

New Issue - Book Entry Only

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Authority, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Bonds (or defined below) is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code") except that no opinion is expressed as to the status of interest on any Bond for any period that such Bond is held by a "substantial user" of the facilities financed or refinanced by the Bonds or by a "related person" within the meaning of Section 147(a) of the Code. Bond Counsel observes, however, that interest on the Bonds is a specific preference item for purposes of the federal alternative minimum tax. Bond Counsel is also of the opinion that interest on the Bonds is exempt from State of California personal income taxes. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds. See "TAX MATTERS."

\$100,000,000
CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY
SOLID WASTE DISPOSAL REVENUE BONDS
(RECOLOGY INC. PROJECT)
SERIES 2018A

Dated: Issuance Date

Due: September 1, 2038

CUSIP* 130536 RD9

The Solid Waste Disposal Revenue Bonds (Recology Inc. Project) Series 2018A (the "Bonds") are being issued by the California Pollution Control Financing Authority (the "Authority"), pursuant to an Indenture, dated as of September 1, 2018 (the "Indenture"), by and between the Authority and U.S. Bank National Association, as trustee (the "Trustee").

The Bonds are initially issuable as fully registered bonds in the denomination of \$100,000 or any multiple of \$5,000 in excess thereof, and when issued will be registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York ("DTC"). Beneficial owners of the Bonds will not receive physical certificates representing the Bonds purchased, but will receive a credit balance on the books of the nominee of such beneficial owners. So long as Cede & Co. is the registered owner of the Bonds, principal and purchase price of, and interest due on the Bonds will be paid by the Trustee, directly to DTC, which will in turn remit such principal, purchase price, and interest to its participants for subsequent disbursement to the beneficial owners of the Bonds as described herein. See "BOOK-ENTRY ONLY SYSTEM" in Appendix D of this Limited Offering Memorandum.

The Bonds will bear interest at a Weekly Interest Rate, determined by Merrill Lynch, Pierce, Fenner & Smith Incorporated, who will serve as the Remarketing Agent for the Bonds. As long as the Bonds bear interest at a Weekly Interest Rate, interest on the Bonds will be payable on the first Business Day of each month, commencing October 1, 2018.

The Bonds are subject to optional and mandatory redemption and optional and mandatory tender for purchase prior to maturity as described herein. See "THE BONDS – Redemption Provisions" and "– Mandatory Tender for Purchase of Bonds."

The proceeds of the sale of the Bonds will be loaned by the Authority to

Recology Inc.,

a California corporation (the "Borrower"), pursuant to a Loan Agreement, dated as of September 1, 2018 (the "Loan Agreement"), between the Authority and the Borrower. The proceeds of the Bonds, together with other available funds, will be used to, finance or reimburse the Borrower for the following costs: (i) the acquisition, design, permitting, construction, rehabilitation, renovation, installation, improvement, equipping, development of buildings, real property, collection vehicles, bins, containers, related vehicles, rolling stock, and other solid waste disposal equipment and handling systems and related equipment, including but not limited to expanded capacity for transfer and processing of solid waste and acquisition of collection vehicles, bins, containers, related vehicles and other rolling stock, for the collection, transfer, processing and disposal of solid waste, including associated equipment and appurtenances thereto; and (ii) to pay certain costs associated with the issuance of the Bonds.

The Bonds are being offered only to certain Qualified Institutional Buyers and are subject to certain transfer restrictions. See "NOTICE TO INVESTORS."

THIS LIMITED OFFERING MEMORANDUM DOES NOT PROVIDE INFORMATION REGARDING THE BONDS AFTER THE DATE, IF ANY, ON WHICH THE BONDS ARE CONVERTED TO BEAR INTEREST AT A RATE OTHER THAN THE WEEKLY INTEREST RATE.

The Bonds are limited obligations of the Authority payable solely from, and separately secured by a pledge and lien on, certain revenues, consisting of loan repayments made by the Borrower under the Loan Agreement and funds drawn under an irrevocable direct pay letter of credit (the "Original Letter of Credit") issued for the Bonds by:

Wells Fargo Bank, National Association

(the "Original Credit Provider"). The Original Letter of Credit will be in effect from the date of issuance of the Bonds through April 14, 2022; unless terminated sooner as a result of full payment thereunder or of substitution therefor of an alternate letter of credit meeting the requirements described herein. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Original Letter of Credit" and "– Alternate Letter of Credit."

In determining whether to purchase the Bonds, investors should make their investment decision based upon the Original Letter of Credit and should not rely upon the Borrower having sufficient funds available to pay the principal, interest, premium, if any, or purchase price of the Bonds. As long as the Bonds are secured by the Original Letter of Credit or Alternate Letter of Credit, investors should make any decision with respect to the purchase, holding or tender of Bonds based on the credit of the Credit Provider and not the Borrower. See "INVESTMENT CONSIDERATIONS."

NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION THEREOF OR ANY LOCAL AGENCY IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON The Bonds. THE AUTHORITY HAS NO TAXING POWER.

Price: 100%

Honorable John Chiang
Treasurer of the State of California
As Agent for Sale

The Bonds are offered when, as and if issued by the Authority, subject to the approval of legality by Orrick, Herrington & Sutcliffe LLP, San Francisco, California, Bond Counsel, and certain other conditions. Certain legal matters will be passed upon for the Borrower by Morrison Foerster LLP, San Francisco, California; for the Authority by the Honorable Xavier Becerra, Attorney General of the State of California, Sacramento, California; for the Underwriter and the Remarketing Agent by Norton Rose Fulbright US LLP, New York, New York; and for the Original Credit Provider by McGuireWoods LLP, San Francisco, California. It is anticipated that the Bonds in definitive form will be available for delivery through the facilities of DTC against payment therefor in New York, New York on or about September 6, 2018.

BofA Merrill Lynch

Dated: September 5, 2018

* CUSIP is a registered trademark of American Bankers Association. The CUSIP number in this Limited Offering Memorandum is provided by CUSIP Global Services LLC, managed on behalf of the American Bankers Association by S&P Capital IQ, a part of McGraw-Hill Financial, Inc. The CUSIP number listed is being provided solely for the convenience of the bondholders only at the time of issuance of the Bonds and none of the Authority, the Borrower or the Underwriter make any representation with respect to such number or undertake any responsibility for its accuracy now or at any time in the future.

No dealer, broker, salesperson or any other person has been authorized to give any information or to make any representation other than as contained in this Limited Offering Memorandum (which term, whenever used herein, will be deemed to include the cover, the table of contents and the appendices to this Limited Offering Memorandum and documents incorporated herein and therein by reference) in connection with the Bonds described herein, and, if given or made, such other information or representation must not be relied upon as having been authorized by the California Pollution Control Financing Authority (the “*Authority*”), Recology Inc. (the “*Borrower*”) or by Merrill Lynch, Pierce, Fenner & Smith Incorporated, Inc. (the “*Underwriter*”). Neither the delivery of this Limited Offering Memorandum nor any offering hereunder shall under any circumstances create any implication that there has been no change in the affairs of the Authority, the Borrower or the Original Credit Provider since the date hereof. This Limited Offering Memorandum does not constitute an offer or solicitation in any jurisdiction in which such offer or solicitation is not authorized, or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

The information set forth herein relating to the business and affairs of the Borrower has been supplied by the Borrower, and the information set forth herein relating to the Original Credit Provider has been supplied by the Original Credit Provider. Such information is not to be construed as a representation by the Authority or the Underwriter. This offering is made only by delivery of a copy of this Limited Offering Memorandum by the Underwriter to Qualified Institutional Buyers.

The Underwriter has provided the following sentence for inclusion in this Limited Offering Memorandum: The Underwriter has reviewed the information in this Limited Offering Memorandum in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

The Authority has not reviewed this Limited Offering Memorandum or investigated the statements or representations contained herein. Except as provided under the captions “THE AUTHORITY” and “ABSENCE OF MATERIAL LITIGATION – Authority,” the Authority makes no representation as to the completeness, sufficiency and truthfulness of the statements set forth in this Limited Offering Memorandum. The information concerning The Depository Trust Company (“*DTC*”) has been obtained from DTC.

U.S. Bank National Association, as trustee, assumes no responsibility for this Limited Offering Memorandum and has not reviewed or undertaken to verify any information contained herein.

In connection with the offering of the Bonds the Underwriter may over allot or effect transactions which stabilize or maintain the market price of the Bonds at levels above those which might otherwise prevail in the open market. Such stabilization, if commenced, may be discontinued at any time.

The Bonds will not be registered under the Securities Act of 1933, as amended, nor will the Indenture relating to the Bonds be qualified under the Trust Indenture Act of 1939, as amended, in reliance upon exemptions contained in such Acts. The Bonds will not be listed on any stock or other securities exchange. Neither the Securities and Exchange Commission nor any other federal, state, municipal or other government entity or agency will have passed upon the adequacy of this Limited Offering Memorandum.

IN MAKING AN INVESTMENT DECISION INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE SECURITY FOR THE BONDS AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

NOTICE TO INVESTORS

The Indenture provides that the Bonds are only to be sold (in both primary and secondary market transactions) to “Qualified Institutional Buyers” as defined in Rule 144A promulgated under the Securities Act of 1933, as amended. The Bonds may be initially placed with no more than 35 Qualified Institutional Buyers in any one offering.

The Bonds are issued in authorized denominations of \$100,000 or any integral multiple of \$5,000 above this amount (“*Authorized Denominations*”).

The initial purchaser of any Bond from the Underwriter or any purchaser of the Bonds from the Remarketing Agent shall not deposit such Bond in any trust under its control, the majority of the assets of which constitute the Bonds, and sell shares, participatory interests or certificates in such trust or account, except to Qualified Institutional Buyers in Authorized Denominations.

The Underwriter has agreed in the Underwriting Agreement relating to the Bonds to sell the Bonds to conform with such provisions of the Indenture such that:

(i) Each purchaser from the Underwriter, based upon the knowledge of the Underwriter (but otherwise without independent investigation), is an institutional purchaser that is a Qualified Institutional Buyer;

(ii) Each purchaser from the Underwriter, to the best knowledge of the Underwriter but without independent investigation, is acquiring the Bonds in a minimum amount of not less than Authorized Denominations; and

(iii) Each purchaser from the Underwriter has been provided with access to such financial and other information as it has requested in connection with its decision to purchase any Bonds.

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TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTION	1
General.....	1
Purpose.....	1
Security and Sources of Payment	2
The Bonds	3
Limited Obligations	4
Additional Information	4
INVESTMENT CONSIDERATIONS	4
Limited Obligation of the Authority	5
Reliance on the Original Letter of Credit and the Creditworthiness of the Original Credit Provider.....	5
Expiration of Original Letter of Credit	5
Alternate Letter of Credit.....	6
Occurrences Relating to Original Reimbursement Agreement.....	6
Redemption Prior to Maturity and Mandatory Tender	6
Tax-Exempt Status of the Bonds	7
Effect of Bankruptcy on Security for the Bonds.....	7
No Continuing Disclosure.....	7
THE BONDS	8
Description.....	8
Remarketing.....	9
Weekly Interest Rate.....	9
Purchase of Bonds on Demand of Owner	9
Mandatory Tender for Purchase of Bonds	10
Purchase and Remarketing of Bonds	11
Redemption Provisions	16
Selection of Bonds for Redemption; Purchase in Lieu of Redemption	18
Notice of Redemption	18
Effect of Redemption.....	19
SECURITY AND SOURCES OF PAYMENT FOR THE BONDS	19
Pledge and Assignment of Revenues	19
Original Letter of Credit	20
Alternate Letter of Credit.....	20
Limited Obligations	21
THE ORIGINAL LETTER OF CREDIT AND THE ORIGINAL REIMBURSEMENT AGREEMENT 21	
The Original Letter of Credit	21
The Original Reimbursement Agreement.....	22
THE AUTHORITY	24
PRACTICES AND PROCEDURES OF THE REMARKETING AGENT	25
The Remarketing Agent Is Paid by the Borrower.....	25
The Remarketing Agent Routinely Purchases Bonds for Its Own Account	25
Bonds May Be Offered at Different Prices on Any Date.....	25
The Ability to Sell the Bonds Other Than Through Tender Process May Be Limited.....	26

Under Certain Circumstances, the Remarketing Agent May Resign or Suspend Remarketing the Bonds Without a Successor Being Named	26
TAX MATTERS.....	26
ABSENCE OF MATERIAL LITIGATION.....	28
Authority	28
Borrower	28
UNDERWRITING	28
RATINGS	29
EXEMPTION FROM CONTINUING DISCLOSURE.....	30
LEGAL MATTERS.....	30
CERTAIN RELATIONSHIPS	30
MISCELLANEOUS	31
APPENDIX A SUMMARY OF PRINCIPAL LEGAL DOCUMENTS.	A-1
APPENDIX B CERTAIN INFORMATION CONCERNING THE ORIGINAL CREDIT PROVIDER	B-1
APPENDIX C PROPOSED FORM OF OPINION OF BOND COUNSEL.....	C-1
APPENDIX D BOOK-ENTRY ONLY SYSTEM.....	D-1

LIMITED OFFERING MEMORANDUM

\$100,000,000

**CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY
SOLID WASTE DISPOSAL REVENUE BONDS
(RECOLOGY INC. PROJECT)
SERIES 2018A**

INTRODUCTION

General

This Limited Offering Memorandum (including the cover page, the table of contents and the appendices hereto and documents incorporated herein and therein by reference, collectively, the “*Limited Offering Memorandum*”), is provided to furnish certain information in connection with the issuance by the California Pollution Control Financing Authority (the “*Authority*”), of \$100,000,000 aggregate principal amount of Solid Waste Disposal Revenue Bonds (Recology Inc. Project) Series 2018A (the “*Bonds*”) for the purpose of financing solid waste disposal facilities described below, which are owned and/or operated by Recology Inc., a California corporation (the “*Borrower*”) or its Participating Affiliates (as defined below), as more fully described herein.

All terms not otherwise defined herein shall have the meanings set forth in APPENDIX A – SUMMARY OF PRINCIPAL LEGAL DOCUMENTS attached to and made part of this Limited Offering Memorandum.

The Bonds will be issued pursuant to an Indenture, to be dated as of September 1, 2018 (as originally executed or as it may from time to time be supplemented, modified or amended by any supplemental indenture, the “*Indenture*”), between the Authority and U.S. Bank National Association, as trustee (the “*Trustee*”).

Purpose

The proceeds of the sale of the Bonds will be loaned by the Authority to the Borrower pursuant to a Loan Agreement, dated as of September 1, 2018 Agreement (as originally executed and as it may from time to time be supplemented, modified or amended in accordance with the terms thereof, the “*Loan Agreement*”), between the Authority and the Borrower. The proceeds of the Bonds, together with other available funds, will be used to: (i) finance or reimburse the Borrower for the costs of the acquisition, design, permitting, construction, rehabilitation, renovation, installation, improvement, equipping, development of buildings, real property, collection vehicles, bins, containers, related vehicles, rolling stock, and other solid waste disposal equipment and handling systems and related equipment, including but not limited to expanded capacity for transfer and processing of solid waste and acquisition of collection vehicles, bins, containers, related vehicles and other rolling stock, for the collection, transfer, processing and disposal of solid waste, including associated equipment and appurtenances thereto for solid waste disposal operations located in various locations in the State of California (collectively, the “*Project*”); (ii) pay certain costs associated with the issuance of the Bonds.

Security and Sources of Payment

The Bonds are limited obligations of the Authority payable solely from, and secured by a pledge and lien on, certain revenues and other income derived by the Authority or paid to the Trustee with respect to the Bonds (collectively, the “*Revenues*”), including without limitation, (i) certain loan repayments (collectively, the “*Loan Repayments*”) and other payments made by the Borrower pursuant to the Loan Agreement, (ii) all interest, profits or other income derived from the investment of amounts in any fund or account established under the Indenture (except certain administrative fees and expenses and amounts deposited into the Rebate Fund and the Borrower Subaccount of the Costs of Issuance Fund), and (iii) funds drawn under an irrevocable direct-pay letter of credit dated September 6, 2018 (the “*Original Letter of Credit*”), to be issued by Wells Fargo Bank, National Association (the “*Original Credit Provider*”). See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS — Pledge of Revenues; Assignment.” Bondholders will not have any deed of trust on or other security interest in any of the real or personal property comprising the Project.

Upon delivery of the Bonds, the Original Credit Provider will deliver the Original Letter of Credit to the Trustee. The Original Letter of Credit will be issued pursuant to an Amended and Restated Credit Agreement, dated as of April 21, 2017 (the “*Original Reimbursement Agreement*”), by and among the Borrower, certain subsidiaries of the Borrower, as the Guarantors (the “*Guarantors*”), the financial institutions named therein as lenders, including the Original Credit Provider, and Bank of America, N.A., as administrative agent for such lenders (the “*Original Administrative Agent*”). See “THE ORIGINAL LETTER OF CREDIT AND THE ORIGINAL REIMBURSEMENT AGREEMENT — The Original Reimbursement Agreement.”

Pursuant to the Original Reimbursement Agreement, the Borrower will reimburse the Original Credit Provider for all amounts paid by the Original Credit Provider under the Original Letter of Credit, which obligation is guaranteed by the Guarantors. Pursuant to the Original Letter of Credit, the Trustee may draw (whether at maturity, or upon earlier redemption, mandatory purchase, purchase on demand or acceleration) up to an amount equal to the then outstanding principal amount of the Bonds to pay the unpaid principal thereof, and 35 days’ accrued interest on the Bonds calculated at an assumed rate of 12% per annum on the basis of a 365 day year, so long as the Bonds bear interest at the Weekly Interest Rate. The Original Letter of Credit will be in effect from the date the Bonds are issued through the earlier of: (i) April 14, 2022; (ii) the date that the Original Credit Provider receives notice from the Trustee and the Borrower that the issuance of an Alternate Letter of Credit meeting the requirements described in the Loan Agreement and the Indenture in substitution for the Original Letter of Credit has occurred; or (iii) the date that the Original Credit Provider receives notice from the Trustee that no Bonds remain Outstanding under the Indenture. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS — Original Letter of Credit,” and “—Alternate Letter of Credit.” Under certain circumstances, the Original Credit Provider may cause payment of the Bonds to be accelerated upon the occurrence of an event of default under the Original Reimbursement Agreement. See “THE ORIGINAL LETTER OF CREDIT AND THE ORIGINAL REIMBURSEMENT AGREEMENT,” and APPENDIX A — “SUMMARY OF PRINCIPAL LEGAL DOCUMENTS — INDENTURE — Events of Default; Acceleration; Waiver of Default.”

While the Indenture and the Loan Agreement obligate the Borrower to make payments sufficient to pay principal, interest and premium, if any, on the Bonds, as well as the Purchase Price of the Bonds tendered or deemed tendered for purchase, in the event such principal, interest, premium, if any, or Purchase Price is not paid from the proceeds of remarketing the Bonds or amounts drawn upon the Original Letter of Credit, no assurances can be given that the Borrower will have sufficient funds available for such purposes. In determining whether to purchase the Bonds, investors should make their investment decision based upon the Original Letter of Credit and should not rely upon the Borrower having sufficient funds available to pay the principal, interest, premium, if any, or Purchase Price of the Bonds. As long as the Bonds are secured by the Original Letter of Credit or an Alternate Letter of Credit, investors should make any decision with respect to the purchase, holding or tender of the Bonds based on the credit of the Original Credit Provider or Credit Provider, as the case may be, and not the Borrower. As a result, no financial information or operating data with respect to the Borrower has been included in this Limited Offering Memorandum. See “INVESTMENT CONSIDERATIONS” and “RATING”.

The Authority, at the request of the Borrower, will appoint Merrill Lynch, Pierce, Fenner & Smith Incorporated, as remarketing agent (the “*Remarketing Agent*”) under the Indenture. The principal office of the Remarketing Agent is located at One Bryant Park, Ninth Floor, New York, New York 10036. The Remarketing Agent may be removed or replaced at any time, subject to the terms and conditions of the Indenture and the Remarketing Agreement, to be dated as of September 1, 2018 (as originally executed and as it may from time to time be supplemented, modified, amended or restated in accordance with the terms thereof, the “*Remarketing Agreement*”).

U.S. Bank National Association will be appointed to serve as Tender Agent and Trustee under the Indenture. The designated corporate trust office of the Trustee is located in New York, New York. The Trustee may be removed or replaced at any time, subject to the terms and conditions of the Indenture.

This Limited Offering Memorandum describes the terms of the Bonds only while the Bonds are in the Weekly Interest Rate Period and supported by the Original Letter of Credit. If the Bonds are converted to a Term Interest Rate Period or the Original Letter of Credit is replaced with an Alternate Letter of Credit, a new offering memorandum will be prepared for the reoffering of the Bonds in such new Interest Rate Period or with such Alternate Letter of Credit.

Upon any change of the Interest Rate Period for the Bonds or the expiration or replacement of the Original Letter of Credit, the Bonds shall be subject to mandatory tender for purchase as described in “THE BONDS - Mandatory Tender for Purchase of Bonds” below.

The Bonds

The Bonds will be delivered in fully registered form only and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“*DTC*”). *DTC* will act as securities depository for the Bonds. Ownership interests in the Bonds may be purchased in book-entry form only in denominations of \$100,000 or any integral multiple of \$5,000 in excess of \$100,000 during any Weekly Interest Rate Period. Upon receipt of payments of principal of, premium, if any, and interest on the Bonds, *DTC* will in turn remit such principal, premium, if

any, and interest to the participants in DTC for subsequent disbursement to the beneficial owners of the Bonds. See “THE BONDS — Description” and APPENDIX D — “BOOK-ENTRY ONLY SYSTEM.”

The Bonds are subject to optional and mandatory redemption and optional and mandatory tender for purchase prior to maturity. See “THE BONDS — Redemption Provisions” and “— Mandatory Tender for Purchase of Bonds.”

Limited Obligations

THE BONDS ARE LIMITED OBLIGATIONS OF THE AUTHORITY PAYABLE SOLELY FROM CERTAIN REVENUES AND OTHER INCOME PLEDGED UNDER THE INDENTURE AND THE ORIGINAL LETTER OF CREDIT ISSUED BY THE ORIGINAL CREDIT PROVIDER. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION THEREOF OR ANY LOCAL AGENCY IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THE BONDS. THE AUTHORITY HAS NO TAXING POWER.

Additional Information

Brief descriptions of the Borrower, the Original Credit Provider, the Authority, the Project, the Bonds, the Indenture, the Loan Agreement, the Original Letter of Credit, the Original Reimbursement Agreement and the Remarketing Agreement are included in this Limited Offering Memorandum. Certain summaries of the Indenture and the Loan Agreement are set forth in Appendix A attached to and made part of this Limited Offering Memorandum. The descriptions herein of the Loan Agreement, the Indenture, the Original Letter of Credit, the Original Reimbursement Agreement and the Remarketing Agreement are qualified in their entirety by reference to such documents, and the description herein of the Bonds is qualified in its entirety by reference to the form thereof and the information with respect thereto included in the aforesaid documents. Copies of such documents may be obtained during the initial offering period from the principal office of Merrill Lynch, Pierce, Fenner & Smith Incorporated, the underwriter (the “*Underwriter*”) at One Bryant Park, Ninth Floor, New York, New York 10036, Attention: Municipal Money Markets and thereafter from the Trustee.

The Authority has not furnished, reviewed, investigated or verified the information contained in this Limited Offering Memorandum other than the information contained in the sections entitled “THE AUTHORITY” and “ABSENCE OF MATERIAL LITIGATION - Authority.” The Authority does not and will not in the future monitor the financial condition of the Borrower or the Original Credit Provider or otherwise monitor payment of the Bonds or compliance with the documents relating thereto.

All capitalized terms used in this Limited Offering Memorandum and not otherwise defined herein shall have the same meanings as in the Indenture and if not defined in the Indenture, as set forth in the applicable document from which such term is referenced. See APPENDIX A — “SUMMARY OF PRINCIPAL LEGAL DOCUMENTS — DEFINITIONS.”

INVESTMENT CONSIDERATIONS

Ownership of the Bonds is subject to risk. Prospective investors in the Bonds should review all of the information in this Limited Offering Memorandum carefully prior to purchasing any of the Bonds. Set forth below are certain risks assumed by the owners of the Bonds but are not intended to

be a complete enumeration of all risks associated with the purchase or holding of the Bonds. As used in the following section, the term “Borrower” shall refer to the Borrower and its subsidiaries, unless the context provides otherwise.

Limited Obligation of the Authority

The Bonds will be limited obligations of the Authority and will be payable as to principal, interest and any premium solely from the revenues pledged therefor, including, with respect to the Bonds, amounts drawn under the Original Letter of Credit, amounts derived under the Loan Agreement, and amounts on deposit in the Revenue Fund created under the Indenture, all of which are pledged by the Authority under the Indenture for the benefit of the owners of the Bonds.

Under the Loan Agreement, the Borrower is obligated to make payments sufficient to pay the principal of and interest and any premium on the Bonds, whether at maturity, redemption, acceleration or otherwise. The Borrower has not granted a security interest in the Project or any other property to secure their obligations under the Loan Agreement. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS.”

Reliance on the Original Letter of Credit and the Creditworthiness of the Original Credit Provider

Prospective investors should not expect the Borrower or the Authority to pay directly the principal of or redemption or purchase price of or interest on the Bonds. Under the Indenture, the Trustee is required to draw on the Original Letter of Credit to provide for payment of the principal of and interest on the Bonds when due and for payment of the Purchase Price of the Bonds tendered or deemed tendered for purchase and not remarketed. Payment under the Original Letter of Credit depends on the creditworthiness of the Original Credit Provider. Accordingly, any investment decision to purchase the Bonds should be made solely on the basis of the creditworthiness of the Original Credit Provider. In the event of a bankruptcy or insolvency of the Original Credit Provider, or if for any other reason the Trustee fails or is unable to draw on the Original Letter of Credit, sufficient moneys may not be available from the Borrower to pay the principal of, Purchase Price, premium, if any, and interest on the Bonds. There can be no assurance that the Original Credit Provider will maintain its present financial condition or that an adverse change in such condition will not adversely affect its ability to honor future drawings under the Original Letter of Credit.

A downgrade of the credit rating of the Original Credit Provider will result in a corresponding downgrading of the rating on the Bonds. The Loan Agreement and the Indenture permit the Borrower to substitute the Original Letter of Credit with an Alternate Letter of Credit meeting the requirements set forth in the Loan Agreement and the Indenture. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS - Alternate Letter of Credit” below.

Expiration of Original Letter of Credit

The Original Letter of Credit will expire on April 14, 2022 or, if such date is not a business day, then on the first succeeding business day thereafter, subject to extension or renewal in the discretion of the Original Credit Provider, unless earlier terminated. In the event that the Original Letter of Credit is not extended or renewed and an Alternate Letter of Credit is not provided to the

Trustee in accordance with the provisions of the Indenture, the Bonds are subject to mandatory purchase at the Purchase Price. See “THE BONDS — Mandatory Tender for Purchase of Bonds.”

Alternate Letter of Credit

Under the Indenture, if the Authority furnishes the Trustee with an Alternate Letter of Credit conforming to the applicable requirements of the Indenture and the Loan Agreement, the Trustee shall be obligated to accept delivery of such Alternate Letter of Credit. In such event, the owners of the Bonds will be obligated to tender their Bonds to the Trustee for mandatory purchase at the Purchase Price. Under the Indenture, the Trustee will be obligated to draw funds under the Original Letter of Credit sufficient to provide for payment of the Purchase Price when due.

Under the Indenture, an Alternate Letter of Credit is defined generally to mean an irrevocable direct-pay letter of credit or similar credit facility that has terms that are the same in all material respects as the then current Letter of Credit. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Alternate Letter of Credit.”

Occurrences Relating to Original Reimbursement Agreement

In the Original Reimbursement Agreement, the Borrower has made certain representations, warranties and covenants for the benefit of the lenders thereunder, including the Original Credit Provider. A failure by the Borrower to reimburse the Original Credit Provider for payments made by the Original Credit Provider under the Original Letter of Credit, a failure by the Borrower to pay other amounts due by the Borrower under the Original Reimbursement Agreement, a failure by the Borrower to comply with any of the other covenants in the Original Reimbursement Agreement or the making of a material misrepresentation in the Original Reimbursement Agreement or any related document may result in an Event of Default under the Original Reimbursement Agreement. The occurrence and continuation of an event of default under the Original Reimbursement Agreement may cause an acceleration of all of the outstanding Bonds. See APPENDIX A — “SUMMARY OF PRINCIPAL LEGAL DOCUMENTS — INDENTURE – Events of Default; Acceleration, Waiver of Default.” The Original Reimbursement Agreement is a complex credit document which is summarized in part in this Limited Offering Memorandum. See “THE ORIGINAL LETTER OF CREDIT AND THE ORIGINAL REIMBURSEMENT AGREEMENT – The Original Reimbursement Agreement.” However, the summary does not purport to be complete or definitive and is qualified in its entirety by reference to the Original Reimbursement Agreement.

Redemption Prior to Maturity and Mandatory Tender

In considering whether to make an investment in the Bonds, potential investors should consider the information included in this Limited Offering Memorandum under the headings “THE BONDS – Redemption Provisions.” The Bonds are subject to optional redemption, in whole or in part, on any date, without payment of any prepayment premium or penalty. Moreover, the Bonds may be called for redemption prior to maturity, without prepayment premium or penalty, should certain specified events occur. The Bonds are also subject to mandatory tender for purchase upon certain conditions, including the provision of an Alternate Letter of Credit in accordance with the provisions of the Indenture and the conversion of the interest rate on the Bonds to a Term Rate, at a purchase price equal to the outstanding principal amount of such Bonds plus accrued interest, if any,

all as more fully described in this Limited Offering Memorandum. See “THE BONDS – Mandatory Tender for Purchase of Bonds”. The effect on Owners of any such mandatory tender for purchase would be similar to that of an early redemption of such Bonds at par.

Tax-Exempt Status of the Bonds

The Bonds may be, from time to time, subject to audits by the IRS. On the date of issuance of the Bonds, Bond Counsel will render an opinion with respect to the tax-exempt status of the Bonds under federal law, all as described under the caption “TAX MATTERS.” No ruling with respect to the tax-exempt status of the Bonds has been or will be sought from the IRS, however, and opinions of counsel are not binding on the IRS or the courts and are not guarantees. There can be no assurance that an audit of the Bonds will not adversely affect the Bonds.

Effect of Bankruptcy on Security for the Bonds

Bankruptcy proceedings and equity principles may delay or otherwise adversely affect the ability of the Trustee to obtain amounts under the Letter of Credit or the Indenture. Remedies under the Letter of Credit and the Indenture under existing law may not be readily available or may be limited. Also, Federal bankruptcy law permits adoption of a reorganization plan for a debtor even though it has not been accepted by the holders of a majority in aggregate principal amount of the related issue of Bonds, if the related Owners are provided with the benefit of their original lien or the “indubitable equivalent.” In addition, if the bankruptcy court concludes that the Owners have “adequate protection,” it may (a) substitute other security subject to the lien of the Trustee and (b) subordinate the lien of the Trustee (i) to claims by persons supplying goods and services to the debtor after bankruptcy, and (ii) to the administrative expenses of the bankruptcy proceeding. The bankruptcy court may also have the power to invalidate certain provisions of the Indenture that make bankruptcy and related proceedings by the Authority an event of default thereunder.

The various legal opinions to be delivered concurrently with the issuance of the Bonds and the delivery of the Original Letter of Credit will be qualified, as to the enforceability of the various legal instruments, by limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally and by general principals of equity applied in the exercise of judicial discretion. The various legal opinions to be delivered in connection with the issuance of the Bonds will be expressly subject to the qualification that the enforceability of the Indenture, the Loan Agreement, the Original Reimbursement Agreement, the Original Letter of Credit and other legal documents is limited by bankruptcy, reorganization, insolvency, moratorium and other similar laws affecting the rights of creditors and by the exercise of judicial discretion in appropriate cases.

No Continuing Disclosure

The Borrower will not, while the Bonds are in the initial Weekly Interest Rate Period, undertake any continuing disclosure obligations with respect to the Bonds. **Under no circumstances shall the Authority have any liability to Holders of the Bonds or any other person with respect thereto.**

THE BONDS

Description

The Bonds when issued will be delivered in a single fully registered form only and will be registered in the name of Cede & Co., as nominee of DTC. DTC will act as securities depository for the Bonds. Individual purchases of the Bonds will be made in book-entry only form. Underwriters will not receive physical certificates representing their beneficial ownership interest in the Bonds. So long as the Bonds are registered in the name of Cede & Co., payment of principal of, premium, if any, and interest on, including the Purchase Price of, the Bonds will be made to DTC or its nominee. DTC in turn will remit such payments to DTC Participants for subsequent disbursement to the Beneficial Owners. See APPENDIX D — “BOOK-ENTRY ONLY SYSTEM.”

