

INDENTURE OF TRUST

Dated as of [•] 1, 2019

by and between

HARBOR DEPARTMENT OF THE CITY OF LOS ANGELES

and

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

Relating to

\$150,000,000
Harbor Department of the City of Los Angeles
Revenue Revolving Obligations

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EXHIBIT A FORM OF CONSTRUCTION FUND REQUISITION

EXHIBIT B FORM OF ELECTION

INDENTURE OF TRUST

THIS INDENTURE OF TRUST (this “*Indenture*”) is made and entered into and dated as of [●] 1, 2019, 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*”). Capitalized terms used herein have the meanings assigned to them in Section 1.01 hereof.

WITNESSETH:

WHEREAS, the Department desires to implement a short-term borrowing program for the purposes of providing money to finance and refinance the Projects and for other financing needs of the Department (including, but not limited to, the refunding and restructuring of indebtedness of the Department); and

WHEREAS, in order to implement such short-term borrowing program, pursuant to the Charter, the Procedural Ordinance and the Resolution, the Department has authorized the incurrence, from time to time, of its Revolving Obligations in an aggregate authorized principal amount of not to exceed \$150,000,000 at any one time outstanding; and

WHEREAS, in order to provide for the incurrence of the Revolving Obligations, from time to time, and the authentication and delivery of the Bank Notes, in one or more series, to establish and declare the terms and conditions upon which the Revolving Obligations are to be incurred and secured and to secure the payment of the principal thereof and interest thereon and such other Obligations owed to the Bank under the Credit Agreement, the Department has authorized the execution and delivery of this Indenture; and

WHEREAS, all acts and proceedings required by law necessary to make the Revolving Obligations and the related Bank Notes, when incurred and executed by the Department, authenticated and delivered by the Trustee, and duly incurred and issued, as applicable, 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 Revolving Obligations shall be incurred and the related Bank Notes issued as Parity Obligations pursuant to Section 6.04 of the 2009 Indenture, Section 6.04 of the 2011 Indenture, Section 6.04 of the 2014 Indenture, Section 6.04 of the 2015 Indenture and Section 6.04 of the 2016 Indenture, and concurrently with the execution and delivery of this Indenture, all conditions and requirements for the incurrence of the Revolving Obligations and the issuance of the related Bank Notes pursuant to Section 6.04 of the 2009 Indenture, Section 6.04 of the 2011 Indenture, Section 6.04 of the 2014 Indenture, Section 6.04 of the 2015 Indenture and Section 6.04 of the 2016 Indenture have been satisfied and met; and

WHEREAS, the Resolution authorizing the Revolving Obligations and the related Bank Notes and the execution and delivery of this Indenture and the Credit Agreement in all respects conform with the Charter and with the Procedural Ordinance; and

WHEREAS, the indebtedness to be evidenced by the Revolving Obligations and the Bank Notes, together with all other indebtedness of the Department and of the City pertaining to the Projects and the other financing needs of the Department (including, but not limited to, the refunding and restructuring of indebtedness of the Department) for or on account of which such Revolving Obligations are to be incurred, is within every debt or other limit prescribed by the Constitution and the statutes of the State and the Charter; and

WHEREAS, upon the incurrence of the Revolving Obligations and the issuance of the related Bank Notes, any and all acts, conditions and things required to exist, to happen and to be performed, precedent to and in the incurrence and 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 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, of the acceptance of the Bank Notes by the Owners thereof and of the Bank's agreement to make Advances to the Department in accordance with the terms of the Credit Agreement, and for other valuable consideration, the receipt whereof is hereby acknowledged, in order to secure the payment of the principal of and interest on all Revolving Obligations, the Advances and the related Bank Notes and the Non-Debt Service Obligations at any time incurred or issued and outstanding under this Indenture, the payment of the principal of and interest on the Revolving Obligations, the Advances, and the Bank Notes and the Non-Debt Service Obligations owed to the Bank and any Owner thereof pursuant to the terms of the Credit Agreement, according to their tenors, 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 Bank and the 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, 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 the State, the Charter and this Indenture and any other applicable laws of the 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 (a) with respect to the principal of and interest on the Revolving Obligations, the Advances and the Bank Notes, 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, and (b) with respect to the Non-Debt Service Obligations, on a subordinate lien and a subordinate security interest in the Revenues to the Parity Obligations;

GRANTING CLAUSE SECOND

All moneys and securities held in funds, Accounts and Subaccounts 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, provided, however, the payment of Non-Debt Service Obligations will be subject to and subordinate to the payment of the principal of and interest on the Revolving Obligations, the Advances and the Bank Notes;

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 Bank and 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 the Bank and all present and future Owners of the Bank Notes;

PROVIDED, FURTHER, that if the Department, its successors or assigns shall well and truly pay, or cause to be paid, the Revolving Obligations and the related Bank Notes at any time incurred or issued and outstanding under this Indenture, the payment of the Advances, the Revolving Loans, the Terms Loans, the Bank Notes and any Non-Debt Service Obligations owed to the Bank pursuant to the terms of the Credit Agreement, at the times and in the manner provided in this Indenture, the Credit Agreement and the Bank Notes 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 and the Credit Agreement to be kept, performed and observed by it, and shall pay or cause to be paid to the Trustee, the Bank and the Owners all sums of money due or to become due in accordance with the terms and provisions hereof and of the Credit Agreement, 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 Revolving Obligations and the related Bank Notes at any time incurred or issued and outstanding under this Indenture, the Advances, the Revolving Loans, the Terms Loans, the Bank Notes and the Non-Debt Service Obligations owed to the Bank pursuant to the terms of the Credit Agreement are to be incurred, issued, authenticated and delivered, as applicable, and all property,

rights and interests, including, without limitation, the Revenues, hereby assigned and pledged, as applicable, 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 Bank and the Owners, 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 Supplemental Indenture and of any certificate, opinion or other document herein mentioned, have the meanings herein specified, to be equally applicable to both the singular and plural forms of any of the terms herein defined.

“Account” means an account established within a fund in accordance with the provisions of this Indenture.

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

“ACTA Shortfall Advances” means the “Shortfall Advances” as 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.

“Advance” has the meaning given to such term in the Credit Agreement.

“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 (*PHAs*); 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.

“Assistant Secretary” means the person at a given time who is the Assistant Secretary of the Department, or such other title as may from time to time be assigned to such position, and the officer or officers succeeding to such position as certified to the Trustee by the Department.

“Authorized Amount” means the aggregate principal amount of \$150,000,000.

“Authorized Representative” means, with respect to the Department, its Executive Director, any Deputy Executive Director, including its Deputy Executive Director and Chief Financial Officer, its Director, Debt and Treasury Division, 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.

“Available Commitment” has the meaning given to such term in the Credit Agreement.

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

“Bank” means PNC Bank, National Association, and any successors thereto.

“Bank Notes” has the meaning given to such term in the Credit Agreement.

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

“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.

“Business Day” has the meaning given to such term in the Credit Agreement.

“Certificate,” “Direction,” “Request,” or “Requisition” of the Department mean a written certificate, direction, request or requisition signed in the name of the Department by an 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 hereof, each such instrument shall include the statements provided for in Section 1.02 hereof.

“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.

“Chief Financial Officer” means the person at a given time who is the Chief Financial Officer of the Department, or such other title as may from time to time be assigned to such position, and the officer or officers succeeding to such position as certified to the Trustee by the Department.

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

“Closing Date” means [•], 2019.

“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.

“Commitment Expiration Date” has the meaning given to such term in the Credit Agreement.

“Common Reserve” means 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 any Issuing Document for a Common Reserve Parity Obligation. The Revolving Obligations and the related Bank Notes are not secured by the Common Reserve.

“Common Reserve Parity Obligation” shall have the meaning set forth in the Issuing Documents. The Revolving Obligations and the related Bank Notes are not Common Reserve Parity Obligations and are not secured by the Common Reserve or a Separate Reserve Fund.

“Common Reserve Requirement” shall have the meaning set forth in the Issuing Documents.

“Common Reserve Security Device” shall have the meaning set forth in the Issuing Documents.

“Construction Account – Governmental” means the Account by that name established in the Construction Fund pursuant to Section 3.03(a) hereof.

