Issuance only of the related Series of Bonds and only upon submission of Requisitions of the Department stating the person to whom payment is to be made, the amount to be paid, the purpose for which the obligation was incurred, that such payment is proper charge against said account and that payment for such charge has not previously been made. Each such Requisition shall be sufficient evidence to the Trustee of the facts stated therein and the Trustee shall have no duty to confirm the accuracy of such facts. No proceeds of Bonds other than proceeds deposited in the Costs of Issuance Fund pursuant to Section 3.02 hereof shall be applied to payment of Costs of Issuance. On January 1, [2015], or upon the earlier Request of the Department, all amounts remaining in the Costs of Issuance Fund shall be deposited by the Trustee in the appropriate account within the Construction Fund as is instructed in a Request of the Department. Investment earnings on amounts on deposit in the Costs of Issuance Fund shall be applied in accordance with Section 5.06 hereof.

Section 3.04. Establishment and Application of Construction Fund. The Trustee shall establish, maintain and hold in trust a separate fund designated as the “Construction Fund,” which shall contain a “Construction Account - 2014 Series A” and a “Construction Account - 2014 Series B.” The moneys in the Construction Account - 2014 Series A, including investment earnings thereon, shall be held by the Trustee in trust and applied only to those Private Activity Projects listed in the TEFRA Notice in accordance with the written instruction of the

Department. The moneys in the Construction Account - 2014 Series B, including investment earnings thereon, shall be held by the Trustee in trust and applied to the Governmental Projects in accordance with the written instruction of the Department.

Before any payment is made from the Construction Fund by the Trustee, the Department shall cause to be filed with the Trustee a Requisition of the Department in the form set forth in Exhibit C hereto. Upon receipt of each such Requisition, the Trustee will pay the amount set forth in such Requisition from the account within the Construction Fund as so instructed by the Department. The Trustee need not make any such payment if it has received notice of any lien, right to lien or attachment upon, or claim affecting the right to receive payment of, any of the moneys to be so paid, which has not been released or will not be released simultaneously with such payment.

When the Private Activity Projects funded from the Construction Account - 2014 Series A have been completed or abandoned, a Statement of the Department stating the fact and date of such completion of construction (or abandonment, if applicable) and stating that all of such costs of construction and incidental expenses have been determined and paid (or that all of such costs and expenses have been paid less specified claims that are subject to dispute and for which a retention in the Construction Account - 2014 Series A is to be maintained in the full amount of such claims until such dispute is resolved) shall be delivered to the Trustee by the Department. Upon the receipt of such statement, the Trustee shall transfer any remaining balance in the Construction Account - 2014 Series A not needed for Construction Account - 2014 Series A purposes (but less the amount of any such retention which amount shall be certified to the Director of Debt and Treasury of the Department and the Trustee by the Department) first, ratably without any discrimination or preference, to the reserve funds for Parity Obligations which the Department has elected to make a part of the Common Reserve, to the extent necessary, until the amount therein equals the Common Reserve Requirement and the provider of any Common Reserve Security Device has been fully reimbursed for any draws thereon and thereafter to the Redemption Account – 2014 Series A for redemption of 2014 Series A Bonds on the next following date for redemption of the 2014 Series A Bonds in accordance with Section 4.01(a) hereof.

When the Governmental Projects funded from the Construction Account - 2014 Series B have been completed or abandoned, a Statement of the Department stating the fact and date of such completion of construction (or abandonment, if applicable) and stating that all of such costs of construction and incidental expenses have been determined and paid (or that all of such costs and expenses have been paid less specified claims that are subject to dispute and for which a retention in the Construction Account - 2014 Series B is to be maintained in the full amount of such claims until such dispute is resolved) shall be delivered to the Trustee by the Department. Upon the receipt of such statement, the Trustee shall transfer any remaining balance in the Construction Account - 2014 Series B not needed for Construction Account - 2014 Series B purposes (but less the amount of any such retention which amount shall be certified to the Director of Debt and Treasury of the Department and the Trustee by the Department) first, ratably without any discrimination or preference, to the reserve funds for Parity Obligations which the Department has elected to make a part of the Common Reserve, to the extent necessary, until the amount therein equals the Common Reserve Requirement and the provider of

any Common Reserve Security Device has been fully reimbursed for any draws thereon and thereafter to the Interest Account – 2014 Series B.

Notwithstanding anything contained herein, the Department may direct the Trustee to create separate subaccounts within the Construction Account - 2014 Series A and the Construction Account - 2014 Series B.

Investment earnings on amounts on deposit in any particular account or subaccount in the Construction Fund shall remain on deposit in such account for application to construction costs in accordance with this Section or, only in the case of the Governmental Bonds, to the payment of interest on the Bonds.

Section 3.05. Validity of Bonds. The recital contained in the Bonds that the same are issued pursuant to the Constitution, the Charter and laws of the State shall be conclusive evidence of the validity and of compliance with the provisions of law in their issuance.

ARTICLE IV

REDEMPTION OF BONDS

Section 4.01. Terms of Redemption.

(a) *Optional Redemption of 2014 Series A Bonds.* The 2014 Series A Bonds maturing on or after August 1, 20__, shall be subject to redemption at the option of the Department prior to their stated maturity, as a whole, or in part in integral multiples of \$5,000, on any date on or after August 1, 20__, at the Redemption Price.

(b) *Optional Redemption of 2014 Series B Bonds.* The 2014 Series B Bonds maturing on or after August 1, 20__, shall be subject to redemption at the option of the Department prior to their stated maturity, as a whole, or in part in integral multiples of \$5,000, on any date on or after August 1, 20__, at the Redemption Price.

(c) *Mandatory Sinking Fund Redemption of 2014 Series A Bonds.* The 2014 Series A Bonds maturing on August 1, 20__ are subject to mandatory redemption or purchase in lieu thereof from sinking fund payments made by the Department, in part (by lot) on August 1, 20__ and on August 1 in each year thereafter at a Redemption Price equal to the principal amount thereof, plus accrued interest thereon to the date fixed for redemption, without premium; provided, however, that if some but not all of the 2014 Series A Bonds have been optionally redeemed, the total amount of sinking fund payments to be made subsequent to such optional or mandatory redemption shall be reduced in an amount equal to the principal amount of such 2014 Series A Bonds so redeemed by reducing future sinking fund payments in such order as shall be designated pursuant to written notice filed by the Department with the Trustee.

Redemption Date
(August 1)

Principal
Amount

\$

†

 † Final Maturity

(d) *Mandatory Sinking Fund Redemption of 2014 Series B Bonds.* The 2014 Series B Bonds maturing on August 1, 20__ are subject to mandatory redemption or purchase in lieu thereof from sinking fund payments made by the Department, in part (by lot) on August 1, 20__ and on August 1 in each year thereafter at a Redemption Price equal to the principal amount thereof, plus accrued interest thereon to the date fixed for redemption, without premium; provided, however, that if some but not all of the 2014 Series B Bonds have been optionally redeemed, the total amount of sinking fund payments to be made subsequent to such optional or mandatory redemption shall be reduced in an amount equal to the principal amount of such 2014 Series B Bonds so redeemed by reducing future sinking fund payments in such order as shall be designated pursuant to written notice filed by the Department with the Trustee.

Section 4.02. Selection of Bonds for Redemption. In the case of any redemption in part of a Series of the Bonds, the Bonds to be redeemed under Section 4.01 are subject to redemption in such order of maturity as the Department may direct and by lot, selected in such manner as the Trustee shall deem appropriate, within a maturity; provided, however, that for so long as the Bonds are Book-Entry Bonds, the interests of the Participants in the particular Bonds or portions thereof to be redeemed of a Series of Bonds and within a maturity shall be selected by lot by the Security Depository in such manner as the Security Depository and the Participants may determine.

Section 4.03. Notice of Redemption. Notice of redemption shall be mailed by first-class mail not less than thirty (30) days before any Redemption Date, to the respective Owners of any Bonds designated for redemption at their addresses appearing on the Registration Books and to the Securities Depositories and to the Information Services. Each notice of redemption shall state the Redemption Date, the place or places of redemption, the Series, the maturity date and the interest rate of the Bonds to be redeemed, whether less than all of the Bonds are to be redeemed, the distinctive numbers of the Bonds to be redeemed, and in the case of Bonds to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed. Each such notice shall also state that on the Redemption Date there will become due and payable on each of said Bonds or parts thereof designated for redemption the Redemption Price thereof, plus accrued interest thereon, and that from and after such Redemption Date interest thereon shall cease to accrue, and shall require that such Bonds be surrendered. Neither the failure to receive any notice nor any defect therein shall affect the validity of the proceedings for such redemption or the cessation of accrual of interest from and after the redemption date. Notice of redemption of Bonds shall be given by the Trustee, at the expense of the Department, for and on behalf of the Department.

With respect to any notice of redemption of Bonds hereunder, unless upon the giving of such notice such Bonds shall be deemed to have been paid within the meaning of Article X hereof or the Trustee has received amounts sufficient to pay the principal of, and premium, if any, and interest on, such Bonds to be redeemed, such notice shall state that such redemption

shall be conditional upon the receipt by the Trustee on or prior to the date fixed for such redemption of amounts sufficient to pay the principal of, and premium, if any, and interest on, such Bonds to be redeemed, and that if such amounts shall not have been so received said notice shall be of no force and effect and such Bonds shall not be subject to redemption on such date. In the event that such notice of redemption contains such a condition and such amounts are not so received, the redemption shall not be made and the Trustee shall within a reasonable time thereafter give notice, to the persons and in the manner in which the notice of redemption was given, that such amounts were not so received and the redemption was not made.

Section 4.04. Partial Redemption of Bonds. Upon surrender of any Bond redeemed in part only, the Department shall execute and the Trustee shall authenticate and deliver to the Owner thereof, at the expense of the Department, a new Bond or Bonds of authorized denominations equal in aggregate principal amount to the unredeemed portion of the Bonds surrendered and of the same interest rate, maturity and Series.

Section 4.05. Effect of Redemption. Notice of redemption having been duly given as aforesaid, and moneys for payment of the Redemption Price of the Bonds (or portions thereof) so called for redemption being held by the Trustee, on the Redemption Date designated in such notice, the Bonds (or portions thereof) so called for redemption shall become due and payable, interest on the Bonds so called for redemption shall cease to accrue, said Bonds (or portions thereof) shall cease to be entitled to any benefit or security under this Indenture, and the Owners of said Bonds shall have no rights in respect thereof except to receive payment of the Redemption Price thereof. The Trustee shall, upon surrender for payment of any of the Bonds to be redeemed on their Redemption Dates, pay such Bonds at the Redemption Price.

The Trustee shall cancel all Bonds redeemed pursuant to the provisions of this Article.

ARTICLE V

REVENUES, FUNDS AND ACCOUNTS; PAYMENT OF PRINCIPAL AND INTEREST

Section 5.01. Pledge and Assignment.

(a) Subject only to the provisions of this Indenture permitting the application thereof for the purposes and on the terms and conditions set forth herein, all of the Revenues and any other amounts (including proceeds of the sale of the Bonds) held in any fund or account established pursuant to this Indenture (except the Rebate Fund established and maintained hereunder), are hereby irrevocably pledged to secure the payment of the principal of and interest, and the premium, if any, on the Bonds in accordance with their terms and the provisions of this Indenture subject only to the provisions of this Indenture permitting the terms and conditions set forth herein. Said pledge of the Revenues is on a parity with the lien on and security interest in the Revenues of the Parity Obligations pursuant to the Issuing Documents for such Parity Obligations. Said pledge of amounts held in the Reserve Fund (which the Department has elected pursuant to Section 5.09 to treat as part of the Common Reserve securing all Common Reserve Parity Obligations) is on a parity with the lien on and security interest in such amounts of the Common Reserve Parity Obligations pursuant to the Issuing Documents for such Common Reserve Parity Obligations. Said pledge shall constitute a lien on and security interest in such

amounts and shall attach, be perfected and be valid and binding from and after the Closing Date, without any physical delivery thereof or further act and shall be valid and binding against all parties having claims of any kind in tort, contract or otherwise against the Department, irrespective of whether such parties have notice hereof.

(b) All Revenues shall be promptly deposited by the Department upon receipt thereof in the Harbor Revenue Fund in accordance with the Charter. The Trustee shall establish and maintain an Interest Fund, which shall contain an “Interest Account - 2014 Series A” and an “Interest Account - 2014 Series B,” and a Principal Fund, which shall contain a “Principal Account – 2014 Series A” and a “Principal Account – 2014 Series B.” All amounts at any time on deposit in the Interest Fund and the Principal Fund shall be held by the Trustee in trust separate and apart from other funds held by it.