The principal of and premium, if any, on each Bond will be payable upon the presentation and surrender of such Bond, when due, at the principal corporate trust office of the Trustee or the Paying Agent if a paying agent has been appointed. During a Weekly Interest Rate Period, interest on each Bond will be payable on the first Business Day of each month commencing on October 1, 2018. Interest on the Bonds shall be computed upon the basis of a 365-day or 366-day year, as applicable, for the number of days actually elapsed. Payment of interest on each Bond shall be made to the person appearing on the bond registration books of the Bond Registrar as the Owner thereof on the applicable Record Date, such interest to be paid by check mailed by first class mail on the Interest Payment Date to such Owner’s address as it appears on the registration books or at such other address furnished to the Bond Registrar in writing by such Owner not later than the Record Date. Upon written request of an Owner of at least \$1,000,000 principal amount of Bonds, such notice to be given at least three Business Days prior to the applicable Record Date, interest shall be paid by wire transfer in immediately available funds at such wire address within the United States as such Owner shall specify in its written notice. If and to the extent there shall be a default in the payment of the interest due on an Interest Payment Date, such defaulted interest rate shall be the rate on the Bonds on the day before such default occurred, and such defaulted interest shall be paid to the Owners in whose name any such Bonds are registered at the close of business on the fifth Business Day next preceding the date of payment of such defaulted interest.

The Bonds will initially bear interest at the Weekly Interest Rate. Period, and the Bonds will initially be credit enhanced by a Letter of Credit. The first Interest Payment Date for the Bonds shall be October 1, 2018. Notwithstanding any other provision of the Indenture, if Bonds have been purchased by the Credit Provider following a mandatory tender under the circumstances described under paragraph (iv) of “THE BONDS – Mandatory Tender for Purchase of Bonds”, the Bonds shall bear interest at the rate for Tender Advances as provided under the Reimbursement Agreement (but not in excess of the Maximum Rate) until such time as the Credit Provider directs the remarketing of the Bonds, at which time the Bonds shall once again bear interest at the Weekly Interest Rate or a Term Interest Rate (as selected by the Borrower).

This Limited Offering Memorandum describes the terms of the Bonds only while the Bonds are in the Weekly Interest Rate Period and supported by the Original Letter of Credit. If the Bonds are converted to another Variable Interest Rate Period or to a Term Interest Rate Period or the Original Letter of Credit is replaced with an Alternate Letter of Credit, a new offering memorandum will be

prepared for the offering of the Bonds in such new Interest Rate Period or with such Alternate Letter of Credit.

Remarketing

Pursuant to the Remarketing Agreement, the Remarketing Agent will determine the Weekly Interest Rate on the Bonds. Merrill Lynch, Pierce, Fenner & Smith Incorporated, as Underwriter, will determine the initial Weekly Interest Rate for the Bonds. See APPENDIX A— “SUMMARY OF PRINCIPAL LEGAL DOCUMENTS — INDENTURE — The Remarketing Agent.” The determination of the interest rate on the Bonds by the Remarketing Agent as provided in the Indenture shall be conclusive and binding upon the Owners of the Bonds, the Authority, the Borrower, the Trustee, the Tender Agent and the Credit Provider.

Weekly Interest Rate

During each Weekly Interest Rate Period, the Bonds (or portions thereof) shall bear interest at the Weekly Interest Rate, which shall be determined by the Remarketing Agent not later than 11:00 a.m. (New York City time) on Wednesday of each week (or by 11:00 a.m. New York City time) on the next succeeding Business Day if such Wednesday is not a Business Day) during such Weekly Interest Rate Period for the week commencing on the next succeeding Thursday (unless such Weekly Interest Rate is determined on the next succeeding Business Day if Wednesday is not a Business Day, in which case it shall be effective on such day). The Weekly Interest Rate shall be the rate determined by the Remarketing Agent (on the basis of examination of obligations comparable to the Bonds known by the Remarketing Agent to have been priced or traded under then prevailing market conditions) to be the minimum interest rate which, if borne by the Bonds, would enable the Remarketing Agent to sell the Bonds on such day at a price equal to the principal amount thereof plus interest accrued thereon; provided, however, that if for any reason the Weekly Interest Rate cannot be determined, the Weekly Interest Rate for the next succeeding week shall remain at the then-existing Weekly Interest Rate, and thereafter the Weekly Interest Rate shall be the applicable Alternate Rate as that term is defined in the Indenture. See APPENDIX A— “SUMMARY OF PRINCIPAL LEGAL DOCUMENTS — DEFINITIONS.” The first Weekly Interest Rate determined for each Weekly Interest Rate Period shall apply to the period commencing on the first day of such Weekly Interest Rate Period and ending on the next succeeding Wednesday. Thereafter, each Weekly Interest Rate shall apply to the period commencing on Thursday and ending on the next succeeding Wednesday, unless such Weekly Interest Rate Period shall end on a day other than Wednesday, in which event the last Weekly Interest Rate for such Weekly Interest Rate Period shall apply to the period commencing on the Thursday preceding the last day of such Weekly Interest Rate Period and ending on such last day.

Purchase of Bonds on Demand of Owner

During any Weekly Interest Rate Period, any Bonds or portions thereof in Authorized Denominations shall be purchased at the option of the Owner thereof, or with respect to Book-Entry Bonds, at the option of the Direct Participant with an ownership interest in Book-Entry Bonds, on any Business Day, at a price of 100% of the principal amount thereof, plus accrued interest to the Purchase Date, upon: (i) delivery to the Trustee and the Tender Agent at their respective corporate trust offices of an irrevocable notice in writing (a “*Tender Notice*”) by 3:00 p.m. (New York City time) on any Business Day, which states the name of the Owner or Direct Participant for such Bond, such Direct

Participant's account number, payment instructions with respect to the Purchase Price of such Bond, the principal amount of such Bond or portions thereof in Authorized Denominations being tendered for purchase, the CUSIP number of such Bond, and the date on which the same shall be purchased, which date shall be a Business Day not prior to the seventh day next succeeding the date of the delivery of such Tender Notice to the Trustee and the Tender Agent; and (ii) (a) if such Bonds are not Book-Entry Bonds, delivery of such Bonds to the Tender Agent at its corporate trust office, accompanied by an instrument of transfer thereof, in form satisfactory to the Tender Agent, executed in blank by the Owner thereof with the signature guaranteed in accordance with the guidelines set forth by one of the nationally recognized medallion signature programs at or prior to 2:30 p.m. (New York City time), on the Purchase Date specified in the Tender Notice, or (b)) if the Bonds are Book-Entry Bonds, confirmation by DTC (obtained by the Direct Participant of the Book-Entry Bonds being tendered for purchase) that such Direct Participant has an ownership interest in such Book-Entry Bonds at least equal to the amount specified in such Tender Notice, and of the transfer on the registration books of DTC of the beneficial ownership interest in such Book-Entry Bonds to the account of the Trustee (or to the account of a Direct Participant acting on behalf of the Trustee).

If moneys sufficient to pay the Purchase Price of the Bonds to be purchased pursuant to the Indenture shall be held by the Trustee on the date such Bonds are to be purchased, any Bonds to be so purchased which are not delivered by the Owners thereof to the Tender Agent or transferred to the Trustee on the registration books of DTC, as applicable, on the date specified for purchase thereof will be deemed to have been delivered for purchase or transferred on the registration books of DTC, as applicable, on such date and deemed to have been purchased. The former Owners of such Bonds, or the Direct Participant with respect to Book-Entry Bonds, will thereafter have no rights with respect to such Bonds except to receive payment of the Purchase Price thereof upon surrender of such Bonds to the Tender Agent or the transfer, on the registration books of DTC, of the beneficial ownership interest in such Book-Entry Bonds.

Mandatory Tender for Purchase of Bonds

- (i) On any Conversion Date for the Bonds (or portions thereof); and
- (ii) On the last Business Day not less than five calendar days preceding the expiration date of any then current Letter of Credit if no Alternate Letter of Credit will be provided, except that if subparagraph (i) or subparagraph (iii) will also apply, this subparagraph will not apply; and
- (iii) On the effective date of any Alternate Letter of Credit (as defined in the Indenture, see APPENDIX A — “SUMMARY OF PRINCIPAL LEGAL DOCUMENTS — DEFINITIONS”) applicable to such Bonds, complying with the requirements of the Loan Agreement; and
- (iv) On the Business Day following the day on which the Trustee receives written notice from the Credit Provider that an Event of Default has occurred under (and as defined in) the Reimbursement Agreement and directing the Trustee to purchase the Bonds, in which event the Trustee shall promptly give notice to each Bondholder of the mandatory tender of the Bonds and that interest will cease to accrue to the Bondholder on such Bonds on and after the date of mandatory tender (each, a “*Purchase Date*”), the Owner or Direct Participant of such Bond shall tender such Bond for purchase as described in the Indenture at a price equal to the principal amount thereof plus accrued and unpaid interest thereon (the “*Purchase Price*”). Except as provided under “Purchase and

Remarketing of Bonds — Unclaimed Moneys” below, payment of the Purchase Price of such Bonds shall be made to the Owner of record or Direct Participant with respect to Book-Entry Bonds on the Record Date by 3:00 p.m. (New York City time), in the same manner as payment of interest on the Bonds. If the Bonds are not Book-Entry Bonds, the Holder shall deliver such Bonds by no later than 2:30 p.m. (New York City time), on the Purchase Date to the Tender Agent at its corporate trust office accompanied by an instrument of transfer thereof, in form satisfactory to the Tender Agent, with the signature guaranteed in accordance with the guidelines set forth by one of the nationally recognized medallion signature programs. If the Bonds are Book-Entry Bonds, the tendering Direct Participant shall transfer, on the registration books of DTC, the beneficial ownership interest in such Bonds tendered for purchase to the account of the Trustee or a Direct Participant acting on behalf of the Trustee.

Any instrument delivered to the Trustee or Tender Agent in accordance with the Indenture shall be irrevocable with respect to the mandatory purchase for which such instrument was delivered and shall be binding upon any subsequent Owner or Direct Participant of the Bond to which it relates, including any Bond issued in exchange therefor or upon the registration of transfer thereof and as of the date of such instrument, the Owner or Direct Participant of the Bonds specified in such instrument shall not have any right to tender for purchase such Bonds prior to such Purchase Date.

Whenever the Borrower has delivered to the Trustee a notice of the delivery of a replacement Letter of Credit or an Alternate Letter of Credit pursuant to the Loan Agreement, the Trustee shall mail by first class mail a notice to all Holders of the Bonds stating that the Bonds will be subject to mandatory tender for purchase on the effective date of the replacement Letter of Credit or Alternate Letter of Credit (or if not a Business Day on the next succeeding Business Day), and information on where such Bonds are to be delivered. Such notice shall be mailed at least 10 days prior to the effective date of the replacement Letter of Credit or Alternate Letter of Credit and a copy of such notice shall be provided to the Remarketing Agent and the Credit Provider, if any.

The Trustee shall provide notice to the Authority, each Rating Agency then rating the Bonds, the Remarketing Agent and the Borrower upon the receipt of any replacement Letter of Credit or Alternate Letter of Credit.

In the event of a mandatory tender under the circumstances described under paragraph (ii) above, the Trustee shall mail by first class mail a notice to all Holders of the Bonds stating that the Bonds will be subject to mandatory tender on the last Business Day not less than 5 calendar days preceding the expiration date of the then-existing Letter of Credit. Such notice shall be mailed at least 30 days prior to the expiration date of such Letter of Credit and a copy of such notice shall be provided to the Remarketing Agent and the Credit Provider.

Purchase and Remarketing of Bonds

Purchase of the Bonds. While the Bonds are Book-Entry Bonds, all references in this section to the Tender Agent’s actions relative to the Bonds shall instead mean the Trustee, as the context may require.

As soon as practicable but in any event no later than 9:30 a.m. (New York City time) on the Business Day after a Tender Notice is received during a Weekly Interest Rate, the Tender Agent shall

give telephonic, electronic or facsimile notice, promptly confirmed in writing, to the Trustee, the Borrower and the Remarketing Agent, specifying the principal amount of Bonds tendered under the circumstances described under “THE BONDS – Purchase of Bonds on Demand of Owner” and the Purchase Date. The Trustee shall promptly supply the same notice to the Credit Provider.

The Tender Agent shall purchase, but only from the sources listed below, Bonds required to be purchased under the circumstances described under “THE BONDS – Mandatory Tender for Purchase of Bonds”, or tendered under the circumstances described under “THE BONDS – Purchase of Bonds on Demand of Owner”, from the Holders thereof by 3:00 p.m. (New York City time) on the date such Bonds are required to be purchased at the Purchase Price. Funds for the payment of such Purchase Price shall be derived from the following sources in the order of priority indicated:

(i) the proceeds of the sale of the Bonds (but only such remarketing proceeds as are received from purchasers of the Bonds as described herein in the second paragraph under “THE BONDS – Purchase and Remarketing of the Bonds”) furnished to the Tender Agent by the Trustee, which shall have received such funds from the Remarketing Agent; provided, however, that while a Letter of Credit is then in effect such proceeds shall not have been derived from the Authority or the Borrower unless subparagraph (iii) below applies, and provided further that remarketing proceeds may not be applied in the case of mandatory tender under subsection (iv) of “THE BONDS – Mandatory Tender for Purchase of Bonds” above;

(ii) moneys furnished to the Tender Agent representing the proceeds of a draw under the Letter of Credit; and

(iii) only if the Credit Provider has failed to pay a drawing on the Letter of Credit, if the Letter of Credit has been repudiated or if there is no Letter of Credit, and the sources in subparagraphs (i) and (ii) above are insufficient, from Purchase Price Payments furnished by the Borrower to the Tender Agent.

Remarketing of the Bonds. The Remarketing Agent or the Calculation Agent, as the case may be, shall determine the rate of interest to be borne by the Bonds and shall furnish to the Borrower, the Remarketing Agent, the Trustee, the Credit Provider and the Tender Agent in a timely manner all information necessary for the Trustee and the Tender Agent to carry out their respective duties under the Indenture, including, but not limited to, the interest rates applicable to all Bonds.

The Remarketing Agent shall, pursuant to the Remarketing Agreement, use its best efforts to sell any Bonds tendered for purchase (except Bonds tendered pursuant to subsection (iv) of “THE BONDS – Mandatory Tender for Purchase of Bonds”) to new purchasers, and shall arrange for the Purchase Price of remarketed Bonds to be deposited with the Trustee. Not later than 11:30 a.m. (New York City time) or, if later, 30 minutes before the time by which the Trustee would be required to draw on the Letter of Credit as described herein in the first paragraph under “THE BONDS – Purchase and Remarketing of the Bonds – Draws Upon the Letter of Credit; Payments of Purchase Price by Borrower”), or if no Letter of Credit is in effect, not later than 12:00 noon (New York City time) on the Purchase Date, the Remarketing Agent shall notify in writing the Tender Agent, the Trustee, the Borrower and the Credit Provider, if any, of (i) the amount of Bonds which have been remarketed and for which remarketing proceeds have been deposited with the Trustee and the name, address and taxpayer identification number of the new purchasers and the denominations with respect

to which such remarketed Bonds are to be registered and (ii) if applicable, the amount required to be drawn under the Letter of Credit or, if no Letter of Credit is in effect, the amount required to be provided by the Borrower to provide sufficient funds to purchase the Bonds actually tendered or deemed tendered for which no remarketing proceeds are available as of the time of such notice. Notwithstanding anything in the Indenture to the contrary, Bonds may be remarketed only at a price of par, plus accrued interest, if any.

While a Letter of Credit is then in effect, the Remarketing Agent shall not sell any Bonds to the Authority, the Borrower or any affiliate of the Authority or the Borrower, except under the circumstances described in paragraph (2) under “THE BONDS – Purchase and Remarketing of Bonds – Draws Upon Letter of Credit; Payments of Purchase Price by Borrower”.

Delivery of Remarketed Bonds

The Tender Agent and the Trustee shall each hold all Bonds delivered to them respectively in trust for the benefit of the respective Holders which shall have so delivered such Bonds or for the Direct Participants who have transferred their interests in the Book-Entry Bonds until moneys representing the Purchase Price of such Bonds shall have been delivered to or for the account of or to the order of such Holders or Direct Participants. The Trustee, for Book-Entry Bonds, or the Tender Agent (or after five days, as described herein in under “THE BONDS – Purchase and Remarketing of the Bonds – Unclaimed Moneys”, the Trustee) for non-Book-Entry Bonds shall each hold all money for the purchase of Bonds in trust in non-commingled funds, uninvested, for the benefit of the person or entity which shall have so delivered such moneys until Bonds purchased with such moneys shall have been delivered to or for the account of such person or entity. Neither the Authority nor the Borrower shall have any right, title, or interest in or to any moneys held by the Trustee, the Tender Agent or the Remarketing Agent or as described herein in under “THE BONDS – Purchase and Remarketing of the Bonds – Unclaimed Moneys”. Bonds purchased with moneys described in paragraph (2) under “THE BONDS – Purchase and Remarketing of Bonds – Purchase of the Bonds”, including without limitation Bonds issued in place of such Bonds, shall be registered as directed by the Trustee (based on specific written instructions received from the Remarketing Agent) and made available to the Remarketing Agent by 1:00 p.m. (New York City time) on the date of such purchase or transferred on the registration books of DTC on the date of such purchase or the date the ownership interest shall be transferred to the new Direct Participants on the books of DTC, against payment in immediately available funds or evidence of immediately available funds in the form of a federal reserve wire number.

Bonds purchased with moneys obtained by a drawing on a Letter of Credit (the “*Bank Bonds*”), including without limitation Bonds issued in place of such Bonds pursuant to the Indenture shall be registered in the name of the Credit Provider on the registration books of DTC in accordance with DTC’s rules with respect to Book-Entry Bonds, or, if not Book-Entry Bonds, shall be registered in the name of the Credit Provider and delivered to the Credit Provider or the Trustee or Tender Agent, as agent for the Credit Provider. The Remarketing Agent shall seek to remarket any such Bank Bonds prior to remarketing any other Bonds tendered for purchase. The proceeds of any remarketing of Bank Bonds shall, except as provided in the Indenture be delivered to the Credit Provider. Upon receipt by the Credit Provider of immediately available funds representing the proceeds of the remarketing of Bank Bonds, the Credit Provider shall notify the Trustee of the receipt and amount of such funds and the Trustee shall cause Bonds in place of such Bank Bonds to be made available for

pick-up by the Remarketing Agent for subsequent delivery to the purchasers thereof, or the ownership interest shall be transferred to the new Direct Participants on the books of DTC. Prior to such delivery, the Trustee or the Tender Agent shall have received written confirmation from the Credit Provider of the reinstatement of the Letter of Credit in the amount equal to the proceeds of remarketed Bank Bonds actually received by the Credit Provider. Notwithstanding any other provision of this paragraph, the Remarketing Agent shall not remarket any Bank Bonds derived from a mandatory tender under paragraph (iv) of “THE BONDS – Mandatory Tender for Purchase of Bonds” until directed in writing by the Credit Provider.

Bonds purchased with moneys provided by the Borrower as Purchase Price Payments, and not from a draw upon the Letter of Credit (“*Borrower Bonds*”), including without limitation Bonds issued in place of such Bonds pursuant to the Indenture, shall be registered in the name of the Borrower on the registration books of DTC in accordance with DTC’s rules with respect to Book-Entry Bonds, or, if not Book-Entry Bonds, shall be registered in the name of the Borrower and delivered to the Borrower or the Trustee or Tender Agent, as agent for the Borrower for this purpose. The Remarketing Agent shall seek to remarket any such Borrower Bonds prior to remarketing any other Bonds tendered for purchase except Bank Bonds. The proceeds of any remarketing of Borrower Bonds shall be delivered to the Borrower. Upon receipt by the Borrower of funds representing the proceeds of the remarketing of Borrower Bonds, the Borrower shall notify the Trustee of the receipt and amount of such funds and the Trustee shall cause Bonds in place of such Borrower Bonds to be made available for pick-up by the Remarketing Agent for subsequent delivery to the purchasers thereof and shall cause such Borrower Bonds to be canceled, or the ownership interest shall be transferred to the new Direct Participants on the books of DTC.

If any Bond is tendered after a notice of redemption is given for such Bond, the Remarketing Agent will give the redemption notice to any purchaser of such Bond or to DTC, if a Book-Entry Bond and the purchaser or Direct Participant shall acknowledge receipt of such redemption notice.

Draws Upon the Letter of Credit; Payments of Purchase Price by Borrower

If a Letter of Credit is in effect, the Trustee shall determine the amount necessary and shall draw on the Letter of Credit in an amount necessary and in sufficient time (as set forth by the terms of the Letter of Credit) so as to provide to the Trustee or Tender Agent, as applicable, the balance of the funds needed to purchase tendered Bonds as described herein under “THE BONDS – Purchase of Bonds on Demand of Owner” and “- Mandatory Tender for Purchase of Bonds” by 1:00 p.m. (New York City time) on the Purchase Date, taking into account the remarketing proceeds received by the Trustee in conformance with the Remarketing Agent’s notice as described herein in paragraph 3 under “THE BONDS – Purchase and Remarketing of the Bonds – Notice of Interest Rates; Remarketing of Bonds; Restrictions on Remarketing”. If the Remarketing Agent remarkets Bonds after giving such notice, the Remarketing Agent (i) if a Letter of Credit is in effect and the Credit Provider has honored the drawing for the Purchase Price, shall deliver such remarketing proceeds to the Credit Provider as described herein in under “THE BONDS – Purchase and Remarketing of the Bonds” if a Letter of Credit has been dishonored or is not in effect, deliver such proceeds to the Trustee, which will use the remarketing proceeds to pay the Purchase Price if the same has not been paid or will transfer the remarketing proceeds to the Borrower, as applicable, to reimburse the Borrower, as applicable, for its payment of the Purchase Price. The Trustee shall transfer to the Credit Provider any excess moneys received from a draw on the Letter of Credit that are not needed to pay

the Purchase Price of the Bonds on the Purchase Date. If the Trustee submits a draw request on the Letter of Credit by facsimile, the Trustee shall telephonically confirm with the Credit Provider the terms of such draw request.

If the Trustee has made a drawing on the Letter of Credit and the Credit Provider fails to make a payment for the Purchase Price of tendered Bonds by 1:00 p.m. (New York City time) on the Purchase Date or the Letter of Credit has been repudiated, or if there is no Letter of Credit and the Trustee does not have sufficient funds from remarketing of the Bonds by 1:00 p.m. (New York City time), the Trustee shall immediately notify the Borrower by telephone promptly confirmed in writing and request payment from the Borrower as described herein in paragraph (2) under “THE BONDS – Purchase and Remarketing of the Bonds – Purchase of the Bonds”, of the Purchase Price in immediately available funds by 1:45 p.m. (New York City time) on the Purchase Date, and in the event the Bonds are not Book-Entry Bonds, the Trustee will direct the Borrower, as applicable, to transfer the funds to the Tender Agent.

The Trustee shall draw on the existing Letter of Credit on the Purchase Date as described herein in paragraph (iv) under “THE BONDS – Mandatory Tender for Purchase of the Bonds”, in sufficient time (as set forth by the terms of the Letter of Credit) so as to provide to the Trustee or Tender Agent, as applicable, the funds needed to purchase the Bonds subject to such mandatory tender on the specified Purchase Date.

If at any time there is an Alternate Letter of Credit, then the times and timing specified in the preceding paragraph will be deemed to be modified so as to provide Bondholders the full benefit of the provisions of the Alternate Letter of Credit.

Delivery of Proceeds of Sale. Upon receipt, the proceeds of the remarketing by the Remarketing Agent of any Bonds shall be immediately held in trust in an Eligible Account and applied by the Trustee or the Tender Agent, as applicable, to the payment of the Purchase Price of Bonds to the Holders (or Beneficial Owners) thereof pursuant to the Indenture or to the reimbursement of the Credit Provider or the Borrower for such payment pursuant to the Indenture. The Trustee or the Tender Agent, as applicable, shall make the Bonds available for delivery to the Remarketing Agent and shall register such Bonds pursuant to the instructions of the Remarketing Agent or shall direct the transfer on the registration books of DTC pursuant to the instructions of the Remarketing Agent or, (i) in the case of remarketing of the Bonds which constitute Bank Bonds, as provided in second paragraph under “THE BONDS – Delivery of Remarketed Bonds” herein, and (ii) in the case of remarketing of the Bonds which constitute Borrower Bonds, as provided in third paragraph under “THE BONDS – Delivery of Remarketed Bonds” herein.

No Remarketing During Default. Notwithstanding any other provision of the Indenture, the Bonds shall not be remarketed after the occurrence, and during the continuance, of an Event of Default under the Indenture. See APPENDIX A – “SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – INDENTURE – Events of Default; Acceleration; Waiver of Default.”

Unclaimed Moneys. The Tender Agent shall, at the end of the fifth Business Day after a Purchase Date, transfer all funds then held on hand by virtue of the fact that the Bonds deemed tendered on such date were not presented for purchase to the Tender Agent to the Trustee to be held in a segregated account for the Bonds and to hold the same in trust for the payment of the Purchase

Price thereof to the former Owners of such Bonds. The Trustee shall pay such Purchase Price from such amounts by check or draft of the Trustee or one of its affiliates made payable to the party entitled to such payment as soon as practicable after such party surrenders the Bond or Bonds so deemed purchased to the Trustee. Any such moneys so held in trust by the Trustee shall be held uninvested until paid to the person entitled thereto or disposed of as provided by law.

Purchase of Tendered Bonds with Purchase Price Payments Not to be Deemed a Redemption of Bonds

Anything in the Indenture to the contrary notwithstanding, in no event shall the purchase of Bonds with Purchase Price Payments as described above be deemed to constitute a redemption of such Bonds, and the Borrower Bonds shall be and remain outstanding until they are remarketed as provided above, except upon the written notice by the Borrower to the Trustee and the Tender Agent that the Borrower has elected to treat the Borrower Bonds as paid and retired in full, accompanied by the surrender of said Borrower Bonds to the Trustee for cancellation, in the event that the Bonds are not Book-Entry Bonds at the time of said notice.

Conditions to Remarketing Upon Expiration of Letter of Credit. If a commitment to renew the Letter of Credit or to provide an Alternate Letter of Credit shall not be provided prior to the 40th day before the scheduled expiration date of such Letter of Credit, then the Bonds shall not be remarketed after the 15th day prior to such expiration.

Notices Upon Delivery of Alternate Letter of Credit. Whenever the Borrower has delivered to the Trustee a notice of the expected delivery of an Alternate Letter of Credit (such instrument referred to hereafter as the “*Alternate Instrument*”) pursuant to the Loan Agreement, the Trustee shall mail by first class mail a notice to all Holders of the Bonds stating: (i) the name of the issuer of the Alternate Instrument; (ii) the date on which the Alternate Instrument will become effective, which date shall not be less than 20 calendar days prior to the expiration date of the then existing Letter of Credit; (iii) the rating expected to apply to the Bonds after the Alternate Instrument is delivered; and (iv) if during a Variable Interest Rate Period, notice that the Bonds will be subject to mandatory tender for purchase on the date of delivery of the Alternate Instrument, and information on where such Bonds are to be delivered. Such notice shall be mailed at least 20 days prior to the effective date of the Alternate Instrument.

Redemption Provisions

The Bonds are subject to redemption if and to the extent the Borrower is entitled to make or required to make a prepayment under the Loan Agreement. See APPENDIX A — “SUMMARY OF PRINCIPAL LEGAL DOCUMENTS — LOAN AGREEMENT — Prepayment.” The Bonds are subject to redemption in Authorized Denominations (and only with Available Moneys if the Letter of Credit is in effect) prior to maturity as set forth below. The Bonds shall not be called for optional redemption unless the Borrower has so directed in writing to the Trustee, with a copy to the Authority, accompanied by the Credit Provider’s written consent to such optional redemption in accordance with the Loan Agreement and payment has been made (or provided for) of all the Borrower’s obligations under the Loan Agreement.

No Sinking Fund Redemption

The Bonds shall not be subject to mandatory sinking fund redemptions.

Mandatory Redemption

Mandatory Redemption of the Bonds Upon Invalidity or a Determination of Taxability. If the Loan Agreement is determined to be invalid or a Determination of Taxability, as defined in the Indenture, occurs, all Bonds then Outstanding on such date are subject to mandatory redemption in whole (or in part if an Approving Opinion is delivered to the Trustee and the Authority) at any time within 60 days thereafter, at a redemption price equal to 100% of the principal amount thereof, without premium, plus accrued interest to (but not including) the date of redemption.

Mandatory Redemption Upon Failure to Renew Letter of Credit. The Bonds shall be redeemed in whole, at a redemption price equal to 100% of the principal amount thereof, without premium, plus accrued interest to the redemption date, in the event that the Letter of Credit then in effect is not renewed or an Alternate Letter of Credit enhancing the Bonds is not delivered to the Trustee at least 25 calendar days prior to the scheduled expiration date of the then current Letter of Credit, on a redemption date selected by the Trustee not less than five calendar days preceding the expiration date of the then current Letter of Credit; provided, however, that there shall be no redemption if the termination of the Letter of Credit takes place in connection with an event which results in the mandatory tender of the Bonds pursuant to the Indenture. See “THE BONDS – Mandatory Tender for Purchase of Bonds.”

Optional Redemption

Optional Redemption During Weekly Interest Rate Period or on any Conversion Date. On any Business Day during a Weekly Interest Rate Period and on any Conversion Date, the Bonds may be redeemed by the Trustee, in whole or in part, at a redemption price equal to 100% of the principal amount thereof, without premium, plus accrued interest to the date of redemption.

Optional Redemption Upon Occurrence of Extraordinary Events. The Bonds may be redeemed in whole or in part on any date (in such amounts and on such dates as specified by the Borrower), from insurance and condemnation proceeds or other amounts that are deposited by the Borrower, at a redemption price equal to the principal amount thereof, without premium, plus accrued interest to the date of redemption, upon receipt by the Trustee and the Authority of a written notice from the Borrower stating that any of the following events has occurred:

- (i) all of the Project Facilities or a portion thereof is damaged, destroyed, condemned or taken by eminent domain to such extent that, in the opinion of the Borrower contained in a certificate provided to the Authority and the Trustee, which certificate may be conclusively relied upon by the Trustee and the Authority, (i) it is not practicable or desirable to rebuild, repair or restore the Project Facilities or portion thereof within a period of six consecutive months following such damage, destruction or condemnation, and the Borrower is or will be thereby prevented from carrying on its normal operations at the Project Facilities or portion thereof for a period of at least six consecutive months, or (ii) the cost of repair, replacement or restoration of the Project Facilities or portion thereof would substantially exceed the Net Proceeds of Insurance carried thereon; or

(ii) the continued operation of all or a portion of the Project is enjoined or prevented or is otherwise prohibited by, or conflicts with, any order, decree, rule or regulation of any court or federal, state or local regulatory body, administrative agency or governmental body; or

(iii) changes in (x) the economic availability of raw materials, operating supplies or facilities necessary to operate all or any part of any Facility or (y) any technological or other changes, which make the continued operation of all or any part of such Facility uneconomical in the opinion of the Borrower, shall have occurred which resulted in the interruption or cessation of a substantial portion of the operations of any Project.

Selection of Bonds for Redemption; Purchase in Lieu of Redemption

Whenever provision is made in the Indenture for the redemption of less than all of the Bonds, the Trustee shall select the Bonds to be redeemed from all Bonds or such given portion thereof not previously called for redemption by lot; provided that if a Letter of Credit is in effect, Bank Bonds shall be selected prior to any other Bonds, followed by Borrower Bonds. Redemption shall be done so that no Bond shall remain Outstanding in an amount that is not an Authorized Denomination.