“Construction Account – Private Activity” means the Account by that name established in the Construction Fund pursuant to Section 3.03(a) hereof.

“Construction Account – Taxable” means the Account by that name established in the Construction Fund pursuant to Section 3.03(a) hereof.

“Construction Fund” means the fund by that name established pursuant to Section 3.03(a) hereof.

“Consultant’s Report” means a report signed by an Independent Financial Consultant or Independent Certified Public Accountant and including (a) 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; (b) a brief statement as to the nature and scope of the examination or investigation upon which the report is based; and (c) 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.

“Costs of Issuance” means all items of expense directly or indirectly payable by or reimbursable to the Department and related to the authorization, incurrence and issuance of the Revolving Obligations, the Bank Notes and any Advances and the execution and delivery of this Indenture and the Credit Agreement, 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 and commitment fees, bond insurance premiums and surety bond premiums, if any, fees and charges for preparation and execution of the Bank Notes and any other cost, charge or fee in connection with the incurrence and issuance of the Revolving Obligations, the Bank Notes and any Advances, and the execution and delivery of this Indenture and the Credit Agreement.

“Costs of Issuance Fund” means the fund by that name established pursuant to Section 3.02 hereof.

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

“Credit Agreement” means the Credit Agreement, dated as of [●] 1, 2019, between the Department and the Bank, and any and all modifications, alterations, amendments and supplements thereto and restatements thereof.

“Credit Agreement Event of Default” means any event, condition or circumstance specified in Section 7.01 of the Credit Agreement.

“Debt Service” means, for any period of calculation, the sum of principal of and interest on the 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 Revolving Obligations and the Bank Notes during such period.

“Default” has the meaning given to such term in the Credit Agreement.

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

“Deputy Executive Director” means any person at a given time who is a Deputy Executive Director of the Department, or such other title as may from time to time be assigned to such position, and the officer or officers succeeding to such position as certified to the Trustee by the Department.

“Designated Representative” means those individuals appointed as Designated Representatives under the Resolution and any other resolution of the Board to complete and deliver a Request for Advance and to perform other duties set forth in the Credit Agreement and this Indenture.

“Director, Debt and Treasury Division” means the person at a given time who is the Director, Debt and Treasury Division of the Department, or such other title as may from time to time be assigned to such position, and the officer or officers succeeding to such position as certified to the Trustee by the Department.

“Effective Date” has the meaning given to such term in the Credit Agreement.

“Event of Default” means any of the events specified in Section 6.01 hereof.

“Executive Director” means the person at a given time who is the Executive Director of the Department, or such other title as may from time to time be assigned to such position, and the officer or officers succeeding to such position as certified to the Trustee by the Department.

“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 12-month period beginning on July 1 of each year and ending on the next succeeding June 30, both dates inclusive, or any other 12-month period hereafter selected and designated as the official fiscal year period of the Department.

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

“Governmental Loan” has the meaning given to such term in the Credit Agreement.

“Governmental Project” 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. As more fully set forth in the Tax Certificate, all Governmental Projects must not be used in connection with a “private business use” within the meaning of Section 141(b) of the Code and the Treasury Regulations and rulings thereunder nor must the proceeds of the Governmental Revolving Obligations be used to make a “private loan” as defined in, and except to the extent permitted by, Section 141(c) of the Code and the Treasury Regulations and rulings thereunder.

“Governmental Revolving Obligation” means (a) a Governmental Loan, (b) a Tax-Exempt (Governmental) Term Loan and/or (c) any other Revolving Obligation the interest on which is not included in the gross income of the holder of such Revolving Obligation for federal income tax purposes, and the proceeds of which are used to finance or refinance a Governmental Project.

“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.

“Interest Account – Governmental” means the Account by that name established in the Interest Fund pursuant to Section 4.01(c) hereof.

“Interest Account – Private Activity” means the Account by that name established in the Interest Fund pursuant to Section 4.01(c) hereof.

“Interest Account – Taxable” means the Account by that name established in the Interest Fund pursuant to Section 4.01(c) hereof.

“Interest Fund” means the fund by that name established pursuant to Section 4.01(c) hereof.

“Issuing Document” means any indenture of trust, trust agreement or other document pursuant to which any Parity Obligations are issued, incurred or delivered; provided that, if a trustee is appointed under an Issuing Document, the trustee for all Parity Obligations shall be the Trustee. As of the Closing Date, the only Issuing Documents are this Indenture, the Credit Agreement, the 2009 Indenture, the 2011 Indenture, the 2014 Indenture, the 2015 Indenture and the 2016 Indenture.

“Maturity Date” means, (a) with respect to any Revolving Loan, the Revolving Loan Maturity Date, and (b) with respect to any Term Loan, the Term Loan Maturity Date.

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

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

“New Issue” means the incurrence of a Revolving Obligation the proceeds of the related Advance of which are to be used to finance the costs of a Project and/or the other financing needs of the Department.

“Non-Debt Service Obligations” has the meaning given to such term in the Credit Agreement.

“Obligations” has the meaning given to such term in the Credit Agreement.

“Office” means, with respect to the Trustee, the office of the Trustee at 24th Floor, 633 West Fifth Street, Los Angeles, California 90071, Attention: Global Corporate Trust Services; provided however, for the purposes of maintenance of the Registration Books, 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” means 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 ACTA Shortfall Advances.

“Owner” means, whenever used herein with respect to a Bank Note, the person in whose name the ownership of such Bank Note is registered on the Registration Books. On the Effective Date, the Bank will be the Owner of the Bank Notes.

“Opinion of Bond Counsel” means a written opinion of Bond Counsel.

“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 (a) 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 (b) 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, collectively, the Revolving Obligations and the related Bank Notes 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 Revolving Obligations and the related Bank Notes and which are secured by a pledge of and lien on the Revenues. As of the Effective Date, the only Parity Obligations are the Revolving Obligations, the Bank Notes, the 2009 Bonds, the 2011 Bonds, the 2014 Bonds, the 2015 Bonds and the 2016 Bonds. For the avoidance of doubt, the Non-Debt Service Obligations are not Parity Obligations.

“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 Investment Company Act of 1940, as amended, whose shares are registered under the Securities Act of 1933, as amended, 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:

(i) 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.

(ii) Repurchase Agreements must be between the Department and a dealer bank or securities firm, including:

(A) 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

(B) banks rated “A” or above by S&P and Moody’s at the time of execution and delivery thereof.

(iii) The written Repurchase Agreement must include the following:

(A) 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);

(B) the term of the Repurchase Agreement may be up to 30 days; and

(C) 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).

(iv) 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%;

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

(l) 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.

“Prepayment Account – Governmental” means the Account by that name established in the Prepayment Fund pursuant to Section 4.05(a) hereof.

“Prepayment Account – Private Activity” means the Account by that name established in the Prepayment Fund pursuant to Section 4.05(a) hereof.

“Prepayment Account – Taxable” means the Account by that name established in the Prepayment Fund pursuant to Section 4.05(a) hereof.

“Prepayment Fund” means the fund by that name established pursuant to Section 4.05(a) hereof.

“Principal Account – Governmental” means the Account by that name established in the Principal Fund pursuant to Section 4.01(c) hereof.

“Principal Account – Private Activity” means the Account by that name established in the Principal Fund pursuant to Section 4.01(c) hereof.

“Principal Account – Taxable” means the Account by that name established in the Principal Fund pursuant to Section 4.01(c) hereof.

“Principal Fund” means the fund by that name established pursuant to Section 4.01(c) hereof.

“Private Activity Loan” has the meaning given to such term in the Credit Agreement.

“Private Activity Project” 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. As more fully set forth in the Tax Certificate, all Private Activity Projects must constitute “dock or wharf” facilities, or property functionally related and subordinate thereto, within the meaning of Section 142(a)(2) of the Code and the Treasury Regulations and rulings thereunder.

“Private Activity Revolving Obligation” means (a) a Private Activity Loan, (b) a Tax-Exempt (Private Activity) Term Loan, and/or (c) any other Revolving Obligation the interest on which is not included in the gross income of the holder of such Revolving Obligation for federal income tax purposes, and is an “exempt facility bond” within the meaning of Section 142(a)(2) of the Code.

