

MASTER TRUST INDENTURE

by and between the

ALAMEDA CORRIDOR TRANSPORTATION AUTHORITY

and

**U.S. BANK TRUST NATIONAL ASSOCIATION
as Trustee**

Dated as of January 1, 1999

**Alameda Corridor Transportation Authority
Revenue Bonds**

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(This table of contents is not part of this Master Indenture and is only for convenience of reference. The captions herein are of no legal effect and do not vary the meaning or legal effect of any part of this Master Indenture.)

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MASTER TRUST INDENTURE

This MASTER TRUST INDENTURE, dated as of January 1, 1999 (this "Master Indenture"), is by and between the ALAMEDA CORRIDOR TRANSPORTATION AUTHORITY (the "Authority"), a joint powers authority established under Article 1, Chapter 5, Division 7, of Title 1 of the California Government Code and pursuant to an Amended and Restated Joint Exercise of Powers Agreement (the "JPA Agreement"), dated as of December 18, 1996, by and between the City of Long Beach and the City of Los Angeles, and U.S. BANK TRUST NATIONAL ASSOCIATION as trustee (the "Trustee").

RECITALS

WHEREAS, pursuant to the JPA Agreement, the City of Long Beach and the City of Los Angeles formed the Authority for the purpose of constructing, developing and operating a consolidated transportation corridor consisting of a program of public street, railroad and other related improvements, which is commonly known as the "Alameda Corridor Project" as more particularly described in the attached Exhibit "A" (the "Project"); and

WHEREAS, the JPA Agreement permits the Authority to construct and to oversee the construction and operation of the Project and to obtain financing necessary to construct the Project, including obtaining loans from the federal government and other sources, and issuing revenue bonds and other forms of indebtedness pursuant to the JPA Law (defined below); and

WHEREAS, The Burlington Northern and Santa Fe Railroad Company, Union Pacific Railroad Company (together, the "Railroads"), the City of Los Angeles, acting by and through its Board of Harbor Commissioners ("POLA"), the City of Long Beach, acting by and through its Board of Harbor Commissioners ("POLB", and together with POLA, the "Ports") and the Authority entered into the Alameda Corridor Use and Operating Agreement dated as of October 12, 1998 (the "Use and Operating Agreement"), pursuant to which such parties established definitive terms and conditions for the financing, construction, use, operation, maintenance and repair of the Rail Corridor (as defined therein); and

WHEREAS, to proceed with the issuance of revenue bonds, on December 17, 1998, by Resolution No. JPA-30-98, the Governing Board of the Authority approved the issuance of senior revenue bonds in the maximum aggregate principal amount of \$1,000,000,000 (the "Senior Lien Bonds") and subordinate revenue bonds in the maximum aggregate principal amount of \$300,000,000 (the "First Subordinate Lien Bonds" and/or the "Second Subordinate Lien Bonds" and together with additional senior and subordinate bonds, the "Bonds"); and

WHEREAS, on October 2, 1998, by Resolution No. 5759, POLA requested that the Council of the City of Los Angeles approve the issuance of the Bonds, and on October 13, 1998, by Resolution No. 5759, the Council of the City of Los Angeles approved the issuance of the Bonds in said maximum principal amounts; and

WHEREAS, on October 5, 1998, by Resolution No. HD-1933, POLB requested that the City Council of the City of Long Beach approve the issuance of the Bonds, and on October 6, 1998, by Resolution No. C-27427 the City Council of the City of Long Beach approved the issuance of the Bonds in said maximum principal amounts; and

WHEREAS, pursuant to the resolutions described above, the Authority wishes to provide in this Master Indenture for the terms and conditions by which it may issue the Bonds for purposes relating to the Project, such Bonds to be secured by the Trust Estate (defined below), as more fully described herein; and

WHEREAS, the Trustee is willing to accept the trusts provided in this Master Indenture;

NOW, THEREFORE, the Authority and the Trustee agree as follows, each for the benefit of the other and/or the benefit of holders of the Bonds secured by this Master Indenture:

GRANTING CLAUSE

To secure the payment of the interest, principal or Accreted Value and premium, if any, on the Bonds and the Federal Loan and the performance and observance by the Authority of all the covenants, agreements and conditions expressed or implied herein or contained in the Bonds, the Authority hereby pledges the Revenues and assigns to the Trustee and grants to the Trustee, for the benefit of the owners of the Bonds and the Federal Lender, liens on and security interests in all right, title and interest of the Authority in and to all moneys, instruments, and rights to which the Authority is entitled relating to the Project and to the construction, use or operation thereof, including the following (all of which collectively shall be deemed to be the "Trust Estate" under this Master Indenture): (a) the Revenues, subject to application as provided herein, (b) with respect to the Federal Lender, moneys and securities held in the Federal Loan Fund, and with respect to the owners of any Bonds, all moneys and securities held from time to time by the Trustee or any Paying Agent in the funds or accounts held hereunder or in any funds and accounts created pursuant to a Supplemental Indenture (other than any Rebate Fund and the Indemnification Fund), (c) earnings on amounts included in provisions (a) and (b) of this Granting Clause, (d) the Authority's rights to payment or otherwise under the Use and Operating Agreement, the Permit, the Design-Build Contract (defined below) and other contracts, agreements, memoranda of understanding, instruments, documents, payment or performance bonds and insurance policies relating to the Project or to the construction, use or operation thereof, (e) any liquidated or actual damages or insurance proceeds received by the Authority from any source pursuant to the Use and Operating Agreement (including the Ports or the Railroads) or otherwise arising from the Project or the construction, use or operation thereof, (f) Net Proceeds, (g) the proceeds of any business interruption insurance or other insurance relating to the Project or the construction, use or operation thereof, and (h) any and all other funds, assets, rights, properties or interests therein, which may from time to time hereafter be pledged or assigned to the Trustee as additional security hereunder, which liens and security interests shall be (i) a first and senior priority for the benefit of the owners of the Senior Lien Bonds, (ii) a second priority for the benefit of the Federal Lender, (iii) a third priority for the benefit of the owners of the First Subordinate Lien Bonds, and (iv) a fourth priority for the benefit of the owners of the Second Subordinate Lien Bonds; but

provided that funds deposited in the M & O Fund created pursuant to Section 3.02(f) hereof and administered pursuant to Section 3.08 hereof and funds in the Reserve Account created pursuant to Section 3.02(e) hereof and administered pursuant to Section 3.06 hereof shall not be pledged to or secure payment of the Bonds or the Federal Loan. Any additional security, including any Credit Facility, provided for specific Bonds or a specific Series of Bonds may, as provided by Supplemental Indenture, secure only such specific Bonds or Series of Bonds and, therefore, shall not be included as security for all Bonds under this Master Indenture, and moneys and securities held in trust as provided in Section 3.10 hereof exclusively for Bonds which have become due and payable and moneys and securities which are held exclusively to pay Bonds which are deemed to have been paid under Article V hereof shall be held solely for the payment of such specific Bonds.

ASSIGNMENT OF MONEYS AND RIGHTS

The Authority hereby assigns, and transfers to the Trustee, without recourse, all of its rights in the Trust Estate and any other rights or remedies granted to the Authority, including, without limitation, rights and remedies against the Ports and the Railroads, provided that the Trustee's exercise of any rights and remedies under the Use and Operating Agreement shall not impair either Railroad's rights to use the Rail Corridor, so long as such Railroad continues to pay Use Fees, Container Charges, M & O Charges and other amounts owed by such Railroad under the Use and Operating Agreement.

ARTICLE I DEFINITIONS; INTERPRETATION

The capitalized terms used in this Master Indenture and in any Supplemental Indenture shall, for all purposes of this Master Indenture, have the meanings specified in this Article I, unless a different definition is given such term in said Supplemental Indenture or unless the context clearly requires otherwise.

"Accreted Value" shall mean, with respect to any Capital Appreciation Bond, the principal amount thereof plus the interest accrued thereon from its delivery date, compounded at the approximate interest rate thereof on the Compounding Date specified therein. With respect to any Capital Appreciation Bonds, the Accreted Value at any date to which reference is made shall be the amount set forth in the Accreted Value Table as of such date, if such date is a Compounding Date, and if not, shall be determined by straight-line interpolation, as calculated by the Trustee, with reference to such Accreted Value Table.

"Accreted Value Table" shall mean the table denominated as such and to which reference is made in a Supplemental Indenture for any Capital Appreciation Bonds issued pursuant to such Supplemental Indenture.

"Administrative Costs" shall mean the administrative costs of the Authority as defined in and determined pursuant to Section 7.3(b)(4) of the Use and Operating Agreement.

"Annual Accounting" shall mean the final accounting annually undertaken by the Authority pursuant to Section 3.03 of this Master Indenture.

"Authority" shall mean the Alameda Corridor Transportation Authority, a joint powers authority established pursuant to the provisions of the JPA Law and the JPA Agreement, a public entity separate and apart from its members.

"Authority Treasurer" shall mean the Treasurer of the Authority selected in accordance with the JPA Law and the JPA Agreement.