Notwithstanding any other provision of the Indenture, in the case of any optional redemption of the Bonds described above, the Borrower may purchase the Bonds with Available Moneys pursuant to part (2) or (3) of the definition of that term in the Indenture (see APPENDIX A — “SUMMARY OF PRINCIPAL LEGAL DOCUMENTS — DEFINITIONS”) in lieu of having the Bonds redeemed and cancelled at a Purchase Price equal to the redemption price at which the Bonds would have been redeemed hereunder on a Purchase Date (the date that would have been the redemption date); provided that funds in an amount equal to the Purchase Price shall be made available to the Trustee on or prior to the Purchase Date. The Borrower may purchase Bonds in lieu of redemption using only (i) the proceeds of an authorized drawing pursuant to a Letter of Credit; or (ii) moneys held for sufficient time and in such a manner as to qualify them as Available Moneys. Any such Bonds purchased by the Borrower shall not be resold or remarketed unless they are owned by the Credit Provider or are supported by the Letter of Credit.

Notice of Redemption

Notice of redemption shall be mailed by first class mail not less than 30 days (20 days in case of redemption under the circumstances described under “Redemption Provisions — Mandatory Redemption Upon Failure to Renew Letter of Credit” above) nor more than 60 days before such redemption date, to the respective Holders of any Bonds designated for redemption at their addresses on the registration books maintained by the Bond Registrar. Each notice of redemption shall state the redemption date, the place or places of redemption, if less than all of the Bonds are to be redeemed, the distinctive number(s) of the Bonds to be redeemed, and in the case of Bonds to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed. Subject to the second succeeding sentence, each such notice shall also state that on said date there will become due and payable on each of said Bonds the principal thereof or of said specified portion of the principal thereof in the case of a Bond to be redeemed in part only, and that from and after such redemption date interest thereon shall cease to accrue, and shall require that such Bonds be then surrendered. Neither failure to receive such notice nor any defect therein shall affect the sufficiency of such redemption.

Partial Redemption of Bonds

Upon surrender of any Bond redeemed in part only, the Authority shall execute and the Trustee shall authenticate and deliver to the Holder thereof, at the expense of the Borrower, a new Bond or Bonds of Authorized Denominations equal in aggregate principal amount to the unredeemed portion of the Bond surrendered.

Effect of Redemption

Notice of redemption having been duly given as described above, and moneys for payment of the redemption price of, together with interest accrued to the date fixed for redemption on, the Bonds (or portions thereof) so called for redemption are held by the Trustee, the Bonds (or portions thereof) so called for redemption shall, on the redemption date designated in such notice, become due and payable at the redemption price specified in such notice, interest on the Bonds so called for redemption shall cease to accrue, said Bonds (or portions thereof) shall cease to be entitled to any benefit or security under the Indenture (except for payment of particular Bonds for which moneys are being held by the Trustee which moneys shall be pledged to such payment), and the Holders of said Bonds shall have no rights in respect thereof except to receive payment of said principal and interest accrued to the date fixed for redemption.

SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

Pledge and Assignment of Revenues

The Indenture provides that the Bonds, are payable from, and separately secured by a first and exclusive lien on and pledge of: (i) subject to the provisions of the Indenture governing certain funds and accounts, the Revenues, consisting of all amounts received by the Authority or the Trustee for the account of the Authority pursuant or with respect to the Loan Agreement, or the Letter of Credit, including, without limiting the generality of the foregoing, Loan Repayments (including both timely and delinquent payments, any late charges, and paid from whatever source), prepayments, insurance proceeds, condemnation proceeds, and all interest, profits or other income derived from the investment of amounts in any fund or account established pursuant to the Indenture (except the Rebate Fund), excluding, however, certain payments to the Authority, the Trustee or other parties of expenses or indemnification costs, as described in the Loan Agreement, including without limitation any Authority Fees, Additional Payments, Administrative Fees and Expenses and Tender Proceeds; and (ii) subject to the provisions of the Indenture governing certain funds and accounts, any other amounts held in any fund or account established pursuant to the Indenture (except the Rebate Fund). See APPENDIX A — “SUMMARY OF PRINCIPAL LEGAL DOCUMENTS — DEFINITIONS” and “— INDENTURE — Pledge and Assignment; Revenue Fund.”

Pursuant to the Indenture, all Revenues (except as otherwise permitted under the Indenture) are irrevocably pledged to the punctual payment of the principal of, interest, and premium, if any, on the Bonds and thereafter to secure the Credit Provider to the extent of its interest in such Revenues and certain funds or accounts established under the Indenture. The Revenues will not be used for any other purpose while any of the Bonds remain outstanding. The pledge of the Revenues constitutes a first and exclusive lien on the Revenues for the payment of the Bonds, in accordance with the terms

of the Indenture; provided that the benefits under the Letter of Credit will apply only to the Bonds and Tender Proceeds shall be held in trust as provided in the Indenture.

Pursuant to the Loan Agreement, the Borrower agrees to make payments to the Trustee which, in the aggregate, will be in an amount sufficient for the payment in full of all amounts payable with respect to the Bonds including all principal (whether at maturity or upon redemption or acceleration) of, premium, if any, and interest on the Bonds, and certain other fees and expenses (consisting generally of the annual fee of the Trustee and the reasonable expenses of the Trustee and the Authority related to the Project, less any amounts available for such payment as provided in the Loan Agreement and the Indenture).

Under the Indenture, the Authority has assigned to the Trustee, as security for the repayment of the Bonds, all rights and privileges of the Authority with respect to the Bonds and under the Loan Agreement (except the right to receive certain fees and expenses payable to the Authority and certain rights of indemnification, inspection, enforcement and consent and the receipt of notices, certificates and opinions) including without limitation, the right to receive directly the Revenues and to enforce any security interest. Although a security interest in various collateral has been given by the Borrower to the Administrative Agent for the Lenders under the Original Reimbursement Agreement (including the Original Credit Provider) as security for the payment of the Borrower's obligations under the Original Reimbursement Agreement (see "THE ORIGINAL LETTER OF CREDIT AND THE ORIGINAL REIMBURSEMENT AGREEMENT"), such security interest has not been given to the Trustee or the Holders of the Bonds and such additional collateral does not secure the Bonds.

Original Letter of Credit

The Bonds are further enhanced by the Original Letter of Credit which will be issued by the Original Credit Provider in favor of the Trustee on the date of delivery of the Bonds. See "THE ORIGINAL LETTER OF CREDIT AND ORIGINAL REIMBURSEMENT AGREEMENT." Information regarding the business and financial condition of the Original Credit Provider is included in Appendix B attached to and made part of this Limited Offering Memorandum.

Alternate Letter of Credit

The Loan Agreement specifies certain requirements that apply to any Alternate Letter of Credit, including without limitation, the following:

The Alternate Letter of Credit shall be an irrevocable letter of credit or other irrevocable credit facility (including, if applicable, a confirming letter of credit), issued by a Credit Provider, the terms of which will be acceptable to the Trustee and will otherwise comply with the requirements of the Indenture; provided, that the expiration date of such Alternate Letter of Credit will be a date not earlier than one year from its date of issuance, subject to earlier termination upon payment of the Bonds in full or provision for such payment in accordance with the provisions described in APPENDIX A – "SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – INDENTURE – Defeasance" or as otherwise set forth in the Alternate Letter of Credit.

On or prior to the date of the delivery of an Alternate Letter of Credit to the Trustee, the Borrower will cause to be furnished to the Trustee (i) an Approving Opinion addressed to the Authority and the Trustee with respect to the delivery of such Letter of Credit, and (ii) an opinion

of counsel to the Credit Provider issuing such Letter of Credit addressed to the Trustee and the Borrower to the effect that such Letter of Credit is enforceable in accordance with its terms (except to the extent that the enforceability thereof may be limited by bankruptcy, reorganization or similar laws limiting the enforceability of creditors' rights generally and except that no opinion need be expressed as to the availability of any discretionary equitable remedies).

The Borrower will provide to the Trustee (with a copy to the Authority and the Remarketing Agent) a notice at least 15 days prior to the effective date of any Letter of Credit or Alternate Letter of Credit (and in no event later than 35 days prior to the expiration of any existing Letter of Credit) identifying the Letter of Credit or Alternate Letter of Credit, if any, and the rating which will apply to the Bonds after the effective date.

(c) Prior to the commencement of the first Interest Rate Period after the termination of a Letter of Credit or Alternate Letter of Credit (as applicable), the Borrower will cause an Approving Opinion to be furnished and addressed to the Authority and to the Trustee.

The Indenture requires the Trustee to provide notice to the Holders of the Bonds of the delivery of an Alternate Letter of Credit (see "THE BONDS — Purchase and Remarketing of Bonds — Notice Upon Delivery of Alternate Letter of Credit" above).

Limited Obligations

THE BONDS ARE LIMITED OBLIGATIONS OF THE AUTHORITY PAYABLE SOLELY FROM THE REVENUES PLEDGED UNDER THE INDENTURE. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OR ANY POLITICAL SUBDIVISION THEREOF OR ANY LOCAL AGENCY IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON THE BONDS. THE AUTHORITY HAS NO TAXING POWER.

THE ORIGINAL LETTER OF CREDIT AND THE ORIGINAL REIMBURSEMENT AGREEMENT

The Original Letter of Credit

The following is a summary of certain provisions of the Original Letter of Credit. The summary does not purport to be complete or definitive and it is qualified in its entirety by reference to the Original Letter of Credit, the original of which is on file with the Trustee.

On the date of issuance of the Bonds, the Original Credit Provider will issue in favor of the Trustee the Original Letter of Credit in an original face amount (as from time to time reduced and reinstated as provided in the Original Letter of Credit) equal to the original principal amount of the Bonds plus 35 days' interest thereon at 12% per annum, on the basis of a 365 day year, as the case may be. The Original Letter of Credit (subject to any reductions and reinstatements as provided therein) will permit the Trustee to draw up to an amount equal to the then outstanding principal amount of the Bonds to pay the unpaid principal thereof plus up to 35 days' accrued and unpaid interest on the Bonds. All drawings under the Original Letter of Credit will be paid with the Original Credit Provider's immediately available funds without any requirement that the

Trustee, the holders of the Bonds or the Original Credit Provider make any prior claims against the Borrower or obtain any funds from the Borrower.

The Original Letter of Credit expires on April 14, 2022, or if such date is not a business day then on the first (1st) succeeding business day thereafter (the “*Expiration Date*”).

Each drawing honored by the Original Credit Provider under the Original Letter of Credit will immediately reduce the amount of the Original Letter of Credit by the amount of such drawing; provided, however that (1) the amount of any drawing to pay accrued interest on the Bonds as provided in the Indenture will be automatically reinstated on the first business day following the date of the honoring of such demand for payment under the Original Letter of Credit and (2) the amount of any drawing to pay the Purchase Price of Bonds tendered for purchase as described herein under “THE BONDS – Purchase of Bonds on Demand of Owner” and “– Mandatory Tender for Purchase of Bonds” which have not been remarketed or for which the Purchase Price has not been received by the Trustee will be automatically reinstated concurrently upon the remarketing of such Bonds and the receipt by the Original Credit Provider through one or more payments made on or before the date of such remarketing of an amount equal to the Purchase Price of such Bonds.

To the extent not inconsistent with the express terms thereof, the Original Letter of Credit is governed by and construed in accordance with the International Standby Practices, 1998, International Chamber of Commerce Publication No. 590 (the “*ISP98*”). As to matters not governed by the ISP98, the Original Letter of Credit is governed by and construed in accordance with the laws of California, including, without limitation, the Uniform Commercial Code as in effect in such state, and applicable U.S. Federal law, except to the extent such laws are inconsistent with the provisions of the ISP98 or the Original Letter of Credit.

The Original Reimbursement Agreement

The following descriptive statements summarize certain provisions of the Original Reimbursement Agreement pursuant to which the Original Letter of Credit will be issued. This summary is not intended to be a complete recital of the terms of the Original Reimbursement Agreement and reference should be made to the Original Reimbursement Agreement for a complete description of the terms and conditions contained therein. Capitalized terms used under this heading which are not otherwise defined in this Limited Offering Memorandum shall have the meanings ascribed thereto in the Original Reimbursement Agreement.

General.

The Borrower has entered into the Original Reimbursement Agreement with the Original Credit Provider and other lending institutions party thereto (the “*Financial Institutions*”) and the Original Administrative Agent. The Borrower’s obligations to the Original Credit Provider and the Financial Institutions under the Original Reimbursement Agreement have been guaranteed by the Guarantors on a joint and several basis. The Original Reimbursement Agreement (i) sets the terms and conditions whereby (a) the Borrower is required to repay to the Original Credit Provider any amounts drawn by the Trustee under the Original Letter of Credit, and (b) the Original Letter of Credit may be extended or otherwise modified from time to time, and (ii) requires the

Borrower's and the Guarantors' grant to the Original Administrative Agent, for the benefit of itself and the Financial Institutions (including the Original Credit Provider), security interests in certain property and assets of the Borrower.

The Original Reimbursement Agreement and the other documents, agreements or instruments which have been executed by the Borrower in favor of the Original Administrative Agent for the benefit of the Financial Institutions (including the Original Credit Provider) and which secure the Borrower's obligations to the Original Administrative Agent and the Financial Institutions (including the Original Credit Provider), and the liens granted thereby do not secure or otherwise provide any collateral for the Trustee, the Holders of the Bonds or the Bonds.

Amendments may be made at any time to the Original Reimbursement Agreement by the Borrower and the requisite percentage of the Financial Institutions specified in the Original Reimbursement Agreement without the consent of the Trustee, the Authority, the Holders of the Bonds or any other person and any such amendment could amend the conditions under which the Borrower would be in default thereunder and thereby increase the ability of the Original Credit Provider to give notices which would result in, among other things, an Event of Default under the Indenture.

Fees and Expenses. Pursuant to the Original Reimbursement Agreement, the Borrower has also agreed to pay to the Financial Institutions (including the Original Credit Provider) certain fees on the Original Letter of Credit.

Certain Covenants. Pursuant to the Original Reimbursement Agreement, the Guarantors and the Borrower, covenant to, among other things, maintain their corporate existence; maintain adequate insurance on their properties; keep proper books and records and to permit the Original Administrative Agent and the Financial Institutions to examine such books and records; comply with certain financial tests; submit to the Administrative Agent (for delivery to the Financial Institutions, including the Original Credit Provider) various financial reports and information; and to refrain from taking certain actions relating to the incurrence of indebtedness, granting of liens, making of investments and distributions, making certain acquisitions and disposing certain assets (subject to exceptions and limitations set forth in the Original Reimbursement Agreement). Certain of the foregoing requirements have materially or material adverse effect or monetary thresholds. This summary does not purport to be comprehensive or definitive and is subject to all of the terms and provisions of the Original Reimbursement Agreement to which reference is hereby made.

Events of Default under the Original Reimbursement Agreement. The Original Reimbursement Agreement sets forth a number of events of default, including but not limited to the following: nonpayment of principal, interest, fees or other amounts when due under the Original Reimbursement Agreement, subject to any applicable grace periods; violation of covenants (subject to certain grace periods and cure periods in certain instances); material inaccuracy of representations and warranties; cross-default to other indebtedness and material agreements; certain events of bankruptcy of the Borrower or any Guarantor; the existence of judgments against the Borrower or any Guarantor over a threshold amount, which are not discharged, satisfied or stayed within a certain period of time; the occurrence of certain events with respect to ERISA plans of the Borrower or certain of its Affiliates; the cancellation, termination,

revocation or rescission of any Loan Documents (subject to certain qualifications); change in control; the early termination, cancellation or repeal of (but not expiration) or any material default by the Borrower or any Guarantor under any contract designated as a material contract (subject to qualifications and limitation); the early termination, cancellation or repeal (but not expiration) of certain exclusive waste franchise contracts and local ordinances (subject to qualifications and dollar limitations); the invalidity of any security document; and the invalidity of the subordination provisions governing any subordinated debt. This summary does not purport to be comprehensive or definitive and is subject to all of the terms and provisions of the Original Reimbursement Agreement to which reference is hereby made.

If an event of default under the Original Reimbursement Agreement occurs and is continuing, (i) the Original Administrative Agent may, in accordance with the provisions of the Original Reimbursement Agreement, without limitation, (a) terminate the obligations of the Financial Institutions to extend any further credit under the Original Reimbursement Agreement, and/or (b) declare by written notice to the Borrower that all amounts due under the Original Reimbursement Agreement and all interest accrued thereon to be immediately due and payable, and upon such declaration the same will become and be immediately due and payable, without presentment, demand, protest, or other notice of any kind, all of which have been waived by the Borrower in the Original Reimbursement Agreement; provided that upon the occurrence of an actual or deemed entry of an order for relief with respect to the Borrower under the bankruptcy code of the United States, all such amounts shall become immediately due and payable automatically without further act by the Original Administrative Agent, the Original Credit Provider or the other Financial Institutions, (ii) the Original Credit Provider may notify the Trustee in writing that an event of default under the Original Reimbursement Agreement has occurred and is continuing and require the Trustee to declare a default under the Indenture, and (iii) the Original Administrative Agent and the Original Credit Provider may pursue all remedies available to them at law, by contract (including, without limitation, under the Original Letter of Credit or the Original Reimbursement Agreement), at equity or otherwise.

Certain Bank Notices Resulting in an Event of Default Under the Indenture. Pursuant to the Indenture, there shall be an Event of Default thereunder in the event the Original Credit Provider delivers a notice to the Trustee that an “event of default” has occurred under the Original Reimbursement Agreement and directs the Trustee to accelerate the Bonds. See APPENDIX A – “SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – THE INDENTURE – Events of Default; Acceleration; Waiver of Default. “ The Original Credit Provider may deliver any of the notices referred to at any time that an “event of default” under the Original Reimbursement Agreement has occurred and is continuing.

THE AUTHORITY

The Authority is a political subdivision and public instrumentality of the State of California created pursuant to Division 27 of the Health and Safety Code of the State of California, commencing at Section 44500 (the “Act”), for the purpose of providing industry within the State with an alternative method of financing in providing, enlarging, and establishing pollution control facilities to the mutual benefit of the people of the State and to protect their health and welfare. In furtherance of such purposes, the Authority is authorized to issue revenue bonds and to construct, replace, lease, enter into contracts for the sale of pollution control facilities and make loans to lend

financial assistance in the acquisition, construction or installation of pollution control facilities. The Authority consists of three public officials who hold office ex officio: the State Treasurer, the State Controller, and the State Director of Finance. Pursuant to the Act, the Authority authorized the issuance of the Bonds, the loan of the proceeds of the Bonds to the Borrower pursuant to the Loan Agreement and the securing of the Bonds by a pledge and assignment to the Trustee of Revenues pursuant to the Indenture. The Authority's principal offices are located at 801 Capitol Mall, 2nd Floor, Sacramento, California 95814.

The Authority makes no representation or warranty concerning the economic feasibility of the Project (as defined herein) or the creditworthiness of the Borrower, and no such representation or warranty shall be implied from the issuance of the Bonds or the other transactions described or contemplated herein.

PRACTICES AND PROCEDURES OF THE REMARKETING AGENT

The Remarketing Agent Is Paid by the Borrower

The Remarketing Agent's responsibilities will include determining the interest rate for the Bonds from time to time and remarketing Bonds that are mandatorily tendered by the owners thereof (subject, in each case, to the terms of the Indenture and the Remarketing Agreement), all as further described in this Limited Offering Memorandum. The Remarketing Agent will be appointed by the Borrower and will be paid by the Borrower for its services. As a result, the interests of the Remarketing Agent may differ from those of existing Holders and potential purchasers of Bonds.

The Remarketing Agent Routinely Purchases Bonds for Its Own Account

The Remarketing Agent will act as remarketing agent for a variety of variable rate demand obligations and obligations similar to the Bonds and, in its sole discretion, routinely purchases such obligations for its own account in order to achieve a successful remarketing of the obligations (*i.e.*, because there are otherwise not enough buyers to purchase the obligations) or for other reasons. The Remarketing Agent will be permitted, but not obligated, to purchase tendered Bonds for its own account and, if it does so, it may cease doing so at any time without notice. The Remarketing Agent may also make a market in the Bonds by routinely purchasing and selling Bonds other than in connection with a mandatory tender and remarketing. Such purchases and sales may be at or below par. However, the Remarketing Agent will not be required to make a market in the Bonds. The Remarketing Agent may also sell any Bonds it has purchased to one or more affiliated investment vehicles for collective ownership or enter into derivative arrangements with affiliates or others in order to reduce its exposure to the Bonds. The purchase of Bonds by the Remarketing Agent in connection with a mandatory tender or otherwise may create the appearance that there is greater third party demand for the Bonds in the market than is actually the case.

Bonds May Be Offered at Different Prices on Any Date

Pursuant to the Indenture, the Remarketing Agent in certain circumstances will be required to determine the applicable rate of interest that, in its sole judgment, taking into account prevailing financial market conditions, is the minimum interest rate per annum required to sell the Bonds at

a price of par on such date. The interest rate will reflect, among other factors, the level of market demand for the Bonds (including whether the Remarketing Agent is willing to purchase Bonds for its own account). There may or may not be Bonds tendered and remarketed on the date the applicable rate is determined, the Remarketing Agent may or may not be able to remarket any Bonds tendered for purchase on such date at par, and the Remarketing Agent may sell Bonds at varying prices to different investors on such date or any other date. The Remarketing Agent will not be obligated to advise purchasers in a remarketing if it does not have third party buyers for all of the Bonds at the remarketing price. In the event the Remarketing Agent owns any Bonds for its own account, it may, in its sole discretion in a secondary market transaction outside the tender process, offer such Bonds on any date, including the date the applicable rate is determined, at a discount to par to some investors.

The Ability to Sell the Bonds Other Than Through Tender Process May Be Limited

The Remarketing Agent may buy and sell Bonds other than through the tender process. However, it is not obligated to do so and may cease doing so at any time without notice and may require that all tenders be processed only as required under the Indenture. Thus, investors who purchase the Bonds, whether in a remarketing or otherwise, should not assume that they will be able to sell their Bonds at times other than required under the Indenture. The Holders will not have the optional right to demand that the Bonds be purchased during the Term Interest Rate Period. The Remarketing Agent may buy as principal any Bonds to be remarketed.

Under Certain Circumstances, the Remarketing Agent May Resign or Suspend Remarketing the Bonds Without a Successor Being Named

Under certain circumstances, the Remarketing Agent may have the ability to resign or suspend its remarketing efforts without a successor having been named, subject to the terms of the Remarketing Agreement and the Indenture, as described under “THE REMARKETING AGENT.” In such an event, the Bonds will bear interest at the Alternate Rate until converted to another interest rate.

TAX MATTERS

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Authority (“*Bond Counsel*”), based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the “*Code*”), except that no opinion is expressed as to the status of interest on any Bond for any period that such Bond is held by a “substantial user” of the facilities financed or refinanced by the Bonds or by a “related person” within the meaning of Section 147(a) of the Code. Bond Counsel observes, however, that interest on the Bonds is a specific preference item for purposes of the federal alternative minimum tax. Bond Counsel is also of the opinion that interest on the Bonds is exempt from State of California personal income taxes. A complete copy of the proposed form of opinion of Bond Counsel is set forth in Appendix C hereto.

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

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

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

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Bonds to be subject, directly or indirectly, in whole or in part, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals or clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding the potential impact of any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel is expected to express no opinion.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel’s judgment as to the proper treatment of the Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service (“*IRS*”) or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the Authority or the Borrower, or about the effect

of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The Authority and the Borrower have covenanted, however, to comply with the requirements of the Code.

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

ABSENCE OF MATERIAL LITIGATION

Authority

To the knowledge of the Authority, there is no material litigation pending (with service of process having been accomplished) or threatened against the Authority concerning the validity of the Bonds or any proceedings of the Authority taken with respect to the issuance thereof.

Borrower

There is no litigation now pending against the Borrower (with service of process having been accomplished) or to the knowledge of the Borrower threatened against the Borrower, seeking to restrain or enjoin the issuance, sale, execution or delivery of the Bonds, or in any way contesting or affecting the validity of the Bonds, any proceedings of the Borrower taken concerning the issuance or sale thereof, the pledge and application of any moneys or security provided for payment of the Bonds, the use of proceeds of the Bonds, or the existence or powers of the Borrower relating to the issuance, sale and delivery of the Bonds.

UNDERWRITING

Under the terms of an Underwriting Agreement with the Authority, the Treasurer of the State of California and the Borrower, the Underwriter will agree, subject to the approval of certain legal matters by counsel and to certain other conditions, to purchase the Bonds at the offering price set forth on the cover page of this Limited Offering Memorandum. As compensation for such agreement to purchase the Bonds, the Borrower will agree to pay to the Underwriter a fee of \$400,000, exclusive of out of pocket expenses. The Underwriter will agree to purchase all of the Bonds if any of the Bonds are purchased. The Borrower will agree to indemnify the Authority, the Treasurer and the Underwriter against certain liabilities or to contribute to any payments

required to be made by the Underwriter relating to such liabilities, including certain liabilities under federal securities laws relating to the Bonds.

In connection with the offering, the Underwriter may purchase and sell Bonds in the open market. These transactions may include short sales, stabilizing transactions and purchases to cover positions created by short sales. Short sales involve the sale by the Underwriter of a greater number of Bonds than they are required to purchase in the offering. Stabilizing transactions consist of certain bids or purchases made for the purpose of preventing or retarding a decline in the market price of the Bonds while the offering is in progress.

These activities by the Underwriter may stabilize, maintain or otherwise affect the market price of the Bonds. As a result, the price of the Bonds may be higher than the price that otherwise might exist in the open market. If these activities are commenced, they may be discontinued by the Underwriter at any time. These transactions may be effected in the over-the-counter market or otherwise.

The Borrower has agreed to indemnify the Underwriter against certain liabilities, including liabilities under the Securities Act.

The information and expressions of opinions herein are subject to change without notice and neither delivery of this Limited Offering Memorandum nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the information provided herein since the date hereof.

The Underwriter and its affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage services. The Underwriter and its affiliates have, from time to time, performed, and may in the future perform, various financial advisory and investment banking services for the Authority and the Borrower for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriter and its affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities, which may include credit default swaps) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the Authority and the Borrower.

The Underwriter and its affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

RATINGS

The Bonds have received from S&P both a long-term rating of “A+” and a short-term rating of “A-1”. Such ratings express only the views of S&P. An explanation of the significance and

status of S&P's ratings may be obtained from such agency. The ratings are not "market" ratings nor a recommendation to buy, sell or hold the Bonds, and the ratings and the Bonds should be evaluated independently. There is no assurance that such ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by S&P, if in its judgment, circumstances so warrant. Any such downward revision or withdrawal of such credit ratings by S&P may have an adverse effect on the market price or marketability of the Bonds. The Borrower undertakes no responsibility either to bring to the attention of the owners of the Bonds any proposed change in or withdrawal of such ratings or to oppose any such revision or withdrawal.

EXEMPTION FROM CONTINUING DISCLOSURE

The Bonds are being offered as part of a limited offering to be sold to no more than 35 purchasers who are "Qualified Institutional Buyers" within the meaning of Rule 144A under the Securities Act of 1933, as amended, each of whom the Underwriter reasonably believes (i) has knowledge and experience in financial and business matters and is capable of evaluating the merits and risks of the Bonds, and (ii) is not purchasing for more than one account or with a view to distributing the Bonds, in minimum denominations of \$100,000 in a transaction exempt from Rule 15c2-12 (the "*Rule*") promulgated by the United States Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended. Accordingly, the Borrower will not provide any continuing or ongoing disclosure with respect to the Bonds or the Borrower to the Trustee or to the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access pursuant to the Rule.

LEGAL MATTERS

Certain legal matters incident to the authorization, issuance and sale of Bonds will be subject to the approving opinion of Orrick, Herrington & Sutcliffe LLP, San Francisco, California, Bond Counsel. A complete copy of the proposed form of the opinion of Bond Counsel for the Bonds is set forth as Appendix C of this Limited Offering Memorandum. Certain legal matters will be passed upon for the Authority by the Office of Honorable Xavier Becerra, Attorney General of the State of California, Sacramento, California; for the Borrower by Morrison Foerster LLP, San Francisco, California; and for the Underwriter and the Remarketing Agent by Norton Rose Fulbright US LLP, New York, New York. Underwriter's Counsel, Remarketing Agent's Counsel, Authority's Counsel, Bond Counsel and Borrower's Counsel undertake no responsibility for the accuracy, completeness or fairness of this Limited Offering Memorandum.

CERTAIN RELATIONSHIPS

Orrick, Herrington & Sutcliffe LLP, Bond Counsel, acts as counsel to the Underwriter, Bank of America, N.A. and the Original Credit Provider in unrelated transactions. Morrison Foerster LLP, Borrower's Counsel, acts as counsel to the Underwriter, Bank of America, N.A. and the Original Credit Provider in unrelated transactions. Norton Rose Fulbright US LLP, Underwriter's counsel, acts as counsel to the Underwriter, Bank of America, N.A. and the Original Credit Provider in unrelated transactions.

MISCELLANEOUS

The attached Appendices (including the documents incorporated by reference therein) are an integral part of this Limited Offering Memorandum and must be read together with the balance of this Limited Offering Memorandum. The foregoing and subsequent summaries or descriptions of provisions of the Bonds, the Indenture, the Loan Agreement and the Remarketing Agreement and all references to other materials not purporting to be quoted in full are only brief outlines of some of the provisions thereof and do not purport to summarize or describe all of the provisions thereof, and statements herein are qualified in their entirety by reference to such documents for full and complete statements of their provisions.

The execution and delivery of this Limited Offering Memorandum has been duly authorized by the Authority and execution and delivery hereof has been approved by the Borrower. The Authority has not provided any of the information in this Limited Offering Memorandum except for the information under the caption "THE AUTHORITY" and the information under the caption "ABSENCE OF MATERIAL LITIGATION – Authority," and makes no representation or warranty, express or implied, as to the accuracy or completeness of any other information in this Limited Offering Memorandum.

CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY

By: /s/ René Webster-Hawkins
Name: René Webster-Hawkins
Title: Executive Director

APPROVED:

RECOLOGY INC.

By: /s/ Mark Lomele
Name: Mark Lomele
Title: Executive Vice President and
Chief Financial Officer

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APPENDIX A

SUMMARY OF PRINCIPAL LEGAL DOCUMENTS

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APPENDIX A

SUMMARY OF PRINCIPAL LEGAL DOCUMENTS

The following are brief summaries of certain provisions of the Indenture and the Loan Agreement, each dated as of September 1, 2018, pertaining to the issuance of the Bonds. These summaries do not purport to be comprehensive or definitive and are qualified in their entirety by reference to the full terms of the respective documents listed below. Capitalized terms not otherwise defined herein have the meaning specified in the respective document.

DEFINITIONS

Unless the context otherwise requires, the following terms in the Indenture and the Loan Agreement have the meanings specified below, to be equally applicable to both their singular and plural forms.

“**Accountant**” means any firm of independent certified public accountants selected by the Borrower.

“**Act**” has the meaning assigned thereto in the recitals.

“**Additional Payments**” means the payments required to be made by the Borrower as described in subsection (c) under the caption “LOAN AGREEMENT – Loan of Proceeds; Repayment Provision – Loan Payments and Payment of Other Amounts,” under the caption “LOAN AGREEMENT – Loan Default Events and Remedies – Agreement to Pay Attorneys’ Fees and Expenses,” and under the caption “LOAN AGREEMENT – Non-Liability of the Authority; Expenses; Indemnification.”

“**Administrative Fees and Expenses**” means the reasonable and necessary expenses incurred by the Authority pursuant to the Loan Agreement or the Indenture and the compensation and expenses paid to or incurred by the Trustee, the Tender Agent, the Bond Registrar, the Remarketing Agent and/or any Paying Agent under the Loan Agreement or the Indenture, which include but are not limited to printing of Bonds, accomplishing transfers or new registration of Bonds, or other charges and other disbursements including those of their respective officers, directors, members, attorneys, agents and employees incurred in and about the administration and execution of the Loan Agreement and the Indenture.

“**Agreement**” or “**Loan Agreement**” means that certain Loan Agreement by and between the Authority and the Borrower, dated as of September 1, 2018 and as it may from time to time be supplemented, modified or amended in accordance with the terms thereof and of the Indenture.

“**Alternate Letter of Credit**” means an alternate irrevocable letter of credit, including, if applicable, a confirming letter of credit, or similar credit facility issued by a commercial bank, savings institution or other financial institution, the terms of which will in all material respects be the same as those of the Letter of Credit then in effect, delivered to the Trustee as described herein under the caption “LOAN AGREEMENT – Special Covenants and Agreements – Letter of Credit” and any extensions, amendments or supplements thereto.