“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.

“Project” means a Governmental Project, a Private Activity Project or a Taxable Project.

“Rating Agencies” means Fitch, S&P and Moody’s.

“Rebate Fund” means the fund by that name established pursuant to Section 4.07(a) hereof.

“Registration Books” means the records maintained by the Trustee for the registration of ownership and registration of transfer of the Bank Notes pursuant to Section 2.03 hereof.

“Request for Advance” has the meaning given to such term in the Credit Agreement.

“Resolution” means Resolution No. 19-[•] adopted by the Board on [•], 2019.

“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 in or upon or pertaining to the lands and waters, or interests therein, of the City in the Harbor District; all tolls, charges and rentals collected by the 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, Accounts or Subaccounts established hereunder (except interest and gain derived from the Rebate Fund established and maintained hereunder).

“Revolving Loan” has the meaning given to such term in the Credit Agreement.

“Revolving Loan Maturity Date” has the meaning given to such term in the Credit Agreement.

“Revolving Obligations” means any Governmental Revolving Obligations, Private Activity Revolving Obligations or Taxable Revolving Obligations.

“S&P” means S&P Global Ratings, or any successor thereto.

“Secretary” means the person at a given time who is the Secretary of the Board, or such other title as may from time to time be assigned to such position, and the officer or officers succeeding to such position as certified to the Trustee by the Department.

“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 the Parity Obligations that are not a part of the Common Reserve.

“State” means the State of California.

“Subaccount” means a subaccount established within an Account in accordance with the provisions of this Indenture.

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

“Taxable Loan” has the meaning given to such term in the Credit Agreement.

“Taxable Project” means any undertaking, facility or item which is described in a Certificate provided by the Department at the time of delivery of a Request for Advance and which the Department is lawfully permitted to undertake, including, but not limited to, a Governmental Project or a Private Activity Project, and which is acquired, constructed, reconstructed, improved, expanded or otherwise financed with proceeds of Taxable Revolving Obligations.

“Taxable Revolving Obligation” means (a) a Taxable Loan, (b) a Taxable Term Loan, and/or (c) any other Revolving Obligation the interest on which is included in the gross income of the holder of such Revolving Obligation for federal income tax purposes.

“Taxable Term Loan” has the meaning given to such term in the Credit Agreement.

“Tax Certificate” means, collectively, the Tax Compliance Certificate of the Department executed and delivered on or prior to the date of incurrence of the initial Revolving Obligations, and any amendments, modifications, reaffirmations or renewals thereof or any new certificate or agreement of the Department relating to such matters.

“Tax-Exempt (Governmental) Term Loan” has the meaning given to such term in the Credit Agreement.

“Tax-Exempt (Private Activity) Term Loan” has the meaning given to such term in the Credit Agreement.

“Tax-Exempt Revolving Obligations” means Governmental Revolving Obligations and/or Private Activity Revolving Obligations.

“Term Loan” has the meaning given to such term in the Credit Agreement.

“Term Loan Maturity Date” has the meaning given to such term in the Credit Agreement.

“Treasury Regulations” means the temporary, proposed or final Income Tax Regulations promulgated by the Department of the Treasury and applicable to the Tax-Exempt Revolving Obligations, including Sections 1.141-0 through 1.141-16, Sections 1.148-0 through 1.148-11, Section 1.149 and Sections 1.150-1 and 1.150-2 as issued by the Internal Revenue Service.

“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 7.01 hereof.

“2009 Bonds” means, collectively (a) the Harbor Department of the City of Los Angeles Revenue Bonds, 2009 Series A, and (b) the Harbor Department of the City of Los Angeles Revenue Bonds, 2009 Series B.

“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 Bonds” means, collectively (a) the Harbor Department of the City of Los Angeles Refunding Revenue Bonds, 2011 Series A, and (b) the Harbor Department of the City of Los Angeles Refunding Revenue Bonds, 2011 Series B.

“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 Bonds” means, collectively (a) the Harbor Department of the City of Los Angeles Revenue Bonds and Refunding Revenue Bonds, 2014 Series A, (b) the Harbor Department of the City of Los Angeles Refunding Revenue Bonds, 2014 Series B, and (c) the Harbor Department of the City of Los Angeles Revenue Bonds, 2014 Series C.

“2014 Indenture” means the Indenture of Trust, dated as of September 1, 2014, 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.

“2015 Bonds” means the Harbor Department of the City of Los Angeles Refunding Revenue Bonds, 2015 Series A.

“2015 Indenture” means the Indenture of Trust, dated as of October 1, 2015, 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.

“2016 Bonds” means, collectively (a) the Harbor Department of the City of Los Angeles Refunding Revenue Bonds, 2016 Series A, (b) the Harbor Department of the City of Los Angeles Refunding Revenue Bonds, 2016 Series B, and (c) the Harbor Department of the City of Los Angeles Refunding Revenue Bonds, 2016 Series C.

“2016 Indenture” means the Indenture of Trust, dated as of October 1, 2016, 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.

“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 with respect to compliance with any provision hereof shall include (a) a statement that the person making or giving such certificate or opinion has read such provision and the definitions herein relating thereto; (b) a brief statement as to the nature and scope of the examination or investigation upon which the certificate or opinion is based; (c) 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; (d) a statement of the assumptions upon which such certificate or opinion is based, and that such assumptions are reasonable; and (e) 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 REVOLVING OBLIGATIONS AND THE NOTES

Section 2.01. Authorized Amount of an Advance; Terms and Description of Advances and the Bank Notes.

(a) No Revolving Obligations may be issued or incurred under the provisions of this Indenture except in accordance with this Article and the Credit Agreement.

(b) At any time after the execution of this Indenture, the Department is hereby authorized to issue and/or incur its "Harbor Department of the City of Los Angeles Revenue Revolving Obligations" in the form of Governmental Revolving Obligations, Private Activity Revolving Obligations, Taxable Revolving Obligations, Advances and the Bank Notes, subject to the provisions of the Credit Agreement, this Section 2.01 and as hereinafter provided. The Revolving Obligations, the Advances and the Bank Notes shall constitute special obligations of the Department. The Governmental Revolving Obligations shall be issued and/or incurred, from time to time, as provided herein to finance the costs of Governmental Projects or such other purposes as allowed by the Charter and the Tax Certificate; the Private Activity Revolving Obligations shall be issued and/or incurred, from time to time, as provided herein to finance the costs of Private Activity Projects and/or Governmental Projects or such other purposes as allowed by the Charter and the Tax Certificate; and the Taxable Revolving Obligations shall be issued from time to time as provided herein to finance the costs of Taxable Projects,

Governmental Projects and/or Private Activity Projects or such other purposes as allowed by the Charter. Such authorization specifically includes the authorization to issue and/or incur Revolving Obligations for such purposes and to repay such obligations on or prior to their respective Maturity Dates, and thereafter, prior to the Commitment Expiration Date, issue new Revolving Obligations provided that at no time may the aggregate principal amount of Revolving Obligations exceed the lesser of the Authorized Amount or the Available Commitment. The Available Commitment may be modified in accordance with the terms of the Credit Agreement, provided, however, that in no event shall the Available Commitment exceed the Authorized Amount.

(c) Prior to the issuance and/or incurrence of a Revolving Loan a properly presented and conforming Request for Advance shall be delivered to the Bank by a Designated Representative and all conditions precedent set forth in Section 5.02 of the Credit Agreement shall be satisfied. Prior to the issuance and/or incurrence of a Term Loan the Department shall comply with the provisions of Article III of the Credit Agreement, including the conditions precedent set forth in Section 3.07 of the Credit Agreement. Revolving Obligations shall be issued and/or incurred in accordance with the terms of the Credit Agreement. Revolving Obligations shall bear interest from their respective dates of issuance and/or incurrence in the amount, at the rates and in the manner determined under the Credit Agreement and shall be payable at the times, on the dates and in the manner set forth in the Credit Agreement.

(d) The Revolving Obligations shall be issued and/or incurred at a price not less than 100% of the principal amount thereof.

(e) The Revolving Obligations shall be subject to prepayment prior to maturity in accordance with the terms of the Credit Agreement.