Section 5.02. Allocation of Revenues. The Department shall, from the moneys in the Harbor Revenue Fund, from time to time, pay all Operation and Maintenance costs (including amounts reasonably required to be set aside in contingency reserves for Operation and Maintenance costs, the payment of which is not then immediately required) as they become due and payable. In addition thereto, the Department shall transfer from the Harbor Revenue Fund to the Trustee for deposit into the following respective funds, the following amounts in the following order of priority and at the following times, the requirements of each such fund (including the making up of any deficiencies in any such fund resulting from lack of Revenues sufficient to make any earlier required deposit) at the time of deposit:

(a) Not later than the third Business Day preceding each date on which the interest on the Bonds shall become due and payable hereunder, that sum, if any, required to cause the aggregate amount on deposit in the Interest Fund to be at least equal to the amount of interest becoming due and payable on such date on all Bonds then Outstanding. The Department shall also deposit in any applicable interest account created with respect to Parity Obligations, without preference or priority, and in the event of any insufficiency of such moneys ratably without any discrimination or preference, any other interest in accordance with the provisions of the Issuing Document relating thereto.

(b) Not later than the third Business Day preceding each date on which the principal on the Bonds shall become due and payable hereunder, that sum, if any, required to cause the aggregate amount on deposit in the Principal Fund to equal the principal amount of the Bonds coming due and payable on such date or subject to mandatory sinking fund redemption on such date. The Department shall also deposit in any applicable principal account created with respect to Parity Obligations, without preference or priority, and in the event of any insufficiency of such moneys ratably without any discrimination or preference, any other principal in accordance with the provisions of the Issuing Document relating thereto.

(c) The Department shall, from the remaining moneys in the Harbor Revenue Fund, thereafter, without preference or priority, and in the event of any insufficiency of such moneys ratably without any discrimination or preference, transfer to the Trustee for deposit in: (i) the reserve funds for Parity Obligations which the Department has elected to make a part of the Common Reserve, an amount necessary to cause the balance on deposit therein, including the amounts available under the Common Reserve Security Devices, to be equal to the Common

Reserve Requirement or to reimburse the providers of the Common Reserve Security Devices for any draws thereon in accordance with the written direction of the providers of the Common Reserve Security Devices, including interest due on amounts drawn thereunder; provided that to the extent the Department has transferred or is currently transferring amounts necessary to reimburse the providers of the Common Reserve Security Devices as described above, the amount available under the Common Reserve Security Devices shall be deemed to be reinstated by the amount of the draws so reimbursed when determining the balance in the Common Reserve for purposes of this provision; and (ii) each Separate Reserve Fund for any Parity Obligations, an amount necessary to cause the balance on deposit therein, including the amounts available under any security devices credited to such Separate Reserve Fund, to be equal to the Separate Reserve Fund Requirement for such Parity Obligations or to reimburse the providers of such security devices for any draws thereon in accordance with the written direction of the providers thereof, including interest due on amounts drawn thereunder in accordance with the provisions of the Issuing Document for such Parity Obligations; provided that to the extent the Department has transferred or is currently transferring amounts necessary to reimburse the providers of such security devices as described above, the amount available under such security devices shall be deemed to be reinstated by the amount of the draws so reimbursed when determining the balance in such Separate Reserve Fund for purposes of this provision.

No transfer of moneys for deposit to the reserve funds for Parity Obligations which the Department has elected to make a part of the Common Reserve need be made if the balance in the Common Reserve, including the amount available under any Common Reserve Security Device, is at least equal to the Common Reserve Requirement. No transfer of moneys for deposit to any Separate Reserve Fund for any Parity Obligations need be made if the balance in such Separate Reserve Fund, including the amount available under any security devices credited to such Separate Reserve Fund, is at least equal to the Separate Reserve Fund Requirement for such Parity Obligations.

Thereafter, the Department may apply Revenues for any lawful purpose.

Section 5.03. Application of Interest Fund.

(a) The Trustee shall, immediately upon receipt of any moneys from the Department for deposit in the Interest Fund, allocate to the Interest Account - 2014 Series A that sum, if any, required to cause the aggregate amount on deposit in the Interest Account - 2014 Series A to be at least equal to the amount of interest becoming due and payable on such date on all 2014 Series A Bonds then Outstanding; and to the Interest Account - 2014 Series B that sum, if any, required to cause the aggregate amount on deposit in the Interest Account - 2014 Series B to be at least equal to the amount of interest becoming due and payable on such date on all 2014 Series B Bonds then Outstanding. In the event such moneys are insufficient to fully fund such accounts, the Trustee shall, without preference or priority, allocate such moneys to such accounts ratably, in accordance with the amount of interest becoming due and payable on the 2014 Series A Bonds and the 2014 Series B Bonds on the next Interest Payment Date and shall draw on the Common Reserve in accordance with Section 5.09 hereof, in amounts sufficient to pay interest becoming due and payable on the Bonds on the next Interest Payment Date.

(b) All amounts in the Interest Account - 2014 Series A shall be used and withdrawn by the Trustee solely for the purpose of paying interest on the 2014 Series A Bonds as it shall become due and payable (including accrued interest on any 2014 Series A Bonds purchased or redeemed prior to maturity pursuant to this Indenture).

(c) All amounts in the Interest Account - 2014 Series B shall be used and withdrawn by the Trustee solely for the purpose of paying interest on the 2014 Series B Bonds as it shall become due and payable (including accrued interest on any 2014 Series B Bonds purchased or redeemed prior to maturity pursuant to this Indenture).

Section 5.04. Application of Principal Fund.

(a) The Trustee shall immediately upon receipt of any money from the Department for deposit in the Principal Fund allocate to the Principal Account – 2014 Series A that sum, if any, required to cause the aggregate amount on deposit in the Principal Account – 2014 Series A to be at least equal to the principal amount of the 2014 Series A Bonds becoming due and payable on such date or subject to mandatory sinking fund redemption on the next August 1; to the Principal Account – 2014 Series B that sum, if any, required to cause the aggregate amount on deposit in the Principal Account – 2014 Series B to be at least equal to the principal amount of the 2014 Series B Bonds becoming due and payable on such date or subject to mandatory sinking fund redemption on the next August 1. In the event such moneys are insufficient to fully fund such accounts, the Trustee shall, without preference or priority, allocate such moneys to such accounts ratably, in accordance with the principal amount of the 2014 Series A Bonds and the 2014 Series B Bonds becoming due and payable on the next August 1 and shall transfer amounts from the Common Reserve in accordance with Section 5.09 hereof, in amounts sufficient to pay principal when due on the Bonds.

(b) All amounts in the Principal Account - 2014 Series A shall be used and withdrawn by the Trustee solely to pay the principal amount of the 2014 Series A Bonds at maturity, mandatory sinking fund redemption, purchase or acceleration; provided, however, that at any time prior to selection for redemption of any such 2014 Series A Bonds, upon written direction of the Department, the Trustee shall apply such amounts to the purchase of 2014 Series A Bonds at public or private sale, as and when and at such prices (including brokerage and other charges, but excluding accrued interest, which is payable from the Interest Account - 2014 Series A of the Interest Fund) as shall be directed pursuant to a Request of the Department, except that the purchase price (exclusive of accrued interest) may not exceed the Redemption Price then applicable to the 2014 Series A Bonds.

(c) All amounts in the Principal Account - 2014 Series B shall be used and withdrawn by the Trustee solely to pay the principal amount of the 2014 Series B Bonds at maturity, mandatory sinking fund redemption, purchase or acceleration; provided, however, that at any time prior to selection for redemption of any such 2014 Series B Bonds, upon written direction of the Department, the Trustee shall apply such amounts to the purchase of 2014 Series B Bonds at public or private sale, as and when and at such prices (including brokerage and other charges, but excluding accrued interest, which is payable from the Interest Account - 2014 Series B of the Interest Fund) as shall be directed pursuant to a Request of the Department, except that the

purchase price (exclusive of accrued interest) may not exceed the Redemption Price then applicable to the 2014 Series B Bonds.

Section 5.05. Application of Redemption Fund.

(a) The Trustee shall establish a special fund designated as the “Redemption Fund” which shall contain a “Redemption Account – 2014 Series A” and a “Redemption Account – 2014 Series B” to be held in trust by the Trustee separate and apart from other funds held by it. The Trustee shall, immediately upon receipt of any moneys from the Construction Fund transferred in accordance with section 3.04 hereof, deposit such moneys into the Redemption Account – 2014 Series B. The Trustee shall, immediately upon receipt of any moneys from the Department to be applied towards the optional redemption of Bonds deposit such moneys into the applicable Redemption Account as directed in writing by the Department.

(b) All amounts in the Redemption Account – 2014 Series A shall be used and withdrawn by the Trustee solely for the purpose of paying the Redemption Price of the 2014 Series A Bonds to be redeemed on such Redemption Date pursuant to Section 4.01(a); provided, however, that at any time prior to selection for redemption of any such 2014 Series A Bonds, upon written direction of the Department, the Trustee shall apply such amounts to the purchase of 2014 Series A Bonds at public or private sale, as and when and at such prices (including brokerage and other charges, but excluding accrued interest, which is payable from the Interest Account - 2014 Series A of the Interest Fund) as shall be directed pursuant to a Request of the Department, except that the purchase price (exclusive of accrued interest) may not exceed the Redemption Price then applicable to the 2014 Series A Bonds.

(c) All amounts in the Redemption Account – 2014 Series B shall be used and withdrawn by the Trustee solely for the purpose of paying the Redemption Price of the 2014 Series B Bonds to be redeemed on such Redemption Date pursuant to Section 4.01(a); provided, however, that at any time prior to selection for redemption of any such 2014 Series B Bonds, upon written direction of the Department, the Trustee shall apply such amounts to the purchase of 2014 Series B Bonds at public or private sale, as and when and at such prices (including brokerage and other charges, but excluding accrued interest, which is payable from the Interest Account - 2014 Series B of the Interest Fund) as shall be directed pursuant to a Request of the Department, except that the purchase price (exclusive of accrued interest) may not exceed the Redemption Price then applicable to the 2014 Series B Bonds.

Section 5.06. Investments. All moneys in any of the funds or accounts established with the Trustee pursuant to this Indenture shall be invested by the Trustee solely in Permitted Investments. Such investments shall be directed by the Department pursuant to a Request of the Department filed with the Trustee at least two (2) Business Days in advance of the making of such investments (which directions shall be promptly confirmed to the Trustee in writing). The Trustee may conclusively rely on such Request of the Department as a certification that such investments constitute Permitted Investments. In the absence of any such directions from the Department, the Trustee shall promptly invest any such moneys in Permitted Investments described in clause (D) of the definition thereof. Obligations purchased as an investment of moneys in any fund shall be deemed to be part of such fund or account. Investments held in the Common Reserve shall mature no later than the final maturity of the Bonds.

All interest or gain derived from the investment of amounts in any of the funds or accounts established hereunder other than the Costs of Issuance Account – 2014 Series A and the Costs of Issuance Account – 2014 Series B shall be retained therein and used for the purposes thereof, unless otherwise provided in this Indenture. All interest or gain derived from investments of amounts in the Costs of Issuance Account – 2014 Series A and the Costs of Issuance Account – 2014 Series B shall be deposited, respectively, into the Interest Account – 2014 Series A and the Interest Account – 2014 Series B. For purposes of acquiring any investments hereunder, other than investment of amounts in the Rebate Fund, the Trustee may commingle funds held by it hereunder upon the Request of the Department. The Trustee may act as principal or agent in the acquisition or disposition of any investment and may impose its customary charges therefor. The Trustee, or its affiliates, may act as sponsor, advisor, or depositary with regard to any Permitted Investment. The Trustee shall incur no liability for losses arising from any investments made pursuant to this Section 5.06.

The Department acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grants the Department the right to receive brokerage confirmations of security transactions as they occur, the Department specifically waives receipt of such confirmations to the extent permitted by law. The Trustee will furnish the Department periodic cash transaction statements which include detail for all investment transactions made by the Trustee hereunder.

Section 5.07. Rebate Fund.