“**Alternate Rate**” means an interest rate equal to the SIFMA Municipal Index plus the number of basis points indicated below for the higher of the short term or long term rating on the Bonds as set by the Rating Agency or Rating Agencies then rating the Bonds:

<u>Short Term Rating</u>	<u>Long Term Rating</u>	<u>Basis Points above SIFMA Municipal Index</u>
A1 or P-1	AAA or Aaa	20
-----	AA- or Aa3	30
A2 or P-2	A- or A3	50
A3 or P-3	BBB- or Baa3	100
Below A3 or P3	Below BBB- or Baa3	Maximum Rate

“**Approving Opinion**” means an opinion of Bond Counsel addressed to the Authority and the Trustee that an action being taken (i) is permitted by the Indenture and not in violation of applicable law, and (ii) will not adversely affect the Tax-exempt status of interest on the Bonds.

“**Authority**” means the California Pollution Control Financing Authority created pursuant to, and as defined in, the Act.

“**Authority Fees**” means the administrative fee of the Authority due on the Issuance Date of the Bonds and which will be \$200,000 with respect to the Bonds.

“**Authorized Denomination**” means \$(i) during any Weekly Interest Rate Period or Term Interest Rate Period of less than one year, \$100,000 or any integral multiple of \$5,000 in excess thereof and (ii) during any Term Interest Rate Period of one year or more, \$5,000 or any integral multiple thereof.

“**Authorized Representative**” means (i) with respect to the Authority, any of the Executive Director of the Authority and any individual or individuals at the time designated to act on behalf of the Authority by a written certificate signed by the Executive Director of the Authority, furnished to the Trustee, the Borrower and the Credit Provider, if any, containing the specimen signature of each such individual; (ii) with respect to the Borrower, the person or persons at the time designated to act on behalf of the Borrower by a written certificate signed by the Borrower, furnished to the Trustee, the Credit Provider, if any, and the Authority, containing the specimen signature of each such person and signed on behalf of the Borrower by its President or Executive Vice President, which certificate may designate an alternate or alternates; and (iii) with respect to the Credit Provider, if any, the person or persons at the time designated to act on behalf of the Credit Provider by a written certificate signed by the Credit Provider, furnished to the Trustee, the Borrower and the Authority, containing the specimen signature of each such person.

“**Available Moneys**” means (1) moneys derived from drawings under a Letter of Credit, (2) moneys provided by the Borrower held by the Trustee in funds and accounts established under the Indenture (except the Rebate Fund or the fund described in that section of the Indenture relating to unclaimed moneys) and subject to the lien of the Indenture for a period of at least 123 consecutive days and not commingled with any moneys so held for less than said period and during and prior to which period no petition in bankruptcy was filed by or against, and no receivership, insolvency, assignment for the benefit of creditors or other similar proceeding has been

commenced by or against the Borrower or the Authority, (3) investment income derived from the investment of moneys described in clause (2) so long as (A) investments of such moneys are in Investment Securities rated by each Rating Agency in any of the two highest long-term rating categories without regard to modifiers or, if applicable, in the highest short-term rating category without regard to modifiers and (B) with respect to such investment earnings there has been delivered to the Trustee an opinion of nationally recognized bankruptcy counsel to the effect that the use of such amounts for such purpose would not constitute a voidable preference under Section 547 of the Bankruptcy Code should the Borrower or the Authority become the debtor in a case under the Bankruptcy Code or (4) proceeds of any refunding bonds issued to refund all or a portion of the Bonds.

“Bank Bonds” means Bonds purchased with moneys obtained by a drawing on a Letter of Credit.

“Bankruptcy Code” means Title 11 of the United States Code, as amended, and any successor statute or statutes having substantively the same function.

“Beneficial Owners” means those individuals, partnerships, corporations or other entities for whom the Direct Participants have caused DTC to hold Book-Entry Bonds.

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

“Bond Fund” means the fund by that name established pursuant to the Indenture.

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

“Bond Payment Date” has the meaning described herein under the caption “LOAN AGREEMENT – Loan of Proceeds; Repayment Provision – Loan Payments and Payment of Other Amounts.”

“Bond Registrar” means the entity or entities performing the duties of the bond registrar pursuant to the Indenture.

“Book-Entry Bonds” means the Bonds registered in the name of the nominee of DTC, or any successor securities depository for such Bonds, as the registered owner thereof pursuant to the terms and provisions of the Indenture.

“Borrower” means Recology Inc., a corporation organized and existing under the laws of the State of California, or any entity which is the surviving, resulting or transferee entity in any merger, consolidation or transfer of assets as described herein under the caption “LOAN AGREEMENT – Special Covenants and Agreements – The Borrower’s Maintenance of Its Existence; Assignments; Permitted Transfers of the Project” and also means, unless the context otherwise requires, a permitted assignee of the Loan Agreement as described herein under

paragraph (d) under the caption “LOAN AGREEMENT – Special Covenants and Agreements – The Borrower’s Maintenance of Its Existence; Assignments; Permitted Transfers of the Project.”

“**Borrower Bonds**” means Bonds purchased with moneys provided by the Borrower as Purchase Price Payments, and not from a draw upon the Letter of Credit.

“**Business Day**” means any day other than (i) a Saturday or Sunday, (ii) a day on which commercial banks in New York, New York, or the city or cities in which the corporate trust office of the Trustee or the Tender Agent, the office of the Remarketing Agent designated by the Remarketing Agent or, if applicable, the office of the Credit Provider at which demands for payment under the Letter of Credit are to be presented are authorized or required by law to close, (iii) a day on which the New York Stock Exchange is closed, or (iv) if a Letter of Credit is in effect, any day not a business day for purposes of the Letter of Credit or the Reimbursement Agreement.

“**Calculation Agent**” means such Calculation Agent as may be selected by the Authority or the Borrower or its successors and assigns.

“**CDLAC**” means the California Debt Limit Allocation Committee.

“**Certificate**,” “**Statement**,” “**Request**,” “**Requisition**” or “**Order**” of the Authority, the Credit Provider or the Borrower means, respectively, a written certificate, statement, request, requisition or order signed on behalf of the Authority by an Authorized Representative of the Authority, in the name of the Borrower by an Authorized Representative of the Borrower, or on behalf of a Credit Provider by an Authorized Representative of the Credit Provider, as applicable. 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 will be read and construed as a single instrument.

“**Code**” means the Internal Revenue Code of 1986, as amended from time to time.

“**Completion Date**” means the earlier of the date of substantial completion of the Project or final disbursement from the Project Fund as that date will be certified as provided under the caption “LOAN AGREEMENT – Issuance of the Bonds; Application of Proceeds – Establishment of Completion Date; Obligation of Borrower to Complete.”

“**Conversion Date**” means each date on which the Interest Rate Period for the Bonds is converted from one type of Interest Rate Period to another type of Interest Rate Period or from a Term Interest Rate Period to another Term Interest Rate Period.

“**Corporate Trust Office**” means, (i) with respect to the Trustee, the office of the Trustee at which at any particular time its corporate trust business with respect to the Bonds shall be principally administered, which office at the date hereof is located in San Francisco, California, or such other office designated by the Trustee from time to time by notice to the Authority, the Borrower, the Credit Provider, if any, and the Remarketing Agent, if any, and (ii) with respect to the Tender Agent, if other than the Trustee, such office designated by the Tender Agent to the Borrower, the Remarketing Agent, if any, and the Credit Provider, if any, as its Corporate Trust Office.

“Costs of Issuance” means costs or expenses directly or indirectly payable by or reimbursable to the Authority or the Borrower and related to the authorization, issuance, sale and delivery of the Bonds, including but not limited to the fees and expenses of the Authority, including its reasonable attorneys’ fees, costs of preparation and reproduction of documents, printing expenses, filing and recording fees, initial fees and charges of the Trustee, legal fees and charges, fees and disbursements of consultants and professionals, rating agency fees, underwriting fee, financial advisor fees, fees and charges for preparation, execution and safekeeping of the Bonds and any other cost, charge or fee in connection with the original issuance of the Bonds which constitutes a “cost of issuance” within the meaning of Section 147(g) of the Code; provided, however, that the Borrower shall not be required to pay the fees and expenses of the Authority’s counsel incurred in connection with the issuance of the Bonds to the extent such fees and expenses are included in the Authority’s Fees.

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

“Costs of the Project” means the sum of the items, or any such item, authorized to be paid from the Project Fund pursuant to the provisions of the Loan Agreement, but will not include any Costs of Issuance.

“Credit Provider” means Wells Fargo Bank, National Association, and any other commercial bank, savings association or other financial institution issuing a Letter of Credit as described herein under the caption “LOAN AGREEMENT – Special Covenants and Agreements – Letter of Credit” and party to a Reimbursement Agreement.

“Daily Interest Rate” means a variable interest rate on all or a portion of the Bonds established daily in accordance with the Indenture.

“Daily Interest Rate Period” means each period of time during which Daily Interest Rates are in effect.

“Determination of Taxability” means the occurrence of any of the following enumerated events:

(A) the issuance of an adverse written determination by the Internal Revenue Service, delivered to the Authority, the Borrower or any Owner or Beneficial Owner of any Bonds (but only if (i) the Borrower has been afforded an opportunity to contest such determination in a writing filed with the Internal Revenue Service, and (ii) the Borrower has decided not to contest such determination or the time for contesting such determination has lapsed without the Borrower taking such action);

(B) the delivery of a Statement of Bond Counsel delivered at the request of the Borrower; or

(C) the delivery of a final judicial decision of a court of competent jurisdiction to (i) one or more Owners or Beneficial Owners of any Bonds in a proceeding in which the Borrower materially participated or (ii) the Authority or the Borrower,

in each case to the effect that the interest paid or to be paid on the Bonds is not Tax-exempt (including determinations under the provisions of Section 150(b)(4) of the Code), or, in the case of (B) above, due to the Internal Revenue Service action or other events that could be asserted by the Internal Revenue Service, the interest paid or to be paid on the Bonds is not Tax-exempt or would not be Tax-exempt but for a redemption of all or portion of the Bonds.

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

“**DTC**” means The Depository Trust Company, New York, New York, a limited purpose trust company organized under the New York banking law, or any successor securities depository for the Bonds.

“**Eligible Account**” means an account that is either (a) maintained with a federal or state-chartered depository institution or trust company that has a Standard & Poor’s short-term debt rating of at least “A-2” (or, if no short-term debt rating, a long-term debt rating of at least “BBB+); or (b) maintained with the corporate trust department of a federal depository institution or state-chartered depository institution subject to regulations regarding fiduciary funds on deposit, which, in either case, has corporate trust powers and is acting in its fiduciary capacity. In the event that an account required to be an “Eligible Account” no longer complies with the requirement, the Trustee should promptly (and, in any case, within not more than 30 calendar days) move such account to another financial institution such that the Eligible Account requirement will again be satisfied.

“**EMMA**” means the MSRB’s Electronic Municipal Market Access system for municipal securities disclosure or any other electronic format or system prescribed by the MSRB for purposes of SEC Rule 15c2-12.

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

“**Event of Default**” means any of the events described herein under the caption “INDENTURE – Events of Default and Remedies of Bondholders – Events of Default; Acceleration; Waiver of Default.”

“**Facility**” or “**Facilities**” will mean a portion of the Project located at one of the Borrower’s divisions or at a location owned or operated by a Participating Affiliate which are separately set forth in an exhibit to the Loan Agreement.

“**Fiscal Year**” means the period beginning on October 1 of each year and ending on the next succeeding September 30, or any other twelve-month, or fifty-two week, period hereafter selected and designated as the official fiscal year period of the Borrower.

“Government Obligations” means the following:

(A) bonds, notes, certificates of indebtedness, treasury bills or other securities constituting direct obligations of, or obligations on which the full and timely payment of principal and interest is fully and unconditionally guaranteed by, the United States of America; and

(B) evidences of direct ownership of a proportionate or individual interest in future interest or principal payments on specified direct obligations of, or obligations for which the full and timely payment of the principal of and interest is unconditionally guaranteed by, the United States of America, which obligations are held by a bank or trust company organized and existing under the laws of the United States of America or any state thereof in the capacity of custodian in form and substance satisfactory to Trustee.

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

“Indenture” means the Indenture, between the Authority and the Trustee, providing for the issuance of the Bonds, as originally executed or as it may from time to time be supplemented, modified or amended by any amendment or Supplemental Indenture.

“Index Interest Rate” means a variable interest rate on all or a portion of the Bonds established in accordance with the Indenture.

“Index Interest Rate Period” means each period of time during which Index Interest Rates are in effect.

“Interest Account” means the account by that name in the Bond Fund established pursuant to the Indenture.

“Interest Payment Date” means (i) during a Variable Interest Rate Period, the first Business Day of each calendar month next succeeding the end of the Interest Period to which such Interest Payment Date relates, (ii) during a Term Interest Rate Period of more than six (6) months, semiannually, commencing with the first day of the calendar month that is six (6) months after the commencement of such Term Interest Rate Period and the first day of each sixth month thereafter until the end of such Term Interest Rate Period, (iii) during a Term Interest Rate Period of six (6) months or less, the Conversion Date that is the Business Day immediately following the last day of such Term Interest Rate Period, (iv) each Conversion Date, and (v) the Principal Payment Date.

“Interest Period” means the period from and including any Interest Payment Date to and including the day immediately preceding the next following Interest Payment Date, except that the first Interest Period will be the period from and including the date of the first authentication and delivery of the Bonds to and including the day immediately preceding the first Interest Payment Date for the Bonds, which for the Bonds is October 1, 2018.

“Interest Rate Period” means a Daily Interest Rate Period, a Weekly Interest Rate Period, an Index Interest Rate Period or a Term Interest Rate Period.

“Investment Securities” means any securities permitted by applicable law as selected by the Borrower in writing to the Trustee, including any of the following securities (other than those issued by the Authority or the Borrower):

- (i) Government Obligations;
- (ii) bonds, notes or other obligations of any state of the United States of America or any political subdivision of any state, which at the time of their purchase are rated in either of the two highest rating categories by a nationally recognized rating service;
- (iii) certificates of deposit or time or demand deposits constituting direct obligations of any bank, bank holding company, savings and loan association or trust company organized under the laws of the United States of America or any state thereof (including the Trustee or any of its affiliates), except that investments may be made only in certificates of deposit or time or demand deposits which are:
 - (A) insured by the Bank Insurance Fund or the Savings Association Insurance Fund of the Federal Deposit Insurance Corporation, or any other similar United States Government deposit insurance program then in existence; or
 - (B) continuously and fully secured by Government Obligations, which have a market value, exclusive of accrued interest, at all times at least equal to the principal amount of such certificates of deposit or time or demand deposits; or

(C) issued by a bank, bank holding company, savings and loan association or trust company under the laws of the United States of America or any state thereof (including the Trustee or any of its affiliates) whose outstanding unsecured long-term debt is rated at the time of issuance in either of the two highest rating categories by a Rating Agency;

(iv) repurchase agreements with any bank, bank holding company, savings and loan association, trust company or other financial institution organized under the laws of the United States of America or any state thereof (including the Trustee or any of its affiliates), that are continuously and fully secured by Government Obligations and that have a market value, exclusive of accrued interest, at all times at least equal to the principal amount of such repurchase agreements, provided that each such repurchase agreement conforms to current industry standards as to form and time, is in commercially reasonable form, is for a commercially reasonable period, results in transfer of legal title to identified Government Obligations that are segregated in a custodial or trust account for the benefit of the Trustee, and further provided that Government Obligations acquired pursuant to such repurchase agreements will be valued at the lower of the then current market value thereof or the repurchase price thereof set forth in the applicable repurchase agreement;

(v) investment agreements constituting an obligation of a bank, bank holding company, savings and loan association, trust company, insurance company or other financial institution whose outstanding unsecured short-term debt is rated at the time of such agreement in the highest rating category by a Rating Agency or whose outstanding unsecured long-term debt is rated at the time of such agreement in either of the two highest rating categories by a Rating Agency;

(vi) short term discount obligations of the Federal National Mortgage Association and the Government National Mortgage Association;

(vii) money market mutual funds (including proprietary money market mutual funds of the Trustee or its affiliates) (A) that invest in Government Obligations or that are registered with the Securities and Exchange Commission, meeting the requirements of Rule 2a-7 under the Investment Company Act of 1940, as amended, and (B) that are rated in either of the two highest categories by a Rating Agency;

(viii) commercial paper of “prime” quality of the highest ranking or of the highest letter and number rating as provided for by S&P, Moody’s or Fitch, Inc. (“**Fitch**”), provided that the issuer of the commercial paper will be organized and operating within the United States of America, will have total assets in excess of \$500,000,000, and will issue debt, other than commercial paper that is rated “A” or higher by S&P, Moody’s or Fitch, and provided further that such commercial paper will have a maximum maturity of 270 days or less; and

(ix) such other investments permitted by law and approved in writing by the Credit Provider, if any.

“**Issuance Date**” means September 6, 2018.

“**Letter of Credit**” means, as applicable, (i) that certain Letter of Credit issued by the Credit Provider, naming the Trustee as beneficiary and delivered on the Issuance Date of the Bonds pursuant to the Reimbursement Agreement; (ii) any irrevocable letter of credit meeting the

requirements described herein under the caption “LOAN AGREEMENT – Special Covenants and Agreements – Letter of Credit,” naming the Trustee as beneficiary and delivered to the Trustee pursuant to the terms of the Loan Agreement on (a) any Conversion Date, (b) any Business Day during a Term Interest Rate Period on which the Bonds are otherwise subject to optional redemption; or (c) any Business Day during a Variable Interest Rate Period, including any extensions, amendments or supplements thereto; and (iii) in the event of delivery of an Alternate Letter of Credit, such Alternate Letter of Credit.

“**Letter of Credit Account**” means the account by that name in the Bond Fund established pursuant to the Indenture.

“**Loan Default Event**” means any one or more of the events described herein under the caption “LOAN AGREEMENT – Loan Default Events and Remedies – Loan Default Events.”

“**Loan Payments**” means the loan repayments required to be made by the Borrower as described herein under the caption “LOAN AGREEMENT – Loan of Proceeds; Repayment Provision – Loan Payments and Payment of Other Amounts.”

“**Maximum Rate**” means the lesser of 12% per annum or the maximum rate permitted by applicable law.

“**Moody’s**” means Moody’s Investors Service, Inc., a corporation organized and existing under the laws of the State of Delaware, its successors and their assigns, or, if such corporation will be dissolved or liquidated or will no longer perform the functions of a securities rating agency, any other nationally recognized securities rating agency designated by the Borrower, with the approval of the Remarketing Agent and the Authority.

“**MSRB**” means the Municipal Securities Rulemaking Board.

“**Net Proceeds of Insurance**” means the proceeds from insurance or from actual or threatened condemnation or eminent domain actions with respect to all or any portion of the Project, less any costs reasonably expended by the Borrower to receive such proceeds.

“**Opinion of Counsel**” means a written opinion of counsel (who may be counsel for the Authority) selected by the Authority.

“**Outstanding**,” when used as of any particular time with reference to Bonds, means (subject to the provisions of the Indenture described herein under the caption “INDENTURE – Miscellaneous – Disqualified Bonds”) all Bonds theretofore, or thereupon being, authenticated and delivered by the Trustee under the Indenture except (1) Bonds theretofore canceled by the Trustee or surrendered to the Trustee for cancellation; (2) Bonds with respect to which liability of the Authority will have been discharged as described herein under the caption “INDENTURE – Defeasance – Discharge of Liability on Bonds,” including Bonds (or portions of Bonds) described herein under the caption “INDENTURE – Miscellaneous – Disqualified Bonds”; and (3) Bonds for the transfer or exchange of or in lieu of or in substitution for which other Bonds will have been authenticated and delivered by the Trustee pursuant to the Indenture.

“Participating Affiliate” means, with respect to the Borrower, each Person (i) that directly or indirectly, through one or more intermediaries or other Persons, controls, or is controlled by, or is under common control with, the Borrower, and (ii) that is itself, or with its affiliates described in clause (i), a “participating party” within the meaning of the Act. For purposes of this definition, a “Person” who is an individual includes the spouse, children or parents of such Person (collectively, “relatives”), and includes any trust of which such Person or his or her relatives is the trustee or a beneficiary. For the purpose of this definition, the “control” of a Person will mean the possession, directly or indirectly, of the power to direct or cause the direction of its management or policies, whether through the ownership of a majority of voting securities or membership interests, as trustee, by contract or otherwise.

“Paying Agent” means the Paying Agent described in the Indenture.

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

“Principal Account” means the account by that name in the Bond Fund established pursuant to the Indenture.

“Principal Payment Date” means, with respect to the Bonds, September 1, 2038.

“Project” means the projects described in an exhibit to the Loan Agreement.

“Project Fund” means the fund by that name established pursuant to the Loan Agreement.

“Purchase Date” means the date on which any Bond is required to be purchased under the provisions of the Indenture for demand purchase of Bonds, mandatory tender for purchase of Bonds or purchase in lieu of optional redemption of Bonds.

“Purchase Price” means that amount equal to 100% of the principal amount of any Bond purchased under the provisions of the Indenture for demand purchase of Bonds, mandatory tender for purchase of Bonds or purchase in lieu of optional redemption of Bonds, plus accrued and unpaid interest thereon to but not including the Purchase Date.

“Purchase Price Payments” means the purchase price payments required to be made by the Borrower pursuant to the provisions of subsection (b) under the caption “LOAN AGREEMENT – Loan of Proceeds; Repayment Provision – Loan Payments and Payment of Other Amounts.”

“Qualified Institutional Buyer” has the meaning ascribed to that term in Securities and Exchange Commission Rule 144(a) adopted under the Securities Act of 1933.

“Qualified Newspaper” means The Wall Street Journal or The Bond Buyer or any other newspaper or journal containing financial news, printed in the English language and customarily published on each Business Day, of general circulation in New York, New York, and selected by the Trustee, whose decision will be final and conclusive and having no liability for such selection.

“Rating Agency” means Moody’s, if Moody’s is then rating the Bonds, S&P, if S&P is then rating the Bonds, or any other nationally recognized securities rating agency selected by the Borrower, with the approval of the Remarketing Agent and the Authority.

“Rebate Amount” means the Rebate Requirement defined in the Tax Agreement.

“Rebate Fund” means the fund by that name created pursuant to the Indenture.

“Rebate Instructions” means those calculations and directions required to be delivered to the Trustee and, if requested, the Authority by the Borrower under the Tax Agreement.

“Record Date” means (i) the Business Day immediately preceding the applicable Interest Payment Date during a Variable Interest Rate Period or a Term Interest Rate Period of six (6) months or less and (ii) the day, whether or not a Business Day, that is the 15th day of the month prior to an Interest Payment Date during any Term Interest Rate Period of more than six (6) months.

“Redemption Account” means the account by that name established in the Bond Fund pursuant to the Indenture.

“Reimbursement Agreement” means the Amended and Restated Credit Agreement, dated as of April 21, 2017, by and among the Borrower, related entities of the Borrower, the financial institutions named in the Reimbursement Agreement as lenders, the financial institutions (including the Credit Provider) identified as issuers of letters of credit under the Reimbursement Agreement, and the financial institution identified therein as administrative Agent for the lenders, as it may be amended or supplemented from time to time, or any other similar reimbursement or letter of credit agreement pursuant to which a Letter of Credit is issued, together with any other documents executed pursuant thereto or in connection therewith or with the related Letter of Credit, as any of the same may be amended, supplemented, restated or replaced from time to time, or any other similar agreements entered into in connection with a Letter of Credit or the issuance of any Alternate Letter of Credit.

“Remarketing Agent” means initially Merrill Lynch, Pierce, Fenner & Smith Incorporated, and its respective successors, and, if and as applicable, any co-Remarketing Agent and its respective successors in such office under the Indenture.

“Remarketing Agreement” means the Remarketing Agreement, dated as of September 1, 2018, between the Borrower and the Remarketing Agent relating to the Bonds or the agreement or instrument pursuant to which a successor Remarketing Agent will perform its services, as it may be supplemented or restated in accordance with its terms.

“Responsible Officer,” when used with respect to the Trustee, means any officer of the Trustee with direct responsibility for the administration of the Indenture.

“Revenues” means all amounts received by the Authority or the Trustee for the account of the Authority pursuant or with respect to the Loan Agreement or the Letter of Credit (if applicable) including, without limiting the generality of the foregoing, Loan Payments (including both timely and delinquent payments and any late charges paid from whatever source), prepayments, insurance

proceeds, condemnation proceeds, and all interest, profits or other income derived from the investment of amounts in any fund or account established pursuant to the Indenture, but not including Authority Fees, Additional Payments, Administrative Fees and Expenses; any moneys paid for deposit into the Rebate Fund as described in subsection (c) under the caption “LOAN AGREEMENT – Loan of Proceeds; Repayment Provision – Loan Payments and Payment of Other Amounts”; Purchase Price Payments as described in subsection (b) under the caption “LOAN AGREEMENT – Loan of Proceeds; Repayment Provision – Loan Payments and Payment of Other Amounts”; or payments received under a Letter of Credit.

“**S&P**” means S&P Global Ratings, a business unit of Standard & Poor’s Financial Services LLC, its successors and their assigns, or, if such entity will be dissolved or liquidated or will no longer perform the functions of a securities rating agency, any other nationally recognized securities rating agency designated by the Borrower, with the approval of the Remarketing Agent and the Authority.

“**Securities Depositories**” means The Depository Trust Company, 55 Water Street, 50th Floor, New York, New York 10041-0099 Attn: Call Notification Department; Fax (212) 855-7232; or, in accordance with then-current guidelines of the Securities and Exchange Commission, such other securities depositories, or no such depositories, as the Borrower may indicate in a certificate of the Borrower delivered to the Trustee.

“**SIFMA Municipal Index**” means, with respect to any date on which an Index Interest Rate is set or any other relevant date of determination, The Securities Industry and Financial Markets Association Municipal Swap Index as published on such date or, if not published on such date, then as published as of the most recent date for which such index was published or such other weekly, high-grade index comprised of seven-day, tax-exempt variable rate demand notes produced by Municipal Market Data, Inc., or its successor, or as otherwise designated by The Securities Industry and Financial Markets Association; provided, however, that, if such index is no longer produced by Municipal Market Data, Inc. or its successor, then “SIFMA Municipal Index” will mean such other reasonably comparable index selected by the Remarketing Agent, in consultation with the Borrower, for tax-exempt state and local government bonds meeting the then-current Securities Industry and Financial Markets Association criteria.

“**State**” means the State of California.

“**Statement of Bond Counsel**” means a written statement of Bond Counsel addressed to the Trustee to the effect that (i) due to Internal Revenue Service action or other events, Bond Counsel is not able on the date of such statement to deliver its opinion that, under present law, interest paid or to be paid on the Bonds is Tax-exempt; or (ii) due to Internal Revenue Service action or other events, Bond Counsel would not be able to deliver its opinion to the effect that the interest paid or to be paid on the Bonds or a portion thereof is Tax-exempt without a redemption of all or a portion of the Bonds.

“**Supplemental Indenture**” means any indenture duly authorized and entered into between the Authority and the Trustee, supplementing, modifying or amending the Indenture; but only if and to the extent that such Supplemental Indenture is specifically authorized under the Indenture.

“Surplus Account” means the account established within the Bond Fund pursuant to the Indenture.

“Tax Agreement” means the Tax Certificate and Agreement of the Borrower and the Authority dated the Issuance Date, as amended, modified or supplemented, pertaining to the Bonds.

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

“Tender Advances” means any payments under a Letter of Credit by Creditor Provider to pay the purchase price of any Bonds being purchased by the Credit Provider following a tender thereof.

“Tender Agent” means initially U.S. Bank National Association, appointed as Tender Agent pursuant to the Indenture and thereafter any successor tender agent appointed pursuant to the Indenture.

“Tender Notice” has the meaning ascribed thereto in the demand purchase provisions of the Indenture.

“Term Interest Rate” means an interest rate on all or a portion of the Bonds established in accordance with the Indenture.

“Term Interest Rate Period” means each fixed period of time during which a Term Interest Rate is in effect.

“Trustee” means U.S. Bank National Association, a national banking association duly organized and existing under the laws of the United States of America, having Corporate Trust Offices in San Francisco, California, or its successor as Trustee under the Indenture.

“Unassigned Authority Rights” means all of the rights of the Authority under the Loan Agreement (i) to receive the Authority Fees and Additional Payments as described in subsection (c) under the caption “LOAN AGREEMENT – Loan of Proceeds; Repayment Provision – Loan Payments and Payment of Other Amounts”; (ii) to be held harmless and indemnified as described under the caption “LOAN AGREEMENT – Non-Liability of the Authority; Expenses; Indemnification”; (iii) rights to inspection and to receive notices, certificates and opinions; (iv) express rights to give approvals, consents or waivers; (v) to give and withhold consent to amendments, changes, modifications and alterations of the Loan Agreement as described under the caption “LOAN AGREEMENT – Miscellaneous – Amendments, Changes and Modifications”; (vi) to require compliance as described under the caption “LOAN AGREEMENT – Loan of Proceeds; Repayment Provision – Amounts Remaining in Funds” and

its right to enforce such rights; and (vii) the obligation of the Borrower to make deposits pursuant to the Tax Agreement.

“Underwriter” means Merrill Lynch, Pierce, Fenner & Smith Incorporated.

“Underwriting Agreement” means the Underwriting Agreement relating to the sale of the Bonds, executed by the Honorable John Chiang, Treasurer of the State, as agent for sale, the Authority, the Underwriter, and the Borrower.

“Variable Interest Rate” means the Daily Interest Rate, the Weekly Interest Rate, and the Index Interest Rate.

“Variable Interest Rate Period” means each period during which a Variable Interest Rate is in effect.

“Weekly Interest Rate” means a variable interest rate on all or a portion of the Bonds established weekly in accordance with the Indenture.

“Weekly Interest Rate Period” means each period during which Weekly Interest Rates are in effect.

INDENTURE

The following is a brief summary of certain provisions of the Indenture. The summary does not purport to be complete or definitive and it is qualified in its entirety by reference to the Indenture, a copy of which is on file with the Trustee.

Interpretation

References to Bonds/holders/Bondholders and Owners. Notwithstanding anything contained in the Indenture or in the Loan Agreement to the contrary, while Bonds bear interest in different Interest Rate Periods or are otherwise designated as separate subseries, the terms “Bonds,” “Holders,” “Bondholders,” and “Owners” will mean only the Bonds, Holders, Bondholders and Owners of the applicable subseries of Bonds bearing interest in such particular Interest Rate Period or that have been otherwise designated as separate subseries, as the context may require.

References to Credit Provider/Letter of Credit/Reimbursement Agreement. Notwithstanding anything contained in the Indenture or in the Loan Agreement to the contrary, provisions referencing the Credit Provider, the Reimbursement Agreement, and any Letter of Credit will be deemed to apply only to Bonds (or any subseries thereof), if any, delivered in the Daily Interest Rate Period, the Weekly Interest Rate Period or the Term Interest Rate Period, the payment of principal, Purchase Price and interest on which has been secured by a Credit Provider pursuant to a Letter of Credit.

References to Remarketing Agent/Remarketing Agreement. Notwithstanding anything contained in the Indenture or in the Loan Agreement to the contrary, provisions referencing the Remarketing Agent and/or the Remarketing Agreement will be deemed to apply only to Bonds (or any subseries thereof) for which a Remarketing Agent has been appointed and a Remarketing Agreement is in effect.

The Bonds

Transfer of Bonds; Restrictions on Transfer. Subject to the provisions described in the Indenture, including without limitation the following subsections, any Bond may, in accordance with its terms, be transferred pursuant to the Indenture.

No Bond will be transferred except to a Qualified Institutional Buyer in an Authorized Denomination. Each registered owner of or beneficial owner of a Bond agrees by purchase of the Bond to abide by these limitations. In addition, the Underwriter will not deposit the Bonds in any trust or account under its control and sell any shares, participatory interests or certificates in such trust or account, and any initial purchaser of the Bonds from the Underwriter or any purchaser of Bonds from the Remarketing Agent will not deposit the Bonds in any trust or account under its control, the majority of the assets of which constitute the Bonds, and sell any shares, participatory interests or certificates in such trust or account except to Qualified Institutional Buyers in Authorized Denominations.

Revenues; Funds and Accounts; Payment of Principal and Interest

Project Fund.

Under the Indenture, the Trustee will establish the Project Fund. The moneys in the Project Fund will be held by the Trustee in trust and applied to the payment and/or reimbursement of the Costs of the Project.

Before each payment is made from the Project Fund by the Trustee, there is required to be filed with the Trustee a requisition conforming to the requirements of the Indenture and the Loan Agreement.