(f) Unless otherwise consented to in written by the Bank (which consent shall be in the sole and absolute discretion of the Bank), no Revolving Obligations may be issued and/or incurred under this Indenture and the Credit Agreement if a Default and/or Credit Agreement Event of Default has occurred and is continuing.

(g) On the Effective Date, the Department will issue the Bank Notes in order to evidence the obligation of the Department to repay the Bank for any Advances, Revolving Loans and/or Term Loans under the Credit Agreement, together with interest thereon from time to time at the rates and times established in accordance with the Credit Agreement. Principal on each Advance, Revolving Loan and/or Term Loan as reflected in the Bank Notes shall be payable on the applicable Maturity Date(s).

(h) The Revolving Obligations, the Advances and the Bank Notes shall constitute Parity Obligations pursuant to the 2009 Indenture, the 2011 Indenture, the 2014 Indenture, the 2015 Indenture, the 2016 Indenture and any other Issuing Document entered into by the Department in connection with the issuance and/or incurrence of addition Parity Obligation.

(i) This Indenture constitutes a continuing agreement with the Department, the Trustee, the Bank and the Owners from time to time to secure the full payment of the Revolving Obligations, Advances, the Bank Notes and the other Obligations, subject to the covenants, provisions and conditions herein contained.

(j) The principal of and the interest on the Revolving Obligations, the Advances and the Bank Notes and any other Obligations shall be paid in immediately available federal funds in such coin or currency of the United States of America as, at the respective times of payment, is legal tender for the payment of public and private debts. Notwithstanding anything herein to the contrary, no presentation or surrender of any of the Bank Notes or any Revolving Obligation shall be required for any payment of the principal of or interest on any Revolving Obligation, the Advances or the Bank Notes or the payment of any other Obligations.

Section 2.02. Terms of the Bank Notes.

(a) The Bank Notes shall be issued in fully registered form.

(b) The Bank Notes shall be in substantially the form set forth in the Credit Agreement. The Bank Notes shall be executed in the name and on behalf of the Department with the manual or facsimile signature of its Executive Director or Deputy Executive Director/Chief Financial Officer of the Department, or his or her designee, attested by the manual or facsimile signature of its Secretary or Assistant Secretary. The Bank Notes 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 Bank Notes. The Bank Notes 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 Bank Notes shall cease to be such officer or officers of the Department before the Bank Notes so signed or attested shall have been authenticated or delivered by the Trustee, or issued by the Department, such Bank Notes 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 Bank Notes may be signed and attested on behalf of the Department by such persons as at the actual date of execution of such Bank Notes shall be the proper officers of the Department although at the nominal date of such Bank Notes any such person shall not have been such officer of the Department.

Only the Bank Notes that bear thereon a certificate of authentication substantially in the form set forth in in the Credit Agreement 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 Bank Notes so authenticated have been duly executed, authenticated and delivered hereunder and are entitled to the benefits of this Indenture.

(c) Subject to the terms of the Credit Agreement, any Bank Note 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 Bank Note 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.

(d) Whenever any Bank Note or Bank Notes shall be surrendered for transfer, the Department shall execute and the Trustee shall authenticate and shall deliver a new Bank Note or Bank Notes. The Trustee shall require the Owner requesting such transfer to pay any tax or other governmental charge required to be paid with respect to such transfer. The cost of any services rendered or expenses incurred by the Trustee in connection with any such transfer shall be paid by the Department.

(e) If any Bank Note shall become mutilated, the Department, at the expense of the Owner of said Bank Note, shall execute, and the Trustee shall thereupon authenticate and deliver, a new Bank Note of like tenor, maturity and interest rate in exchange and substitution for the Bank Notes so mutilated, but only upon surrender to the Trustee of the Bank Note so mutilated. Every mutilated Bank Note so surrendered to the Trustee shall be canceled by it and destroyed. If any Bank 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 Bank Note of like tenor, maturity and interest rate in lieu of and in substitution for the Bank Note so lost, destroyed or stolen (or if any such Bank Note shall have matured or shall have been called for prepayment, instead of issuing a substitute Bank Note, 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 Bank Note issued under this Section and of the expenses which may be incurred by the Department and the Trustee in the premises. Any Bank Note issued under the provisions of this Section in lieu of any Bank Note alleged to be lost, destroyed or stolen shall constitute an original additional contractual obligation on the part of the Department whether or not the Bank Note 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 Bank Notes secured by this Indenture.

Section 2.03. 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 Bank Notes, 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 Bank Notes as hereinbefore provided.

ARTICLE III

APPLICATION OF PROCEEDS; ESTABLISHMENT AND APPLICATION OF COSTS OF ISSUANCE FUND AND CONSTRUCTION FUND

Section 3.01. Use and Application Proceeds of the Revolving Obligations.

(a) Use of Revolving Obligation Proceeds. The Department may issue and/or incur Revolving Obligations under this Indenture as Governmental Revolving Obligations, Private Activity Revolving Obligations or Taxable Revolving Obligations.

Governmental Revolving Obligations shall be issued hereunder to pay costs of Governmental Projects and for such other purposes as allowed by the Charter and the Tax Certificate (including, but not limited to, the refunding and restructuring of existing and future indebtedness of the Department). Private Activity Revolving Obligations shall be issued hereunder to pay costs of Private Activity Projects and/or Governmental Projects and for such other purposes as allowed by the Charter and the Tax Certificate (including, but not limited to, the refunding and restructuring of existing and future indebtedness of the Department). Taxable Revolving Obligations shall be issued hereunder to pay Costs of any Taxable Projects, Governmental Projects and/or Private Activity Projects and for such other purposes as allowed by the Charter (including, but not limited to, the refunding and restructuring of existing and future indebtedness of the Department).

On or prior to the date of each New Issue of Tax-Exempt Revolving Obligations, the Department shall have obtained an Opinion of Bond Counsel, addressed to the Department, the Trustee and the Bank, to the effect that the interest on such Tax Exempt Revolving Obligations is excluded from gross income for federal income tax purposes, except for interest on any Private Activity Revolving Obligation for any period during which such Private Activity Revolving Obligation is held by a “substantial user” of the facilities financed or refinanced by such Private Activity Revolving Obligations or a “related person” within the meaning of Section 147(a) of the Code, and if Governmental Revolving Obligations are to be issued and/or incurred that the interest on such Governmental Revolving Obligations is not included as an item of tax preference in computing the federal alternative minimum tax for individuals.

(b) Application of Proceeds of Revolving Obligations. Except as otherwise provided in the following sentence, the Department shall transfer or cause to be transferred the proceeds from each Advance to the Trustee immediately upon receipt thereof. The proceeds from each Advance shall be applied by (a) the Trustee, at the direction of the Department, for deposit into the Costs of Issuance Fund and expended therefor in accordance with the provisions of Section 3.02 hereof, and/or (b) the Trustee, at the direction of the Department, for deposit into the appropriate Account and/or Subaccount of the Construction Fund and expended therefor in accordance with the provisions of Section 3.03 hereof, and/or (c) the Department for such other purposes as allowed by the Charter and the Tax Certificate, if applicable.

Section 3.02. 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.**” The Costs of Issuance Fund shall be held in trust by the Trustee separate and apart from other funds held by it. The moneys in the Costs of Issuance Fund shall be used and withdrawn by the Trustee to pay the Costs of Issuance 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 fund 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.

Moneys held in the Costs of Issuance Fund shall be invested and reinvested as directed by the Department in Permitted Investments. Investment earnings on amounts on deposit in the Costs of Issuance Fund shall be applied in accordance with Section 4.06 hereof.

Section 3.03. Establishment and Application of Construction Fund.

(a) The Trustee shall establish, maintain and hold in trust a separate fund designated as the “**Construction Fund,**” which shall contain a “**Construction Account – Governmental,**” a “**Construction Account – Private Activity**” and a “**Construction Account – Taxable.**” The Trustee shall establish within the Construction Account – Governmental and the Construction Account – Private Activity a separate Subaccount for each Advance to the extent proceeds of such Advance are to be deposited in the Construction Account – Governmental or the Construction Account – Private Activity. The moneys in the Construction Fund, including investment earnings thereon, shall be held by the Trustee in trust and applied in accordance with the provisions of this Indenture and the Tax Certificate at the written instruction of the Department.