(a) The Trustee shall establish a special fund designated the “Rebate Fund.” All amounts at any time on deposit in the Rebate Fund shall be held by the Trustee in trust, to the extent required to satisfy the requirement to make rebate payments to the United States (the “Rebate Requirement”) pursuant to Section 148 of the Code and the Treasury Regulations promulgated thereunder (the “Treasury Regulations”). Such amounts shall be free and clear of any lien under this Indenture and shall be governed by this Section and Section 6.13 of this Indenture and by the Tax Certificate. The Trustee shall be deemed conclusively to have complied with the Rebate Requirement if it follows the directions of the Department, and shall have no independent responsibility to, or liability resulting from its failure to, enforce compliance by the Department with the Rebate Requirement.

(b) Deposits.

(1) Within 45 days of the end of each Bond Year (as such term is defined in the Tax Certificate), (1) the Department shall calculate or cause to be calculated with respect to the Bonds the amount that would be considered the “rebate amount” within the meaning of Section 1.148-3 of the Treasury Regulations, using as the “computation date” for this purpose the end of such Bond Year, and (2) upon the Department’s written direction, the Trustee shall deposit to the Rebate Fund from deposits from the Department, if and to the extent required, amounts sufficient to cause the balance in the Rebate Fund to be equal to the “rebate amount” so calculated.

(2) The Trustee shall not be required to deposit any amount to the Rebate Fund in accordance with the preceding sentence if the amount on deposit in the Rebate

Fund prior to the deposit required to be made under this subsection (b) equals or exceeds the “rebate amount” calculated in accordance with the preceding sentence. Such excess may be withdrawn from the Rebate Fund to the extent permitted under subsection (g) of this Section 5.07.

(3) The Department shall not be required to calculate the “rebate amount,” and the Trustee shall not be required to deposit any amount to the Rebate Fund in accordance with this subsection (b), with respect to all or a portion of the proceeds of the Bonds (including amounts treated as proceeds of the Bonds) (1) to the extent such proceeds satisfy the expenditure requirements of Section 148(f)(4)(B), or (2) to the extent such proceeds qualify for the exception to arbitrage rebate under Section 148(f)(4)(A)(ii) of the Code for amounts in a “bona fide debt service fund.” In such event, and with respect to such amounts, the Department shall provide written direction to the Trustee that the Trustee shall not be required to deposit any amount to the Rebate Fund in accordance with this subsection (b).

(c) Withdrawal Following Payment of Bonds. Any funds remaining in the Rebate Fund after redemption of all the Bonds and any amounts described in paragraph (2) of subsection (d) of this Section 5.07, or provision made therefor satisfactory to the Trustee, including accrued interest and payment of any applicable fees and expenses to the Trustee, shall be withdrawn by the Trustee and remitted to the Department.

(d) Withdrawal for Payment of Rebate. Upon the Department’s written direction, but subject to the exceptions contained in subsection (b) of this Section 5.07 to the requirement to calculate the “rebate amount” and make deposits to the Rebate Fund, the Trustee shall pay to the United States, from amounts on deposit in the Rebate Fund,

(1) not later than 60 days after the end of (i) the fifth Bond Year, and (ii) each fifth Bond Year thereafter, an amount that, together with all previous rebate payments, is equal to at least 90% of the “rebate amount” calculated as of the end of such Bond Year in accordance with Section 1.148-3 of the Treasury Regulations; and

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

(e) Rebate Payments. Each payment required to be made pursuant to subsection (d) of this Section 5.07 shall be made to the Internal Revenue Service, Ogden Submission Processing Center, Ogden, Utah 84201 on or before the date on which such payment is due, and shall be accompanied by Internal Revenue Service Form 8038-T, which shall be completed by or on behalf of the Department and provided to the Trustee.

(f) Deficiencies in the Rebate Fund. In the event that, prior to the time any payment is required to be made from the Rebate Fund, the amount in the Rebate Fund is not sufficient to make such payment when such payment is due, the Department shall calculate the amount of

such deficiency and direct the Trustee to deposit an amount received from the Department equal to such deficiency into the Rebate Fund prior to the time such payment is due.

(g) Withdrawals of Excess Amounts. In the event that immediately following the calculation required by subsection (b) of this Section 5.07, but prior to any deposit made under said subsection, the amount on deposit in the Rebate Fund exceeds the “rebate amount” calculated in accordance with said subsection, upon written instructions from the Department, the Trustee shall withdraw the excess from the Rebate Fund and credit such excess to the Interest Fund.

(h) Record Keeping. The Department shall retain records of all determinations made hereunder until six years after the complete retirement of the Bonds.

(i) Survival of Defeasance. Notwithstanding anything in this Indenture to the contrary, the Rebate Requirement shall survive the payment in full or defeasance of the Bonds.

Section 5.08. Application of Funds and Accounts When No Bonds are Outstanding. On the date on which all Bonds shall be retired hereunder or provision made therefor pursuant to Article X and after payment of all amounts due the Trustee hereunder, all moneys then on deposit in any of the funds or accounts (other than the Rebate Fund) established with the Trustee pursuant to this Indenture shall be withdrawn by the Trustee and paid to the Department.

Section 5.09. Reserve Fund. In each Issuing Document, the Department may establish a reserve fund with respect to a Parity Obligation or Parity Obligations. With respect to each reserve fund established with respect to a Parity Obligation with interest payment dates on the Interest Payment Dates hereunder and with the Trustee as trustee under the related Issuing Document, the Department may elect to treat such reserve fund as a part of the Common Reserve securing all Parity Obligations designated by the Department to participate in the Common Reserve (each, a “Common Reserve Parity Obligation”). Each time that the Department elects to treat a reserve fund as a part of the Common Reserve, it shall deposit funds in, and/or provide one or more (i) surety bonds, (ii) insurance policies issued by one or more municipal bond insurance companies, (iii) letters of credit, or (iv) other security devices, and credit to such Reserve Fund to satisfy a portion of the Common Reserve Requirement in the Common Reserve, in each case with ratings in the highest rating category by two of the Rating Agencies as of the date of deposit therein, and with provision that such security device(s) shall be available to be drawn upon with respect to all Common Reserve Parity Obligations (each, a “Common Reserve Security Device”), in an amount sufficient to increase the balance in the Common Reserve to the Common Reserve Requirement calculated to take into account such additional Common Reserve Parity Obligations. If the Department establishes a reserve fund for any Parity Obligation but does not elect to make such reserve fund a part of the Common Reserve, then any Reserve Fund so established will be a Separate Reserve Fund and will secure only the Parity Obligations for which such reserve fund was created. The Trustee may withdraw amounts from the Common Reserve in accordance with each Issuing Document for a Common Reserve Parity Obligation to make payments to the owners of the Common Reserve Parity Obligations issued under such Issuing Document when due.

[TBD] There is hereby established with the Trustee the Reserve Fund with respect to the Bonds which the Trustee shall establish and maintain and hold in trust separate and apart from other funds held by it. The Department elects to treat the Reserve Fund established hereunder as part of the Common Reserve securing all Common Reserve Parity Obligations. The Trustee shall deposit in the Reserve Fund the amounts required to be deposited therein pursuant to this Indenture. The Trustee shall apply moneys in the Common Reserve in accordance with this Section 5.09; provided, however, that, in substitution for all or part of the moneys on deposit in the Common Reserve, the Department may provide for the Common Reserve by one or more Common Reserve Security Devices which shall each be available to be drawn on a pro rata basis among all the Common Reserve Security Devices. Upon the expiration of any Common Reserve Security Device prior to the payment in full of all of the Common Reserve Parity Obligations, if the balance in the Common Reserve is less than the Common Reserve Requirement, the Department shall either provide a substitute Common Reserve Security Device or deposit cash in the Reserve Fund to which the expired Common Reserve Security Device was credited, in an amount sufficient to increase the balance in the Common Reserve to the Common Reserve Requirement. The Department shall not be required to replace any Common Reserve Security Device that is no longer rated in the highest rating category by two of the Rating Agencies.

If and to the extent that cash has also been deposited in the Common Reserve, all such cash shall be used (including any Permitted Investments purchased with such cash, which shall be liquidated and the proceeds thereof applied as required hereunder) prior to any drawing under any Common Reserve Security Device. After first applying all cash and Permitted Investments held in the Common Reserve on a pro rata basis among all reserve funds which the Department has elected to make a part of the Common Reserve, if three Business Days prior to any Interest Payment Date the money in the appropriate accounts in the Interest Fund or the appropriate accounts in the Principal Fund is insufficient to make the payments required by this Indenture on such Interest Payment Date or the money in the appropriate funds and accounts under an Issuing Document is insufficient to make the payments required by such Issuing Document for a Common Reserve Parity Obligation on such Interest Payment Date, the Trustee shall draw on the Common Reserve Security Devices on a pro rata basis among all Common Reserve Security Devices in a timely manner in the amount of such insufficiency and in compliance with the applicable payment procedures for each such Common Reserve Security Device set forth in the related Issuing Document. Upon receipt of such funds, the Trustee shall transfer said funds to the appropriate accounts in the Interest Fund, the appropriate accounts in the Principal Fund or the appropriate funds or accounts under an Issuing Document for a Common Reserve Parity Obligation, as the case may be, in the amount of such insufficiency, without preference or priority, and in the event of any insufficiency of such moneys ratably without any discrimination or preference.

If amounts on deposit in the Common Reserve consist solely of cash and Permitted Investments, if one Business Day prior to any Interest Payment Date the money in the appropriate accounts in the Interest Fund or the appropriate accounts in the Principal Fund is insufficient to make the payments required by this Indenture on such Interest Payment Date or the money in the appropriate funds and accounts under an Issuing Document is insufficient to make the payments required by an Issuing Document for a Common Reserve Parity Obligation on such Interest Payment Date, the Trustee shall transfer from the Common Reserve to the appropriate accounts in the Interest Fund, the appropriate accounts in the Principal Fund or the

appropriate funds or accounts under an Issuing Document for a Common Reserve Parity Obligation, as the case may be, the amount of such insufficiency.

In the event that the Trustee has transferred money from the Common Reserve to the Interest Fund or Principal Fund in accordance with this Section 5.09 or to the appropriate funds and accounts under an Issuing Document with respect to a Common Reserve Parity Obligation, upon receipt of the moneys from the Department pursuant to Section 5.02(c), the Trustee shall first reimburse the providers of the Common Reserve Security Devices for any draws thereon on a pro rata basis among all the Common Reserve Security Devices and otherwise in accordance with the written direction of the providers thereof, as applicable, so as to cause the reinstatement of the Common Reserve Security Devices, and thereafter, shall deposit the remainder of such transferred moneys from the Department in the Common Reserve on a pro rata basis among all reserve funds which the Department has elected to make a part of the Common Reserve.

If the amount available and contained in the Common Reserve exceeds an amount equal to the Common Reserve Requirement, the Trustee shall annually on August 1 withdraw the amount of such excess from the Common Reserve on a pro rata basis among all reserve funds which the Department has elected to make a part of the Common Reserve and shall, without preference or priority, deposit ratably, in accordance with the amount of interest becoming due and payable on each series or subseries of Common Reserve Parity Obligations, in the applicable account in the Interest Fund and the applicable interest fund or account established and maintained under the related Issuing Document for any other Common Reserve Parity Obligations, and for this purpose the Trustee shall determine the Value of the Common Reserve on or before August 1 in each year. Except for such withdrawals and reimbursement of the providers of the Common Reserve Security Devices for any draws thereon described above, all moneys in the Common Reserve shall be used and withdrawn by the Trustee solely for the purpose of paying principal of and interest on the Common Reserve Parity Obligations in the event that no other moneys of the Department are applied thereto.

Any money in the Common Reserve in excess of the Common Reserve Requirement after the Department deposits with the Trustee a Common Reserve Security Device as permitted by this Section 5.09 may be allocated ratably, in accordance with the principal amount of Common Reserve Parity Obligations becoming due and payable on the next August 1, into, respectively, the Interest Account – 2014 Series A and the Interest Account – 2014 Series B.

In the event the Department has determined to obtain one or more Common Reserve Security Devices pursuant to this Section 5.09, the Trustee shall be required to keep adequate records, verified with any of the providers thereof in the form of statements customarily provided to such provider, as to the amount available to be drawn at any time under the Common Reserve Security Devices and as to the amounts paid and owing to any of the providers thereof.