Each such requisition will be sufficient evidence to the Trustee of the facts stated therein and the Trustee will have no duty to confirm the accuracy of such facts. Upon receipt of each such requisition, signed by an Authorized Representative of the Borrower, the Trustee will pay the amount set forth therein as directed by the terms thereof.

Upon the receipt by the Trustee of a certificate conforming with the requirements of the Loan Agreement, and after payment of costs payable from the Project Fund or provision having been made for payment of such costs not yet due by retaining such costs in the Project Fund or otherwise as directed in such certificate, the Trustee will transfer any remaining balance in the Project Fund into a separate account within the Bond Fund, which the Trustee will establish and hold in trust, and which will be entitled the "Surplus Account" and the Trustee will close the Project Fund. The moneys in the Surplus Account will be used and applied at the written direction of the Borrower (unless some other application of such moneys is requested by the Borrower and would not, in the opinion of Bond Counsel delivered to the Trustee and the Authority, cause interest on the Bonds to become no longer Tax-exempt) for the following purposes in the following order: (1) for transfer to the Credit Provider to pay the redemption price of any Bank Bonds then outstanding; (2) to reimburse the Credit Provider with respect to any unreimbursed draw on the Letter of Credit made for the redemption of Bonds in Authorized Denominations, to the maximum degree permissible, and at the earliest possible dates at which the Bonds can be redeemed pursuant to the Indenture; or (3) to redeem Bonds in Authorized Denominations, and at the earliest possible dates at which the Bonds can be redeemed pursuant to the Indenture. Notwithstanding the provisions described under the caption "INDENTURE— Revenues; Funds and Accounts; Payment of Principal and Interest – Investment of Moneys," the moneys in the Surplus Account will be invested at the written instruction of the Borrower at a yield no higher than the yield on the Outstanding Bonds (unless, in the opinion of Bond Counsel delivered to the Trustee and the Authority, investment at a higher yield would not cause interest on the Bonds to become no longer Tax-exempt), and all such investment income will be deposited in the Surplus Account and expended or reinvested as provided above.

In the event of redemption of all the Bonds pursuant to the Indenture or an Event of Default which causes acceleration of the Bonds, any moneys then remaining in the Project Fund will be transferred to the Bond Fund and all moneys in the Bond Fund will be used to reimburse the Credit Provider for draws on the Letter of Credit so used to redeem Bonds or to redeem Bonds if there is no Letter of Credit or there is a default under the Letter of Credit.

Costs of Issuance Fund.

Under the Indenture, the Trustee will establish and hold in trust the Costs of Issuance Fund. The Trustee will apply moneys in the Costs of Issuance Fund (constituting Bond proceeds) to pay Costs of Issuance of the Bonds upon a requisition filed with the Trustee signed by an Authorized Representative of the Borrower. Any money remaining in the Costs of Issuance Fund six months following the applicable Issuance Date will be transferred to the Project Fund upon written direction by the Borrower and the Costs of Issuance Fund will be closed.

Pledge and Assignment; Bond Fund.

(A) Subject only to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in the Indenture, all of the Revenues and any other amounts held in the Bond Fund, the Project Fund and the Cost of Issuance Fund are pledged to secure the full payment of the principal of, and premium, if any, and interest on, the Bonds in accordance with their terms and the provisions of the Indenture and thereafter to secure any amounts due from the Borrower to the Credit Provider pursuant to the Reimbursement Agreement with respect to any Letter of Credit. Subject only to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in the Indenture, all proceeds of the remarketing of Bonds pursuant to the Indenture, all proceeds of draws under the Letter of Credit pursuant to the Indenture, and all Purchase Price Payments pursuant to the provisions described in subsection (b) under the caption “LOAN AGREEMENT – Loan of Proceeds; Repayment Provision – Loan Payments and Payment of Other Amounts,” are pledged to secure the full payment of the Purchase Price of the Bonds in accordance with their terms and the provisions of the Indenture. Notwithstanding any other provision of the Indenture, the benefits under any Letter of Credit or Alternate Letter of Credit shall apply only to the Bonds for which such Letter of Credit or Alternate Letter of Credit was issued; moneys in the unclaimed moneys fund created by the Indenture into which Purchase Price payments on Bonds not presented for purchase will be held solely for the benefit of the former holders of Bonds as provided in the Indenture. Said pledge will constitute a lien on and security interest in such assets and will attach and be valid and binding from and after delivery by the Trustee of the Bonds, without any physical delivery thereof or further act.

(B) The Authority transfers in trust, and assigns to the Trustee, for the benefit of the Holders from time to time of the Bonds, and thereafter any Credit Provider, all of the Revenues and other assets pledged in the provisions described in subsection (A) of this section and all of the right, title and interest of the Authority in the Loan Agreement (except for Unassigned Authority Rights). The Trustee will be entitled to and will collect and receive all of the Revenues, and any such Revenues collected or received by the Authority will be deemed to be held, and to have been collected or received, by the Authority as the agent of the Trustee and will forthwith be paid by the Authority to the Trustee. The Trustee also will be entitled to and will take all steps, actions and proceedings reasonably necessary in its judgment to enforce all of the rights of the Authority (except for Unassigned Authority Rights) and all of the obligations of the Borrower under the Loan Agreement.

(C) All Revenues will be promptly deposited by the Trustee upon receipt thereof in a special fund designated as the Bond Fund which the Trustee will establish, maintain and hold in

trust. Except as otherwise as described under the caption “INDENTURE – Revenues; Funds and Accounts; Payment of Principal and Interest – Allocation of Revenues,” all moneys received by the Trustee and required to be deposited in the Redemption Account will be promptly deposited in the Redemption Account, which the Trustee will establish, maintain and hold in trust as described under said caption. All Revenues deposited with the Trustee will be held, disbursed, allocated and applied by the Trustee only as provided in the Indenture.

(D) Subject to paragraph (A) under the caption “INDENTURE – Revenues; Funds and Accounts; Payment of Principal and Interest – Priority of Moneys in Bond Fund; Letter of Credit Account,” any amount held by the Trustee in the Bond Fund on the due date for a Loan Payment under the Loan Agreement will be credited against the installment due on such date to the extent available for such purpose under the terms of the Indenture and the Loan Agreement.

Allocation of Revenues. Subject to paragraph (A) under the caption “INDENTURE – Revenues; Funds and Accounts; Payment of Principal and Interest – Priority of Moneys in Bond Fund; Letter of Credit Account,” on or before any date on which interest or principal (whether at maturity, or by redemption or acceleration) is due, the Trustee will transfer funds from the Bond Fund and deposit into the following respective accounts (each of which the Trustee is directed and agrees to establish and maintain within the Bond Fund), the following amounts, in the following order of priority, the requirements of each such account (including the making up of any deficiencies in any such account resulting from lack of Revenues sufficient to make any earlier required deposit) at the time of deposit to be satisfied before any transfer is made to any account subsequent in priority:

First: to the Interest Account, the aggregate amount of interest becoming due and payable on the next succeeding Interest Payment Date or date of redemption of all Bonds then Outstanding, until the balance in said account is equal to said aggregate amount of interest.

Second: to the Principal Account, the amount paid by the Borrower and designated as or attributable to principal on the Bonds in the most recent Loan Payment equal to the aggregate amount of principal due on the next succeeding Interest Payment Date.

Third: to the Redemption Account, the aggregate amount of principal and premium next coming due by acceleration or by redemption permitted or required under the Indenture, or any portion thereof paid by the Borrower.

Priority of Moneys in Bond Fund; Letter of Credit Account.

(A) Funds for the payment of the principal or redemption price of and interest on the Bonds will be derived from the following sources in the order of priority indicated in each of the accounts in the Bond Fund; provided however, that amounts in the respective accounts in the Bond Fund will be used to pay when due (whether upon redemption, purchase, acceleration, Interest Payment Date, maturity or otherwise) the principal or redemption price of and interest on the Bonds held by Holders other than the Credit Provider or the Borrower prior to the payment of the principal and interest on the Bonds held by the Credit Provider or the Borrower:

(1) moneys paid into the Letter of Credit Account of the Bond Fund from a draw by the Trustee under any Letter of Credit applicable to such Bonds;

(2) moneys paid into the Interest Account, if any, representing accrued interest received at the initial sale of the Bonds and proceeds from the investment thereof which will be applied to the payment of interest on such Bonds;

(3) moneys paid into the Bond Fund as described in paragraph (B) under the caption “INDENTURE – Defeasance – Discharge of Indenture,” and proceeds from the investment thereof which constitute Available Moneys;

(4) any other moneys (other than from draws on the Letter of Credit) paid into and deposited in the Bond Fund and proceeds from the investment thereof, which, while a Letter of Credit is then in effect, constitute Available Moneys;

(5) any other moneys paid into and deposited in the Bond Fund by the Borrower and proceeds from the investment thereof, which are not Available Moneys; and

(6) any other moneys paid into and deposited into the Bond Fund and proceeds from the investment thereof, which are not Available Moneys.

When a Letter of Credit is in effect, the Trustee will create within the Bond Fund a separate account called the “Letter of Credit Account,” into which all moneys drawn under the Letter of Credit (other than moneys drawn pursuant to the Indenture to pay the Purchase Price of tendered Bonds) will be deposited and disbursed. Neither the Borrower nor the Authority will have any rights to or interest in the Letter of Credit Account. The Letter of Credit Account will be established and maintained by the Trustee and held in trust apart from all other moneys and securities held under the Indenture or otherwise, and over which the Trustee will have the exclusive and sole right of withdrawal for the exclusive benefit of the Holders of the Bonds with respect to which such drawing was made. No moneys from the Letter of Credit Account may in any circumstance be used to pay principal or interest on any Bank Bonds or Borrower Bonds.

When notified by the Borrower in writing of the intent to create Available Moneys, the Trustee will establish within the Interest Account, Principal Account or Redemption Account one or more subaccounts to facilitate the calculation of the aging of moneys deposited with the Trustee until they become Available Moneys.

(B) (1) The Trustee will draw moneys under a Letter of Credit in accordance with the terms thereof in an amount necessary to make timely payments of principal of, premium, if any, and interest on, the Bonds, other than Bonds owned by or for the account of the Authority, Borrower or the Credit Provider, on each Interest Payment Date and when due whether at maturity, redemption, acceleration or otherwise. In addition, the Trustee will draw moneys under the Letter of Credit in accordance with the terms thereof to the extent necessary to make timely payments of the Purchase Price required to be made pursuant to, and in accordance with, the Indenture.

(2) After making a drawing under a Letter of Credit which has been honored, the Trustee will, to the extent not otherwise reimbursed pursuant to the Reimbursement Agreement, reimburse the Credit Provider for the amount of the drawing using moneys, if any, contained in:

- (a) the Interest Account, if the drawing was to pay interest on the Bonds enhanced by such Letter of Credit;
- (b) the Principal Account, if the drawing was to pay principal on the Bonds enhanced by such Letter of Credit;
- (c) the Redemption Account, if the drawing was to redeem Bonds enhanced by such Letter of Credit.

(C) If at any time there will have been delivered to the Trustee an Alternate Letter of Credit pursuant to the Loan Agreement, then the Trustee will accept such Alternate Letter of Credit and promptly surrender the then held Letter of Credit to the Credit Provider, in accordance with the terms of such Letter of Credit, for cancellation. If at any time there will cease to be any Bonds Outstanding under the Indenture, the Trustee will immediately surrender the Letter of Credit to the Credit Provider, in accordance with the terms of the Letter of Credit, for cancellation. The Trustee will comply with the procedures set forth in the Letter of Credit relating to the termination thereof.

(D) If at any time the Trustee has made a drawing on a Letter of Credit for principal of, or premium, if any, or interest due on the Bonds, and the Credit Provider has failed to make payment within the time specified in the Letter of Credit or the Letter of Credit has been repudiated, the Trustee will notify the Borrower by telephone promptly confirmed in writing and request payment of the amount described in subsection (a) under the caption “LOAN AGREEMENT – Loan of Proceeds; Repayment Provision – Loan Payments and Payment of Other Amounts,” in immediately available funds by 12:45 p.m. (New York City time) on the Bond Payment Date (as defined under said caption). The Trustee agrees to give a similar notice with respect to a drawing on the Letter of Credit for Purchase Price described in the Indenture.

Letter of Credit. If a Letter of Credit is in effect, then the Trustee will, upon written direction of the Authority and the Borrower, hold and maintain such Letter of Credit for the benefit of the Bondholders that are enhanced by such Letter of Credit until such Letter of Credit expires in accordance with its terms or is replaced by an Alternate Letter of Credit. The Trustee, subject to the provisions of the Indenture, will enforce all terms, covenants and conditions of any Letter of Credit, including payment when due of any draws on the Letter of Credit, and the provisions relating to the payment of draws on, and reinstatement of amounts that may be drawn under, the Letter of Credit, and will not consent to, agree to or permit any amendment or modification of the Letter of Credit which would materially adversely affect the rights or security of the Holders of the Bonds. If at any time during the term of a Letter of Credit any successor Trustee will be appointed and qualified under the Indenture, the resigning or removed Trustee will request that the Credit Provider transfer the Letter of Credit to the successor Trustee. If the resigning or removed Trustee fails to make this request, the successor Trustee will do so before accepting appointment. When a Letter of Credit expires in accordance with its terms or is replaced by an Alternate Letter of Credit, the Trustee will immediately surrender the Letter of Credit to the Credit Provider. The Loan Agreement provides that, prior to the commencement of the first Interest Rate Period after the termination of a Letter of Credit, the Borrower will cause an Approving Opinion to be furnished, addressed to the Authority and to the Trustee.

To the extent that any payment has been made to a Bondholder with funds provided by a draw upon a Letter of Credit for which the Credit Provider has not been reimbursed pursuant to the Reimbursement Agreement, the following provisions will apply notwithstanding any other provision of the Indenture to the contrary. The Credit Provider will be subrogated to the rights of such Bondholder. Any such payment will not extinguish any payment obligation to the Bondholder, but will effect a purchase by the Credit Provider of the payment right of the Bondholder, and the Credit Provider will be considered a Bondholder with respect thereto. To the extent that any such payment is made to pay principal on a Bond, such Bond will be registered in the name of the Credit Provider on the registration books of DTC, with respect to Book-Entry Bonds, or will be registered in the name of the Credit Provider and delivered to the Credit Provider or an agent designated by the Credit Provider, and will be given all of the rights accorded a Bank Bond under the Indenture.

Investment of Moneys. All moneys in any of the funds or accounts established pursuant to the Indenture will be invested by the Trustee as specifically directed in writing by the Borrower or its agent, solely in Investment Securities. Notwithstanding any other provision of the Indenture, in the absence of written direction of the Borrower, the Trustee by noon of the second Business Day preceding the day when investments are to be made, the Trustee is directed to invest available funds in the money market mutual fund to be designated in writing by the Borrower to the Trustee prior to the Issuance Date, or should such designation not have been made or such designated fund be unavailable, the Trustee will hold such funds uninvested. The Trustee will not be liable for any consequences resulting from any investments made pursuant to the preceding sentence. The Trustee will be entitled to rely conclusively upon the Borrower's investment directions as to the fact that each such investment meets the criteria of the Indenture.

Investment Securities may be purchased at such prices as the Trustee may be directed by the Borrower or its agent electronically or in writing. All Investment Securities will be acquired subject to the limitations set forth in the accounting provisions of the Indenture, the limitations as to maturities set forth below and such additional limitations or requirements consistent with the foregoing as may be established by written request of the Borrower.

Except as otherwise described in this paragraph, moneys in all funds and accounts will be invested in Investment Securities maturing not later than the date on which such moneys will be required for the purposes specified in the Indenture. Notwithstanding anything else described in this section, any moneys in the Interest Account, the Principal Account or the Redemption Account held for the payment of particular Bonds (prior to the payment or redemption date thereof) will be invested at the written direction of the Borrower in direct obligations of the United States of America or bonds or other obligations guaranteed by the United States government or for which the full faith and credit of the United States of America is pledged for the full and timely payment of principal and interest thereof (or mutual funds consisting of such obligations which are rated in the highest rating category by each Rating Agency), rated in the highest rating category applicable to such investments which mature not later than the date on which it is estimated that such moneys will be required to pay such Bonds (but in any event maturing in not more than 30 days). Investments of moneys in the Rebate Fund are also subject to the provisions of the Tax Agreement. Moneys in the Letter of Credit Account, remarketing proceeds, and moneys held for non-presented Bonds in accordance with the Indenture will be held uninvested.

All interest, profits and other income received from the investment of moneys in any fund established pursuant to the Indenture and allowed to be invested in accordance herewith will be deposited in the fund from which such investment was made. Notwithstanding anything to the contrary described in this paragraph, an amount of interest received with respect to any Investment Security equal to the amount of accrued interest, if any, paid as part of the purchase price of such Investment Security will be credited to the fund from which such accrued interest was paid. To the extent that any Investment Securities are registrable, such Investment Securities will be registered in the name of the Trustee or its nominee.

For the purpose of determining the amount in any fund, all Investment Securities credited to such fund will be valued at the lesser of cost or par value plus, prior to the first payment of interest following purchase, the amount of accrued interest, if any, paid as a part of the purchase price.

Subject to the tax covenants of the Indenture, investments in any and all funds and accounts (other than moneys representing the proceeds of a draw on a Letter of Credit or held in the Letter of Credit Account, remarketing proceeds, Available Moneys, moneys being aged to become Available Moneys, moneys in the Rebate Fund or moneys held for the payment of particular Bonds (including moneys held for non-presented Bonds or held for defeasance of the Bonds pursuant to the Indenture) may be commingled for purposes of making, holding and disposing of investments, notwithstanding provisions of the Indenture for transfer to or holding in particular funds and accounts amounts received or held by the Trustee under the Indenture, provided that the Trustee will at all times account for such investments strictly in accordance with the funds and accounts to which they are credited and otherwise as provided in the Indenture. Subject to the accounting provisions of the Indenture, any moneys invested in accordance with the provisions described in this section may be invested in a pooled investment account consisting solely of funds held by the Trustee as a fiduciary. The Authority and the Borrower (by its execution of the Loan Agreement) acknowledge that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the Authority or the Borrower the right to receive brokerage confirmations of security transactions as they occur, the Authority and the Borrower specifically waive receipt of such confirmations to the extent permitted by law. Upon request the Trustee will furnish the Borrower and the Authority cash transaction statements detailing investment transactions made by the Trustee. The Trustee may act as principal or agent in the making or disposing of any investment. The Trustee may sell or present for redemption any Investment Securities so purchased whenever it will be necessary to provide moneys to meet any required payment, transfer, withdrawal or disbursement from the fund to which such Investment Security is credited, and the Trustee will not be liable or responsible for any loss or tax resulting from such investment.

Rebate Fund. The Trustee will establish and maintain the Rebate Fund separate from any other fund established and maintained under the Indenture. The Trustee will deposit funds into and disburse funds from the Rebate Fund as directed in writing by the Borrower in accordance with the terms of the Indenture and the Tax Agreement. Moneys in the Rebate Fund neither will be pledged to nor are expected to be used to pay debt service on the Bonds.

Particular Covenants

Punctual Payment. The Authority will punctually pay or cause to be paid the principal, premium, if any, and interest to become due in respect of all the Bonds, in strict conformity with the terms of the Bonds and of the Indenture, according to the true intent and meaning thereof, but only out of Revenues and other assets specifically pledged for such payment as provided in the Indenture. When and as paid in full, all Bonds, if any, will be delivered to the Trustee, will forthwith be canceled and destroyed, and a certificate of such destruction will thereafter be delivered to the Authority upon its request therefor.

Extension of Payment of Bonds. The Authority will not directly or indirectly extend or assent to the extension of the maturity of any of the Bonds or the time of payment of any claims for interest by the purchase or funding of such Bonds or claims for interest or by any other arrangement and in case the maturity of any of the Bonds or the time of payment of any such claims for interest will be extended, such Bonds or claims for interest will not be entitled, in case of any default under the Indenture, to the benefits of the Indenture, except subject to the prior payment in full of the principal of all of the Bonds then Outstanding and of all claims for interest thereon which will not have been so extended. Nothing described in this section limits the right of the Authority to issue bonds for the purpose of refunding any Outstanding Bonds, and such issuance will not be deemed to constitute an extension of maturity of Bonds. The provisions described in this section do not apply if the maturity of all of the Bonds is extended in accordance with the provisions described in subsection (A) under the caption “INDENTURE – Modification or Amendment of the Indenture and the Loan Agreement – Amendments Permitted.”

Against Encumbrances. The Authority will not create, or permit the creation of, any pledge, lien, charge or other encumbrance upon the Revenues and other assets specifically pledged or assigned under the Indenture while any of the Bonds are Outstanding, except the pledge and assignment created by the Indenture. Subject to this limitation, the Authority 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.

Accounting Records and Reports. The Trustee will keep or cause to be kept proper books of record and account in which complete and correct entries will be made of all transactions made by the Trustee relating to the receipt, investment, disbursement, allocation and application of the Revenues and the proceeds of the Bonds. Such records will specify the account or fund to which each investment (or portion thereof) held by the Trustee is to be allocated and will set forth, in the case of each Investment Security, (a) its purchase price, (b) identifying information, including principal amount, interest rate, and payment dates, (c) the amount received at maturity or its sale price, as the case may be, (d) the amounts and dates of any payments made with respect thereto, and (e) to the extent provided to it, such documentation as is required to be retained by the Trustee as evidence to establish any requirements set forth in the Tax Agreement. Such records will be open to inspection by any Holder, the Borrower, the Authority and the Credit Provider at any reasonable time during regular business hours on reasonable notice.

Arbitrage Covenants.

(A) The Authority will not take any action, or fail to take any action, if such action or failure to take such action on a matter of which the Authority has actual knowledge would adversely affect the exclusion from gross income of the interest payable on the Bonds under Section 103 of the Code. Without limiting the generality of the foregoing, the Authority will comply with the requirements of the Tax Agreement. The covenants of the Authority in this section are made solely in reliance on the representations and the covenants of the Borrower set forth in the Loan Agreement and the Tax Agreement.

(B) The Borrower will pay, or cause to be paid, from time to time all amounts required to be rebated to the United States pursuant to Section 148(f) of the Code and any temporary, proposed or final regulations promulgated thereunder as may be applicable to the Bonds from time to time. Such covenant will survive payment in full or defeasance of such Bonds. The Borrower will pay or cause to be paid on behalf of the Authority to the United States at the times and in the amounts determined pursuant to the Indenture the Rebate Amount, as described in the Tax Agreement. The Trustee agrees to comply with all written Rebate Instructions of the Borrower given pursuant to the Tax Agreement; provided, however, that the Borrower will be responsible for such Rebate Instructions complying with the Tax Agreement. The Trustee will not be responsible for any and all calculations set forth in the Rebate Instructions.

(C) The Trustee conclusively will be deemed to have complied with the provisions described in subsection (B) above if it follows the Rebate Instructions and directions of the Borrower set forth in the instructions required by the Tax Agreement and will not be required to take any action under the provisions described in this subsection (B) in the absence of such directions from the Borrower. The Trustee will not be liable for any consequences resulting from its failure to act if no Rebate Instructions from the Borrower (or in the absence of Borrower Rebate Instructions, instructions from the Authority) are delivered to it.

(D) Notwithstanding any provision described in this section, if the Borrower will provide to the Trustee, the Credit Provider and the Authority an opinion of Bond Counsel that any action required under the provisions described in this section or the section of the Indenture relating to rebate is no longer required, or that some further action is required to maintain the Tax-Exempt status of interest on the Bonds, the Trustee and the Authority may rely conclusively on such opinion in complying with the requirements described in this section, and the covenants contained in the Indenture will be deemed to be modified to that extent.

Events of Default and Remedies of Bondholders

Events of Default; Acceleration; Waiver of Default. Each of the following events which has occurred and is continuing will constitute an “Event of Default” under the Indenture:

(A) default in the due and punctual payment of the principal of, or premium (if any) on, any Bond, whether at maturity as therein expressed, by proceedings for redemption, by declaration or otherwise;

(B) default in the due and punctual payment of any installment of interest on, or the Purchase Price of, any Bond;

(C) failure by the Authority to comply with the provisions of the Act relating to the Bonds or the Project or with any of its covenants under the Indenture or in the Bonds, and the continuation of such failure for a period of 90 days after written notice thereof, specifying such default and requiring the same to be remedied, will have been given to the Authority, any Credit Provider, and the Borrower by the Trustee, or to the Authority, the Borrower and the Trustee by the Holders of not less than 66⅔% in aggregate principal amount of the Bonds at the time Outstanding;

(D) the occurrence and continuance of a Loan Default Event; or

(E) if applicable, receipt by the Trustee of written notice from any Credit Provider stating that either (i) an Event of Default (as defined in the Reimbursement Agreement) has occurred under the Reimbursement Agreement and directing the Trustee to accelerate the Bonds (and certifying that the Credit Provider has not directed the Trustee to give notice of mandatory tender for the Bonds under subsection (iv) of “THE BONDS — Mandatory Tender for Purchase of Bonds” above), or (ii) the interest component of a Letter of Credit will not be reinstated by the Credit Provider.

No default specified in (C) above will constitute an Event of Default unless the Authority or the Borrower on behalf of the Authority to the extent permitted in the Indenture, will have failed to correct such default within the applicable period; provided, however, that if the default will be such that it cannot be corrected within such period, it will not constitute an Event of Default if corrective action is instituted by the Authority or the Borrower (or the Credit Provider on its behalf) within the applicable period and diligently pursued in the sole but reasonable determination of the Credit Provider. With regard to any alleged default concerning which notice is given to the Borrower under the provisions described in this section, the Authority grants the Borrower (or the Credit Provider on its behalf) full authority for the account of the Authority to perform any covenant or obligation the non-performance of which is alleged in said notice to constitute a default in the name and stead of the Authority with full power to do any and all things and acts to the same extent that the Authority could do and perform any such things and acts and with power of substitution.

During the continuance of an Event of Default described in (A), (B), or (D) above, unless the principal of all the Bonds will have already become due and payable, the Trustee may, and upon the written request of the Holders of not less than 66⅔% (100% in the case of an Event of Default described in (C) above) in aggregate principal amount of the Bonds at the time Outstanding or upon the occurrence of an Event of Default described in (E) above, the Trustee will, unless the Credit Provider has directed mandatory tender of the Bonds under subsection (iv) of “THE BONDS — Mandatory Tender for Purchase of Bonds” above, promptly upon such occurrence, by notice in writing to the Authority, the Borrower and any Credit Provider, declare the principal of all the Bonds then Outstanding, and the interest accrued thereon, to be due and payable immediately, and upon any such declaration the same will become and will be immediately due and payable, anything in the Indenture or in the Bonds contained to the contrary notwithstanding. Upon any such declaration, the Trustee will promptly draw upon any then-existing Letter of Credit in accordance with the terms thereof and apply the amount so drawn to pay the principal of and interest on the Bonds enhanced by such Letter of Credit declared to be due and payable and will take such enforcement action under the Loan Agreement as the Trustee will deem appropriate.

Interest on the Bonds will cease to accrue as of the date of the declaration of acceleration. The Trustee will promptly notify the Bondholders of the date of acceleration and the cessation of accrual of interest on the Bonds in the same manner as for a notice of redemption.

The preceding paragraph, however, is subject to the condition that if, at any time after the principal of the Bonds will have been declared due and payable because of the occurrence of a default specified in (A), (B), (C), or (D) above, and before any judgment or decree for the payment of the moneys due will have been obtained or entered as described below, and before the Letter of Credit has been drawn upon in accordance with its terms and honored, there will have been deposited with the Trustee a sum sufficient to pay (which payment will be made with Available Moneys if a Letter of Credit is in effect) all the principal of the Bonds matured prior to such declaration and all matured installments of interest (if any) upon all the Bonds, with interest on such overdue installments of principal at the rate of interest then borne by the Bonds, and the reasonable fees and expenses of the Trustee, and any and all other defaults known to the Trustee (other than in the payment of principal of and interest on the Bonds due and payable solely by reason of such declaration) will have been made good or cured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate will have been made therefor, then, and in every such case, the Holders of at least a majority in aggregate principal amount of the Bonds then Outstanding, by written notice to the Authority and to the Trustee, may, on behalf of the Holders of all the Bonds, rescind and annul such declaration and its consequences and waive such default; provided the Trustee shall have received written notice from the Credit Provider that the Letter of Credit has been reinstated in full; but no such rescission and annulment will extend to or will affect any subsequent default, or will impair or exhaust any right or power consequent thereon. Notwithstanding any other provision of the Indenture, but subject to the provisions described in paragraph (A) under the caption “INDENTURE – The Trustee, the Paying Agent, the Bond Registrar, the Tender Agent, and the Remarketing Agent – Duties, Immunities and Liabilities of the Trustee and Bond Registrar,” “– Liability of Trustee” and “– Compensation and Indemnification” the Trustee may not exercise any remedy in the event of an Event of Default described in paragraphs (A) through (D) under the caption “INDENTURE – Events of Default and Remedies of Bondholders – Events of Default; Acceleration; Waiver of Default,” without the written consent of the Credit Provider, so long as a Letter of Credit is in effect and the Credit Provider has not wrongfully failed to make a payment thereunder; except that the Trustee may exercise any and all remedies under the Indenture and the Loan Agreement (except acceleration) to collect any fees, expenses and indemnification from the Borrower without obtaining the consent of the Credit Provider.

Institution of Legal Proceedings by Trustee. Subject to the provisions described under the caption “INDENTURE – Events of Default and Remedies of Bondholders – Events of Default; Acceleration; Waiver of Default,” if one or more of the Events of Default will happen and be continuing, the Trustee in its discretion may, and upon the written request of the Holders of 66 $\frac{2}{3}$ % in aggregate principal amount of the Bonds then Outstanding and upon being indemnified to its satisfaction therefor pursuant to the Indenture will, proceed to protect or enforce its rights or the rights of the Holders of Bonds under the Act or under the Indenture, the Loan Agreement or the Letter of Credit, if any, by a suit in equity or action at law, either for the specific performance of any covenant or agreement contained in the Indenture or therein, or in aid of the execution of any power in the Indenture or therein granted, or by mandamus or other appropriate proceeding for the

enforcement of any other legal or equitable remedy as the Trustee will deem most effectual in support of any of its rights or duties under the Indenture or thereunder.

Application of Revenues and Other Funds After Default. If an Event of Default will occur and be continuing, all Revenues and any other funds then held or thereafter received by the Trustee under any of the provisions of the Indenture (subject to the tax covenants and rebate fund provisions of the Indenture, and subject to the provisions described under the caption “INDENTURE – Miscellaneous – Liability of Authority Limited to Revenues”) will be promptly applied by the Trustee as follows and in the following order:

(A) To the payment of reasonable fees, charges and expenses of the Trustee and the Authority (including reasonable fees and disbursements of its legal counsel) incurred in and about the performance of its powers and duties under the Indenture (provided, however, that no moneys in the Letter of Credit Account of the Bond Fund may be used to pay such expenses) and then to the payment of any expenses necessary to protect the interests of the Holders of the Bonds; and

(B) To the payment of the principal of and interest then due on the Bonds (upon presentation of the Bonds to be paid, and stamping thereon of the payment if only partially paid, or surrender thereof if fully paid) subject to the provisions of the Indenture (including the provisions described under “INDENTURE – Particular Covenants – Extension of Payment of Bonds”), as follows:

(1) Unless the principal of all of the Bonds will have become or have been declared due and payable,

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

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

(2) If the principal of all of the Bonds will have become or have been declared due and payable, to the payment of the principal and interest then due and unpaid upon the Bonds, with interest on the overdue principal at the rate borne by the Bonds, and, if the amount available will not be sufficient to pay in full the whole amount so due and unpaid, then to the payment thereof ratably, without preference or priority of principal over interest, or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or preference;

provided, however, that (i) in no event will moneys derived from drawings under a Letter of Credit, moneys set aside to pay principal or interest on any particular Bonds (including moneys held for non-presented Bonds or held for the defeasance of Bonds pursuant to the Indenture), or the proceeds from remarketing of the Bonds be used to pay any of the items listed in clause (A) of this section, and (ii) Available Moneys and moneys being aged to become Available Moneys will not be used to pay any of the items listed in clause (A) of this section, until all amounts have been paid under the provisions described in clause (B) of this section.

(3) Third: To reimburse the Credit Provider for any and all amounts due to the Credit Provider under the Reimbursement Agreement.

Whenever the principal of, premium, if any, and interest on, all Bonds have been paid under the provisions of the Indenture and all fees, expenses and charges of the Trustee have been paid, any balance remaining under the Indenture will be paid in the order of priority described under the caption “INDENTURE – Defeasance – Discharge of Indenture.”