"Authorized Authority Representative" shall mean one or more officials or employees of the Authority designated by the Board to act as an Authorized Authority Representative for the purposes specified in such designation. Except to the extent limited in any such designation, any action required or authorized to be taken by the Board or the Authority in this Master Indenture or in any Supplemental Indenture may be taken by an Authorized Authority Representative.

"Balloon Indebtedness" shall mean, with respect to any Series of Bonds, 25% or more of the principal or Accreted Value of which matures on the same date or within a 12-month period, that portion of the principal or Accreted Value of the Bonds of such Series which matures on such date or within such 12-month period. For purposes of this definition, the principal amount and Accreted Value maturing on any date shall be reduced by the amount of such indebtedness which is required, by the documents governing such indebtedness, to be amortized by prepayment or redemption prior to its stated maturity.

"Board" shall mean the Governing Board of the Authority, as described in the JPA Agreement.

"Bond" or *"Bonds"* shall mean Senior Lien Bonds, First Subordinate Lien Bonds and Second Subordinate Lien Bonds of the Authority issued under and in accordance with the provisions of Article II of this Master Indenture but not including the Federal Loan.

"Bond Counsel" shall mean a firm or firms of attorneys acceptable to the Board which are nationally recognized as experts in the area of municipal finance and which are familiar with the transactions contemplated under this Master Indenture.

"Bond Insurance Policy" means each financial guaranty insurance policy issued by a Bond Insurer insuring the payment of the principal or Accreted Value of (but not the redemption price other than mandatory sinking fund redemption) and interest on a Series of Bonds when due.

"Bond Insurer" shall mean (i) for the Series 1999 Bonds, MBIA Insurance Corporation, its successors and assigns, and (ii) for Bonds of any other Series, the bond insurer, if any, named in the Supplemental Indenture providing for the issuance of the Bonds of such Series.

"*Bond Obligation*" shall mean as of any date of calculation (1) with respect to any Outstanding Current Interest Bond, the principal amount of such Bond and (2) with respect to any Outstanding Capital Appreciation Bond, the Accreted Value thereof.

"*Bondholder*," "*holder*," "*owner*" or "*registered owner*" shall mean the person in whose name any Bond or Bonds are registered on the books maintained by a Registrar and shall include any Credit Provider or Liquidity Provider to which a Repayment Obligation is then owed, to the extent that such Repayment Obligation is deemed to be a Bond under the provisions of Section 2.10 hereof.

"*Bond Year*" shall mean the period of time commencing on the date on which the Series 1999 Bonds are issued and delivered through and including September 30, 1999, and thereafter each October 1 through September 30 of the immediately following period so long as any Bonds are Outstanding. Debt Service to be accrued in any Bond Year shall include debt service payable on the immediately following October 1.

"*Business Day*" shall mean a day on which banks located in New York, New York, in Los Angeles, California and in the city in which the principal corporate trust office of the Trustee is located are open, and, for the purpose of determining a Business Day for Bonds that are commercial paper or Variable Rate Indebtedness, a day on which the New York Stock Exchange is open.

"*Capital Appreciation Bonds*" shall mean any Bonds the interest on which is compounded and not scheduled to be paid until maturity, conversion or prior redemption thereof. Capital Appreciation Bonds may be converted to Current Interest Bonds pursuant to a Supplemental Indenture.

"*Capitalized Interest Fund*" shall mean each of the funds by that name that may be created by Section 3.02(b) hereof.

"*Code*" shall mean the Internal Revenue Code of 1986, as amended, and the United States Treasury Regulations applicable thereto.

"*Compounding Date*" shall mean the date on which principal and interest on any Capital Appreciation Bond is compounded, as specified in such Capital Appreciation Bond.

"*Construction Fund*" shall mean any of the Construction Funds authorized to be created by Section 3.02(a) hereof and further described in Section 3.07 hereof.

"*Consultant*" shall mean any Independent consultant, consulting firm, engineer, architect, engineering firm, architectural firm, accountant or accounting firm, actuary, insurance consultant, or other expert recognized to be well-qualified for work of the character required and retained by the Authority to carry out the duties provided for such consultant in this Master Indenture.

"Container Charges" shall mean the charges by that name as more particularly defined in Section 7.3(g) of the Use and Operating Agreement which each Railroad is obligated to pay to the Authority pursuant to the Use and Operating Agreement.

"Contingent Port Obligations" shall mean an amount equal to 40% of (i) the Annual Amount (as defined in Section 7.3(b) of the Use and Operating Agreement) and (ii) the Federal Loan payments due in any year or partial year (which is the maximum amount the Ports may be obligated to pay to the Authority pursuant to Section 7.3(h)(i) of the Use and Operating Agreement).