(b) Except as provided in this Section 3.03, (i) moneys deposited in the Construction Account – Governmental shall be withdrawn from time to time as directed in writing by the Department solely to pay the costs of Governmental Projects and for such other purposes as allowed by the Charter and the Tax Certificate; (ii) moneys deposited in the Construction Account - Private Activity shall be withdrawn from time to time as directed in writing by the Department solely to pay the costs of Private Activity Projects and/or Governmental Projects and for such other purposes as allowed by the Charter and the Tax Certificate; and (iii) moneys deposited in the Construction Account - Taxable shall be withdrawn from time to time as directed in writing by the Department to pay the costs of Taxable Projects, Governmental Projects and/or Private Activity Projects and for such other purposes as allowed by the Charter.

(c) 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 [A] attached hereto. Upon receipt of each such Requisition, the Trustee will pay the amount set forth in such Requisition from the Account or Subaccount 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.

(d) When a Project funded from the Construction Fund has 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 Fund 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 apply any remaining balance in the applicable Account or Subaccount of the Construction Fund (less the amount of any such retention which amount shall be certified by the Department to the Trustee), at the written direction of the Department, to any lawful purpose designated in such statement or requisition and for which purpose such proceeds may be used under the Charter and the Tax Certificate. As a condition to the disbursement of funds from the Construction Account - Governmental or the Construction Account - Private Activity for a purpose other than those described in Section 3.03(b) hereof, there shall be delivered to the Trustee with the requisition or statement an opinion of Bond Counsel that the purpose for which such funds are to be used is a lawful purpose for which such proceeds may be used under the Charter and that such use shall not result in the inclusion of interest on any Tax-Exempt Revolving Obligations in gross income of the recipient thereof for federal income tax purposes.

(e) Moneys held in the Construction Fund shall be invested and reinvested as directed by the Department in Permitted Investments. Investment earnings on amounts on deposit in any particular Account or Subaccount in the Construction Fund shall remain on deposit in such Account or Subaccount for application to construction costs in accordance with this Section.

ARTICLE IV

REVENUES, FUNDS AND ACCOUNTS; PAYMENT OF PRINCIPAL AND INTEREST

Section 4.01. 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 Revolving Obligations) held in any fund or Account or Subaccount established pursuant to this Indenture (except the Rebate Fund established and maintained hereunder), are hereby irrevocably pledged by the Department to secure the payment of the principal of and interest on the Revolving Obligations, the Advances and the Bank Notes and the Non-Debt Service Obligations in accordance with their terms and the provisions of this Indenture and the Credit Agreement subject only to the provisions of this Indenture and the Credit Agreement permitting the terms and conditions set forth herein and therein. With respect to the

principal of and interest on the Revolving Obligations, the Advances and the Bank Notes, 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. With respect to the Non-Debt Service Obligations, said pledge of the Revenues is on a subordinate basis with the lien on and security interest in the Revenues granted to the Parity Obligations pursuant to the Issuing Documents. 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 Effective 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.

(c) The Trustee shall establish and maintain (i) an “*Interest Fund*,” which shall contain an “*Interest Account – Governmental*,” “*Interest Account – Private Activity*” and “*Interest Account – Taxable*,” and (ii) a “*Principal Fund*,” which shall contain an “*Principal Account – Governmental*,” “*Principal Account – Private Activity*” and “*Principal Account – Taxable*.” 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 4.02. 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 (3rd) Business Day preceding each date on which the interest on the Revolving Obligations, the Advances and the Bank Notes shall become due and payable hereunder and under the Credit Agreement, 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 the Revolving Obligations, the Advances and the Bank Notes. The Department also shall deposit in any applicable interest account created with respect to Parity Obligations (other than the Revolving Obligations, the Advances and the Bank Notes), 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 (3rd) Business Day preceding each date on which the principal of the Revolving Obligations, the Advances and the Bank Notes shall

become due and payable hereunder and under the Credit Agreement, that sum, if any, required to cause the aggregate amount on deposit in the Principal Fund to equal the principal amount of the Revolving Obligations, the Advances and the Bank Notes coming due and payable on such date. The Department also shall deposit in any applicable principal account created with respect to Parity Obligations (other than the Revolving Obligations, the Advances and the Bank Notes), 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.

Following the deposits described in subsections (a), (b) and (c) above, the Department shall use any remaining amounts on deposit in the Harbor Revenue Fund *first*, to pay any Non-Debt Service Obligations, and *second*, for any lawful purposes.

Section 4.03. 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 – Governmental that sum, if any, required to cause the aggregate amount on deposit in the Interest Account – Governmental to be at least equal to the amount of interest becoming due and payable on all Governmental Revolving Obligations on the interest payment date immediately succeeding such date of deposit; to the Interest Account – Private Activity that sum, if any, required to cause the aggregate amount on deposit in the Interest Account – Private Activity to be at least equal to the amount of interest becoming due and payable on all Private Activity Revolving Obligations on the interest payment date immediately succeeding such date of deposit; and to the Interest Account – Taxable that sum, if any, required to cause the aggregate amount on deposit in the Interest Account – Taxable to be at least equal to the amount of interest becoming due and payable on all Taxable Revolving Obligations on the interest payment date immediately succeeding such date of deposit. In the event such moneys are insufficient to fully fund each of the Interest Accounts, the Trustee shall, without preference or priority, allocate such moneys to such Interest Accounts ratably, in accordance with the amount of interest becoming due and payable on the Revolving Obligations on the interest payment date immediately succeeding such date of deposit.

(b) All amounts in the Interest Account – Governmental shall be used and withdrawn by the Trustee solely for the purpose of paying interest on the Governmental Revolving Obligations as it shall become due and payable pursuant to the provisions of the Credit Agreement (including accrued interest on any Governmental Revolving Obligations purchased or prepaid prior to maturity pursuant to this Indenture and the Credit Agreement).

(c) All amounts in the Interest Account – Private Activity shall be used and withdrawn by the Trustee solely for the purpose of paying interest on the Private Activity Revolving Obligations as it shall become due and payable pursuant to the provisions of the Credit Agreement (including accrued interest on any Private Activity Revolving Obligations purchased or prepaid prior to maturity pursuant to this Indenture and the Credit Agreement).

(d) All amounts in the Interest Account – Taxable shall be used and withdrawn by the Trustee solely for the purpose of paying interest on the Taxable Revolving Obligations as it shall become due and payable pursuant to the provisions of the Credit Agreement (including accrued interest on any Taxable Revolving Obligations purchased or prepaid prior to maturity pursuant to this Indenture and the Credit Agreement).

Section 4.04. Application of Principal Fund.

(a) The Trustee shall immediately upon receipt of any moneys from the Department for deposit in the Principal Fund, allocate to the Principal Account – Governmental that sum, if any, required to cause the aggregate amount on deposit in the Principal Account – Governmental to be at least equal to the principal amount of the Governmental Revolving Obligations becoming due and payable on the principal payment date immediately succeeding such date of deposit; to the Principal Account – Private Activity that sum, if any, required to cause the aggregate amount on deposit in the Principal Account – Private Activity to be at least equal to the principal amount of the Private Activity Revolving Obligations becoming due and payable on the principal payment date immediately succeeding such date of deposit; and to the Principal Account – Taxable that sum, if any, required to cause the aggregate amount on deposit in the Principal Account – Taxable to be at least equal to the principal amount of the Taxable Revolving Obligations becoming due and payable on the principal payment date immediately succeeding such date of deposit. In the event such moneys are insufficient to fully fund each of the Principal Accounts, the Trustee shall, without preference or priority, allocate such moneys to such Principal Accounts ratably, in accordance with the amount of principal becoming due and payable on the Revolving Obligations on the principal payment date immediately succeeding such date of deposit.

(b) All amounts in the Principal Account – Governmental shall be used and withdrawn by the Trustee solely to pay the principal amount of the Governmental Revolving Obligations at maturity or such other dates as provided for in the Credit Agreement.

(c) All amounts in the Principal Account – Private Activity shall be used and withdrawn by the Trustee solely to pay the principal amount of the Private Activity Revolving Obligations at maturity or such other dates as provided for in the Credit Agreement.