Trustee to Represent Bondholders. The Trustee is irrevocably appointed (and the successive respective Holders of the Bonds, by taking and holding the same, will be conclusively deemed to have so appointed the Trustee) as trustee and true and lawful attorney-in-fact of the Holders of the Bonds for the purpose of exercising and prosecuting on their behalf such rights and remedies as may be available to such Holders under the provisions of the Bonds, the Indenture, the Loan Agreement, the Letter of Credit, the Act and applicable provisions of any other law. Subject to the provisions described under the caption “INDENTURE – Events of Default and Remedies of Bondholders – Events of Default; Acceleration; Waiver of Default,” upon the occurrence and continuance of an Event of Default or other occasion giving rise to a right in the Trustee to represent the Bondholders, the Trustee in its discretion may, and upon the written request of the Holders of not less than 66 $\frac{2}{3}$ % in aggregate principal amount of the Bonds then Outstanding, and upon being indemnified to its satisfaction, will, proceed to protect or enforce its rights or the rights of the Holders by such appropriate action, suit, mandamus or other proceedings as it will 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 in the Indenture, or in aid of the execution of any power in the Indenture granted, or for the enforcement of any other appropriate legal or equitable right or remedy vested in the Trustee or in the Holders under the Indenture, the Loan Agreement, the Letter of Credit, the Act or any other law; and upon instituting such proceeding, the Trustee will be entitled, as a matter of right, to the appointment of a receiver of the Revenues and other assets pledged under the Indenture, pending such proceedings. All rights of action under the Indenture or the Bonds or otherwise may be prosecuted and enforced by the Trustee without the possession of any of the Bonds or the production thereof in any proceeding relating thereto, and any such suit, action or proceeding instituted by the Trustee will be brought in the name of the Trustee for the benefit and protection of all the Holders of the Bonds, subject to the provisions of the Indenture (including the provisions relating to the extension of the payment of Bonds).

Bondholders’ Direction of Proceedings. Anything in the Indenture to the contrary notwithstanding, but subject to the provisions described in (i) paragraph (A) under the caption “INDENTURE – The Trustee, the Paying Agent, the Bond Registrar, the Tender Agent and the Remarketing Agent – Duties, Immunities and Liabilities of the Trustee and Bond Registrar,” (ii)

paragraphs (A) and (D) under the caption “INDENTURE – The Trustee, the Paying Agent, the Bond Registrar, the Tender Agent and the Remarketing Agent – Liability of the Trustee,” (iii) paragraph (B) under the caption “INDENTURE – The Trustee, the Paying Agent, the Bond Registrar, the Tender Agent and the Remarketing Agent – Compensation and Indemnification,” and (iv) the caption “INDENTURE – Miscellaneous – Rights of Credit Provider,” during an Event of Default, the Holders of 66 ⅔% in aggregate principal amount of the Bonds then Outstanding will have the right, by an instrument or concurrent instruments in writing executed and delivered to the Trustee, to direct the method of conducting all remedial proceedings permitted to be taken by the Trustee under the Indenture, provided that such direction will not be otherwise than in accordance with law and the provisions of the Indenture, and that the Trustee will have the right to decline to follow any such direction which in the opinion of the Trustee would be unjustly prejudicial to Bondholders not parties to such direction or for which it has not been provided indemnity reasonably satisfactory to it.

Limitation on Bondholders’ Right to Sue. Subject to the provisions described under the caption “INDENTURE – Events of Default and Remedies of Bondholders – Absolute Obligation of Authority,” no Holder of any Bond will 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 the Indenture, the Loan Agreement, any Letter of Credit, the Act or any other applicable law with respect to such Bond, unless (1) such Holder will have given to the Trustee written notice of the occurrence of an Event of Default; (2) the Holders of not less than 66 ⅔% in aggregate principal amount of the Bonds then Outstanding will have made written request upon the Trustee to exercise the powers granted in the Indenture or to institute such suit, action or proceeding in its own name; (3) subject to the provisions described in (i) paragraph (A) under the caption “INDENTURE – The Trustee, the Paying Agent, the Bond Registrar, the Tender Agent and the Remarketing Agent – Duties, Immunities and Liabilities of the Trustee and Bond Registrar,” (ii) paragraphs (A) and (D) under the caption “INDENTURE – The Trustee, the Paying Agent, the Bond Registrar, the Tender Agent and the Remarketing Agent – Liability of Trustee” and (iii) paragraph (B) under the caption “INDENTURE – The Trustee, the Paying Agent, the Bond Registrar, the Tender Agent and the Remarketing Agent – Compensation and Indemnification,” such Holder or said Holders will have tendered to the Trustee indemnity reasonably satisfactory to it against the costs, expenses and liabilities to be incurred in compliance with such request; and (4) the Trustee will have refused or omitted to comply with such request for a period of 60 days after such written request will have been received by, and said tender of indemnity will have been made to, the Trustee.

Such notification, request, tender of indemnity and refusal or omission are declared, in every case, to be conditions precedent to the exercise by any Holder of Bonds of any remedy under the Indenture or under law; it being understood and intended that no one or more Holders of Bonds will have any right in any manner whatever by such Holders’ action to affect, disturb or prejudice the security of the Indenture or the rights of any other Holders of Bonds, or to enforce any right under the Indenture, the Loan Agreement, any Letter of Credit, the Act or other applicable law with respect to the Bonds, except in the manner provided in the Indenture, and that all proceedings at law or in equity to enforce any such right will be instituted, had and maintained in the manner provided in the Indenture and for the benefit and protection of all Holders of the Outstanding Bonds, subject to the provisions of the Indenture (including the provisions of the Indenture relating to the extension of payment of Bonds).

Absolute Obligation of Authority. Subject to the provisions described under the caption “INDENTURE – Miscellaneous – Liability of Authority Limited to Revenues,” nothing in the Indenture (except the requirement for authentication by the Trustee), or in the Bonds, contained will affect or impair the obligation of the Authority, which is absolute and unconditional, to cause to be paid the principal of, and the premium, if any, and interest on, the Bonds to the respective Holders of the Bonds at their date of maturity, or upon call for redemption, as provided in the Indenture, but only out of the Revenues and other assets pledged in the Indenture therefor, or affect or impair the right of such Holders, which is also absolute and unconditional, to enforce such payment by virtue of the contract embodied in the Bonds.

Termination of Proceedings. In case any proceedings taken by the Trustee, the Credit Provider, if any, or any one or more Bondholders on account of any Event of Default will have been discontinued or abandoned for any reason or will have been determined adversely to the Trustee, the Credit Provider, if any, or the Bondholders, then in every such case the Authority, the Trustee, the Credit Provider, if any, and the Bondholders, subject to any determination in such proceedings, will be restored to their former positions and rights under the Indenture, severally and respectively, and all rights, remedies, powers and duties of the Authority, the Trustee, the Credit Provider, if any, and the Bondholders will continue as though no such proceedings had been taken.

Remedies Not Exclusive. No remedy conferred in the Indenture upon or reserved to the Trustee, the Credit Provider, if any, or to the Holders of the Bonds is intended to be exclusive of any other remedy or remedies, and each and every such remedy, to the extent permitted by law, will be cumulative and in addition to any other remedy given under the Indenture or existing at law or in equity or otherwise.

No Waiver of Default. No delay or omission of the Trustee, the Credit Provider, if any, or of any Holder of the Bonds to exercise any right or power arising upon the occurrence of any default will impair any such right or power or will be construed to be a waiver of any such default or an acquiescence therein; and every power and remedy given by the Indenture to the Trustee, the Credit Provider, if any, or to the Holders of the Bonds may be exercised from time to time and as often as may be deemed expedient.

Consent of Credit Provider to Defaults. The provisions described in this paragraph apply only if a Letter of Credit is in effect. Notwithstanding any other provision of the Indenture described under the caption “INDENTURE – Events of Default and Remedies of Bondholders,” and subject to the provisions of the Indenture described under the caption “INDENTURE – The Trustee and the Bond Registrar – Duties, Immunities and Liabilities of Trustee and Bond Registrar,” and “Compensation and Indemnification,” so long as the Credit Provider is not continuing wrongfully to dishonor drawings under the Letter of Credit, no Event of Default will be declared pursuant to subsection (A), (B), (C) or (D) of the provisions of the Indenture described under the caption “INDENTURE – Events of Default and Remedies of Bondholders – Events of Default; Acceleration; Waiver of Default,” (except in a case resulting from the failure of the Borrower to pay the Trustee’s and the Authority’s fees and expenses or to indemnify the Trustee and the Authority, to the extent required under the Indenture) , nor any remedies exercised with respect to any Event of Default (other than acceleration as described under the caption “INDENTURE – Events of Default and Remedies of Bondholders – Events of Default;

Acceleration; Waiver of Default,” upon an Event of Default under subsection (E) as described under the caption “INDENTURE – Events of Default and Remedies of Bondholders – Events of Default; Acceleration; Waiver of Default,”) by the Trustee or by the Bondholders (except in a case resulting from the failure of the Borrower to pay the Trustee’s fees and expenses or to indemnify the Trustee, to the extent required under the Indenture) and no Event of Default under the Indenture will be waived by the Trustee or the Bondholders to the extent it may otherwise be permitted hereunder, without, in any case, the prior written consent of the Credit Provider and, in the case of waiver of an Event of Default under subsection (E) as described under the caption “INDENTURE – Events of Default and Remedies of Bondholders – Events of Default; Acceleration; Waiver of Default,” rescission in writing by the Credit Provider of any notice of an event of default under the Reimbursement Agreement and (if applicable) reinstatement of the interest component of the Letter of Credit. No Event of Default can be waived, in any circumstance, unless the Trustee has received written notice from the Credit Provider that the Letter of Credit, if any, has been fully reinstated and is in full force and effect.

The Trustee and the Bond Registrar

Duties, Immunities and Liabilities of Trustee and Bond Registrar.

(A) The Trustee and the Bond Registrar will, prior to an Event of Default, and after the curing or waiver of all Events of Default which will have occurred, perform such duties and only such duties as are specifically set forth in the Indenture. The Trustee will, upon notice of and thereafter during the existence of any Event of Default (which has not been cured or waived), exercise such of the rights and powers vested in it by the Indenture, and use the same degree of care and skill in their exercise, as prudent persons would exercise or use under the circumstances in the conduct of their own affairs. Notwithstanding any other provision of the Indenture, the Trustee will perform all duties required of it under the Indenture.

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

(1) Prior to such an Event of Default under the Indenture and after the curing of all Events of Default which may have occurred,

(a) the duties and obligations of the Trustee and the Bond Registrar, as the case may be, will be determined solely by the express provisions of the Indenture, the Trustee and Bond Registrar, as the case may be, will not be liable except for the performance of such duties and obligations as are specifically set forth in the Indenture, and no implied covenants, duties or obligations will be read into the Indenture against the Trustee and the Bond Registrar, as the case may be; and

(b) in the absence of bad faith, the Trustee or the Bond Registrar, as the case may be, may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon any certificate or opinion furnished to the Trustee or the Bond Registrar, as the case may be, conforming to the requirements of the Indenture; but in the case of any such certificate or opinion which by any provision of the Indenture is specifically required to

be furnished to the Trustee or the Bond Registrar, as the case may be, the Trustee or the Bond Registrar, as the case may be, will be under a duty to examine the same to determine whether or not it conforms to the requirements of the Indenture; and

(2) [Reserved.]

None of the provisions contained in the Indenture will require the Trustee or the Bond Registrar to expend or risk its own funds or otherwise incur individual financial liability in the performance of any of its duties or in the exercise of any of its rights or powers other than to notify the Authority in writing that it intends to take no particular action or to notify the Bondholders that it will take no action. All indemnifications and releases from liability granted in the Indenture to the Trustee or the Bond Registrar will extend to the directors, officers, employees and agents of the Trustee and the Bond Registrar.

(B) The Authority may remove the Trustee at any time, upon its own decision, and will remove the Trustee at any time upon written request of the Borrower (provided there is no Loan Default Event existing under the Loan Agreement), or if at any time requested to do so by an instrument or concurrent instruments in writing signed by the Holders of not less than a majority in aggregate principal amount of the Bonds then Outstanding (or their attorneys duly authorized in writing) or if at any time the Authority will receive notice from the Trustee or the Borrower that the Trustee will have ceased to be eligible in accordance with the provisions described in subsection (E) of this section, or will have become incapable of acting, or will have been adjudged bankrupt or insolvent, or a receiver of the Trustee or its property will have been appointed, or any public officer will have taken 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 the Authority will appoint, at the written direction of the Borrower, a successor Trustee by an instrument in writing.

(C) The Trustee may at any time resign by giving 30 days written notice of such resignation to the Borrower and the Authority. Upon receiving such notice of resignation, the Authority will promptly appoint, at the direction of the Borrower (provided there is no Loan Default Event existing under the Loan Agreement), a successor Trustee by an instrument in writing. The successor Trustee will provide the Bondholders notice of the Trustee's resignation by mail at the address shown on the registration books maintained by DTC. If the Trustee has given such notice of resignation the Trustee may petition any court of competent jurisdiction for the appointment of a temporary successor Trustee to serve as Trustee until a successor Trustee has been duly appointed. The Trustee will not be relieved of its duties until such successor Trustee has accepted appointment. The Trustee's right to indemnification and reimbursement of outstanding fees and expenses (to the extent provided in the Indenture) survive the Trustee's resignation.

(D) Any removal or resignation of the Trustee pursuant to (B) or (C) above and appointment of a successor Trustee will become effective only upon acceptance of appointment by the successor Trustee and the transfer to such successor Trustee of the Letter of Credit, if any, then in effect with respect to the Bonds or any portion thereof. If no successor Trustee will have been appointed and have accepted appointment within 45 days of giving notice of removal or notice of resignation as aforesaid, the resigning Trustee or any Bondholder (on behalf of itself and all other Bondholders) may, at the expense of the Borrower, 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 the Indenture will signify its acceptance of such appointment by executing and delivering to the Borrower, the Authority and to its predecessor Trustee a written acceptance thereof, and thereupon such successor Trustee, without any further act, deed or conveyance, will 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 under the Indenture; but, nevertheless at the written request of the Authority, the Borrower or the successor Trustee, such predecessor Trustee will 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 the Indenture and will pay over, transfer, assign and deliver to the successor Trustee any money or other property subject to the trusts and conditions in the Indenture set forth upon payment of the predecessor Trustee's fees and expenses (including its counsel fees and expenses) required to be paid to the predecessor Trustee. Upon the written request of the Borrower or the successor Trustee, the Authority will 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 described in this subsection, such successor Trustee will mail a notice of the succession of such Trustee to the trusts under the Indenture to each Rating Agency which is then rating the Bonds, to the Bondholders at the addresses shown on the registration books maintained by the Trustee, and to any Credit Provider.

(E) Any Trustee appointed as described in this section in succession to the Trustee will be a trust company, bank or corporation having the powers of a trust company which either (i) has a combined capital and surplus of at least \$50,000,000, and is subject to supervision or examination by federal or state authority or (ii) is a wholly owned subsidiary of a bank, trust company or bank holding company meeting, on an aggregate basis, the tests set out in clause (i). If such bank, trust company or corporation publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purpose of this subsection the combined capital and surplus of such bank, trust company or corporation will be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. The Trustee or the bank, trust company or bank holding company of which the Trustee is a wholly owned subsidiary will have a short-term credit rating from Moody's of at least "P-3" (or if the entity does not have a short term credit rating, a long term credit rating of at least "Baa") or from S&P a short term credit rating of at least A-2 (or if the entity does not have a short term credit rating, a long term credit rating of BBB+) or otherwise be acceptable to each Rating Agency then rating the Bonds. In case at any time the Trustee will cease to be eligible in accordance with the provisions described in this subsection (E), the Trustee will resign immediately in the manner and with the effect described in this section and a successor Trustee will be appointed and accept such appointment within 30 days.

(F) The Trustee is not responsible for effecting, maintaining or renewing any policies of insurance of the Borrower or for any representations regarding the sufficiency of any policy of insurance of the Borrower and shall not be responsible for monitoring or reviewing any policy of

insurance of the Borrower or be obligated to file claims or proofs of loss in the case of insurance on the Borrower.

(G) [Reserved].

(H) Subject to the provisions of the Indenture relating to rebate and the deposit of moneys and securities for the defeasance of Bonds, all moneys received by the Trustee and the Tender Agent will, until used or applied as provided in the Indenture, be held in trust for the purposes for which they were received and, except as provided below, need not be segregated from other funds. Moneys representing the proceeds of draws on the Letter of Credit or held in the Letter of Credit Account, all Available Moneys, all remarketing proceeds, all moneys being aged to become Available Moneys, all moneys held for the payment of particular Bonds and otherwise to the extent required by law or by the Indenture will be held by the Trustee and the Tender Agent in separate and segregated accounts as provided in the Indenture. The Trustee and the Tender Agent will be under no liability for interest on any moneys received by them under the Indenture except as provided in the Indenture. Any moneys held by the Trustee or the Tender Agent will be invested as provided in the Indenture.

(I) [Reserved].

(J) The Trustee may employ agents or attorneys to transact or concur in transacting any business and to do or concur in doing any acts required to be done by the Trustee and will not be responsible for the misconduct or negligence of any such agent appointed with due care.

Liability of Trustee.

(A) The recitals of facts in the Indenture and in the Bonds contained will be taken as statements of the Authority, and the Trustee will assume no responsibility for the correctness of the same, or make any representations of the validity or sufficiency of the Indenture or of the Bonds. In addition, the Trustee will assume no responsibility with respect to the Indenture or the Bonds other than in connection with the duties or obligations assigned to or imposed upon the Trustee in the Indenture or in the Bonds. The Trustee will, however, be responsible for its representations contained in its certificate of authentication on the Bonds. The Trustee will not be liable in connection with the performance of its duties under the Indenture, except for its own negligence or willful misconduct. The Trustee may become the Holder of Bonds with the same rights it would have if it were not Trustee and, to the extent permitted by law, may act as depositary for and permit any of their 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 Bondholders, whether or not such committee will represent the Holders of a majority in aggregate principal amount of the Bonds then Outstanding.

The Trustee may execute any of the trusts or powers set forth in the Indenture and perform the duties required of it under the Indenture by or through attorneys, agents, or receivers, and will be entitled to the advice of counsel selected by it concerning all matters of trusts and its duties in the Indenture.

(B) The Trustee will not be liable for any error of judgment made in good faith by a Responsible Officer, director or employee unless it will be proved that the Trustee was negligent in ascertaining the pertinent facts.

(C) The Trustee will not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the written direction of the Holders of not less than 50% in aggregate principal amount of the Bonds at the time Outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee under the Indenture.

(D) The Trustee will be under no obligation to exercise any of the rights or powers vested in it by the Indenture at the request, order or direction of any of the Bondholders pursuant to the provisions of the Indenture unless such Bondholders will have offered to the Trustee security or indemnity satisfactory to it against the costs, expenses and liabilities which may be incurred therein or thereby.

(E) The Trustee will 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 the Indenture.

(F) Except for Events of Default described in paragraphs (A) and (B) under the caption “INDENTURE – Events of Default and Remedies of Bondholders – Events of Default; Acceleration; Waiver of Default,” the Trustee will not be deemed to have knowledge of any default or Event of Default under the Indenture unless and until a Responsible Officer of the Trustee has actual knowledge thereof, or will have received written notice thereof, at its Corporate Trust Office. Except as otherwise expressly provided in the Indenture, the Trustee will not be bound to ascertain or inquire as to the performance or observance of any of the terms, conditions, covenants or agreements in the Indenture or of any of the documents executed in connection with the Bonds, or of the existence of a default or Event of Default thereunder. The Trustee will not be responsible for the validity or effectiveness of any security interest in collateral given to or held by it.

(G) The Trustee will have no responsibility, opinion or liability with respect to any information statement or recital found in any official statement or other disclosure material, prepared or distributed with respect to the issuance of the Bonds, except for information provided by the Trustee.

(H) The permissive right of the Trustee to do things enumerated in the Indenture will not be construed as a duty.

(I) It is the purpose of the provisions described in this subsection (I) that there will be no violation of any law of any jurisdiction (including particularly the law of the State) denying or restricting the right of banking corporations or associations to transact business as Trustee in such jurisdiction. It is recognized that in case of litigation under the Indenture or the Loan Agreement, and in particular in case of the enforcement thereof in an Event of Default, or in case the Trustee deems that by reason of any present or future law of any jurisdiction it may not exercise or hold any of the powers, rights, remedies, duties, obligations, claims, demands, causes of action, immunities, estates, titles, interests, or liens in the Indenture or therein granted to or vested in the Trustee or hold title to the properties, in trust, as granted in the Indenture, or take any other action

which may be desirable or necessary in connection therewith (collectively, the “**powers, duties, and interests of the Trustee**”), the Trustee may appoint, with the consent of the Authority, an additional institution as a separate or co-Trustee, in which event all of such powers, duties, and interests expressed or intended by the Indenture or the Loan Agreement to be exercised by or vested in or conveyed to the Trustee with respect thereto will be exercisable by and vest in such separate or co-Trustee, but only the extent necessary to enable such separate or co-Trustee to exercise such powers, duties, and interests and every covenant and obligation necessary to the exercise thereof by such separate or co-Trustee will run to and be enforceable by either of them.

Should any deed, conveyance, or instrument in writing from the Authority be required by the separate or co-Trustee so appointed by the Trustee, with the consent of the Authority, for more fully and certainly vesting in and confirming to it such powers, duties, and interests of the Trustee, any and all such deeds, conveyances, and instruments in writing will, on request, be executed, acknowledged, and delivered by the Authority. In case any separate or co-Trustee, or a successor to either, will become incapable of acting, resign, or be removed, all the powers, duties, and interests of such separate or co-Trustee, so far as permitted by law, will vest in and be exercised by the Trustee until the appointment of a new Trustee or successor to such separate or co-Trustee, with the consent of the Authority. Any co-Trustee appointed by the Trustee may be removed by the Trustee, in which case all powers, duties, and interests vested in such co-Trustee will again vest in the Trustee as if no such appointment of a co-Trustee had been made.

Notwithstanding any provision to the contrary in the Indenture, the Borrower will not be liable to any Trustee or successor Trustee for any costs, fees or expenses incurred in connection with the appointment of any separate or co-Trustee or, without the express prior written approval of the Borrower, in connection with any duties or actions undertaken by such appointed separate or co-Trustee, and such appointed separate or co-Trustee will be subject to the same terms and conditions, and entitled to the same benefits, of the Indenture as applicable to any Trustee or successor Trustee.

(J) No Trustee, Paying Agent, Calculation Agent, Tender Agent or Bond Registrar will incur any liability for not performing any act or fulfilling any duty, obligation or responsibility under the Indenture by reason of any occurrence beyond the control of such Trustee, Paying Agent, Calculation Agent, Tender Agent or Bond Registrar (including, but not limited to, any act or provision of any present or future law or regulation or governmental authority, any act of God or war, civil unrest, local or national disturbance or disaster, any act of terrorism, or the unavailability of the Federal Reserve Bank wire or facsimile or other wire or communication facility).

Compensation and Indemnification.

(A) The Trustee, the Tender Agent, the Calculation Agent, the Paying Agent and the Bond Registrar will be entitled to compensation as agreed to in writing from time to time between the Trustee (or the Tender Agent, the Calculation Agent, the Paying Agent or the Bond Registrar, as the case may be) and the Borrower for all services rendered by them in the execution of the trusts created and in the exercise and performance of any of the powers and duties under the Indenture of the Trustee, the Tender Agent, the Paying Agent or the Bond Registrar, as the case may be, which compensation will not be limited by any provision of law in regard to the compensation of a trustee of an express trust, and the Borrower will pay or reimburse the Trustee,

the Tender Agent, the Calculation Agent, the Paying Agent or the Bond Registrar, as the case may be, upon its request for reasonable out-of-pocket expenses, disbursements and advances incurred or made by the Trustee, the Tender Agent, the Calculation Agent, the Paying Agent or the Bond Registrar, as the case may be, in accordance with any of the provisions of the Indenture (including the reasonable compensation and the expenses and disbursements of its counsel and of all persons not regularly in its employ) except any such expense, disbursement or advance as may arise from its negligence or willful misconduct. If any property, other than cash, will at any time be held by the Trustee, the Tender Agent, the Calculation Agent, the Paying Agent or the Bond Registrar, as the case may be, subject to the Indenture, or any Supplemental Indenture, as security for the Bonds, the Trustee, the Tender Agent, the Paying Agent or the Bond Registrar, as the case may be, if and to the extent authorized by a receivership, bankruptcy or other court of competent jurisdiction or by the instrument subjecting such property to the provisions of the Indenture as such security for the Bonds will be entitled to make advances for the purpose of preserving such property or of discharging tax liens or other prior liens or encumbrances thereon. The Borrower has also agreed to indemnify the Trustee, the Tender Agent, the Calculation Agent, the Paying Agent or the Bond Registrar, as the case may be, for, and to hold it harmless against, any loss, liability, expense or advance incurred or made without negligence or willful misconduct on the part of the Trustee, the Tender Agent, the Calculation Agent, the Paying Agent or the Bond Registrar, as the case may be, arising out of or in connection with the acceptance or administration of the trust of the Indenture, including the costs and expenses of defending itself against any claim of liability that does not amount to negligence or willful misconduct (including reasonable attorneys' fees and expenses). Notwithstanding the foregoing, the Trustee will make timely payments of principal of and interest on the Bonds with moneys on deposit in the Bond Fund as provided in the Indenture, will make timely draws on a Letter of Credit as provided in the Indenture and will accelerate the payment of principal on the Bonds when required by the Indenture without seeking any prior indemnification from the Borrower or any Bondholder. The rights of the Trustee, the Tender Agent, the Calculation Agent, the Paying Agent and the Bond Registrar to compensation for their services and to payment or reimbursement for expenses, disbursements, liabilities and advances, to the extent provided in the Indenture, will have priority over the Bonds in respect of all property and funds held or collected by the Trustee as such, except for moneys held in the Rebate Fund, proceeds of a drawing under the Letter of Credit or held in the Letter of Credit Account, Available Moneys, moneys being aged to become Available Moneys, remarketing proceeds, and other funds held in trust by the Trustee or the Tender Agent, as the case may be, for the benefit of the Holders of particular Bonds, including, without limitation, (i) moneys or securities held pursuant to the Indenture as described herein under the caption "INDENTURE – Defeasance"; and (ii) moneys or securities held for the payment of Bonds upon maturity or redemption and prior to the presentation of such Bonds.

(B) The Trustee will be under no obligation to institute any suit or take any remedial proceeding under the Indenture, or to enter any appearance in or in any way defend any suit in which it may be made defendant, or to take any steps in the execution of the trusts created by the Indenture or in the exercise of any rights or powers under the Indenture at the request, order or direction of any Holders of Bonds or otherwise (except declaring the principal of and interest on the Bonds to be due immediately under the Indenture, drawing on a Letter of Credit, or making payment when due on the Bonds) until it will be indemnified to its satisfaction against any and all reasonable costs and expenses, outlays, and counsel fees and other disbursements and against all liability not due to its negligence or willful misconduct, provided, however, that if the Trustee intends to seek indemnification pursuant to the provisions described in this section prior to

instituting any such action it will so inform the Holders (as appropriate), the Authority and any Credit Provider in writing as soon as possible and provided further that the Borrower will not be liable for any settlement of any such action without its consent, which consent will not be unreasonably withheld.

(C) The rights, privileges, protections, immunities and benefits given to the Trustee, including, without limitation, its right to be indemnified, are extended to, and will be enforceable by, the Trustee in each of its capacities under the Indenture, and each agent, custodian and other Person employed to act under the Indenture.

(D) The rights of the Trustee, the Tender Agent, the Calculation Agent, the Paying Agent and Bond Registrar under this section will survive the resignation and removal of the Trustee, the Tender Agent, the Calculation Agent, the Paying Agent and Bond Registrar and discharge of the Indenture or payment of the Bonds.

Appointment and Duties of Remarketing Agent.

The Borrower will appoint the Remarketing Agent for the Bonds, all subject to the conditions set forth in Indenture and in the Remarketing Agreement. The Remarketing Agent will designate to the Trustee its principal office and signify its acceptance of the duties and obligations imposed on it under the Indenture by a written instrument of acceptance delivered to the Borrower, the Authority and the Trustee under which the Remarketing Agent will agree to perform the obligations of the Remarketing Agent set forth in the Indenture and under which the Remarketing Agent will agree to keep such books and records as will be consistent with prudent industry practice and to make such books and records available for inspection by the Authority, the Trustee, the Credit Provider and the Borrower at all reasonable times. The Remarketing Agent will determine the interest rates on the Bonds and perform the other duties provided for in the Indenture and will remarket Bonds as provided in the Indenture. The Remarketing Agent will hold all moneys delivered to it in trust in non-commingled funds for the benefit of the person or entity which will have so delivered such moneys until such moneys are delivered to the Trustee as provided in the Indenture. The Remarketing Agent may for its own account or as broker or agent for others deal in Bonds and may do anything any other Holder may do to the same extent as if the Remarketing Agent were not serving as such.

A Remarketing Agent may resign by notifying the Authority, the Trustee, the Tender Agent, the Borrower and any Credit Provider in writing at least 30 days before the effective date of such resignation. The Borrower may remove the Remarketing Agent at any time on 15 days' notice at its own discretion and appoint a successor by notifying the Remarketing Agent, the Credit Provider, the Authority and the Trustee. No removal of the Remarketing Agent by the Borrower will be effective unless a successor has been appointed.

The Authority, with the advice of the Borrower, at its option, may appoint to serve with the Remarketing Agent, one or more co-Remarketing Agents; provided that all interest rate determinations will be made by the Remarketing Agent and not a co-Remarketing Agent. In the event of appointment of a co-Remarketing Agent, any such co-Remarketing Agent will be subject to the Indenture.

Modification or Amendment of the Indenture and the Loan Agreement

Amendments Permitted.

(A) Subject to subsection (B), the Indenture and the rights and obligations of the Authority and of the Holders of the Bonds and of the Trustee may be modified or amended from time to time and at any time by an indenture or indentures supplemental to the Indenture, which the Authority and the Trustee may enter into when the written consent of the Borrower, the Credit Provider and the Holders of a majority in aggregate principal amount of all Bonds then Outstanding (or, in lieu thereof, of any Credit Provider as provided in the Indenture). No such modification or amendment will (1) extend the fixed maturity of any Bond, or reduce the amount of principal thereof, or change the rights of optional and mandatory tender or extend the time of payment, or change the method of computing the rate of interest thereon or create a privilege or priority of any Bond over any other Bond, or extend the time of payment of interest thereon, in each case, without the consent of the Holder of each Bond so affected, or (2) reduce the aforesaid percentage of Bonds the consent of the Holders of which is required to effect any such modification or amendment, or (3) permit the creation of any lien on the Revenues and other assets pledged under the Indenture prior to or on a parity with the lien created by the Indenture, or (4) deprive the Holders of the Bonds of the lien created by the Indenture on such Revenues and other assets (except as expressly provided in the Indenture), without the consent of the Holders of all of the Bonds (or applicable subseries thereof) then Outstanding and receipt by the Trustee of an Approving Opinion. It will not be necessary for the consent of the Bondholders to approve the particular form of any Supplemental Indenture, but it will be sufficient if such consent will approve the substance thereof. Promptly after the execution by the Authority and the Trustee of any Supplemental Indenture as described in this subsection (A), the Trustee will mail a notice, setting forth in general terms the substance of such Supplemental Indenture, to each Rating Agency then rating the Bonds, the Remarketing Agent and the Holders of the Bonds at the addresses shown on the registration books of the Trustee. Any failure to give such notice, or any defect therein, will not, however, in any way impair or affect the validity of any such Supplemental Indenture. Notwithstanding anything to the contrary contained in the Indenture, any modifications or amendments to the Indenture that require the consent of Holders of Bonds will be deemed to mean only those Holders of Bonds of one or more subseries that are affected by such modification or amendment, and the consent of the Credit Provider is only applicable to Bonds held by the Holders of Bonds supported by a Letter of Credit.