"Continuing Disclosure Certificate" shall mean (i) that certain Continuing Disclosure Certificate by the Authority and the Ports dated the date of issuance and delivery of the Series 1999 Bonds, and (ii) any other continuing disclosure certificate or certificates by the Authority and the Ports for any other Series of Bonds identified in the Supplemental Indenture pursuant to which such Series of Bonds are issued, as amended from time to time in accordance with the terms thereof.

"Costs of Issuance" shall mean all costs and expenses incurred by the Authority in connection with the issuance of one or more Series of Bonds, as more particularly described in a Supplemental Indenture, including, but not limited to, costs and expenses of printing and copying documents, the official statement or the Bonds, bond insurance premiums, if any, underwriters' compensation and the fees, costs and expenses of rating agencies, the Trustee, counsel, accountants, financial advisors, feasibility consultants, engineering consultants, actuaries and insurance consultants, other consultants, and other financing costs related to any Series of the Bonds.

"Costs of Issuance Fund" shall mean each of the Costs of Issuance Funds authorized to be created pursuant to Section 3.02(h) hereof and as further described in Section 3.13 hereof.

"Costs" or "Costs of the Project" shall mean all costs of planning, developing, financing, constructing, installing, equipping, furnishing, improving, acquiring, enlarging and/or renovating the Project and placing the same in service and reasonable contingencies and reserves therefor, and shall include, but not be limited to the following: (1) costs of real or personal property, rights, franchises, easements and other interests in property, and the cost of demolishing or removing structures and site preparation, infrastructure development, and landscaping and acquisition of land to which structures, debris or earth may be removed and the costs and expenses related to such removal; (2) costs of materials and supplies, machinery, equipment, vehicles, rolling stock, furnishings, improvements and enhancements; (3) labor and related costs and costs of services provided, including costs of consultants, advisors, architects, engineers, accountants, actuaries and insurance consultants, planners, attorneys, and financial and feasibility consultants; (4) financing expenses, including capitalized interest and reserves; and (5) such other costs and expenses (including administrative fees and expenses) that can be capitalized under generally accepted accounting principles in effect at the time the cost is incurred by the Authority.

"Credit Facility" shall mean a policy of municipal bond insurance, a letter of credit, line of credit, guarantee, standby purchase agreement or other financial instrument that obligates a third party to make payment of or provide funds to the Trustee for the payment of the principal or Accreted Value of and/or interest on and/or the purchase price of any Series of Bonds, but not including any Debt Service Reserve Surety Policy.

"Credit Provider" shall mean the issuer of a Credit Facility.

"Current Interest Bonds" shall mean the Bonds of any Series, other than Capital Appreciation Bonds, which pay interest at least annually to the owners thereof excluding the first payment of interest thereon.

"Debt Service" shall mean, for any period and for any priority level of Bonds, the sum of (1) the interest accrued during such period on all Outstanding Current Interest Bonds except to the extent that such interest is to be paid as capitalized interest from the proceeds of any Bonds and/or from other moneys deposited with the Trustee for such purpose, (2) the aggregate principal amount or Accreted Value of all Outstanding Bonds issued in serial form that matures or is payable in such period, except to the extent payable from the proceeds of Bonds or from other moneys set aside for such purpose, (3) the aggregate amount of all Mandatory Sinking Account Payments required to be made in such period with respect to Outstanding Term Bonds, except to the extent payable from the proceeds of Bonds or from other moneys set aside for such purpose and (4) all Repayment Obligations due in such period, to the extent such obligations constitute Bonds under Section 2.10 hereof,

provided, however, that for purposes of computing the interest payable on Variable Rate Indebtedness other than for purposes of Section 3.03 hereof, (A) the interest rate for any Synthetic Fixed Rate Debt shall be the fixed interest rate payable by the Authority pursuant to the related Swap or pursuant to such Indebtedness, as applicable, and (B) the interest rate for any other Variable Rate Indebtedness for periods when the actual interest rate for such Variable Rate Indebtedness cannot yet be determined shall be the rate which is the average of The Bond Buyer Revenue Bond Index for the 52 weeks ending with the week preceding the date of calculation, provided that if The Bond Buyer Revenue Bond Index shall cease to be published, the index to be used in its place shall be that index which the Authority (in consultation with the remarketing agent(s) for any Variable Rate Indebtedness then Outstanding) determines most closely replicates it, as set forth in a certificate of an Authorized Authority Representative filed with the Trustee, and

provided, further, that for purposes of computing the principal and interest payable on Balloon Indebtedness, during any Bond Year, the principal or Accreted Value due in any period with respect to such Bonds shall be deemed to be the amount of principal or Accreted Value which would be payable in such period if the original principal amount or Accreted Value of such Bonds were amortized from the date of original issuance thereof over the lesser of a period of thirty (30) years or the remaining useful life of the Project on a level debt service basis, except that if the date of calculation is within twelve (12) months of the actual maturity of such Bonds, the full amount of principal or Accreted