(d) All amounts in the Principal Account – Taxable shall be used and withdrawn by the Trustee solely to pay the principal amount of the Taxable Revolving Obligations at maturity or such other dates as provided for in the Credit Agreement.

Section 4.05. Establishment and Application of Prepayment Fund.

(a) The Trustee shall establish a special fund designated as the “**Prepayment Fund**” which shall contain a “**Prepayment Account — Governmental**,” a “**Prepayment Account — Private Activity**,” and a “**Prepayment Account — Taxable**,” 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 Department to be applied towards the prepayment of Revolving Obligations deposit such money into the applicable Prepayment Account as directed in writing by the Department.

(b) All amounts in the Prepayment Account – Governmental shall be used and withdrawn by the Trustee solely for the purpose of paying the principal of and interest on

the Governmental Revolving Obligations which are to be prepaid in advance of their maturity pursuant to the provisions of the Credit Agreement.

(c) All amounts in the Prepayment Account – Private Activity shall be used and withdrawn by the Trustee solely for the purpose of paying the principal of and interest on the Private Activity Revolving Obligations which are to be prepaid in advance of their maturity pursuant to the provisions of the Credit Agreement.

(d) All amounts in the Prepayment Account – Taxable shall be used and withdrawn by the Trustee solely for the purpose of paying the principal of and interest on the Taxable Revolving Obligations which are to be prepaid in advance of their maturity pursuant to the provisions of the Credit Agreement.

Section 4.06. Investments. All moneys in any of the funds, Accounts or Subaccounts 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, Account or Subaccount shall be deemed to be part of such fund, Account or Subaccount.

All interest or gain derived from the investment of amounts in any of the funds, Accounts or Subaccounts established hereunder, other than the Costs of Issuance Fund, 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 Fund shall be deposited into the applicable Account in the Interest Fund as directed by the Department. 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 depository with regard to any Permitted Investment. The Trustee shall incur no liability for losses arising from any investments made pursuant to this Section.

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 4.07. 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. Such amounts shall be free and clear of any lien under this Indenture and shall be governed by this Section and Section 5.13 hereof 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) The Trustee shall establish within the Rebate Fund a separate Account representing each Advance for Tax-Exempt Revolving Obligations. All money at any time deposited in the Rebate Fund (or any Account therein) in accordance with the provisions of the Tax Certificate shall be held by the Trustee in trust for payment to the federal government of the United States of America, and neither the Department nor the Bank or the Owners shall have any rights in or claim to such money. All amounts deposited into or on deposit in the Rebate Fund shall be governed by this Indenture and by the Tax Certificate. Money shall not be transferred from the Rebate Fund except in accordance with the Tax Certificate.

ARTICLE V

PARTICULAR COVENANTS

Section 5.01. 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 (a) 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 (except Non-Debt Service Obligations) for such Fiscal Year, and (b) the Non-Debt Service Obligations due and payable during 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 5.02. 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; and except for the payment of Operation and Maintenance costs and the deposits described in Sections 4.02 (a), (b) and (c) hereof, no transfer of payments or deposits shall be made out of the Harbor Revenue Fund in any one Fiscal Year until the Non-Debt Service Obligations for such Fiscal Year have been paid or set aside in a separate fund held in trust and charged with such payments.

Section 5.03. 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 and the Non-Debt Service Obligations, or to provide for such payments into some other fund or account charged with such payments.

Section 5.04. Restrictions on Additional Indebtedness. No additional Parity Obligations shall be created or incurred:

(a) Unless the Net Revenues for any consecutive twelve (12) calendar month period during the eighteen (18) 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 (except for Non-Debt Service Obligations) due and payable during such twelve (12) calendar month period; and

(b) The Net Revenues for any consecutive twelve (12) calendar month period during the eighteen (18) 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 (12) 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 and 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, prepaid 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 (except for Non-Debt Service Obligations) due and payable during such twelve (12) 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 or prepayment of any thereof so refunded shall not be limited or restricted by the provisions of this Section, 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 5.05. 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 Bank, the Owners and the Trustee, at the office of the Department, a copy thereof, or a summary financial statement, upon request, to the Bank or any Owner.

Section 5.06. Exempt Facilities. It is expressly covenanted and agreed by the Department that it will not expend the proceeds of any Private Activity Revolving Obligations

for any purpose or purposes, in any amount or amounts, or permit any user of the improvements to be financed or refinanced with the proceeds of the Private Activity Revolving Obligations 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)(2) of the Code and the Treasury Regulations and rulings applicable thereto.

Section 5.07. 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 Revolving Obligations are outstanding, is granted the right to use any of the improvements to be financed or refinanced with the proceeds from the Private Activity Revolving Obligations or any earnings thereon 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 Private Activity Projects 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 Private Activity Projects.

In addition, the term of any such lease, permit or other arrangement will not exceed 80% of the reasonably expected economic life of such Private Activity Project or component thereof. Each such election shall be executed not later than the later of the original incurrence of such Private Activity Revolving Obligations 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 B 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 5.08. 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 harbor facilities similar to those of the Department 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 Bank and the Owners, 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 5.09. Punctual Payment. The Department shall punctually pay or cause to be paid the principal and interest to become due in respect of all the Revolving Obligations and the related Bank Notes and the other Obligations, in strict conformity with the terms of the this Indenture and the Credit Agreement, according to the true intent and meaning hereof and thereof, but only out of Revenues and other amounts pledged for such payment as provided in this Indenture.

Section 5.10. Extension of Payment of Revolving Obligations. The Department shall not directly or indirectly extend or assent to the extension of the maturity of any of the Revolving Obligations or the time of payment of any claims for interest or by any other arrangement, and in case the maturity of any of the Revolving Obligations or the time of payment of any such claims for interest shall be extended, such Revolving Obligations 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 Revolving Obligations and of all claims for interest thereon which shall not have been so extended.

Section 5.11. 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 Revolving Obligations and the related Bank Notes are outstanding or while the Credit Agreement is still in effect, 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 5.12. Power to Incur Revolving Obligations and Make Pledge and Assignment. The Department is duly authorized pursuant to law to incur the Revolving Obligations and issue the related Bank Notes, from time to time, and to enter into this Indenture and the Credit Agreement 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 Revolving Obligations, the related Bank Notes and the provisions of this Indenture and the Credit Agreement 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 VII hereof 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 Bank and the Owners under this Indenture and the Credit Agreement against all claims and demands of all persons whomsoever.

Section 5.13. Tax Covenants.

(a) The Department hereby covenants with the Bank and the Owners 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 Tax-Exempt Revolving Obligations under Section 103 of the Code.

(b) The Department shall not, directly or indirectly, use or permit the use of proceeds of the Governmental Revolving Obligations or any earnings thereon or portion thereof or permit the use of any portion of the Governmental Projects financed or refinanced with proceeds of the Governmental Revolving Obligations, 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 Revolving Obligations. 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 Revolving Obligations 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 Revolving Obligations or any earnings thereon, or of the portion of the Private Activity Projects financed or refinanced with the proceeds of the Private Activity Revolving Obligations, or any portion thereof, as would cause the Private Activity Revolving Obligations not to qualify under Section 142(a)(2) of the Code as “exempt facility bonds.” To these ends, so long as any Tax-Exempt Revolving Obligations 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 Treasury Regulations issued thereunder and under Section 103 of the Internal Revenue Code of 1954, as amended, 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 exclusion of the interest from gross income for federal income tax purposes of interest on the Governmental Revolving Obligations and the Private Activity Revolving Obligations, respectively.

(c) The Department shall not, directly or indirectly, use or permit the use of any proceeds of any Tax-Exempt Revolving Obligations, 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 Tax-Exempt Revolving Obligations 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 Treasury Regulations issued thereunder to the extent such requirements are, at the time, in effect and applicable to the Tax-Exempt Revolving Obligations.

(d) The Department shall not use any of the proceeds of the Tax-Exempt Revolving Obligations or any other funds of the Department, or take or omit to take any other action, that would cause the Tax-Exempt Revolving Obligations 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, 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 Tax-Exempt Revolving Obligations.

Section 5.14. 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 Bank and the Owners of the rights and benefits provided in this Indenture.