(B) The Indenture and the rights and obligations of the Authority, of the Trustee and of the Holders of the Bonds may also be modified or amended from time to time and at any time by an indenture or indentures supplemental to the Indenture, which the Authority and the Trustee may enter into without the consent of any Bondholders, but with the consent of the Borrower, the Credit Provider (if a Letter of Credit is in effect), and only to the extent permitted by law and after receipt of an Opinion of Counsel addressed to the Trustee that the provisions of such Supplemental Indenture do not adversely affect the Tax-exempt status the Bonds, for any one or more of the following purposes:

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

(2) to make such provisions for the purpose of curing any ambiguity, inconsistency or omission, or of curing or correcting any defective provision, contained in the Indenture, or in regard to matters or questions arising under the Indenture, as the Authority, at the direction of the Borrower, may deem necessary or desirable and not inconsistent with the Indenture, including amendments to facilitate the partial conversion of Bonds to a different interest rate period pursuant to the Indenture;

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

(4) to conform to the terms and provisions of any Letter of Credit or Alternate Letter of Credit or to obtain a rating on the Bonds;

(5) to permit or facilitate partial conversions of the Interest Rate Periods with respect to the Bonds; or

(6) to modify, alter, amend or supplement the Indenture in any other respect, including amendments which would otherwise be described in section (A) of this section, if (i) the effective date of such Supplemental Indenture is a date on which all Bonds affected thereby are subject to mandatory tender for purchase or purchase in lieu of optional redemption or (ii) notice of the proposed Supplemental Indenture is mailed to Holders of the affected Bonds at least 30 days before the effective date thereof and, on or before such effective date, such Bondholders have the right to demand purchase of their Bonds pursuant to the Indenture.

(C) The Trustee and the Authority may in their discretion, but will not be obligated to, enter into any such Supplemental Indenture described in subsections (A) and (B) of this section which materially adversely affects the Trustee's or the Authority's own rights, duties or immunities, respectively, under the Indenture or otherwise.

(D) Anything in the Indenture to the contrary notwithstanding, a Supplemental Indenture or any amendment to the Indenture will not become effective unless and until the Borrower will have consented thereto in writing.

(E) Anything in the Indenture to the contrary notwithstanding, any modifications or amendments to the Indenture or the Loan Agreement that require the consent of Holders of the Bonds will be deemed to mean only those Holders of the Bonds of one or more subseries that are affected by such modification or amendment.

Amendment of Loan Agreement. Except as provided in the provisions of the Loan Agreement regarding amendments, the Authority will not amend, modify or terminate any of the terms of the Loan Agreement, or consent to any such amendment, modification or termination, without the prior written consent of the Trustee. The Trustee will give such written consent only if the Trustee first obtains either (1) an Opinion of Counsel that such amendment, modification or termination will not materially adversely affect the interests of the Bondholders affected thereby, including, without limitation, the Tax-exempt status of the Bonds; or (2) the written consent of the Holders of a majority in aggregate principal amount of the Outstanding Bonds affected thereby

(or, in lieu thereof, of any Credit Provider as provided in the Indenture) to such amendment, modification or termination; or (3) such amendment, modification or termination is made in connection with the amendment of the Indenture pursuant to the provisions described in subsection (B) under the caption “INDENTURE – Modification or Amendment of the Indenture – Amendments Permitted”; provided that no such amendment, modification or termination will reduce the amount of Loan Payments or Purchase Price Payments to be made by the Borrower pursuant to the Loan Agreement, or extend the time for making such payments, without the written consent of all of the Holders of the Outstanding Bonds affected thereby. The Trustee will be entitled to request and rely upon an Opinion of Counsel that any such amendment (1) will not adversely affect the exemption from federal income taxation of interest on the Bonds and (2) is permitted by the terms of the Indenture. Notwithstanding anything to the contrary contained in the Indenture or in the Loan Agreement, any modifications or amendments to the Loan Agreement that require the consent of the Holders of Bonds will be deemed to mean only those Holders of Bonds of one or more subseries that are affected by such modification or amendment.

Defeasance

Discharge of Indenture. Bonds may be paid by the Authority in any of the following ways, provided that the Authority also causes to be paid any other sums payable under the Indenture by the Authority:

(A) by paying or causing to be paid (provided that such payment will be made with Available Moneys when a Letter of Credit is then in effect) the principal of, and interest and premium, if any, on, the Bonds then Outstanding as and when the same become due and payable;

(B) by depositing with the Trustee, in trust, at or before maturity or the redemption date thereof, money or securities in the necessary amount (as described under the caption “INDENTURE – Defeasance – Deposit of Money or Securities with Trustee”) to pay or redeem (provided that such payment will be made with Available Moneys when a Letter of Credit is then in effect) all Bonds then Outstanding; or

(C) by delivering to the Trustee, for cancellation by it, the Bonds then Outstanding.

If the Authority will also cause to be paid all other sums payable under the Indenture by the Authority, then and in that case, at the election of the Authority (evidenced by a Certificate of the Authority, filed with the Trustee, signifying the intention of the Authority to discharge all such indebtedness and the Indenture), and notwithstanding that any Bonds will not have been surrendered for payment, the Indenture and the pledge of Revenues and other assets made under the Indenture and all covenants, agreements and other obligations of the Authority under the Indenture will cease, terminate, become void and be completely discharged and satisfied except only as provided in the provisions of the Indenture described in the next section. In such event, upon written request of the Authority, the Trustee will cause an accounting for such period or periods as may be requested by the Authority to be prepared and filed with the Authority and will execute and deliver to the Authority all such instruments as may be necessary or desirable to evidence such discharge and satisfaction (provided satisfactory indemnity is provided to it) and the Trustee will pay over, transfer, assign or deliver all moneys or securities or other property held by it pursuant to the Indenture (other than the Rebate Fund) which are not required for the payment

or redemption of Bonds not theretofore surrendered for such payment or redemption and which are otherwise not amounts owed to the Trustee under the Indenture in the following order (1) first, to any Credit Provider to the extent of any amounts due to the Credit Provider pursuant to the Reimbursement Agreement with respect to the Letter of Credit and (2) second, to the Authority, to pay any Authority Fees or any other amounts due and owing to the Authority and (3) third, to the Borrower, provided, however, that the Borrower may not receive any funds derived from a draw on a Letter of Credit, remarketing proceeds, or moneys held for the payment of particular Bonds (including moneys held for non-presented Bonds).

Discharge of Liability on Bonds. Upon the deposit with the Trustee pursuant to the provisions described in the preceding section, in trust, at or before maturity or redemption, as the case may be, of money or securities in the necessary amount (as described in the next section) to pay or redeem any Outstanding Bond (whether upon or prior to its maturity or the redemption date of such Bond), provided that, if such Bond is to be redeemed prior to maturity, notice of such redemption will have been given as provided in the Indenture or provision satisfactory to the Trustee will have been made for the giving of such notice, then all liability of the Authority in respect of such Bond will cease, terminate and be completely discharged, except only that the Holder thereof will thereafter be entitled to payment of the principal of, and premium, if any, and interest on, such Bond by the Authority, and the Authority will remain liable for such payment, but only out of such money or securities deposited with the Trustee as aforesaid for their payment and such money or securities will be pledged to such payment; provided further, however, that the provisions of the Indenture relating to the Letter of Credit and the payment of Bonds after the discharge of the Indenture will apply in all events.

The Authority may at any time surrender to the Trustee for cancellation by it any Bonds previously issued and delivered, which the Authority may have acquired in any manner whatsoever, and such Bonds, upon such surrender and cancellation, will be deemed to be paid and retired.

Deposit of Money or Securities with Trustee. Whenever in the Indenture it is provided or permitted that there be deposited with or held in trust by the Trustee money or securities in the necessary amount to pay or redeem any Bonds, the money or securities to be deposited or held may include money or securities held by the Trustee in the funds and accounts established pursuant to the Indenture (exclusive of the Rebate Fund, the Letter of Credit Account, and the unclaimed moneys fund created by the Indenture into which Purchase Price payments on Bonds not presented for purchase will be held solely for the benefit of the former holders of Bonds as provided in the Indenture) and will be any combination of:

(A) moneys (which will be Available Moneys when a Letter of Credit is then in effect) in an equal amount to the principal amount of such Bonds, and all unpaid interest thereon to maturity except that, in the case of Bonds which are to be redeemed prior to maturity and in respect of which notice of such redemption will have been given as provided in the Indenture or provision satisfactory to the Trustee will have been made for the giving of such notice, the amount to be deposited or held will be the principal amount or redemption price of such Bonds and all unpaid interest thereon to the redemption date (interest on Bonds bearing interest in a Variable Rate Period will be defeased at the Maximum Rate for any period for which the interest rate has not been established); or

(B) Investment Securities (rated S&P “AAA” or equivalent) which consist solely of securities described in clause (A) or (B) of the definition of Investment Securities and, when a Letter of Credit is then in effect, which are purchased with Available Moneys, the principal of and interest on which when due and without reinvestment will provide money sufficient to pay the principal of, premium, if any, and all unpaid interest to maturity or to the redemption date on the Bonds to be paid or redeemed, as such principal and interest become due, with maturities no longer than 30 days or as may be necessary to make the required payment on the Bonds, provided that, in the case of Bonds which are to be redeemed prior to the maturity thereof, notice of such redemption will have been given as provided in the Indenture or provision satisfactory to the Trustee will have been made for the giving of such notice;

provided, in each case, that the Trustee will have been irrevocably instructed (by the terms of the Indenture or by written request of the Authority) to apply such money or Investment Securities to the payment of such principal, premium, if any, and interest with respect to such Bonds and provided further that each Rating Agency then rating such Bonds and the Trustee will have received a report of an Accountant addressed to the Trustee that the moneys or Investment Securities on deposit are sufficient to pay the principal, premium, if any, and interest on the Bonds to maturity or the redemption date, and, if a Letter of Credit is then in effect, a legal opinion addressed to the Trustee from a nationally recognized firm in bankruptcy law that payment of the Bonds from such moneys will not be a voidable preference in the event of the bankruptcy of the Borrower and provided further that the Trustee will promptly file notice of such deposit with the MSRB through its EMMA system upon written direction by the Borrower.

Payment of Bonds After Discharge of Indenture Obligation. Notwithstanding any provisions of the Indenture, any moneys deposited with the Trustee in trust for the payment of the principal of, or interest or premium on, any Bonds remaining unclaimed after the principal of any Bond has become due and payable (whether at maturity or upon call for redemption or by declaration as provided in the Indenture), will be disposed of as provided by law and the Holders of such Bonds will thereafter be entitled to look only to the transferee of such moneys for payment thereof, and all liability of the Trustee with respect to such moneys will thereupon cease; provided, that before the disposition of such moneys as aforesaid, the Trustee may (at the cost of the Borrower) first publish at least once in a Qualified Newspaper a notice, in such form as may be deemed appropriate by the Trustee, in respect of the Bonds so payable and not presented and in respect of the provisions relating to the disposition of the moneys held for the payment thereof.

Miscellaneous

Liability of Authority Limited to Revenues. Notwithstanding anything in the Indenture or in the Bonds contained, the Authority will not be required to advance any moneys derived from any source other than the Revenues and other assets pledged under the Indenture for any of the purposes in the Indenture mentioned, whether for the payment of the principal of or interest on the Bonds or for any other purpose of the Indenture. Nevertheless, the Authority may, but will not be required to, advance for any of the purposes of the Indenture any funds of the Authority which may be made available to it for such purposes. NEITHER THE FULL FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION THEREOF OR ANY LOCAL AGENCY IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE BONDS. The Authority

will not be liable for any costs, expenses, losses, damages, claims or actions, of any conceivable kind on any conceivable theory, under or by reason of or in connection with the Loan Agreement, the Bonds or the Indenture, except only to the extent amounts are received for the payment thereof from the Borrower under the Loan Agreement.

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

Rights of Credit Provider. Notwithstanding anything in the Indenture to the contrary, so long as a Letter of Credit is then in effect and the Credit Provider has not failed or refused to honor a properly presented and conforming draw under the Letter of Credit, the Credit Provider, and not the Owners of the Bonds, will be deemed to be the Owner of 100% of the Outstanding Bonds supported by a Letter of Credit at all times for the purpose of giving any approval, request, consent, direction (other than pursuant to certain specified sections of the Indenture), declaration, rescission or amendment which under the Indenture is to be given by the Owners of the Bonds at the time Outstanding; provided, however, that the Credit Provider will not consent to any modification or amendment of the Indenture or the Loan Agreement requiring the consent of the affected Owners of 100% in aggregate principal amount of the Bonds Outstanding or which would cause the interest on the Bonds to be no longer excluded from gross income for federal income tax purposes unless the actual Owners of 100% in aggregate principal amount of the Bonds Outstanding will have also consented thereto or unless a Credit Provider is also the registered owner of 100% of the Bonds Outstanding; and provided further, that such Credit Provider will have no right to deprive any Owner of the Bonds supported by the Letter of Credit of the benefit of the Letter of Credit under the circumstances and in the manner contemplated as set forth in the Indenture.

LOAN AGREEMENT

The following is a brief summary of certain provisions of the Loan Agreement. The summary does not purport to be complete or definitive and it is qualified in its entirety by reference to the Loan Agreement, a copy of which is on file with the Trustee.

Issuance of the Bonds; Application of Proceeds

Agreement to Issue Bonds; Application of Bond Proceeds; Modifications to Project.

(a) To provide funds to finance or refinance a portion of the Costs of the Project, the Authority agrees that it will issue under the Indenture, sell and cause to be delivered to the purchasers thereof, the Bonds. The Authority will thereupon direct the Trustee to apply the proceeds received from the sale of the Bonds as provided in the Loan Agreement and in the Indenture.

(b) The Borrower agrees that it or one or more of its Participating Affiliates has or will acquire, improve, install, construct, and equip, or complete the acquisition, design, permitting, construction, rehabilitation, renovation, installation, improvement, equipping and development of, the Project in accordance with the description of the Project, as prepared by the Borrower and approved by the Authority, including any and all supplements, amendments and additions or deletions thereto or therefrom. The Borrower further agrees to proceed with due diligence to complete the Project, and reasonably expects to do so within three years from the issuance of the Bonds. Except as otherwise permitted pursuant to the Loan Agreement, the Borrower also agrees that it or a Participating Affiliate will own the Project during the term of the Loan Agreement or, if shorter, the useful life of any component of the Project. The Borrower also agrees that it or a Participating Affiliate will operate or manage the Project (except such portion that is transferred to a Person other than a Participating Affiliate in accordance with the Loan Agreement) during the term of the Loan Agreement or, if shorter, the useful life of any component of the Project.

(c) In the event that the Borrower desires to alter or change the Project, the Borrower must first notify the Authority and CDLAC and obtain the consent of the Authority to such changes. The Authority agrees it will not unreasonably withhold consent to such changes if the revised elements of the Project are qualified under the Act, are consistent with the Borrower's representations in the Loan Agreement and meet all other legal requirements of the Authority as if they were included in the description of the Project originally approved by the Authority. If the Authority consents to the proposed amendment or supplement, it will instruct the Trustee in writing to consent to such amendment or supplement as will be required to reflect such alteration or change to the Project upon receipt of

(1) a Certificate of the Borrower describing in detail the proposed changes and stating that they will not have the effect of disqualifying the Project as facilities that may be financed pursuant to the Act;

(2) a copy of the form of amended or supplemented description of the Project approved by the Authority;

(3) an Approving Opinion with respect to such proposed changes; and

- (4) the written approval of the Credit Provider, if any.

Disbursements from the Project Fund; Disbursements from the Costs of Issuance Fund.

The Borrower will authorize and direct the Trustee upon compliance with the Indenture, to disburse the moneys in the Project Fund to or on behalf of the Borrower for the payment of the Costs of the Project as described in the Loan Agreement (and not for Costs of Issuance), subject to the provisions of the Loan Agreement. The Borrower will authorize and direct the Trustee, upon compliance with the Indenture, to disburse the moneys in the Costs of Issuance Fund to or on behalf of the Borrower only for Costs of Issuance, subject to the provisions of the Loan Agreement.

Establishment of Completion Date; Obligation of Borrower to Complete.

Upon the final disbursement from the Project Fund, an Authorized Representative of the Borrower, on behalf of the Borrower, will evidence the Completion Date by providing a Final Project Account Disbursement Certificate to the Trustee and the Authority.

At the time such certificate is delivered to the Trustee, moneys remaining in the Project Fund (other than moneys relating to provisional payments permitted by the Loan Agreement), including any earnings resulting from the investment of such moneys, will be used as provided in the Indenture.

In the event the moneys in the Project Fund available for payment of the Costs of the Project should be insufficient to pay the costs thereof in full, the Borrower agrees to pay directly, or to deposit in the Project Fund moneys sufficient to pay, any costs of completing the Project in excess of the moneys available for such purpose in such Project Fund. The Authority makes no express or implied warranty that the moneys deposited in the Project Fund and available for payment of the Costs of the Project, under the provisions of the Loan Agreement, will be sufficient to pay all the amounts which may be incurred for such Costs of the Project. The Borrower agrees that if, after exhaustion of the moneys in the Project Fund, the Borrower should pay, or deposit moneys in the Project Fund for the payment of, any portion of the Costs of the Project pursuant to the provisions of this section, it will not be entitled to any reimbursement therefor from the Authority, the Trustee, or the Holders of any of the Bonds, nor will it be entitled to any diminution of the amounts payable under the Loan Agreement.

Loan of Proceeds; Repayment Provision

Loan of Bond Proceeds; Issuance of Bonds

The Authority covenants and agrees, upon the terms and conditions in the Loan Agreement, to make a loan to the Borrower from the proceeds of the Bonds conditioned on the receipt thereof by the Authority for the purpose of financing or refinancing a portion of the Costs of the Project and paying Costs of Issuance. The Authority further covenants and agrees that it will take all actions within its authority to keep the Loan Agreement in effect in accordance with its terms. Pursuant to said covenants and agreements, the Authority will issue the Bonds upon the terms and conditions contained in the Loan Agreement and the Indenture and will cause the Bond proceeds to be applied as described in the Indenture.

Loan Payments and Payment of Other Amounts.

(a) On or before 12:30 p.m. New York City time on each Bond Payment Date (as defined below), until the principal of and premium, if any, and interest on, the Bonds will have been fully paid or provision for such payment will have been made as provided in the Indenture, the Borrower covenants and agrees to pay to the Trustee as a repayment on the loan made to the Borrower from Bond proceeds pursuant to the provisions described above under “ – Loan of Bond Proceeds; Issuance of Bonds,” a sum equal to the amount payable on such Bond Payment Date as principal of, and premium, if any, and interest on, the Bonds as provided in the Indenture. Such Loan Payments will be made in federal funds or other funds immediately available at the Corporate Trust Office of the Trustee. The term “Bond Payment Date” as used in this subsection (a) means any date upon which any such amounts payable with respect to the Bonds will become due, whether upon an Interest Payment Date, upon redemption, acceleration, maturity or otherwise.

Each Loan Payment will at all times be sufficient to pay the total amount of interest and principal (whether at maturity or upon redemption or acceleration) and premium, if any, becoming due and payable on the Bonds on each Bond Payment Date; provided that any amount held by the Trustee in the Bond Fund on any due date for a Loan Payment will be credited against the Loan Payment due on such date, to the extent available for such purpose; and provided further that, subject to the provisions described in this paragraph, if at any time the amounts held by the Trustee in the Bond Fund (other than the Letter of Credit Account) are sufficient to pay all of the principal of and interest and premium, if any, on the Bonds as such payments become due, the Borrower will be relieved of any obligation to make any further payments under the provisions described in this section. Notwithstanding the foregoing, if on any date the amount held by the Trustee in the Bond Fund is insufficient to make any required payments of principal of (whether at maturity or upon redemption or acceleration) and interest and premium, if any, on, the Bonds as such payments become due, the Borrower will forthwith pay such deficiency as a Loan Payment.

The obligation of the Borrower to make any Loan Payment will be deemed to have been satisfied to the extent of any corresponding payment made to the Trustee by a Credit Provider pursuant to a Letter of Credit then in effect with respect to the Bonds.

(b) The Borrower further covenants that it will make any payments required to be made pursuant to the optional tender (if applicable), mandatory tender or purchase in lieu of redemption provisions of the Indenture at the applicable Purchase Price thereof by 12:45 p.m. New York City time on the Purchase Date in federal or other immediately available funds; provided, however the obligation to make such payments will have been deemed satisfied to the extent that such Purchase Price will have been paid from remarketing proceeds or from a draw under a Letter of Credit pursuant to the provisions described in the Indenture.

(c) In addition to the Loan Payments, the Borrower agrees to pay certain Trustee fees and expenses, Remarketing Agent fees and expenses, Authority fees and expenses, costs of issuance and other miscellaneous amounts as provided in the Loan Agreement (collectively, “Additional Payments”).

In the event the Borrower should fail to make any of the payments required by clause (c) of this subsection, such payments will continue as obligations of the Borrower until such amounts

will have been fully paid. The Borrower agrees to pay such amounts, together with interest thereon, following a delinquency of 30 days until such amount and all interest thereon have been paid in full. Interest thereon will be at the rate of four percent (4%) per annum or, if such rate is greater than the rate then permitted by law, at the maximum rate so permitted. Interest on overdue Loan Payments will be applied as provided in the provisions described herein under the caption “INDENTURE – Revenues; Funds and Accounts; Payment of Principal and Interest – Allocation of Revenues” and “ – Priority of Moneys in Bond Fund; Letter of Credit Account.”

Unconditional Obligation. The obligations of the Borrower to make the Loan Payments and the other payments required by the provisions described herein under the caption “LOAN AGREEMENT – Loan of Proceeds; Repayment Provision – Loan Payments and Payment of Other Amounts,” and to perform and observe the other agreements on its part contained in the Loan Agreement will be absolute and unconditional, irrespective of any defense or any rights of set-off, recoupment or counterclaim it might otherwise have against the Authority, and during the term of the Loan Agreement, the Borrower will pay all payments required to be made on account of or required under the Loan Agreement, free of any deductions and without abatement, diminution or set-off. Until such time as the principal of and premium, if any, and interest on, the Bonds will have been fully paid, or provision for the payment thereof will have been made as required by the Indenture, the Borrower (i) will not suspend or discontinue any payments described herein under the caption “LOAN AGREEMENT – Loan of Proceeds; Repayment Provision – Loan Payments and Payment of Other Amounts”; (ii) will perform and observe all of its other covenants contained in the Loan Agreement; and (iii) except as provided herein under the caption “LOAN AGREEMENT – Prepayment,” will not terminate the Loan Agreement for any cause, including, without limitation, the occurrence of any act or circumstances that may constitute failure of consideration, destruction of or damage to all or a portion of those facilities or equipment comprising the Project, commercial frustration of purpose, any change in the tax or other laws of the United States of America or of the State or any political subdivision of either of these, or any failure of the Authority or the Trustee to perform and observe any covenant, whether express or implied, or any duty, liability or obligation arising out of or connected with the Loan Agreement or the Indenture, except to the extent permitted by the Loan Agreement.

Assignment of Authority’s Rights. As security for the payment of the Bonds, the Authority will assign to the Trustee the Authority’s rights under the Loan Agreement, including the right to receive Loan Payments under the Loan Agreement (except the Unassigned Authority Rights). The Authority directs the Borrower to make the Loan Payments required under the Loan Agreement directly to the Trustee for deposit as contemplated by the Indenture. The Authority directs the Borrower to make the Purchase Price Payments required under the Loan Agreement directly to the Trustee or the Tender Agent as contemplated by the Indenture. The Borrower consents to such assignment and agrees to make payments directly to the Trustee or the Tender Agent, as the case may be, without defense or set-off by reason of any dispute between the Borrower and the Authority or the Trustee. The obligation of the Borrower to make any such payment shall be deemed to have been satisfied to the extent of any corresponding payment made to the Trustee by a Credit Provider pursuant to a Letter of Credit then in effect with respect to the Bonds.

Amounts Remaining in Funds. After payment in full of (i) the Bonds, or after provision for such payment will have been made as provided in the Indenture, (ii) the fees, charges and expenses of the Authority and the Trustee, the Tender Agent and any Paying Agents in accordance with the

Indenture, (iii) all other amounts required to be paid under the Loan Agreement and the Indenture, and (iv) if applicable, payment to the Credit Provider of any amounts owed to the Credit Provider under a Reimbursement Agreement with respect to a Letter of Credit, any amounts remaining in any fund held by the Trustee under the Indenture (excepting the Rebate Fund) will be paid as provided in the provisions described herein under the caption “INDENTURE – Defeasance – Discharge of Indenture.” Notwithstanding any other provision of the Loan Agreement or the Indenture, under no circumstances will proceeds of a draw on a Letter of Credit or remarketing proceeds be paid to the Authority, the Borrower or an affiliate of the Borrower.

Special Covenants and Agreements

The Loan Agreement contains certain covenants and agreements of the Borrower, including among others, covenants to (i) repair, or cause to be maintained and repaired, the Project, and pay all utilities, taxes, other governmental charges and assessments due from or levied against the Project, (ii) comply with the requirements in the Tax Agreement and the Loan Agreement which are for the benefit of the Trustee and each and every Holder of the Bonds including the Borrower’s covenant not to use Bond proceeds in such a manner that should adversely affect the exclusion from gross income for federal income taxation purposes of interest on the Bonds; and (iii) keep the Project insured and free of liens to the extent provided in the Loan Agreement.

The Borrower further covenants and agrees to the following:

Right of Access to the Project. During the term of the Loan Agreement, the Authority, the Trustee, the Credit Provider, if any, and the duly authorized agents of any of them will have the right at all reasonable times during normal business hours to enter upon each site where any part of the Project is located and to examine and inspect such Project; provided, however, that reasonable notice will be given to the Borrower at least five Business Days prior to such examination or inspection; provided further, however, that the right of access granted to the Credit Provider shall be subject to any terms or restrictions set forth in the Reimbursement Agreement.

The Borrower’s Maintenance of Its Existence; Assignments; Permitted Transfers of the Project.

(a) To the extent permitted by law, the Borrower covenants and agrees that during the term of the Loan Agreement it will:

(i) maintain its existence as a corporation;

(ii) continue to maintain its status in good standing as a corporation in the State of California;

(iii) not dissolve, sell or otherwise dispose of all or substantially all of its assets, combine or consolidate with or merge into another entity, or permit one or more other entities to consolidate with or merge into it so that the Borrower is not the resulting or surviving entity, except if:

(A) (1) such resulting or surviving entity or transferee, as the case may be, is a Participating Affiliate or (2) five years will have elapsed since the issuance of the Bonds;

(B) such resulting or surviving entity or transferee, as the case may be, has executed and delivered to the Authority and the Trustee an Assignment and Assumption Agreement which provides: (I) certifications and evidence that such resulting or surviving entity or transferee qualifies to do business in the State of California and is in good standing, (II) an agreement by the surviving or resulting entity to pay and perform all of the obligations of the Borrower under the Loan Agreement and under the Tax Agreement, and (III) representations by the surviving or resulting entity identical to the representations of the Borrower under the Loan Agreement;

(C) (I) if any Letter of Credit or Alternate Letter of Credit is in effect, the Credit Provider has consented in writing to the transaction and certifies in writing that the existing Letter of Credit or Alternate Letter of Credit will remain in full force and effect, or, alternatively, an Alternate Letter of Credit (if required by, and in accordance with, the requirements of the Loan Agreement) is provided simultaneously with such merger or consolidation, or (II) if no Letter of Credit is in effect, (x) the combined net worth of the surviving entity and any guarantor of the Bonds will be not less than 95% of the combined net worth of the Borrower and any guarantor of the Bonds immediately preceding the transaction, as measured by generally accepted accounting principles, or (y) the condition described in clause (a)(iii)(D) of this section is satisfied;

(D) (I) the credit rating on the Bonds, as determined by any Rating Agency then rating the Bonds, will be no lower than the rating level of the Bonds immediately prior to the effective date of such dissolution, sale, disposition, combination, merger or consolidation or (II) if the foregoing clause (I) is not satisfied, any reduction in rating occurs simultaneously with a mandatory tender for purchase of all the Bonds; and

(E) the Authority will have received an Approving Opinion with respect to such dissolution, sale, disposition, combination, merger or consolidation and an Opinion of Counsel to the effect that the surviving, resulting, or transferee Person is a “participating party” as defined in the Act.

(iv) not sell, transfer, lease or otherwise dispose of (including operating arrangements), or permit the sale, transfer, lease or disposal (including operating arrangements), of any Project or portion of any Project other than equipment that has reached the end of its useful life, except in accordance with any of the following subsections:

(A) The Borrower may sell, transfer, lease or otherwise dispose of (including operating arrangements) any portion of the Project to a Participating Affiliate if, the purchaser, transferee, lessee, operator or other recipient, as the case may be, has covenanted in a written instrument for the benefit of the Authority and the Borrower to comply with the instructions of the Borrower issued for the purpose of assuring that the Project be operated in conformance with the Loan Agreement, the Act, the Tax Agreement and federal tax law; provided that nothing in the foregoing will diminish the Borrower’s obligation to cause a Project to be operated in conformance with the Loan Agreement, the Act, the Tax Agreement and federal tax law, including without limitation, the operation of the sold, transferred, disposed or leased portion of the Project. Any lease pursuant to the foregoing will not permit sublease or assignment by the lessee unless such sublease or assignment would otherwise satisfy the requirements described in this subsection.

(B) The Borrower may sell, transfer or otherwise dispose of (including operating arrangements) any portion of the Project that constitutes vehicles or equipment if (1) (1) such vehicles or equipment has reached the end of its useful life or are damaged or destroyed, (2) such sale, transfer, disposition or operating arrangement is to or with a Participating Affiliate or (3) such vehicles or equipment is replaced by the Borrower or a Participating Affiliate with equipment of equal or greater value and utility that is used in the same manner and for the same purposes as the equipment so sold, transferred or otherwise disposed of, has a useful life at least equal to the remaining useful life of the equipment so sold, transferred or otherwise disposed of and is in the same location as the equipment so sold, transferred or disposed of, to the extent identified in Exhibit A of the Loan Agreement and the Authority will have received an Approving Opinion with respect to such replacement.

(C) The Borrower may sell, transfer, lease or otherwise dispose of (including operating arrangements) any portion of the Project to a Person other than a Participating Affiliate, if,

(1) the purchaser, transferee, lessee, operator or other recipient, as the case may be, has covenanted in a written instrument for the benefit of the Authority and the Borrower to comply with the instructions of the Borrower issued for the purpose of assuring that such portion of the Project will be completed and operated in conformance with the Loan Agreement, the Act, the Tax Agreement and federal tax law; provided that nothing in the foregoing will diminish the Borrower's obligation to cause such Project to be completed and operated in conformance with the Loan Agreement, the Act, the Tax Agreement and federal tax law;

(2) (I) the credit rating on the Bonds, as determined by any Rating Agency then rating the Bonds, will be no lower than the rating level of the Bonds immediately prior to the effective date of such sale, transfer, lease, disposition (including any operating arrangement) or (II) if the foregoing clause (I) is not satisfied, any reduction in rating occurs concurrently with a mandatory tender for purchase of all the Bonds; and

(3) the Authority will have received a certificate of good standing of the purchaser, transferee, lessee or operator, as the case may be, from the California Secretary of State and Franchise Tax Board, a copy of the document evidencing such sale, transfer, lease or disposition (including any operating arrangement), an Approving Opinion with respect to such sale, transfer, lease or disposition (including any operating arrangement) and an Opinion of Counsel to the effect that the surviving, resulting, or transferee Person is a "participating party" as defined in the Act.

(b) Within 10 days after the consummation of the merger or other transaction described in subsection (a)(iii) or (a)(iv) of this section, the Borrower will provide the Authority and the Trustee with (i) counterpart copies of the principal documents constituting the transaction, (ii) if required to be delivered under the Loan Agreement, the items set forth in subsection (a)(iii) or (a)(iv), as the case may be, and (iii) a certificate of the Borrower stating that the such transaction complies with the provisions described in subsection (a)(iii) or (a)(iv), as the case may be. The Borrower will give the Authority at least 30 days' written notice prior to the effective date of any merger or other transaction described above, together with drafts of the documents of assumption and such other instruments (other than good standing certificates) as would be required to be

delivered in connection therewith. The Borrower agrees to provide such other information as the Authority may reasonably request in order to assure compliance with the provisions described in this subsection (b).

(c) Notwithstanding any other provisions of described in subsection (a) of this section, the Borrower need not comply with any of the provisions described in said subsection (a) if, at the time of such merger, combination, sale or transfer of assets, dissolution or reorganization, the Bonds will be defeased as described herein under the caption “INDENTURE – Defeasance” or in the case of a sale of less than all of the assets acquired or constructed with proceeds of the Bonds, the Bonds will be defeased or retired in an amount proportional to the percentage of the original cost of such assets to the original net proceeds of the Bonds. The Borrower will provide to the Authority and the Trustee a certificate of the Borrower setting forth the calculations evidencing that the amount of Bonds defeased or retired is proportional to the percentage of the original cost of such assets to the original net proceeds of the Bonds.