ARTICLE VI

PARTICULAR COVENANTS

Section 6.01. Rates. The Department shall fix rates, tolls and charges, rentals for leases, permits and franchises, and compensations or fees for franchises and licenses, subject to the

approval of or submission to the Council only in those instances and in such manner as may be provided in said Charter, and collect such charges, rentals, compensations and fees, such as to provide revenues, after payment of all Operation and Maintenance costs for each Fiscal Year, which will at least equal one hundred twenty-five percent (125%) of Debt Service, any amounts required to be paid to the provider of any Common Reserve Security Device pursuant to such Common Reserve Security Device, any amounts required to be paid to the provider of any Separate Reserve Fund Security Device pursuant to such Separate Reserve Fund Security Device and other amounts to be paid by the Department hereunder for such Fiscal Year and during such period the Council shall, when its approval is required by said Charter, approve rates, tolls, charges, rentals, compensations and fees so fixed by said Department, sufficient for the purposes aforesaid; no ordinance adopted by the Council approving any rate, toll, charge, rental compensation or fee so fixed by said Department shall be subject to referendum.

Section 6.02. No Priority. No bonds or other obligations of the Department payable out of the Harbor Revenue Fund shall be issued having any priority with respect to payment of principal or interest out of the Harbor Revenue Fund over Parity Obligations; no transfer of money shall be made out of the Harbor Revenue Fund in any one Fiscal Year for the purpose of paying the principal of or interest on any bonds or other obligations of the City serviced out of the Harbor Revenue Fund unless and until the principal of and interest on the Parity Obligations, due and payable in that Fiscal Year, have been paid or set aside in a separate fund held in trust and charged with such payments.

Section 6.03. Sale of Property. The property of the City which is under the management, supervision and control of the Board shall not be sold or otherwise disposed of, as a whole or substantially as a whole, unless such sale or other disposition shall provide for a continuance of payments into the Harbor Revenue Fund sufficient in amount to permit payment therefrom of principal of and interest on or with respect to Parity Obligations, or to provide for such payments into some other fund or account charged with such payments.

Section 6.04. Restrictions on Additional Indebtedness. No additional Parity Obligations shall be created or incurred;

(i) Unless the Net Revenues for any consecutive twelve calendar month period during the eighteen calendar month period preceding the date of adoption by the Board of the resolution authorizing the issuance or execution of such Parity Obligations, as evidenced by a special report prepared by an Independent Certified Public Accountant or Independent Financial Consultant on file with the Department, shall have produced a sum equal to at least one hundred twenty-five percent (125%) of Debt Service, any amounts required to be paid to the provider of any Common Reserve Security Device pursuant to such Common Reserve Security Device, any amounts required to be paid to the provider of any Separate Reserve Fund Security Device pursuant to such Separate Reserve Fund Security Device and other amounts to be paid by the Department hereunder due and payable during such twelve calendar month period; and

(ii) The Net Revenues for any consecutive twelve calendar month period during the eighteen calendar month period preceding the date of the execution of such Parity Obligations or the date of adoption by the Board of the resolution authorizing the

issuance of such Parity Obligations, including adjustments to give effect as of the first day of such twelve month period to increases or decreases in tolls, charges, rentals, compensations or fees approved and in effect as of the date of calculation, as evidenced by a special report prepared by an Independent Certified Public Accountant or Independent Financial Consultant on file with the Department, shall have produced a sum equal to at least one hundred twenty-five percent (125%) of Average Annual Debt Service, including such Parity Obligations being created or incurred (but excluding Bonds or Parity Obligations to be redeemed or defeased simultaneously with the issuance and with the proceeds of the Parity Obligations being created or incurred), any amounts required to be paid to the provider of any Common Reserve Security Device pursuant to such Common Reserve Security Device, any amounts required to be paid to the provider of any Separate Reserve Fund Security Device pursuant to such Separate Reserve Fund Security Device and other amounts to be paid by the Department hereunder due and payable during such twelve calendar month period; and

provided that, as to any such Parity Obligations bearing or comprising interest at other than a fixed rate, the rate of interest on such Parity Obligations shall be equal to the rate per annum of the Bond Buyer Revenue Bond Index most recently published in The Bond Buyer preceding the date of calculation, or if such index is no longer in existence, a comparable index selected by the Department; and

provided further that if any series or issue of such Parity Obligations have twenty-five percent (25%) or more of the aggregate principal amount of such series or issue due in any one year, principal of and interest on such series or issue shall be determined for the Fiscal Year of determination as if the principal of and interest on such series or issue of such Parity Obligations were being paid from the date of incurrence thereof in substantially equal annual amounts over a period of twenty-five (25) years from the date of calculation; and

provided further that, as to any such Parity Obligations or portions thereof bearing no interest but which are sold at a discount and which discount accretes with respect to such Parity Obligations or portions thereof, such accreted discount shall be treated as interest, in the calculation of Debt Service; and

provided further that the amount on deposit in a debt service reserve fund on any date of calculation of principal of and interest on such Parity Obligations shall be deducted from the amount of principal due at the final maturity of the Parity Obligations for which such debt service reserve fund was established and in each preceding year until such amount is exhausted; and

provided further that if the Parity Obligations constitute Paired Obligations, the interest rate on such bonds or contracts shall be the resulting linked rate or the effective fixed interest rate to be paid by the Department with respect to such Paired Obligations.

The issuance of bonds, notes or other evidences of indebtedness, or certificates of participation, for the purpose of refunding at or prior to maturity the principal of bonds, notes or other evidences of indebtedness and paying any premium upon redemption of any thereof so

refunded shall not be limited or restricted by the provisions of this Section 6.04, if the Debt Service for such bonds, notes or other evidences of indebtedness, in each year shall be lower than the Debt Service on the bonds, notes or other evidences of indebtedness being refunded.

Section 6.05. Audits. The Department will cause its books and accounts to be audited annually by an Independent Certified Public Accountant and will make available for inspection by the Bond Owners and the Trustee, at the office of the Department, a copy thereof, or a summary financial statement, upon request, to any Bond Owner.

Section 6.06. Exempt Facilities. It is expressly covenanted and agreed by the Department that it will not expend the proceeds of the Bonds for any purpose or purposes, in any amount or amounts, or permit any user of the improvements to be financed with the proceeds from the sale of the Private Activity Bonds or any earnings thereon to undertake, or permit, any act or use of such improvements which has the effect of causing or allowing such improvements to be or become facilities which are not included within those set forth and described in Section 142(a) of the Code and the regulations and rulings applicable thereto.

Section 6.07. Waiver of Depreciation and Investment Tax Credit. It is hereby expressly covenanted and agreed by the Department that the Department will require any nongovernmental person which, so long as Private Activity Bonds are Outstanding, is granted the right to use any of the improvements to be financed or refinanced with the proceeds from the sale of the Private Activity Bonds or any earnings thereon which Private Activity Bonds are obligations excepted from the definition of private activity bonds pursuant to Section 141(b) of the Code (collectively, "Public Improvements") pursuant to any written lease, permit or other arrangement, to execute an election not to claim on such person's federal income tax return (or any consolidated federal income tax return which includes such person) any investment tax credit or deduction for depreciation with respect to (1) any of the Public Improvements and (2) any land, building, structural components of a building (including heating or air conditioning units) or other structure which is physically supported by, physically supports, or is physically connected to any of the Public Improvements, other than (i) property not financed with the proceeds of obligations the interest on which is or was excluded from gross income for federal income tax purposes, (ii) property that was part of the site for such Public Improvement on or before October 5, 1984, and (iii) tangible personal property (other than air conditioning or heating units).

Each such election shall be executed not later than the later of the original delivery date of such Private Activity Bonds or the execution of the lease, permit or other arrangement pursuant to which such nongovernmental person is granted the right to use a Public Improvement, and shall be binding upon such person and upon all successors in interest to such person. Each election shall be in substantially the form as is attached hereto as Exhibit D which is by this reference incorporated herein and made a part hereof. It is further expressly covenanted and agreed by the Department that it will retain copies of each such election in its records for the entire term of any such lease, permit or other arrangement, and will require the nongovernmental person to retain the election in its records for the same period. Each such election shall be publicly recorded so as to be binding on any successor in interest to the initial nongovernmental person.

Section 6.08. Insurance.

(a) The Department will procure and maintain or cause to be procured and maintained insurance on its properties, facilities and equipment with responsible insurers in such amounts and against such risks (including accident to or destruction of its properties, facilities and equipment) as are usually covered in connection with similar harbor facilities owned by harbor departments similar to the Department so long as such insurance is available from reputable insurance companies at a reasonable cost.

(b) The Department will procure and maintain such other insurance which it shall deem advisable or necessary to protect its interests and the interests of the Owners of the Bonds, which insurance shall afford protection in such amounts and against such risks as are usually covered in connection with harbor facilities similar to those of the Department owned by harbor departments similar to the Department.

(c) Any insurance required by paragraph (a) or (b) above may be maintained under a self-insurance program so long as such self-insurance is maintained in the amounts and manner usually maintained in connection with harbor facilities similar to those of the Department owned by harbor departments similar to the Department and is, in the opinion of an accredited actuary, actuarially sound.

Section 6.09. Punctual Payment. The Department shall punctually pay or cause to be paid the principal and interest to become due in respect of all the Bonds, in strict conformity with the terms of the Bonds and of this Indenture, according to the true intent and meaning thereof, but only out of Revenues and other amounts pledged for such payment as provided in this Indenture.

Section 6.10. Extension of Payment of Bonds. The Department shall not directly or indirectly extend or assent to the extension of the maturity of any of the Bonds or the time of payment of any claims for interest by the purchase of such Bonds or by any other arrangement, and in case the maturity of any of the Bonds or the time of payment of any such claims for interest shall be extended, such Bonds or claims for interest shall not be entitled, in case of any default hereunder, to the benefits of this Indenture, except subject to the prior payment in full for the principal of all of the Bonds then Outstanding and of all claims for interest thereon which shall not have been so extended. Nothing in this Section 6.10 shall be deemed to limit the right of the Department to issue Bonds for the purpose of refunding any Outstanding Bonds, and such issuance shall not be deemed to constitute an extension of maturity of Bonds.

Section 6.11. Against Encumbrances. The Department shall not create, or permit the creation of, any pledge, lien, charge or other encumbrances upon the Revenues and other amounts pledged or assigned under this Indenture while any of the Bonds are Outstanding, except the pledge and assignment created by this Indenture or with respect to Parity Obligations. Subject to this limitation, the Department expressly reserves the right to enter into one or more other indentures for any of its corporate purposes and reserves the right to issue other obligations for such purposes.

Section 6.12. Power to Issue Bonds and Make Pledge and Assignment. The Department is duly authorized pursuant to law to issue the Bonds and to enter into this Indenture and to pledge and assign the Revenues and other amounts purported to be pledged and assigned under

this Indenture in the manner and to the extent provided in this Indenture. The Bonds and the provisions of this Indenture are and will be the legal, valid and binding special obligations of the Department in accordance with their terms, and the Department and the Trustee shall at all times, subject to the provisions of Article VIII and to the extent permitted by law, defend, preserve and protect said pledge and assignment of Revenues and other amounts and all the rights of the Bond Owners under this Indenture against all claims and demands of all persons whomsoever.

Section 6.13. Tax Covenants.

(a) The Department hereby covenants with the owners of the Bonds that, notwithstanding any other provisions of this Indenture, it shall not take any action, or fail to take any action, if any such action or failure to take action would adversely affect the exclusion from gross income of interest on the Bonds under Section 103 of the Code.

(b) The Department shall not take any action, or fail to take any action, if any such action or failure to take action would cause the Private Activity Bonds to be other than “exempt facility bonds” within the meaning of Section 142(a)(2) of the Code, and in furtherance thereof, shall not make any use of the proceeds of the Private Activity Bonds or any earnings thereon, or of the portion of the Private Activity Projects financed or refinanced with the proceeds of the Private Activity Bonds, or any portion thereof, as would cause the Private Activity Bonds not to qualify under Section 142(a)(2) of the Code as “exempt facility bonds.” The Department shall not, directly or indirectly, use or permit the use of proceeds of the Governmental Bonds or any earnings thereon or portion thereof, by any person other than a governmental unit (as such term is used in Section 141 of the Code) in such manner or to such extent as would result in the loss of exclusion from gross income for federal income tax purposes of interest on the Governmental Bonds. To these ends, so long as any Bonds are Outstanding, the Department, with respect to such proceeds, earnings thereon and property and such other funds, will comply with applicable requirements of the Code and all regulations of the United States Department of the Treasury issued thereunder and under Section 103 of the Internal Revenue Code of 1954, as amended (the “1954 Code”), to the extent such requirements are, at the time, applicable and in effect. The Department shall establish reasonable procedures necessary to ensure continued compliance with the aforementioned Sections of the Code and the continued qualification of the portion of the Projects financed or refinanced with the proceeds of the Bonds.