ARTICLE VI

EVENTS OF DEFAULT AND REMEDIES OF OWNERS

Section 6.01. Events of Default. The following events shall be Events of Default hereunder:

(a) A default by the Department in the due and punctual payment of the principal of any Revolving Obligations, Advances, Bank Notes 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 or prepayment, by acceleration, or otherwise.

(b) A default by the Department in the due and punctual payment of any installment of interest on any Revolving Obligations, Advances, Bank Notes 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) A default by the Department in the observance of any of the other covenants, agreements or conditions on its part in this Indenture or the Bank Notes contained therein, 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 Bank; provided, however, that if in the reasonable opinion of the Department the default stated in the notice can be corrected, but not within such 60-day period and corrective action is instituted by the Department within such 60-day period and diligently pursued in good faith until the default is corrected, such default shall not be an Event of Default under this Indenture.

(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.

(e) A Credit Agreement Event of Default shall have occurred and be continuing.

Section 6.02. Remedies Upon Event of Default. Subject to the provisions of the Credit Agreement and in addition to the remedies set forth in Section 7.02 of the Credit Agreement, 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 shall, at the direction of the Bank, upon notice in writing to the Department, declare the principal of all of the Revolving Obligations, Advances and Bank Notes, and the interest accrued thereon, and any other Obligations, 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 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 Revolving Obligations, the Advances and the Bank Notes and any other Obligations payment of which is overdue, with interest on such overdue principal at the rate provided for in the Credit Agreement 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 and the Bank (other than in the payment of principal of and interest on the Revolving Obligations, the Advances and the Bank Notes and any other Obligations due and payable solely by reason of such declaration) shall have been made good or cured to the satisfaction of the Bank, as set forth in writing, or provision deemed by the Bank, as set forth in writing, to be adequate shall have been made therefor, then, on behalf of the Bank and the Owners, 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 6.03. 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:

(a) To the payment of any expenses necessary in the opinion of the Trustee to protect the interests of the Bank and the Owners 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;

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

(c) To the payment of the principal of and interest then due on the Revolving Obligations, Advances and Bank Notes in accordance with the provisions of this Indenture and the Credit Agreement (on a parity with the payment of principal of and interest then due on any Parity Obligations in accordance with the provisions of the Issuing 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, and, if the amount available shall not be sufficient to pay in full any installment or installments, then to the payment thereof ratably, according to the amounts due thereon, to the persons entitled thereto, without any discrimination or preference; and

Second: To the payment to the persons entitled thereto of the unpaid principal then due, whether at maturity or by acceleration, with interest on the overdue principal at the rate provided for in the applicable Issuing Document, and, if the amount available shall not be sufficient to pay in full all of the principal then due, 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

(d) To the payment of any other Non-Debt Service Obligations.

(e) For any lawful purpose.

Section 6.04. Trustee To Represent Bank and Owners. If an Event of Default shall occur and be continuing, the Trustee is hereby irrevocably appointed (and the Bank and the Owners, 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 Bank and the Owners for the purpose of exercising and prosecuting on their behalf such rights and remedies as may be available to the Bank and the Owners under the provisions of the Credit Agreement 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 Bank and the Owners, the Trustee, upon the written request of the Bank and the Owners, and upon being indemnified to its satisfaction therefor, shall proceed to protect or enforce its rights or the rights of the Bank and the 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 the Bank or the Owners under the Credit Agreement, the Bank Notes 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 Credit Agreement or the Bank Notes or otherwise may be prosecuted and enforced by the Trustee without the possession of any of the Bank Notes 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 the Bank and the Owners, subject to the provisions of this Indenture and the Credit Agreement.

Section 6.05. Bank's Direction of Proceedings. Anything in this Indenture to the contrary notwithstanding, the Bank (on behalf of itself and on behalf of the Owners) 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 Owners not parties to such direction or in its judgment expose the Trustee to liability.

Section 6.06. Suit by Bank and Owners. Neither the Bank nor the Owners 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 the Credit Agreement or any other applicable law with respect to the Revolving Obligations, the Advances or the Bank Notes, unless (a) the Bank shall have given to the Trustee written notice of the occurrence of an Event of Default; (b) the Bank shall have tendered to the Trustee reasonable indemnity against the costs, expenses and liabilities to be incurred in compliance with such request; (c) 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 (d) no direction inconsistent with such written request shall have been given to the Trustee during such 60-day period by the Bank.

Such notification, request, tender of indemnity and refusal or omission are hereby declared, in every case, to be conditions precedent to the exercise by the Bank or the Owners of any remedy hereunder or under law; it being understood and intended that the Bank and the Owners shall not have any right to enforce any right under this Indenture or other applicable law, 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 the Bank and the Owners, subject to the provisions of this Indenture.

Section 6.07. Absolute Obligation of Department. Nothing in this Section or in any other provision of this Indenture contained shall affect or impair the obligation of the Department, which is absolute and unconditional, to pay the principal of and interest on the Revolving Obligations or the Payment Obligations to the Bank and the Owners at their respective dates of maturity as herein provided, but only out of the Revenues and other amounts herein pledged therefor, or affect or impair the rights of the Bank or the Owners, which is also absolute and unconditional, to enforce such payment by virtue of the contract embodied in the Credit Agreement and the Bank Notes.

Section 6.08. Remedies Not Exclusive. No remedy herein conferred upon or reserved to the Trustee or to the Bank 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 6.09. No Waiver of Default. No delay or omission of the Trustee or the Bank 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 VII

THE TRUSTEE

Section 7.01. 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 Bank (or their attorneys duly authorized in writing) or if at any time the Trustee shall cease to be eligible in accordance with Section 7.01(e) hereof, 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 Bank notice of such resignation by mail at the addresses shown in the Credit Agreement. 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 the Bank 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 Section 7.01(d), the Department shall mail or cause the successor Trustee to mail a notice of the succession of such Trustee to the Bank at the addresses shown in the Credit Agreement. 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 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 \$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 Section 7.01(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 Section 7.01(e), the Trustee shall resign immediately in the manner and with the effect specified in this Section 7.01.

Section 7.02. 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 7.01(e) hereof 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 7.03. Liability of Trustee.

(a) The recitals of facts herein 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, the Credit Agreement, the Revolving Obligations, the Advances or the Bank Notes, 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 Credit Agreement assigned to or imposed upon it. The Trustee shall, however, be responsible for its representations contained in its certificate of authentication on the Bank Notes. 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 the Bank Notes 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 Owners, whether or not such committee shall represent the Owners of a majority in principal amount of the Bank Notes 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 Bank 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 10.06 hereof, of such event by the Department or the Bank. 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 Revolving Obligations, the Advances or the Bank Notes 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 the Bank pursuant to this Indenture, unless the Bank 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 VII. 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 Revolving Obligations. 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 Bank and the Owners and not in its individual capacity and all persons, including without limitations the Bank, 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 Bank Notes.

(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 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: (i) subsequent to any such facsimile transmission of written instructions and/or directions, the Trustee shall forthwith receive the originally executed instructions and/or directions; (ii) 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 (iii) the Trustee shall have on file a current incumbency certificate containing the specimen signature of such designated person.

Section 7.04. 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 Bank Notes appearing in the Trustee's Registration Books as the absolute owners of the Bank Notes 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 7.05. 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 the Bank, and their agents and representatives duly authorized in writing, at reasonable hours and under reasonable conditions.

Section 7.06. 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 7.06 shall survive removal or resignation of the Trustee and the discharge of the Revolving Obligations, the Advances, the Bank Notes, the Non-Debt Service Obligations, this Indenture and the Credit Agreement.

ARTICLE VIII

MODIFICATION OR AMENDMENT OF THE INDENTURE SECTION

Section 8.01. Amendments Permitted.

(a) Except as otherwise provided in Section 8.01(b) hereof, this Indenture and the rights and obligations of the Department and of the Bank and of the Trustee may be modified or amended from time to time and at any time by an indenture or Supplemental Indenture, which the Department and the Trustee may enter into with the written consent of the Bank.