(d) The rights and obligations of the Borrower under the Loan Agreement may be assigned by the Borrower to any Person in whole or in part, subject, however, to each of the following conditions:

(i) No assignment other than pursuant to the provisions described in subsection (a) of this section will relieve the Borrower from primary liability for any of its obligations under the Loan Agreement, and in the event of any assignment not pursuant to the provisions described in subsection (a) of this section, the Borrower will continue to remain primarily liable for the payments described herein under the caption “LOAN AGREEMENT – Loan of Proceeds; Repayment Provision – Loan Payments and Payment of Other Amounts” and for performance and observance of the other agreements in the Loan Agreement to be performed and observed by it.

(ii) Any assignment from the Borrower under the provisions described in this subsection (d) will retain for the Borrower such rights and interests as will permit it to perform its obligations under the Loan Agreement, if applicable, and any assignee from the Borrower will assume in writing the obligations of the Borrower under the Loan Agreement to the extent of the interest assigned.

(iii) The Borrower will give the Authority and, during any period in which a Letter of Credit will be required in respect of the Bonds, the Credit Provider, 30 days’ prior written notice of any assignment under the provisions described in this subsection (d), and will, within 30 days after delivery thereof, furnish or cause to be furnished to the Authority, the Trustee and the Credit Provider a true and complete copy of each such assignment together with an instrument of assumption and an Opinion of Counsel satisfactory to the Authority that the provisions described in this subsection (d) have been complied with.

Notwithstanding the foregoing, the Borrower may assign (without the consent of the Authority) its entire interest in the Loan Agreement without recourse and have no further liability for any obligations under the Loan Agreement if the consent of the Bondholders has been obtained directly or constructively pursuant to the terms of the Loan Agreement or the Indenture, and the conditions described in the foregoing subsection (d)(iii) are satisfied.

(e) To the extent any transaction related to the Project is prohibited by the Loan Agreement and not expressly permitted by the provisions described in subsections (a) or (d) of this section, the Borrower may nevertheless undertake such transaction if the Authority consents to such transaction in writing. The Borrower must request any such written consent prior to undertaking any such transaction and provide to the Authority such information, reports and documents relating to the transaction as the Authority may reasonably request. The Authority may respond to such request of the Borrower at any time within 45 days of such request. If the Authority has not responded to such request within the 45-day period, the Authority will be deemed to have consented to such transaction.

(f) If a merger, consolidation, sale or other transfer is effected as provided in the provisions described in this section, all such provisions will continue in full force and effect and no further merger, consolidation, sale or transfer will be effected except in accordance with the provisions described in this section.

Letter of Credit

(a) The Borrower may, at its option, provide for the delivery to the Trustee of a Letter of Credit or an Alternate Letter of Credit on (1) the initial date of the issuance of the Bonds, (2) any Conversion Date, (3) any Business Day during a Term Interest Rate Period on which the Bonds are otherwise subject to optional redemption or (4) any Business Day during a Variable Interest Rate Period. A Letter of Credit will be an irrevocable letter of credit or other irrevocable credit facility (including, if applicable, a confirming letter of credit), issued by a Credit Provider, the terms of which will be acceptable to the Trustee and will otherwise comply with the requirements of the Indenture; provided, that the expiration date of such Letter of Credit will be a date not earlier than one year from its date of issuance or, if a Term Interest Rate Period will be in effect, the first date on which the Bonds are subject to optional redemption, subject to earlier termination upon payment of the Bonds in full or provision for such payment in accordance with the provisions described herein under the caption “INDENTURE – Defeasance” or as otherwise set forth in the Letter of Credit. On or prior to the date of the delivery of a Letter of Credit to the Trustee, the Borrower will cause to be furnished to the Trustee (i) an Approving Opinion addressed to the Authority and the Trustee with respect to the delivery of such Letter of Credit, and (ii) an opinion of counsel to the Credit Provider issuing such Letter of Credit addressed to the Trustee and the Borrower to the effect that such Letter of Credit is enforceable in accordance with its terms (except to the extent that the enforceability thereof may be limited by bankruptcy, reorganization or similar laws limiting the enforceability of creditors’ rights generally and except that no opinion need be expressed as to the availability of any discretionary equitable remedies).

(b) The Borrower will provide to the Trustee (with a copy to the Authority and the Remarketing Agent) a notice at least 15 days prior to the effective date of any Letter of Credit or Alternate Letter of Credit (and in no event later than 35 days prior to the expiration of any existing Letter of Credit) identifying the Letter of Credit or Alternate Letter of Credit, if any, and the rating which will apply to the Bonds after the effective date.

(c) Prior to the commencement of the first Interest Rate Period after the termination of a Letter of Credit or Alternate Letter of Credit (as applicable), the Borrower will cause an Approving Opinion to be furnished and addressed to the Authority and to the Trustee.

Loan Default Events and Remedies

Loan Default Events. Any one of the following which occurs and continues will constitute a Loan Default Event:

(a) Failure of the Borrower to make when due any Loan Payment required by the provisions described in subsection (a) under the caption “LOAN AGREEMENT – Loan of Proceeds; Repayment Provision – Loan Payments and Payment of Other Amounts”; or

(b) Failure of the Borrower to make when due any Purchase Price Payment required by the provisions described in subsection (b) under the caption “LOAN AGREEMENT – Loan of Proceeds; Repayment Provision – Loan Payments and Payment of Other Amounts”; or

(c) Failure of the Borrower to observe and perform any covenant, condition or agreement on its part required to be observed or performed by the Loan Agreement (other than as provided in clause (a) or (b) above), which continues for a period of 30 days after written notice delivered by the Authority or the Trustee to the Borrower and any Credit Provider, if any, which notice will specify such failure and request that it be remedied, unless the Authority and the Trustee will agree in writing to an extension of such time; provided, however, that if the failure stated in the notice cannot be corrected within such period, the Authority and the Trustee will not unreasonably withhold their consent to an extension of such time if corrective action is instituted within such period and diligently pursued in good faith until the default is corrected, and provided further that the Credit Provider shall be given a copy of any such notice, but failure to provide such copy shall not affect the validity of such notice. Notwithstanding the foregoing or anything to the contrary contained in the Loan Agreement, the provisions of this subsection (c) are subject to the limitation that the Borrower shall not be deemed in default if and so long as the Borrower is unable to carry out its agreements under the Loan Agreement by reason of strikes, lockouts or other industrial disturbances; acts of public enemies; orders of any kind of the government of the United States or of the State of California or any of their departments, agencies, or officials, or any civil or military authority; insurrections, riots, epidemics, landslides; lightning; earthquake; fire; hurricanes; storms; floods; washouts; droughts; arrests; restraint of government and people; civil disturbances; insurrections; wars; acts of terrorism; explosions; breakage or accident to machinery, transmission pipes or canals; partial or entire failure of utilities; or any other cause or event not reasonably within the control of the Borrower; it being agreed that the settlement of strikes, lockouts and other industrial disturbances shall be entirely within the discretion of the Borrower, and the Borrower shall not be required to make settlement of strikes, lockouts and other industrial disturbances by acceding to the demands of the opposing party or parties when such course is, in the judgment of the Borrower, unfavorable to the Borrower; or

(d) The dissolution or liquidation of the Borrower or the filing by the Borrower of a voluntary petition in bankruptcy, or failure by the Borrower promptly to cause to be lifted any execution, garnishment or attachment of such consequence as will impair the Borrower’s ability to carry on its obligations under the Loan Agreement, or the entry of any order or decree granting relief in any involuntary case commenced against the Borrower under any present or future federal bankruptcy act or any similar federal or state law, or a petition for such an order or decree will be filed in any court and such petition will not be discharged or denied within ninety days after the filing thereof, or if the Borrower will admit in writing its inability to pay its debts generally as they

become due, or a receiver, trustee or liquidator of the Borrower will be appointed in any proceeding brought against the Borrower and will not be discharged within ninety days after such appointment or if the Borrower will consent to or acquiesce in such appointment, or assignment by the Borrower for the benefit of its creditors, or the entry by the Borrower into an agreement of composition with its creditors, or a bankruptcy, insolvency or similar proceeding will be otherwise initiated by or against the Borrower under any applicable bankruptcy, reorganization or analogous law as now or hereafter in effect and if initiated against the Borrower will remain undismissed (subject to no further appeal) for a period of ninety days; provided, the term “dissolution or liquidation of the Borrower,” as used in this subsection, will not be construed to include the cessation of the existence of the Borrower resulting either from a merger or consolidation of the Borrower into or with another entity or a dissolution or liquidation of the Borrower following a transfer of all or substantially all of its assets as an entirety or under the conditions permitting such actions contained in the provisions described under “LOAN AGREEMENT – Special Covenants and Agreements – The Borrower’s Maintenance of Its Existence; Assignments; Permitted Transfers of the Project”; or

(e) Any representation or warranty of the Borrower set forth in the Loan Agreement at the time made or deemed made is false in any material respect; or

(f) The existence of an “Event of Default” (as defined in the Indenture).

Notwithstanding any other provision of the Loan Agreement to the contrary, so long as the Credit Provider is not in default under the Letter of Credit, the Trustee shall not without the prior written consent or direction of the Credit Provider exercise any remedies under the Loan Agreement in the case of any Loan Default Event described in subsections (a), (c), (e) or (f) above; provided, however, that no consent of the Credit Provider shall be required with respect to the Authority’s exercise of any remedy provided therein seeking enforcement of the Retained Rights. The Trustee may exercise any and all remedies under the Indenture and the Loan Agreement (except acceleration) to collect any fees, expenses and indemnification from the Borrower without obtaining the consent of the Credit Provider.

Remedies on Default. Subject to the provisions of the Loan Agreement described under “LOAN AGREEMENT – Loan Default Events and Remedies – Loan Default Events,” whenever any Loan Default Event will have occurred and will be continuing,

(a) The Trustee, by written notice to the Authority, the Borrower and the Credit Provider, if any, will declare the unpaid balance of the loan payable under the provisions described in subsection (a) under “LOAN AGREEMENT – Loan of Proceeds; Repayment Provision – Loan Payments and Payment of Other Amounts” to be due and payable immediately, provided that concurrently with or prior to such notice the unpaid principal amount of the Bonds will have been declared to be due and payable under the Indenture. Upon any such declaration such amount will become and will be immediately due and payable as determined in accordance with the provisions described under “INDENTURE – Events of Default and Remedies of Bondholders.”

(b) The Trustee may have access to and may inspect, examine and make copies of the books and records of the Borrower pertaining to the Project and the Bonds during normal business hours; provided that the Trustee shall be obligated to protect the confidentiality of such information

to the extent provided by State and federal law and prevent its disclosure to the public, except the Authority.

(c) The Authority or the Trustee may take whatever action at law or in equity as may be necessary or desirable to collect the payments and other amounts then due and thereafter to become due or to enforce performance and observance of any obligation, agreement or covenant of the Borrower under the Loan Agreement.

(d) If applicable, the Trustee will immediately draw upon any Letter of Credit, if permitted by its terms and required by the terms of the Indenture, and apply the amount so drawn in accordance with the Indenture and may exercise any remedy available to it thereunder.

In case the Trustee, the Credit Provider, if any, or the Authority will have proceeded to enforce its rights under the Loan Agreement and such proceedings will have been discontinued or abandoned for any reason or will have been determined adversely to the Trustee, the Credit Provider, if any, or the Authority, then, and in every such case, the Borrower, the Trustee, the Credit Provider, if any, and the Authority will be restored respectively to their several positions and rights under the Loan Agreement, and all rights, remedies and powers of the Borrower, the Trustee, the Credit Provider, if any, and the Authority will continue as though no such action had been taken.

The Borrower covenants that, in case a Loan Default Event will occur with respect to the payment of any Loan Payment payable under the provisions described in subsection (a) under "LOAN AGREEMENT – Loan of Proceeds; Repayment Provision – Loan Payments and Payment of Other Amounts," then, upon demand of the Trustee, the Borrower will pay to the Trustee the whole amount that then will have become due and payable under said provisions, with interest on the amount then overdue at the rate then borne by the Bonds on the day prior to the occurrence of such default.

In case the Borrower will fail forthwith to pay such amounts upon such demand, the Trustee will be entitled and empowered to institute any action or proceeding at law or in equity for the collection of the sums so due and unpaid, and may prosecute any such action or proceeding to judgment or final decree, and may enforce any such judgment or final decree against the Borrower and collect in the manner provided by law the moneys adjudged or decreed to be payable.

In case proceedings will be pending for the bankruptcy or for the reorganization of the Borrower under the federal bankruptcy laws or any other applicable law, or in case a receiver or trustee will have been appointed for the property of the Borrower or in the case of any other similar judicial proceedings relative to the Borrower, or the creditors or property of the Borrower, then the Trustee will be entitled and empowered, by intervention in such proceedings or otherwise, to file and prove a claim or claims for the whole amount owing and unpaid pursuant to the Loan Agreement and, in case of any judicial proceedings, to file such proofs of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Trustee allowed in such judicial proceedings relative to the Borrower, its creditors or its property, and to collect and receive any moneys or other property payable or deliverable on any such claims, and to distribute such amounts as provided in the Indenture after the deduction of its reasonable charges and expenses to the extent permitted by the Indenture. Any receiver, assignee or trustee in

bankruptcy or reorganization is authorized to make such payments to the Trustee, and to pay to the Trustee and the Authority any amount due each of them for their respective reasonable compensation and expenses, including reasonable expenses and fees of counsel incurred by each of them up to the date of such distribution.

In the event the Trustee incurs expenses or renders services in any proceedings which result from a Loan Default Event under the provisions described in subsection (d) under “LOAN AGREEMENT – Loan Default Events and Remedies – Loan Default Events,” or from any default which, with the passage of time, would become such Loan Default Event, the expenses so incurred and compensation for services so rendered are intended to constitute expenses of administration under the United States Bankruptcy Code or equivalent law.

In acting under the Loan Agreement, the Trustee will be entitled to all rights and protections afforded to it under the Indenture.

Agreement to Pay Attorneys’ Fees and Expenses. In the event the Borrower should default under any of the provisions of the Loan Agreement and the Trustee should employ attorneys or incur other expenses for the collection of the payments due under the Loan Agreement or the enforcement of performance or observance of any obligation or agreement on the part of the Borrower contained in the Loan Agreement (other than litigation of disputes between the Borrower and the Trustee), the Borrower will pay promptly to the Trustee the reasonable fees and expenses of such attorneys and such other reasonable out-of-pocket expenses so incurred by the Trustee, whether incurred at trial, on appeal, in bankruptcy proceedings, or otherwise.

No Remedy Exclusive. No remedy conferred upon or reserved to the Authority or the Trustee in the Loan Agreement is intended to be exclusive of any other available remedy or remedies, but each and every such remedy will be cumulative and will be in addition to every other remedy given under the Loan Agreement now or hereafter or existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any default under the Loan Agreement will impair any such right or power or will be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Authority or the Trustee to exercise any remedy reserved to it in the provisions described herein under the caption “LOAN AGREEMENT – Loan Default Events and Remedies,” it will not be necessary to give any notice, other than such notice as may be expressly required in the Loan Agreement or by applicable law. Such rights and remedies as are given the Authority under the Loan Agreement will also extend to the Trustee as the assignee of the Authority.

No Additional Waiver Implied by One Waiver. In the event any agreement or covenant contained in the Loan Agreement should be breached by the Borrower and thereafter waived by the Authority, the Credit Provider, if any, or the Trustee, such waiver will be limited to the particular breach so waived and will not be deemed to waive any other breach under the Loan Agreement.

Prepayment

Redemption of Bonds with Prepayment Moneys. By virtue of the assignment of the rights of the Authority under the Loan Agreement to the Trustee as is provided in the provisions described in “LOAN AGREEMENT – Loan of Proceeds; Repayment Provision – Assignment of Authority’s Rights,” the Borrower will pay directly to the Trustee any amount permitted or required to be paid by it under the provisions described herein under the caption “LOAN AGREEMENT – Prepayment.” The Indenture provides that the Trustee will use the moneys so paid to it by the Borrower to redeem the Bonds on the date set for such redemption pursuant to the provisions described in the Loan Agreement or to reimburse any Credit Provider for any draw under the Letter of Credit therefor. The Authority will call Bonds for redemption as required by the provisions described in the forepart of this Limited Offering Memorandum under the caption “THE BONDS – Redemption” or as requested by the Borrower pursuant to the Indenture or the Loan Agreement.

Options to Prepay Installments. The Borrower will have the option to prepay all or any part of the Loan Payments by paying to the Trustee, for deposit in the Bond Fund, the amount set forth in the provisions described in “LOAN AGREEMENT – Prepayment – Amount of Prepayment” and to cause all or any part of the Bonds to be redeemed at the times and at the prices set forth in the forepart of this Limited Offering Memorandum under “THE BONDS – Redemption – Optional Redemption Upon Occurrence of Extraordinary Events,” “ – Optional Redemption on Any Conversion Date,” and “– Optional Redemption During Term Interest Rate Period,” as the case may be, and in any Supplemental Indenture and subject to any additional requirements of the Reimbursement Agreement.

Mandatory Prepayment. If a mandatory redemption of the Bonds is required as described in the forepart of this Limited Offering Memorandum under “THE BONDS – Redemption – Mandatory Redemption Upon Invalidity or a Determination of Taxability,” or “ – Mandatory Redemption Upon Failure to Renew Letter of Credit,” the Borrower will have and accepts the obligation to prepay the Loan Payments by paying to the Trustee, for deposit in the Bond Fund, the amount set forth in the provisions described in “LOAN AGREEMENT –Prepayment – Amount of Prepayment,” to be used to redeem all or a part of the Outstanding Bonds.

Amount of Prepayment. In the case of a redemption of the Outstanding Bonds in full, the amount to be paid will be a sum sufficient, together with other funds and the yield on any securities deposited with the Trustee and available for such purpose, to pay (1) the principal of all Bonds Outstanding on the redemption date specified in the notice of redemption, plus interest accrued and to accrue to the payment or redemption date of the Bonds, plus premium, if any, pursuant to the Indenture, (2) all reasonable and necessary fees and expenses of the Authority (including without limitation, reasonable legal fees and expenses), the Trustee and any Paying Agent accrued and to accrue through final payment of the Bonds and (3) all other liabilities of the Borrower accrued and to accrue under the Loan Agreement. In the case of redemption of the Outstanding Bonds in part, the amount payable will be a sum sufficient, together with other funds deposited with the Trustee and available for such purpose, to pay the principal amount of and premium, if any, and accrued interest on the Bonds to be redeemed, as provided in the Indenture, and to pay expenses of redemption of such Bonds.

Non-Liability of Authority; Expenses; Indemnification

Non-liability of Authority. The Authority will not be obligated to pay the principal of, or premium, if any, or interest on the Bonds, except from Revenues. The Borrower acknowledges that the Authority's sole source of moneys to repay the Bonds will be provided by the payments made by the Borrower pursuant to the Loan Agreement, together with other Revenues, including investment income on certain funds and accounts held by the Trustee under the Indenture, and agrees that if the payments to be made under the Loan Agreement will ever prove insufficient to pay all principal of, and premium, if any, and interest on the Bonds as the same will become due (whether by maturity, redemption, acceleration or otherwise), then upon notice from the Trustee, the Borrower will pay such amounts as are required from time to time to prevent any deficiency or default in the payment of such principal, premium or interest, including, but not limited to, any deficiency caused by acts, omissions, nonfeasance or malfeasance on the part of the Trustee, the Borrower, the Authority or any third party.

Notwithstanding anything in the Loan Agreement or in the Bonds contained, the Authority will not be required to advance any moneys derived from any source other than the Revenues, the Letter of Credit and other assets pledged under the Indenture for any of the purposes in the Indenture mentioned, whether for the payment of the principal of or interest on the Bonds or for any other purpose of the Indenture. Nevertheless, the Authority may, but will not be required to, advance for any of the purposes of the Loan Agreement any funds of the Authority which may be made available to it for such purposes. NEITHER THE FULL FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION THEREOF OR ANY LOCAL AGENCY IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE BONDS. The Authority will not be liable for any costs, expenses, losses, damages, claims or actions, of any conceivable kind on any conceivable theory, under or by reason of or in connection with the Loan Agreement, the Bonds or the Indenture, except only to the extent amounts are received for the payment thereof from the Borrower under the Loan Agreement or under the Letter of Credit; provided the Borrower will not be required to pay the fees and expenses of the Authority's counsel incurred in connection with the issuance of the Bonds to the extent such fees and expenses are included in the Authority Fees.

The Borrower acknowledges that the Authority's sole source of moneys to repay the Bonds will be provided by draws upon the Letter of Credit and the payments made by the Borrower to the Trustee pursuant to the Loan Agreement, together with investment income on certain funds and accounts held by the Trustee under the Indenture, and agrees that if the payments to be made under the Loan Agreement (including from draws under the Letter of Credit) will ever prove insufficient to pay all principal (or Purchase Price or redemption price) and interest on the Bonds as the same will become due (whether by maturity, redemption, acceleration or otherwise), then upon notice from the Trustee, the Borrower will pay such amounts as are required from time to time to prevent any deficiency or default in the payment of such principal (or Purchase Price or redemption price) or interest, including, but not limited to, any deficiency caused by acts, omissions, nonfeasance or malfeasance on the part of the Trustee, the Borrower, the Authority or any third party, subject to any right of reimbursement from the Trustee, the Authority or any such third party, as the case may be, therefor.

Miscellaneous

Amendments, Changes and Modifications. Except as otherwise provided in the Loan Agreement or the Indenture, the Loan Agreement may not be effectively amended, changed, modified, altered or terminated except by the written agreement of the Authority and the Borrower and with the written consent of the Credit Provider, if applicable, and of the Trustee, if required, in accordance with the Indenture. Notwithstanding anything to the contrary contained in the Loan Agreement or the Indenture, any modifications or amendments to the Loan Agreement that require the consent of Holders of Bonds will be deemed to mean only those Holders of Bonds of one or more subseries that are affected by such amendment or modification.

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APPENDIX B

CERTAIN INFORMATION CONCERNING THE ORIGINAL CREDIT PROVIDER

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APPENDIX B

CERTAIN INFORMATION CONCERNING THE ORIGINAL CREDIT PROVIDER

The information under this heading has been provided solely by the Original Credit Provider and is believed to be reliable. This information has not been verified independently by the Authority or the Underwriter. The Authority and the Underwriter make no representation whatsoever as to the accuracy, adequacy or completeness of such information.

Wells Fargo Bank, National Association

The Original Credit Provider is a national banking association organized under the laws of the United States of America with its main office at 101 North Phillips Avenue, Sioux Falls, South Dakota 57104, and engages in retail, commercial and corporate banking, real estate lending and trust and investment services. The Original Credit Provider is an indirect, wholly-owned subsidiary of Wells Fargo & Company (“Wells Fargo”), a diversified financial services company, a financial holding company and a bank holding company registered under the Original Credit Provider Holding Company Act of 1956, as amended, with its principal executive offices located in San Francisco, California (“Wells Fargo”).

The Original Credit Provider prepares and files Call Reports on a quarterly basis. Each Call Report consists of a balance sheet as of the report date, an income statement for the year-to-date period to which the report relates and supporting schedules. The Call Reports are prepared in accordance with regulatory instructions issued by the Federal Financial Institutions Examination Council. While the Call Reports are supervisory and regulatory documents, not primarily accounting documents, and do not provide a complete range of financial disclosure about the Original Credit Provider, the reports nevertheless provide important information concerning the Original Credit Provider’s financial condition and results of operations. The Original Credit Provider’s Call Reports are on file with, and are publicly available upon written request to the FDIC, 550 17th Street, N.W., Washington, D.C. 20429, Attention: Division of Insurance and Research. The FDIC also maintains an internet website that contains the Call Reports. The address of the FDIC’s website is <http://www.fdic.gov>. The Original Credit Provider’s Call Reports are also available upon written request to the Wells Fargo Corporate Secretary’s Office, Wells Fargo Center, MAC N9305-173, 90 South 7th Street, Minneapolis, MN 55479.

The Letter of Credit will be solely an obligation of the Original Credit Provider and will not be an obligation of, or otherwise guaranteed by, Wells Fargo & Company, and no assets of Wells Fargo & Company or any affiliate of the Original Credit Provider or Wells Fargo & Company will be pledged to the payment thereof. Payment of the Letter of Credit will not be insured by the FDIC.

The information contained in this section, including financial information, relates to and has been obtained from the Original Credit Provider, and is furnished solely to provide limited introductory information regarding the Original Credit Provider and does not purport to be comprehensive. Any financial information provided in this section is qualified in its entirety by the detailed information appearing in the Call Reports referenced above. The delivery hereof shall not create any implication that there has been no change in the affairs of the Original Credit Provider since the date hereof.

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APPENDIX C

PROPOSED FORM OF OPINION OF BOND COUNSEL

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APPENDIX C

PROPOSED FORM OF OPINION OF BOND COUNSEL

September 6, 2018

California Pollution Control
Financing Authority
Sacramento, California

\$100,000,000
California Pollution Control Financing Authority
Solid Waste Disposal Revenue Bonds
(Recology Inc. Project) Series 2018A
(Final Opinion)

Ladies and Gentlemen:

We have acted as bond counsel to the California Pollution Control Financing Authority (the “Authority”) in connection with the issuance of \$100,000,000 aggregate principal amount of California Pollution Control Financing Authority Solid Waste Disposal Revenue Bonds (Recology Inc. Project) Series 2018A (the “Bonds”). The Bonds are authorized to be issued pursuant to an indenture, dated as of September 1, 2018 (the “Indenture”), between the Authority and U.S. Bank National Association, as trustee (the “Trustee”). The Indenture provides that the Bonds are issued for the stated purpose of making a loan of the proceeds thereof to Recology Inc., a California corporation (the “Borrower”), pursuant to a loan agreement, dated as of September 1, 2018 (the “Loan Agreement”), between the Authority and the Borrower. Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Indenture.

In such connection, we have reviewed the Indenture, the Loan Agreement, the Tax Certificate and Agreement, dated the date hereof (the “Tax Agreement”), between the Authority and the Borrower, opinions of counsel to the Authority, the Trustee and the Borrower, certificates of the Authority, the Trustee, the Borrower and others, and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur, or any other matters come to our attention, after the date hereof. Accordingly, this letter speaks only as of its date and is not intended to, and may not, be relied upon or otherwise used in connection with any such actions, events or matters. Our

engagement with respect to the Bonds has concluded on the date hereof, and we disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, any parties other than the Authority. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents and of the legal conclusions contained in the opinions, referred to in the second paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the Indenture, the Loan Agreement and the Tax Agreement including (without limitation) covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest on the Bonds to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Bonds, the Indenture, the Loan Agreement and the Tax Agreement and their enforceability may be subject to bankruptcy, insolvency, receivership, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against authorities of the State of California. We express no opinion with respect to any indemnification, contribution, liquidated damages, penalty (including any remedy deemed to constitute a penalty), right of set-off, arbitration, judicial reference, choice of law, choice of forum, choice of venue, non-exclusivity of remedies, waiver or severability provisions contained in the foregoing documents, nor do we express any opinion with respect to the state or quality of title to or interest in any of the assets described in or as subject to the lien of the Indenture or the Loan Agreement or the accuracy or sufficiency of the description contained therein of, or the remedies available to enforce liens on, any such assets. Our services did not include financial or other non-legal advice. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Limited Offering Memorandum or other offering material relating to the Bonds and express no opinion with respect thereto.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Bonds constitute the valid and binding limited obligations of the Authority.
2. The Indenture has been duly executed and delivered by, and constitutes the valid and binding obligation of, the Authority. The Indenture creates a valid pledge, to secure the payment of the principal of and interest on the Bonds, of the Revenues and any other amounts held in the Bond Fund, the Project Fund and the Costs of Issuance Fund, subject to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in the Indenture.
3. The Loan Agreement has been duly executed and delivered by, and constitutes a valid and binding agreement of, the Authority.
4. The Bonds are not a lien or charge upon the funds or property of the Authority except to the extent of the aforementioned pledge. Neither the faith and credit nor the taxing power of the State of California or of any political subdivision thereof or

any local agency is pledged to the payment of the principal of or interest on the Bonds. The Bonds are not a debt of the State of California, and said State is not liable for the payment thereof.

5. Interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the “Code”), except that no opinion is expressed as to the status of interest on any Bond during any period that such Bond is held by a “substantial user” of any facilities financed with Bond proceeds or by a “related person” within the meaning of Section 147(a) of the Code. We observe, however, that interest on the Bonds is a specific preference item for purposes of the federal alternative minimum tax. Interest on the Bonds is exempt from State of California personal income taxes. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds.

Very truly yours,

ORRICK, HERRINGTON & SUTCLIFFE LLP

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APPENDIX D

BOOK-ENTRY ONLY SYSTEM

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APPENDIX D

BOOK-ENTRY ONLY SYSTEM

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond will be issued for each subseries of the Bonds, in the aggregate principal amount of such subseries, and will be deposited with the Trustee as custodian for DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("*Direct Participants*") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("*DTCC*"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("*Indirect Participants*"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("*Beneficial Owner*") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be

requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Trustee and request that copies of notices be provided directly to them. THE AUTHORITY, THE BORROWER, THE REMARKETING AGENT, THE UNDERWRITER AND THE TRUSTEE WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATION TO SUCH DIRECT AND INDIRECT PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE BONDS.

Redemption notices will be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Authority or the Trustee, on payable dates in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

A Beneficial Owner will give notice to elect to have its Bonds purchased or tendered, through its Participant, to the Tender Agent, and will effect delivery of such Bonds by causing the Direct Participant to transfer the Participant's interest in the Bonds, on DTC's records, to the Tender Agent. The requirement for physical delivery of Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Bonds to the Tender Agent's DTC account.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the Authority or the Trustee. In addition, the Authority, at the direction of the Borrower, may terminate, upon provision of notice to the Trustee, the Remarketing Agent and the Tender Agent, the services of DTC with respect to the Bonds. Under such circumstances, in the event that a successor securities depository is not obtained, Bonds are required to be printed and delivered as described in the Indenture.

THE AUTHORITY, THE TRUSTEE, THE BORROWER, THE REMARKETING AGENT AND THE UNDERWRITER SHALL NOT HAVE ANY RESPONSIBILITY OR OBLIGATION TO ANY DIRECT OR INDIRECT PARTICIPANT, ANY BENEFICIAL OWNER OR ANY OTHER PERSON CLAIMING A BENEFICIAL OWNERSHIP INTEREST IN THE BONDS UNDER OR THROUGH DTC OR ANY DTC PARTICIPANT, OR ANY OTHER PERSON WHICH IS NOT SHOWN ON THE REGISTRATION BOOKS OF THE TRUSTEE AS BEING A HOLDER, WITH RESPECT TO THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT OR INDIRECT PARTICIPANT; THE PAYMENT BY DTC OR ANY DIRECT OR INDIRECT PARTICIPANT OF ANY AMOUNT IN RESPECT OF THE PRINCIPAL OF, PURCHASE PRICE, PREMIUM, IF ANY, OR INTEREST ON THE BONDS; ANY NOTICE WHICH IS PERMITTED OR REQUIRED TO BE GIVEN TO OWNERS UNDER THE INDENTURE; THE SELECTION BY DTC OR ANY DIRECT OR INDIRECT PARTICIPANT OF ANY PERSON TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OF THE BONDS; ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS AN OWNER; OR ANY OTHER PROCEDURES OR OBLIGATIONS OF DTC UNDER THE BOOK-ENTRY SYSTEM.

SO LONG AS CEDE & CO. (OR SUCH OTHER NOMINEE AS MAY BE REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC) IS THE REGISTERED OWNER OF THE BONDS, AS NOMINEE OF DTC, REFERENCES HEREIN TO THE HOLDERS OR OWNERS OR REGISTERED HOLDERS OR REGISTERED OWNERS OF THE BONDS MEANS CEDE & CO., AS AFORESAID, AND DOES NOT MEAN THE BENEFICIAL OWNERS OF THE BONDS.

The foregoing description of the procedures and record keeping with respect to beneficial ownership interests in the Bonds, payment of principal, interest and other payments on the Bonds to Direct and Indirect Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interest in such Bonds and other related transactions by and between DTC, the Direct and Indirect Participants and the Beneficial Owners is based solely on information provided by DTC. Accordingly, no representations can be made concerning these matters, and neither the Direct nor Indirect Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters, but should instead confirm the same with DTC.

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