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

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

(e) In furtherance of the foregoing tax covenants of this Section 6.13, the Department covenants that it will comply with the instructions and requirements of the Tax Certificate, which is incorporated herein as if fully set forth herein. These covenants shall survive the payment in full or defeasance of the Bonds.

Section 6.14. Further Assurances. The Department 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.

Section 6.15. Continuing Disclosure. The Department will comply with and carry out all of the provisions of the Continuing Disclosure Certificate to be executed by the Department in substantially the form approved by the Resolution and dated the date of issuance and delivery of the Bonds, as originally executed and as it may be amended from time to time in accordance with the terms thereof. Any holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Department to comply with its obligations under this Section 6.15. Noncompliance with this Section 6.15 shall not be considered an “Event of Default” and shall not result in acceleration of the Bonds, and the sole remedy under the Continuing Disclosure Certificate (or this Indenture) in the event of any failure of the Department to comply with the Continuing Disclosure Certificate shall be an action to compel performance. For the purposes of this Section 6.15, “Beneficial Owner” means any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

No holder or Beneficial Owner of Bonds may institute such action, suit or proceeding to compel performance unless they shall have first delivered to the Department satisfactory written evidence of their status as such, and a written notice of and request to cure such failure and the Department shall have refused to comply therewith within a reasonable time.

ARTICLE VII

EVENTS OF DEFAULT AND REMEDIES OF BOND OWNERS

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

(a) Default by the Department in the due and punctual payment of the principal of any Bonds or any Parity Obligation (of such default relating to any Parity Obligations the Department hereby agrees to notify the Trustee) when and as the same shall become due and payable, whether at maturity as therein expressed, by proceedings for redemption, by acceleration, or otherwise.

(b) Default by the Department in the due and punctual payment of any installment of interest on any Bonds or any Parity Obligation (of such default relating to any Parity Obligations

the Department hereby agrees to notify the Trustee) when and as the same shall become due and payable.

(c) Default by the Department 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 sixty (60) days after written notice thereof, specifying such default and requiring the same to be remedied, shall have been given to the Department by the Trustee or by the Owners of not less than 25 percent in aggregate principal amount of Bonds Outstanding; provided, however, that if in the reasonable opinion of the Department the default stated in the notice can be corrected, but not within such sixty (60) day period and corrective action is instituted by the Department within such sixty (60) day period and diligently pursued in good faith until the default is corrected.

(d) The Department shall file a petition or answer seeking arrangement or reorganization under the federal bankruptcy laws or any other applicable law of the United States of America or any state therein, or if a court of competent jurisdiction shall approve a petition filed with or without the consent of the Department seeking arrangement or reorganization under the federal bankruptcy laws or any other applicable law of the United States of America or any state therein, or if under the provisions of any other law for the relief or aid of debtors any court of competent jurisdiction shall assume custody or control of the Department or of the whole or any substantial part of its property.

Section 7.02. Remedies Upon Event of Default. If any Event of Default shall occur, then, and in each and every such case during the continuance of such Event of Default, the Trustee may, and shall, at the direction of the Owners of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding, upon notice in writing to the Department, shall declare the principal of all of the Bonds then Outstanding, and the interest accrued thereon, to be due and payable immediately, and upon any such declaration the same shall become and shall be immediately due and payable, anything in this Indenture or in the Bonds contained to the contrary notwithstanding.

Any such declaration is subject to the condition that if, at any time after such declaration and before any judgment or decree for the payment of the moneys due shall have been obtained or entered, the Department shall deposit with the Trustee a sum sufficient to pay all the principal of and installments of interest on the Bonds payment of which is overdue, with interest on such overdue principal at the rate borne by the respective Bonds to the extent permitted by law, and the reasonable charges and expenses of the Trustee, including fees and expenses of its attorneys, and any and all other Events of Default known to the Trustee (other than in the payment of principal of and interest on the Bonds due and payable solely by reason of such declaration) shall have been made good or cured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall have been made therefor, then, on behalf of the Owners of all of the Bonds, rescind and annul such declaration and its consequences and waive such Event of Default; but no such rescission and annulment shall extend to or shall affect any subsequent Event of Default, or shall impair or exhaust any right or power consequent thereon.

Section 7.03. Application of Revenues and Other Funds After Default. If an Event of Default shall occur and be continuing, all Revenues shall be applied by the Department or the

Trustee, as the case may be, and any amounts then held by the Trustee or thereafter received by the Trustee shall be applied by the Trustee as follows and in the following order:

(i) 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 charges and expenses of the Trustee (including reasonable fees and disbursements of its counsel or advisors) incurred in and about the performance of its powers and duties under this Indenture; and

(ii) To the payment of the Operation and Maintenance costs; and

(iii) 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 (on a parity with the payment of principal of and interest then due on any Parity Obligations in accordance with the provisions of the documents pursuant to which such Parity Obligations were issued or incurred), in the following order of priority:

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;

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 acceleration or redemption, with interest on the overdue principal at the rate of eight percent (8%) per annum, 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; and

Third: For any lawful purpose.

Section 7.04. Trustee to Represent Bond Owners. If an Event of Default shall occur and be continuing, 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 or this Indenture and applicable provisions of any other law. Upon the occurrence and continuance of an Event of Default or other occasion giving rise to a right in the Trustee to represent the 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, 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 or 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 amounts 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, to direct the method of conduct in 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 be unjustly prejudicial to Bond Owners not parties to such direction or in its judgment expose the Trustee to liability.

Section 7.06. Suit by Owners. 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 or any other applicable law with respect to such Bonds, unless (a) such Owners shall have given to the Trustee written notice of the occurrence of an Event of Default; (b) the Owners of not less than twenty-five percent (25%) 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 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 Department. Nothing in this Section 7.07 or in any other provision of this Indenture or in the Bonds contained shall affect or impair the obligation of the Department, which is absolute and unconditional, to pay the principal of and interest 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 amounts 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. Remedies Not Exclusive. No remedy herein conferred upon or reserved to the Trustee or to 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 7.09. No Waiver of Default. No delay or omission of the Trustee or of 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.

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 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 covenants or duties shall be read into this Indenture against the Trustee. The Trustee shall, during the existence of any Event of Default (which has not been cured), exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs.

(b) The Department may remove the Trustee at any time, unless an Event of Default shall have occurred and then be continuing, and shall if at any time requested to do so by an instrument or concurrent instruments in writing signed by the Owners of not less than a majority in aggregate 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 thereupon shall promptly appoint a successor Trustee by an instrument in writing.

(c) The Trustee may at any time resign by giving written notice of such resignation to the Department 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 Department shall promptly appoint a successor Trustee by an instrument in writing.

(d) Any removal or resignation of the Trustee and appointment of a successor Trustee shall become effective upon acceptance of appointment by the successor Trustee. If no successor Trustee shall have been appointed and have accepted appointment within forty-five (45) days of giving notice of removal or notice of resignation as aforesaid, the resigning Trustee or any Bond Owner (on behalf of himself and all other Bond Owners) may petition any court of competent jurisdiction for the appointment of a successor Trustee, and such court may thereupon, after such notice (if any) as it may deem proper, appoint such successor Trustee. Any successor Trustee appointed under this Indenture shall signify its acceptance of such appointment by executing and delivering to the Department and to its predecessor Trustee a written acceptance thereof, and thereupon such successor Trustee, without any further act, deed or conveyance, shall become vested with all the moneys, estates, properties, rights, powers, trusts, duties and obligations of such predecessor Trustee, with like effect as if originally named Trustee herein; but, nevertheless at the Request of the Department 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 Department 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 (d), the Department shall 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 Department 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 Department.

(e) Any Trustee appointed under the provisions of this Section 8.01 in succession to the Trustee shall be a trust company, a national banking association or bank having the powers of a trust company having a corporate trust office in San Francisco or Los Angeles, California, having a combined capital and surplus of at least Seventy-Five Million Dollars (\$75,000,000), and subject to supervision or examination for federal or state authority. If such bank, national banking association or trust company publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purpose of this subsection (e) the combined capital and surplus of such bank, national banking association or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of 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, national banking association or trust company into which the Trustee may be merged or converted or with which it may be consolidated or any bank, national banking association or trust company resulting from any merger, conversion or consolidation to which it shall be a party or any bank, national banking association or trust company to which the Trustee may sell or transfer all or substantially all of its corporate trust business, provided such bank, national banking association or trust company shall be eligible under Section 8.01(e) 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 be taken as statements of the Department, and the Trustee shall not assume responsibility for the correctness of the same, or make any representations as to the validity, sufficiency or priority of this Indenture or the Bonds, 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 or willful misconduct. 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 Owners, 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 or employee, 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 a Responsible Officer of the Trustee shall have actual knowledge of such event or the Trustee shall have been notified in writing, in accordance with Section 11.07, of such event by the Department or the Owners of not less than 25% of the Bonds then Outstanding. Except as otherwise expressly provided herein,

the Trustee shall not be bound to ascertain or inquire as to the performance or observance by the Department of any of the terms, conditions, covenants or agreements herein of any of the documents executed in connection with the Bonds, or as to the existence of an Event of Default thereunder or an event which would, with the giving of notice, the passage of time, or both, constitute an Event of Default thereunder. The Trustee shall not be responsible for the validity, effectiveness or priority of any collateral given to or held by it.

(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 its duties hereunder, or in the exercise of any of its rights or powers.

(g) 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 (including reasonable attorneys' fees) 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.

(h) Whether or not herein expressly so provided, every provision of this Indenture relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Article VIII. The immunities and exceptions from liability of the Trustee shall extend to its officers, directors, employees and agents.

(i) In the performance of its duties hereunder, the Trustee may employ attorneys, agents and receivers and shall not be liable for any action of such attorneys, agents and receivers to the extent selected by it with due care.

(j) The Trustee shall have no responsibility with respect to any information, statement or recital whatsoever in any official statement, offering memorandum or other disclosure material prepared or distributed with respect to the Bonds. The Trustee shall not be accountable for the use or application by the Department or any other party of any funds which the Trustee has released under this Indenture.

(k) In accepting the trust hereby created, the Trustee acts solely as Trustee for the Owners and not in its individual capacity and all persons, including without limitations the Owners and the Department having any claim against the Trustee arising from this Indenture shall look only to the funds and accounts held by the Trustee hereunder for payment except as otherwise provided herein. Under no circumstances shall the Trustee be liable in its individual capacity for the obligations evidenced by the Bonds.

(l) 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; 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, materials or supplies in the open market; litigation or arbitration relating to zoning or other governmental action or inaction pertaining to the Trust Estate; 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.

(m) The Trustee agrees to accept and act upon facsimile transmissions of written instructions and/or directions pursuant to this Indenture; provided, however, that: (a) subsequent to any 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 on file 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, resolution, direction, requisition, request, consent, order, certificate, report, opinion, notes or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Trustee shall determine to make such further inquiry or investigation, it shall be entitled to examine the books, records and premises of the Department, personally or by agent. The Trustee may consult with counsel, who may be counsel of or to the Department, with regard to all matters concerning the trust created hereby or the duties of the Trustee hereunder, 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 Trustee's 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 Certificate, Request or Requisition of the Department, and such Certificate, Request or 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 Certificate, Request or Requisition, but in its discretion the Trustee may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as it may deem reasonable.

All moneys received by the Trustee shall, until used or applied or invested as herein provided, be held in trust for the purposes for which they were received but need not be segregated from other funds except to the extent required by law. The Trustee shall not be under any liability for interest on any moneys received hereunder except such as may be agreed upon.

Section 8.05. Preservation and Inspection of Documents. All documents received by the Trustee under the provisions of this Indenture shall be retained in its possession and shall be subject at all reasonable times upon reasonable prior notice to the inspection of the Department 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 Department shall pay to the Trustee from time to time all reasonable compensation for all services rendered under this Indenture, and also all reasonable expenses, charges, legal and consulting fees and other disbursements and those of their attorneys, agents and employees, incurred in and about the performance of their powers and duties under this Indenture.

The Department shall indemnify, defend and hold harmless the Trustee its officers, employees, directors and agents against any loss, cost, liability or expense (including legal fees and expenses) incurred without negligence, misconduct or bad faith on its part, arising out of or in connection with the execution of this Indenture, 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 or the enforcement of any of its rights or remedies. The rights of the Trustee and the obligations of the Department under this Section 8.06 shall survive removal or resignation of the Trustee and the discharge of the Bonds and this Indenture.