(b) Except as otherwise provided in the Credit Agreement and notwithstanding Section 8.01(a) hereof, this Indenture and the rights and obligations of the Department, the Trustee and the Bank 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 the Bank, 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 Bank, including, without limitation, for any one or more of the following purposes:

(i) 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 Revolving Obligations, the Advances, the Bank Notes and the other Obligations (or any portion thereof), or to surrender any right or power herein reserved to or conferred upon the Department;

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

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

(iv) to modify, amend or supplement this Indenture in such manner as to cause interest on the Tax-Exempt Revolving Obligations to remain excludable from gross income under the Code; or

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

(c) The Trustee may in its discretion, but shall not be obligated to, enter into any such Supplemental Indenture authorized by Section 8.01(a) or (b) hereof 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 Tax-Exempt Revolving Obligations from federal income taxation.

Section 8.02. 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 the Bank 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.

ARTICLE IX

DEFEASANCE

Section 9.01. Discharge of Indenture. The Revolving Obligations, the Advances and the Bank Notes 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 (including, but not limited to, the Non-Debt Service Obligations):

(a) by paying or causing to be paid the principal of and interest on the Revolving Obligations, the Advances and the Bank Notes, as and when the same become due and payable; or

(b) by depositing with the Trustee, in trust, at or before maturity, money or securities in the necessary amount (as provided in Section 9.03 hereof) to pay or prepay the Revolving Obligations, the Advances and the Bank Notes.

If the Department shall also pay or cause to be paid all other sums payable hereunder and under the Credit Agreement by the Department, and the Credit Agreement shall have terminated in accordance with their terms, then and in that case, at the election of the Department (evidenced by a Certificate of the Department, filed with the Trustee and the Bank, signifying the intention of the Department to discharge all such indebtedness and this Indenture), and notwithstanding that the Bank Notes 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 7.06 hereof with respect to the Trustee, shall cease, terminate, become void and be completely discharged and satisfied with respect to the Revolving Obligations, the Advances, the Bank Notes and the Non-Debt Service Obligations. 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 it pursuant to this Indenture which are not required for the payment of the Revolving Obligations, the Advances, the Bank Notes and the Non-Debt Service Obligations.

Section 9.02. Discharge of Liability on Revolving Obligations and Other Obligations. Upon the deposit with the Trustee, in trust, at or before maturity, of money or securities in the necessary amount (as provided in Section 9.03 hereof) to pay or prepay any Revolving Obligations, Advances and Bank Notes (whether upon or prior to the maturity or the prepayment date of such Revolving Obligations, Advances and Bank Notes) and to pay Non-Debt Service Obligations; provided that, if the Revolving Obligations, the Advances and the Bank Notes are to be prepaid prior to maturity, notice of such prepayment shall have been given to the Bank pursuant to the provisions of the Credit Agreement or provisions satisfactory to the Trustee shall have been made for the giving of such notice, and with the prior written consent of the Bank, then all liability of the Department in respect of the Revolving Obligations, the Advances, the Bank Notes and the Non-Debt Service Obligations shall cease, terminate and be completely discharged, and the Bank and the Owners 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 9.04 hereof.

Section 9.03. 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 prepay the Revolving Obligations, the Advances, the Bank Notes and all other Obligations due and owing by the Department, 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 Revolving Obligations, Advances and Bank Notes and all unpaid interest thereon and any other Obligations due and owing by the Department to maturity, except that, in the case of Revolving Obligations, Advances and Bank Notes which are to be prepaid prior to maturity and in respect of which notice of such prepaid shall have been given as provided in the Credit Agreement 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 Revolving Obligations and Advances and all unpaid interest thereon to the prepayment date and any other Obligations due and owing by the Department; 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, the Trustee and the Bank, provide money sufficient to pay the principal of and all unpaid interest to maturity, or to the prepayment date, on the Revolving Obligations, Advances and the Bank Notes to be paid or prepaid and any other Obligations due and owing by the Department, as such principal and interest become due, provided that in the case of Revolving Obligations, Advances and Bank Notes which are to be prepaid prior to the maturity thereof, notice of such prepayment shall have been given to the Bank pursuant to the provisions of the Credit Agreement;

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 the principal of and interest on the Revolving Obligations, the Advances and the Bank Notes; 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 the Revolving Obligations, the Advances and the Bank Notes have been discharged in accordance with this Indenture and the Credit Agreement (which opinion may rely upon and assume the accuracy of the Consultant's Report referred to above).

Section 9.04. Payment of Revolving Obligations and Other Obligations 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 and/or interest on the Revolving Obligations, Advances and Bank Notes and any other Obligations due and owing and remaining unclaimed for two (2) years after such payment has become due and payable (whether at maturity or upon call for redemption, prepayment 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 Bank, at the addresses shown in the Credit Agreement, a notice, in such form as may be deemed appropriate by the Trustee. The Department hereby indemnifies the Trustee against any claims of the Bank with respect to the Revolving Obligations, the Advances, the Bank Notes and any other Obligations that were not paid prior to the repayment of moneys to the Department in accordance with this Section.

ARTICLE X

MISCELLANEOUS

Section 10.01. Liability of Department Limited to Revenues; Not Indebtedness of Any Other Subdivision of the City. Notwithstanding anything in this Indenture or the Credit Agreement, 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 Revolving Obligations, the Advances and the Bank Notes or the other Obligations or for any other purpose of this Indenture or the Credit Agreement. 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 Revolving Obligations, the Advances, the related Bank Notes and any other Obligations 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 Revolving Obligations, the Advances, the related Bank Notes and any other Obligations 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 Revolving Obligations, the Advances, the related Bank Notes and any other Obligations 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 10.02. 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 10.03. Limitation of Rights to Bank and Owners. Nothing in this Indenture expressed or implied is intended or shall be construed to give to any person other than the Department, the Trustee, the Bank and the Owners, 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, the Bank and the Owners.

Section 10.04. 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 10.05. Severability of Invalid Provisions. If any one or more of the provisions contained in this Indenture 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 incurrence of the Revolving Obligations and the issuance of the Bank Notes 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 10.06. 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 facsimile 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: [Deputy Executive Director and 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, 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 10.07. Evidence of Rights of Bank and Owners. Any request, consent or other instrument required or permitted by this Indenture to be signed and executed by the Bank and/or the Owners may be in any number of concurrent instruments of substantially similar tenor and shall be signed or executed by the Bank and/or the 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 Bank Notes 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.

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 Bank Notes shall be proved by the Registration Books.

Any request, consent, or other instrument or writing of the Bank and/or the Owners shall bind every future Bank or Owner.

Section 10.08. Funds and Accounts. Any fund, Account or Subaccount 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, Account or Subaccount, 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, Account or Subaccount; but all such records with respect to all such funds, Accounts and Subaccounts 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 7.05 hereof and for the protection of the security of the Revolving Obligations and the related Bank Notes and the rights of the Bank and the Owners.

Section 10.09. 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 interest on the Revolving Obligations, the Advances or the Bank Notes or the other Obligations or be subject to any personal liability or accountability by reason of the incurrence 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 10.10. 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 10.11. 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 10.12. 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, the Bank and the Owners any right, remedy or claim under or by reason of this Indenture or any covenant, condition or stipulation hereof, and all covenants, stipulations, promises and agreements in this Indenture contained by and on behalf of the Department shall be for the sole and exclusive benefit of the Department, the Trustee, the Bank and the Owners.

[Remainder of page intentionally left blank; signature page follows]

IN WITNESS WHEREOF, the HARBOR DEPARTMENT OF THE CITY OF LOS ANGELES has caused this Indenture to be signed in its name by its Deputy Executive Director and Chief Financial Officer and attested by the Secretary of the Board, 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 its Board of Harbor
Commissioners

By _____
Marla Bleavins
Deputy Executive Director and Chief
Financial Officer

Attest:

By _____
Secretary of the Board of Harbor
Commissioners of the City of
Los Angeles

APPROVED AS TO FORM AND LEGALITY

[•], 2019
MICHAEL N. FEUER, City Attorney
Janna B. Sidley, General Counsel

By _____
Heather M. McCloskey, Deputy

U.S. BANK NATIONAL ASSOCIATION, as
Trustee

By _____
Authorized Officer

EXHIBIT A
FORM OF CONSTRUCTION FUND REQUISITION

EXHIBIT B
FORM OF ELECTION