ARTICLE IX

MODIFICATION OR AMENDMENT OF THE INDENTURE

Section 9.01. Amendments Permitted.

(a) This Indenture and the rights and obligations of the Department 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 Department and the Trustee may enter into when the written consent of the Owners of a majority in aggregate principal amount of (i) if all of the Outstanding Bonds of all Series are affected, the Bonds of all Series then Outstanding or (ii) if less than all of the Outstanding Bonds of all Series are affected, the Bonds of each affected Series (excluding, in each case, from such consent, and from the Outstanding Bonds, the Bonds of any specified Series and maturity if such amendment by its terms will not take effect so long as any of such Bonds remain Outstanding); provided, however, that in either case the Trustee shall exclude Bonds disqualified as provided in Section 11.09 hereof, if proof of such disqualification shall have been filed with the Trustee. No such modification or amendment shall (1) 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, or (2) reduce the aforesaid percentage of Bonds the consent of the Owners of which is required to affect 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. Promptly after the execution by the Department and the Trustee of any Supplemental Indenture pursuant to this subsection (a), the Department shall mail a notice, setting forth in general terms the substance of such Supplemental Indenture, to each Rating Agency and the Owners of the Bonds at the respective addresses shown on the Registration Books. Any failure to give such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such Supplemental Indenture.

(b) This Indenture and the rights and obligations of the Department, 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 Department and the Trustee may enter into without the consent of any Bond Owners, if the Trustee shall receive an opinion of Bond Counsel to the effect that the provisions of such Supplemental Indenture shall not materially adversely affect the interests of the Owners of the Outstanding Bonds, including, without limitation, for any one or more of the following purposes:

(1) to add to the covenants and agreements of the Department 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 Department;

(2) 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 Department may deem necessary or desirable;

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

(4) 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;

(5) to modify, amend or supplement this Indenture in such manner as to permit the deposit of a surety bond, an insurance policy, a letter of credit or any other security device in the Reserve Fund; or

(6) to modify, amend or supplement this Indenture in such manner as does not materially, adversely affect the Owners.

(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 of interest on the Bonds from federal income taxation and from state income taxation.

(e) Notwithstanding subsection (a) above, the Department may, at its discretion, execute and deliver such Supplemental Indenture which contains such modifications, alternations, amendments or supplements prior to receipt of the required consents in writing, of the Owners; provided, that such Supplemental Indenture or the applicable provisions of such Supplemental Indenture subject to the consents of the Owners shall not become effective until such time as there has been delivered to the Department (i) the required consents, in writing, of Owners and (ii) an opinion of Bond Counsel required in subsection (d) above.

For the purposes of this Section 9.01, the purchasers of the Bonds of a Series, whether purchasing as underwriters, for resale or otherwise, upon such purchase from the Department, may consent to a modification or amendment permitted by this Section 9.01 in the manner provided herein and with the same effect as a consent given by the Owners of such Bonds, except that no proof of ownership shall be required; provided, that this provision of Section 9.01 shall be disclosed prominently in the offering document, if any, for any Series of Bonds issued pursuant to this Indenture, provided that, if such consent is given by a purchaser who is purchasing as an underwriter or for resale, the nature of the modification or amendment and the provisions for the purchaser consenting thereto shall be described in the offering document prepared in connection with the primary offering of the Bonds of such Series by the Department.

Section 9.02. Effect of Supplemental Indenture. Upon the execution of any Supplemental Indenture pursuant to this Article, this Indenture shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under this Indenture of the Department, the Trustee and all Owners of Bonds Outstanding shall thereafter be determined, exercised and enforced thereunder 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 Department so determines shall, bear a notation by endorsement or otherwise in form approved by the Department 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 or her 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 Department and the Trustee, to any modification or amendment contained in such Supplemental Indenture, shall be prepared and executed by the Department 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 maturity and Series.

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

ARTICLE X

DEFEASANCE

Section 10.01. Discharge of Indenture. Bonds of one or more Series may be paid by the Department in any of the following ways, provided that the Department also pays or causes to be paid any other sums payable hereunder by the Department:

- (a) by paying or causing to be paid the principal of and interest and redemption premiums (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, money or securities in the necessary amount (as provided in Section 10.03) to pay or redeem such Bonds then Outstanding; or
- (c) by delivering to the Trustee, for cancellation by it, such Bonds then Outstanding.

If the Department shall also pay or cause to be paid all other sums payable hereunder by the Department, then and in that case, at the election of the Department (evidenced by a Certificate of the Department, filed with the Trustee, signifying the intention of the Department to discharge all such indebtedness and this Indenture), and notwithstanding that any such Bonds shall not have been surrendered for payment, this Indenture and the pledge of Revenues and other amounts made under this Indenture and all covenants, agreements and other obligations of the Department under this Indenture other than Section 2.03, Section 2.04 and Section 2.07 with respect to such Bonds, Section 8.06 with respect to the Trustee and any amount required to be paid to any provider of any Common Reserve Security Device or Separate Reserve Fund Security Device hereunder, shall cease, terminate, become void and be completely discharged and satisfied with respect to such Bonds. In such event, upon the Request of the Department, the Trustee shall execute and deliver to the Department 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 all moneys or securities or other property held by them pursuant to this Indenture which are not required for the payment or redemption of such Bonds not theretofore surrendered for such payment or redemption to the Department.

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 of one or more Series (whether upon or prior to the maturity or the redemption date of such Bonds) and any amounts owing to the provider of any Common Reserve Security Device or Separate Reserve Fund Security Device hereunder; provided that, if such Outstanding Bonds are to be redeemed prior to maturity, notice of such redemption shall have been given as provided in Article IV or provisions satisfactory to

the Trustee shall have been made for the giving of such notice, then all liability of the Department 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 Department may at any time surrender to the Trustee for cancellation by it any Bonds previously issued and delivered, which the Department 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 provisions 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 and premium, if any, thereon to the redemption date; or

(b) Federal Securities and Agencies the principal of and interest on which when due will, based upon a Consultant's Report filed with the Department and the Trustee, provide money sufficient to pay the principal of and all unpaid interest to maturity, or to the redemption date (with premium, if any), as the case may be, on the Bonds to be paid or redeemed, as such principal, interest and premium, if any, 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 Request of the Department) to apply such money to the payment of such principal, interest and premium, if any, with respect to such Bonds and (ii) the Department shall have delivered to the Trustee an opinion of Bond Counsel addressed to the Department and the Trustee 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 Accountant's opinion referred to above).

Section 10.04. Payment of Bonds After Discharge of Indenture. Notwithstanding any provisions of this Indenture, any moneys held by the Trustee in trust for the payment of the principal of, or interest and premium, if any, on any Bonds and remaining unclaimed for two (2) years after such payment has become due and payable (whether at maturity or upon call for redemption or by acceleration 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, shall be repaid to the Department 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 Department as aforesaid, the Trustee shall at the written direction of the Department (at the cost of the Department) 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 Department of the moneys held for the payment thereof. The Department hereby indemnifies the Trustee against any claims of owners of Bonds which were not paid prior to the repayment of moneys to the Department in accordance with this Section 10.04.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Liability of Department Limited to Revenues; Not Indebtedness of Any Other Subdivision of the City. Notwithstanding anything in this Indenture or the Bonds, the Department shall not be required to advance any moneys derived from any source other than the Revenues and other amounts 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 Department may, but shall not be required to, advance for any of the purposes hereof any funds of the Department which may be made available to it for such purposes.

The Bonds do not constitute or evidence an indebtedness of the City, the State of California or any subdivision thereof other than the Department, or a lien or charge on any property or the general revenues of the City, the State of California or any subdivision thereof other than the Department, and in any event the Bonds shall not be payable out of any funds or properties of the City or the Department other than the Revenues deposited into the Harbor Revenue Fund as provided herein and other amounts pledged therefor hereunder. The Bonds do not constitute an indebtedness of the Department in contravention of any charter, statutory or constitutional debt or other limitation or restriction and do not constitute an obligation for which the Department or the City is obligated to levy or pledge any form of taxation or for which the Department or the City has levied or pledged any form of taxation.

Section 11.02. Successor Is Deemed Included in All References to Predecessor. Whenever in this Indenture either the Department 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 Department or the Trustee shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

Section 11.03. Limitation of Rights to 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 Department, the Trustee 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 Department, the Trustee and the Owners of the Bonds.

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 Department of any Bonds, the Trustee shall destroy such Bonds as may be allowed by law, and deliver a certificate of such destruction to the Department.

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 Department 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. Any notice to or demand upon the Department or the Trustee shall be deemed to have been sufficiently given or served for all purposes by being sent by telex or by being deposited, first-class mail, postage prepaid, in a post office letter box, addressed, as the case may be, to the Harbor Department of the City of Los Angeles, 425 South Palos Verdes Street, San Pedro, California 90731, Attention: Chief Financial Officer (or such other address as may have been filed in writing by the Department with the Trustee), or to the Trustee at its Office by first class mail. Notwithstanding the foregoing provisions of this Section 11.07, the Trustee shall not be deemed to have received, and shall not be liable for failing to act upon the contents of, any notice unless and until the Trustee actually receives such notice.

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 Department 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 Department in accordance therewith or in 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 Department, 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 Department 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 establish to the satisfaction of 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 Department 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 Department shall certify to the Trustee those Bonds that are disqualified pursuant to this Section 11.09.

Section 11.10. Money Held for Particular Bonds. The money held by the Trustee for the payment of the interest, principal or premium due on any date with respect to particular Bonds (or portions of Bonds in the case of registered 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. 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 corporate trust industry standards to the extent practicable, and with due regard for the requirements of Section 6.05 and for the protection of the security of the Bonds and the rights of every Owner thereof.

Section 11.12. Waiver of Personal Liability. No member, officer, agent or employee of the City or the Department shall be individually or personally liable for the payment of the

principal of or premium or interest 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 11.13. 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 Department and the Trustee shall preserve undestroyed, shall together constitute but one and the same instrument.

Section 11.14. CUSIP Numbers. Neither the Trustee nor the Department shall be liable for any defect or inaccuracy in the CUSIP number that appears on any Bond or in any redemption notice. The Trustee may, in its discretion, include in any redemption notice a statement to the effect that the CUSIP numbers on the Bonds have been assigned by an independent service and are included in such notice solely for the convenience of the Bond Owners and that neither the Department nor the Trustee shall be liable for any inaccuracies in such numbers.

Section 11.15. Choice of Law. This Indenture shall be governed by the laws of the State of California. This Indenture shall be enforceable in the State of California, and any action arising out of this Indenture shall be filed and maintained in the Los Angeles County Superior Court, Los Angeles, California, unless the Department waives this requirement.

Section 11.16. Notice to Rating Agencies. The Department shall provide notice to Fitch, S&P and Moody's immediately upon any amendment to the Indenture or any redemption of the Bonds by the Department pursuant to Section 4.01 hereof.

Section 11.17. Parties Interested Herein. Nothing in this Indenture expressed or implied is intended or shall be construed to confer upon, or to give or grant to, any person or entity, other than the Department, the Trustee and the registered owners of the Bonds, 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 Department shall be for the sole and exclusive benefit of the Department, the Trustee and the registered owners of the Bonds.

IN WITNESS WHEREOF, the HARBOR DEPARTMENT OF THE CITY OF LOS ANGELES has caused this Indenture to be signed in its name by its Chief Financial Officer and attested by its Secretary, and U.S. BANK NATIONAL ASSOCIATION, in token of its acceptance of the trusts created hereunder, has caused this Indenture to be signed in its corporate name by its officer thereunto duly authorized, all as of the day and year first above written.

HARBOR DEPARTMENT OF THE CITY OF
LOS ANGELES

By: Board of Harbor Commissioners

By: _____
Chief Financial Officer

Attest:

By: _____
Secretary

Approved as to Form:

_____, 2014

MIKE FEUER, City Attorney

By: _____
Heather M. McCloskey, Deputy

U.S. BANK NATIONAL ASSOCIATION, as
Trustee

By: _____
Authorized Officer

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

EXHIBIT A

(FORM OF BOND)

UNITED STATES OF AMERICA
STATE OF CALIFORNIA

No. _____ \$ _____

HARBOR DEPARTMENT OF THE CITY OF LOS ANGELES
REVENUE BONDS AND REFUNDING REVENUE BONDS, 2014 SERIES A (AMT)

INTEREST RATE: MATURITY DATE: DATED DATE: CUSIP:
_____ % August 1, 20__ Date of Delivery

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT:

The Harbor Department of the City of Los Angeles, a Department of the City of Los Angeles (the “Department”), 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 next preceding the date of authentication of this Bond (unless (i) this Bond is authenticated after the fifteenth day of the month preceding an Interest Payment Date (the “Record Date”) and on or before the following Interest Payment Date, in which event it shall bear interest from such Interest Payment Date, or (ii) this Bond is authenticated on or before [January 15, 2015], in which event it shall bear interest from the Dated Date identified above; provided, however, that if as of the date 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 per annum specified above, payable semiannually on February 1 and August 1 in each year, commencing [February 1, 2015] (each, an “Interest Payment Date”), 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 by check or draft of the Trustee upon presentation and surrender of this Bond at the corporate trust office of U.S. Bank National Association, as trustee (the “Trustee”) specified by the Trustee. Interest hereon is payable by check of the Trustee sent by first-class mail on each 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 Record Date immediately preceding each Interest Payment Date (except that in the case of a Registered Owner of one million dollars (\$1,000,000) or more in principal amount, such payment may, at such Registered Owner's option, be made by wire transfer of immediately available funds in accordance with written instructions provided to the Trustee by such Registered Owner prior to the Record Date.

This Bond is one of a duly authorized issue of bonds of the Department designated as the "Harbor Department of the City of Los Angeles Revenue Bonds and Refunding Revenue Bonds" (the "Bonds"), and further designated by series as "2014 Series A (AMT)" (the "2014 Series A Bonds"), of an aggregate principal amount of [AMOUNT] (\$_____), all of like tenor and date (except for such variation, if any, as may be required to designate varying numbers or interest rates) and all issued pursuant to the provisions of the laws of the State of California and the Charter of the City of Los Angeles and pursuant to the Indenture of Trust, dated as of ____ 1, 2014 (the "Indenture"), by and between the Department and the Trustee and the Resolution authorizing the issuance of the Bonds. Reference is hereby made to the Indenture (copies of which are on file at the office of the Department) 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 Department hereunder, to all of the provisions of which the Registered Owner of this Bond, by acceptance hereof, assents and agrees. Capitalized terms not otherwise defined herein shall have the meanings set forth in the Indenture.

The Bonds have been issued in fully registered form without coupons in denominations of \$5,000 or any integral multiple thereof.

The Department has previously issued certain obligations payable from Revenues on a parity with the Bonds. The Indenture permits the issuance of additional obligations payable from Revenues other than the Bonds on the terms and conditions set forth in the Indenture.

The Bonds have been issued by the Department to finance the Private Activity Projects and refinance the Refunded Bonds, as more fully described in the Indenture.

The payment of the principal of and the interest, and the premium, if any, on the Bonds are payable from, and are secured by an irrevocable pledge on all of the Revenues and any other amounts (including proceeds of the sale of the Bonds) held in any fund and account established pursuant to the Indenture (excluding amounts held in the Rebate Fund established and maintained under the Indenture), subject only to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth therein. Such pledge of payment of the principal of and the interest, and the premium, if any, on the Bonds shall constitute a lien on and security interest in such amounts and shall attach, be perfected and be valid and binding from and after the Dated Date, without any physical delivery thereof or further act and shall be valid and binding against all parties having claims of any kind in tort, contract or otherwise against the Department, irrespective of whether such parties have notice thereof.

The Indenture and the rights and obligations of the Department and the Owners of the Bonds and of the Trustee may be modified or amended at any time with the written consent of the Owners of a majority in aggregate principal amount of (i) if all of the Outstanding Bonds of all Series are affected, the Bonds of all Series then Outstanding or (ii) if less than all of the Outstanding Bonds of all Series are affected, the Bonds of each affected Series (excluding, in each case, from such consent, and from the Outstanding Bonds, the Bonds of any specified maturity if such amendment by its terms will not take effect so long as any of such Bonds remain Outstanding) and, exclusive of Bonds disqualified as provided in the Indenture, but no such modification or amendment shall (x) 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, or (y) reduce the aforesaid percentage of Bonds the consent of the Owners of which is required to affect any such modification or amendment, or permit the creation of any lien on the Revenues and other assets pledged under the Indenture prior to or on a parity with the lien created by the Indenture except as permitted in the Indenture, or deprive the Owners of the Bonds of the lien created by the Indenture on such Revenues and other assets (except as expressly provided in the Indenture), without the consent of the Owners of all of the Bonds then Outstanding.

Notwithstanding the foregoing paragraph, the Department may, at its discretion, execute and deliver a Supplemental Indenture which contains modifications, alternations, amendments or supplements prior to receipt of the required consents in writing, of the Owners; provided, that such Supplemental Indenture or the applicable provisions of such Supplemental Indenture subject to the consents of the Owners shall not become effective until such time as there has been delivered to the Department (i) the required consents, in writing, of Owners and (ii) an opinion of Bond Counsel stating, in substance, that such Supplemental Indenture has been adopted in compliance with the requirements of the Indenture and that the adoption of such Supplemental Indenture will not, in and of itself, adversely affect the exclusion of interest on the Bonds from federal income taxation and from state income taxation. For the purposes of this paragraph, the purchasers of the Bonds of a Series, whether purchasing as underwriters, for resale or otherwise, upon such purchase from the Department, may consent to a modification or amendment permitted by the Indenture in the manner provided therein and with the same effect as a consent given by the Owners of such Bonds, except that no proof of ownership shall be required; provided, that this provision in the Indenture shall be disclosed prominently in the offering document, if any, for any Series of Bonds issued pursuant to the Indenture, provided that, if such consent is given by a purchaser who is purchasing as an underwriter or for resale, the nature of the modification or amendment and the provisions for the purchaser consenting thereto shall be described in the offering document prepared in connection with the primary offering of the Bonds of such Series by the Department.

The Indenture and the rights and obligations of the Department, of the Trustee and the Owners of the Bonds may also be modified or amended from time to time at any time in the manner, to the extent and upon the terms provided in the Indenture by a supplemental indenture, which the Department and the Trustee may enter into without the consent of any Bond Owners, if the Trustee shall receive an opinion of Bond Counsel to the effect that the provisions of such supplemental indenture will not materially adversely affect the interests of the Owners of the Outstanding Bonds for certain purposes described more fully in the Indenture.

The 2014 Series A Bonds maturing on or after August 1, 20__, shall be subject to redemption at the option of the Department prior to their stated maturity, as a whole, or in part in integral multiples of \$5,000, on any date on or after August 1, 20__, at a Redemption Price equal to the principal amount thereof, plus accrued interest thereon to the date fixed for redemption, without premium.

The 2014 Series A Bonds maturing on August 1, 20__ are subject to mandatory redemption or purchase in lieu thereof from sinking fund payments made by the Department, in part (by lot) on August 1, 20__ and on August 1 in each year thereafter at a Redemption Price equal to the principal amount thereof, plus accrued interest thereon to the date fixed for redemption, without premium; provided, however, that if some but not all of the 2014 Series A Bonds have been optionally redeemed, the total amount of sinking fund payments to be made subsequent to such optional or mandatory redemption shall be reduced in an amount equal to the principal amount of such 2014 Series A Bonds so redeemed by reducing future sinking fund payments in such order as shall be designated pursuant to written notice filed by the Department with the Trustee.

Redemption Date (August 1)	Principal Amount
†	\$

† Final Maturity

As provided in the Indenture, notice of redemption shall be mailed by the Trustee by first-class mail not less than thirty (30) days prior to the redemption date to the respective Owners of any 2014 Series A 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 validity of the proceedings for redemption or the cessation of accrual of interest thereon from and after the redemption date.

If this Bond is called for redemption and payment is duly provided therefor as specified in the Indenture, interest shall cease to accrue hereon from and after the date fixed for redemption and this Bond shall cease to be entitled to any benefit or security under the Indenture.

With respect to any notice of redemption of Bonds, unless upon the giving of such notice such Bonds shall be deemed to have been paid within the meaning of the Indenture or the Trustee has received amounts sufficient to pay the principal of, and premium, if any, and interest on, such Bonds to be redeemed, such notice shall state that such redemption shall be conditional upon the receipt by the Trustee on or prior to the date fixed for such redemption of amounts sufficient to pay the principal of, and premium, if any, and interest on, such Bonds to be redeemed, and that if such amounts shall not have been so received said notice shall be of no force and effect and such Bonds shall not be subject to redemption on such date. In the event

that such notice of redemption contains such a condition and such amounts are not so received, the redemption shall not be made and the Trustee shall within a reasonable time thereafter give notice, to the persons and in the manner in which the notice of redemption was given, that such amounts were not so received and the redemption was not made.

If an Event of Default, as defined in the Indenture, shall occur, the principal of all of the Bonds Outstanding, and the interest accrued thereon, may be declared due and payable immediately 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 or her duly authorized attorney in writing, at the office of the Trustee designated pursuant to the Indenture but only in the manner subject to the limitations and upon payment of the taxes and 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 a like aggregate principal amount of the same maturity and Series will be issued to the transferee in exchange therefor.

Bonds may be exchanged at the office of the Trustee designated pursuant to the Indenture for a like aggregate principal amount of Bonds of other authorized denominations of the same maturity and Series, but only in the manner, subject to the limitations and upon payment of the taxes and charges provided in the Indenture.

The Trustee shall not be required to register the transfer or exchange of any Bond during the period in which the Trustee is selecting Bonds for redemption or any Bond that has been selected for redemption.

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

This Bond does not constitute or evidence an indebtedness of the City, the State of California, or any subdivision thereof other than the Department, or a lien or charge on any property or the general revenues of the City, the State of California, or any subdivision thereof other than the Department, but shall constitute and evidence an obligation of the Department payable only from Revenues (as such term is defined in the Indenture) deposited into the Harbor Revenue Fund and other amounts pledged therefor under the Indenture. The Bonds do not constitute an indebtedness of the Department in contravention of any charter, statutory or constitutional debt or other limitation or restriction.

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 laws of the State of California and the Charter of the City of Los Angeles and that the amount of this Bond, together with all other indebtedness of the Department, does not exceed any limit

under any laws of the State of California or the Charter of the City of Los Angeles, 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 signed by the Trustee.

IN WITNESS WHEREOF, the HARBOR DEPARTMENT OF THE CITY OF LOS ANGELES has caused this Bond to be executed in its name and on its behalf with the facsimile signature of its Executive Director and attested to by the facsimile signature of its Secretary, all as of this ____ day of _____, 20__.

HARBOR DEPARTMENT OF THE CITY OF
LOS ANGELES

By _____
Executive Director

Attest:

By _____
Secretary

(FORM OF TRUSTEE'S CERTIFICATE OF AUTHENTICATION
TO APPEAR ON BONDS)

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

Dated: _____

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

By _____
Authorized Signatory

(FORM OF ASSIGNMENT)

For value received the undersigned hereby sells, assigns and transfers unto _____

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

the within-registered Bond and 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: _____

Note: The signature(s) 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.

Signature Guaranteed:

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

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

EXHIBIT B

(FORM OF BOND)

UNITED STATES OF AMERICA
STATE OF CALIFORNIA

No. _____ \$ _____

HARBOR DEPARTMENT OF THE CITY OF LOS ANGELES
REVENUE BONDS AND REFUNDING REVENUE BONDS, 2014 SERIES B (NON-AMT)

INTEREST RATE: MATURITY DATE: DATED DATE: CUSIP:
_____ % August 1, 20__ Date of Delivery

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT:

The Harbor Department of the City of Los Angeles, a Department of the City of Los Angeles (the “Department”), 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 next preceding the date of authentication of this Bond (unless (i) this Bond is authenticated after the fifteenth day of the month preceding an Interest Payment Date (the “Record Date”) and on or before the following Interest Payment Date, in which event it shall bear interest from such Interest Payment Date, or (ii) this Bond is authenticated on or before [January 15, 2015], in which event it shall bear interest from the Dated Date identified above; provided, however, that if as of the date 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 per annum specified above, payable semiannually on February 1 and August 1 in each year, commencing [February 1, 2015] (each, an “Interest Payment Date”), 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 by check or draft of the Trustee upon presentation and surrender of this Bond at the corporate trust office of U.S. Bank National Association, as trustee (the “Trustee”) specified by the Trustee. Interest hereon is payable by check of the Trustee sent by first-class mail on each 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 Record Date immediately preceding each Interest Payment Date (except that in the case of a Registered Owner of one million dollars (\$1,000,000) or more in principal amount, such payment may, at such Registered Owner's option, be made by wire transfer of immediately available funds in accordance with written instructions provided to the Trustee by such Registered Owner prior to the Record Date.

This Bond is one of a duly authorized issue of bonds of the Department designated as the "Harbor Department of the City of Los Angeles Revenue Bonds and Refunding Revenue Bonds" (the "Bonds"), and further designated by series as "2014 Series B (Non-AMT)" (the "2014 Series B Bonds"), of an aggregate principal amount of [AMOUNT] (\$_____), all of like tenor and date (except for such variation, if any, as may be required to designate varying numbers or interest rates) and all issued pursuant to the provisions of the laws of the State of California and the Charter of the City of Los Angeles and pursuant to the Indenture of Trust, dated as of ___ 1, 2014 (the "Indenture"), by and between the Department and the Trustee and the Resolution authorizing the issuance of the Bonds. Reference is hereby made to the Indenture (copies of which are on file at the office of the Department) 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 Department hereunder, to all of the provisions of which the Registered Owner of this Bond, by acceptance hereof, assents and agrees. Capitalized terms not otherwise defined herein shall have the meanings set forth in the Indenture.

The Bonds have been issued in fully registered form without coupons in denominations of \$5,000 or any integral multiple thereof.

The Department has previously issued certain obligations payable from Revenues on a parity with the Bonds. The Indenture permits the issuance of additional obligations payable from Revenues other than the Bonds on the terms and conditions set forth in the Indenture.

The Bonds have been issued by the Department to finance the Governmental Projects and refinance the Refunded CP Notes, as more fully described in the Indenture.

The payment of the principal of and the interest, and the premium, if any, on the Bonds are payable from, and are secured by an irrevocable pledge on all of the Revenues and any other amounts (including proceeds of the sale of the Bonds) held in any fund and account established pursuant to the Indenture (excluding amounts held in the Rebate Fund established and maintained under the Indenture), subject only to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth therein. Such pledge of payment of the principal of and the interest, and the premium, if any, on the Bonds shall constitute a lien on and security interest in such amounts and shall attach, be perfected and be valid and binding from and after the Dated Date, without any physical delivery thereof or further act and shall be valid and binding against all parties having claims of any kind in tort, contract or otherwise against the Department, irrespective of whether such parties have notice thereof.

The Indenture and the rights and obligations of the Department and the Owners of the Bonds and of the Trustee may be modified or amended at any time with the written consent of the Owners of a majority in aggregate principal amount of (i) if all of the Outstanding Bonds of all Series are affected, the Bonds of all Series then Outstanding or (ii) if less than all of the Outstanding Bonds of all Series are affected, the Bonds of each affected Series (excluding, in each case, from such consent, and from the Outstanding Bonds, the Bonds of any specified maturity if such amendment by its terms will not take effect so long as any of such Bonds remain Outstanding) and, exclusive of Bonds disqualified as provided in the Indenture, but no such modification or amendment shall (x) 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, or (y) reduce the aforesaid percentage of Bonds the consent of the Owners of which is required to affect any such modification or amendment, or permit the creation of any lien on the Revenues and other assets pledged under the Indenture prior to or on a parity with the lien created by the Indenture except as permitted in the Indenture, or deprive the Owners of the Bonds of the lien created by the Indenture on such Revenues and other assets (except as expressly provided in the Indenture), without the consent of the Owners of all of the Bonds then Outstanding.

Notwithstanding the foregoing paragraph, the Department may, at its discretion, execute and deliver a Supplemental Indenture which contains modifications, alternations, amendments or supplements prior to receipt of the required consents in writing, of the Owners; provided, that such Supplemental Indenture or the applicable provisions of such Supplemental Indenture subject to the consents of the Owners shall not become effective until such time as there has been delivered to the Department (i) the required consents, in writing, of Owners and (ii) an opinion of Bond Counsel stating, in substance, that such Supplemental Indenture has been adopted in compliance with the requirements of the Indenture and that the adoption of such Supplemental Indenture will not, in and of itself, adversely affect the exclusion of interest on the Bonds from federal income taxation and from state income taxation. For the purposes of this paragraph, the purchasers of the Bonds of a Series, whether purchasing as underwriters, for resale or otherwise, upon such purchase from the Department, may consent to a modification or amendment permitted by the Indenture in the manner provided therein and with the same effect as a consent given by the Owners of such Bonds, except that no proof of ownership shall be required; provided, that this provision in the Indenture shall be disclosed prominently in the offering document, if any, for any Series of Bonds issued pursuant to the Indenture, provided that, if such consent is given by a purchaser who is purchasing as an underwriter or for resale, the nature of the modification or amendment and the provisions for the purchaser consenting thereto shall be described in the offering document prepared in connection with the primary offering of the Bonds of such Series by the Department.

The Indenture and the rights and obligations of the Department, of the Trustee and the Owners of the Bonds may also be modified or amended from time to time at any time in the manner, to the extent and upon the terms provided in the Indenture by a supplemental indenture, which the Department and the Trustee may enter into without the consent of any Bond Owners, if the Trustee shall receive an opinion of Bond Counsel to the effect that the provisions of such supplemental indenture will not materially adversely affect the interests of the Owners of the Outstanding Bonds for certain purposes described more fully in the Indenture.

The 2014 Series B Bonds maturing on or after August 1, 20__, shall be subject to redemption at the option of the Department prior to their respective stated maturities, as a whole on any date or in part on any date, on or after August 1, 20__, at a Redemption Price equal to the principal amount thereof, plus accrued interest thereon to the date fixed for redemption, without premium.

The 2014 Series B Bonds maturing on August 1, 20__ are subject to mandatory redemption or purchase in lieu thereof from sinking fund payments made by the Department, in part (by lot) on August 1, 20__ and on August 1 in each year thereafter at a Redemption Price equal to the principal amount thereof, plus accrued interest thereon to the date fixed for redemption, without premium; provided, however, that if some but not all of the 2014 Series B Bonds have been optionally redeemed, the total amount of sinking fund payments to be made subsequent to such optional or mandatory redemption shall be reduced in an amount equal to the principal amount of such 2014 Series B Bonds so redeemed by reducing future sinking fund payments in such order as shall be designated pursuant to written notice filed by the Department with the Trustee.

Redemption Date (August 1)	Principal Amount
†	\$

† Final Maturity

As provided in the Indenture, notice of redemption shall be mailed by the Trustee by first-class mail not less than thirty (30) days prior to the redemption date to the respective Owners of any 2014 Series B 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 validity of the proceedings for redemption or the cessation of accrual of interest thereon from and after the redemption date.

If this Bond is called for redemption and payment is duly provided therefor as specified in the Indenture, interest shall cease to accrue hereon from and after the date fixed for redemption and this Bond shall cease to be entitled to any benefit or security under the Indenture.

With respect to any notice of redemption of Bonds, unless upon the giving of such notice such Bonds shall be deemed to have been paid within the meaning of the Indenture or the Trustee has received amounts sufficient to pay the principal of, and premium, if any, and interest on, such Bonds to be redeemed, such notice shall state that such redemption shall be conditional upon the receipt by the Trustee on or prior to the date fixed for such redemption of amounts sufficient to pay the principal of, and premium, if any, and interest on, such Bonds to be redeemed, and that if such amounts shall not have been so received said notice shall be of no force and effect and such Bonds shall not be subject to redemption on such date. In the event

that such notice of redemption contains such a condition and such amounts are not so received, the redemption shall not be made and the Trustee shall within a reasonable time thereafter give notice, to the persons and in the manner in which the notice of redemption was given, that such amounts were not so received and the redemption was not made.

If an Event of Default, as defined in the Indenture, shall occur, the principal of all of the Bonds Outstanding, and the interest accrued thereon, may be declared due and payable immediately 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 or her duly authorized attorney in writing, at the office of the Trustee designated pursuant to the Indenture but only in the manner subject to the limitations and upon payment of the taxes and 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 a like aggregate principal amount of the same maturity and Series will be issued to the transferee in exchange therefor.

Bonds may be exchanged at the office of the Trustee designated pursuant to the Indenture for a like aggregate principal amount of Bonds of other authorized denominations of the same maturity and Series, but only in the manner, subject to the limitations and upon payment of the taxes and charges provided in the Indenture.

The Trustee shall not be required to register the transfer or exchange of any Bond during the period in which the Trustee is selecting Bonds for redemption or any Bond that has been selected for redemption.

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

This Bond does not constitute or evidence an indebtedness of the City, the State of California, or any subdivision thereof other than the Department, or a lien or charge on any property or the general revenues of the City, the State of California, or any subdivision thereof other than the Department, but shall constitute and evidence an obligation of the Department payable only from Revenues (as such term is defined in the Indenture) deposited into the Harbor Revenue Fund and other amounts pledged therefor under the Indenture. The Bonds do not constitute an indebtedness of the Department in contravention of any charter, statutory or constitutional debt or other limitation or restriction.

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 laws of the State of California and the Charter of the City of Los Angeles and that the amount of this Bond, together with all other indebtedness of the Department, does not exceed any limit

under any laws of the State of California or the Charter of the City of Los Angeles, 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 signed by the Trustee.

IN WITNESS WHEREOF, the HARBOR DEPARTMENT OF THE CITY OF LOS ANGELES has caused this Bond to be executed in its name and on its behalf with the facsimile signature of its Executive Director and attested to by the facsimile signature of its Secretary, all as of this ____ day of _____, 20__.

HARBOR DEPARTMENT OF THE CITY OF
LOS ANGELES

By _____
Executive Director

Attest:

By _____
Secretary

(FORM OF TRUSTEE'S CERTIFICATE OF AUTHENTICATION
TO APPEAR ON BONDS)

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

Dated: _____

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

By _____
Authorized Signatory

(FORM OF ASSIGNMENT)

For value received the undersigned hereby sells, assigns and transfers unto _____

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

the within-registered Bond and 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: _____

Note: The signature(s) 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.

Signature Guaranteed:

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

EXHIBIT C

[FORM OF CONSTRUCTION FUND REQUISITION]

REQUISITION NO. _ FOR
DISBURSEMENT FROM CONSTRUCTION FUND

The undersigned hereby states and certifies:

(i) that he is the duly appointed, qualified and acting _____ of the Harbor Department of the City of Los Angeles, a Department of the City of Los Angeles (the “Department”), and as such, is familiar with the facts herein certified and is authorized to certify the same;

(ii) that, pursuant to Section 3.04 of that certain Indenture of Trust, dated as of ___ 1, 2014, by and between U.S. Bank National Association, as trustee (the “Trustee”), and the Department (the “Indenture of Trust”), the undersigned hereby requests the Trustee to disburse this date the following amounts from the Construction Fund established under the Indenture of Trust, to the _____;

(iii) that any approval required under the California Environmental Quality Act, as amended (Division 13 of the California Public Resources Code), prior to the expenditure of such amount set forth on the local project which such expenditure relates have been received [;] [.]

(iv) that any and all TEFRA approvals of the Projects for which the requisitions relate required under Section 147(f) of the Code have been received.

Dated: _____

HARBOR DEPARTMENT OF THE CITY OF
LOS ANGELES

By _____
[Title]

CONSTRUCTION FUND DISBURSEMENTS

<u>Item Number</u>	<u>Payee Name and Address</u>	<u>Purpose of Obligation</u>	<u>Amount</u>
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EXHIBIT D

[FORM OF ELECTION]

ELECTION NOT TO CLAIM TAX BENEFITS

The (Lessee or Permitholder) (the “Company”) hereby elects and covenants not to claim, and hereby irrevocably waives, on behalf of itself and its successors and assigns under this (Lease or Permit), any right to claim, on its federal income tax return (or on any consolidated federal income tax return which includes the Company), any investment tax credit or deduction for depreciation with respect to (1) any property subject to this (Lease or Permit) and (2) any land, building, structural components of a building or other structure (including air conditioning or heating units) that is physically supported by, physically supports, or is physically connected to the property subject to this (Lease or Permit) other than (i) property not financed with the proceeds of obligations the interest on which is or was excluded from federal gross income for federal income tax purposes, (ii) property that was part of the facilities subject to this (Lease or Permit) on or before October 5, 1984, and (iii) tangible personal property (other than air conditioning or heating units). Neither the Company nor any successor in interest under this (Lease or Permit) may claim depreciation or investment credit with respect to the above-described property.

The Company and the Harbor Department of the City of Los Angeles, shall retain this Election in their records throughout the term of this (Lease or Permit).

Date: _____

[COMPANY]

By: _____
Its: _____

HARBOR DEPARTMENT OF THE CITY OF
LOS ANGELES

By: _____
Its: _____