Value payable at maturity shall be taken into account unless a firm underwriting commitment is in effect to refinance such Bonds; and

provided further, that for purposes of computing the Accreted Value or principal and interest payable on Tender Indebtedness during a Bond Year, Tender Indebtedness shall be treated as if the tender payment were not required; and

provided, further, that for purposes of determining the principal amount or Accreted Value due, payment shall assumed to be made in accordance with any amortization schedule established for such debt.

"Debt Service Fund" shall mean each of the Debt Service Funds required to be created by Section 3.02(b) hereof and further described in Section 3.04 hereof.

"Debt Service Payment Requirement" shall mean the amount required to make a Debt Service payment on any Senior Lien Bond, at the times established by and as calculated pursuant to Section 3.03(b) hereof.

"Debt Service Reserve Account" shall mean each of the accounts designated as such and created within the Debt Service Reserve Fund pursuant to a Supplemental Indenture providing for the issuance of a particular Series of Bonds.

"Debt Service Reserve Fund" shall mean the trust fund and the accounts therein which are required to be funded for the purpose of providing additional security for Outstanding Bonds issued pursuant to the terms of this Master Indenture.

"Debt Service Reserve Fund Replenishment Payment" shall mean any payment required to replenish any one or more Debt Service Reserve Accounts or to pay a Debt Service Reserve Surety Repayment Obligation for the Senior Lien Bonds as provided for and calculated pursuant to Section 3.03(c) hereof.

"Debt Service Reserve Requirement" shall mean, with respect to a Debt Service Reserve Account for any Series of Bonds, an amount equal to the least of (i) Maximum Annual Debt Service for such Series, (ii) 10% of the original principal amount of such Series that have been issued, less the amount of original issue discount with respect to any such Bonds if such original issue discount exceeded 2% on such Bonds at the time of its original sale, and (iii) 125% of the average annual Debt Service on Bonds of such Series for each Bond Year in which Bonds of such Series are Outstanding.

"Debt Service Reserve Surety Policy" shall mean an insurance policy, surety bond or a letter of credit deposited with the Trustee for the credit of a Debt Service Reserve Account within the Debt Service Reserve Fund in lieu of or substitution for all or a portion of the cash or securities on deposit or to be deposited therein.

"Debt Service Reserve Surety Repayment Obligation" shall mean an obligation, including the interest thereon, arising from a payment or payments having been made under a Debt Service Reserve Surety Policy constituting all or a portion of a Debt Service Reserve Account and deposited into the Debt Service Fund related thereto to prevent a default on the related Series of Bonds.

"Dedicated Revenues" shall mean the Use Fees and Container Charges, Contingent Port Obligations, and the earnings on all funds and accounts held by the Trustee under the Indenture (but not including the Rebate Fund). However, Dedicated Revenues at a particular level of priority shall only include the sum of interest earnings on the Debt Service Accounts and Debt Service Reserve Funds with respect to such level of priority to the extent such earnings are required to be deposited or retained in such Debt Service Accounts and Debt Service Reserve Funds. Dedicated Revenues shall not include funds to be deposited in or earnings on the moneys held in the Federal Loan Fund, M & O Fund or the Reserve Account.

"Design-Build Contract" shall mean the Design-Build Contract (Contract No. MC01CS01) dated October 23, 1998, as amended from time to time, between the Authority and The Tutor-Saliba Team, a joint venture comprised of Tutor-Saliba Corporation, O & G Industries, Inc., Parsons Transportation Group and HNTB Design/Build, Inc.

"Event of Default" shall mean any occurrence or event specified in Section 6.01 hereof.

"Federal Lender" shall mean the U.S. Department of Transportation, acting through the Federal Highway Administration.

"Federal Loan" shall mean the loan in the maximum initial principal amount of \$400,000,000 (subject to adjustment by accretion) made or to be made to the Authority by the Federal Lender pursuant to the Federal Loan Agreement, or any replacement or refinancing thereof with or by an agency of the United States Government, which Federal Loan will be made to pay costs related to the acquisition of land, and designing, engineering, constructing, improving and financing of the Project.

"Federal Loan Agreement" shall mean the Amended and Restated Loan Agreement dated as of October 15, 1998, by and between the Authority and the Federal Lender, as amended and supplemented from time to time as permitted thereby and hereby.

"Federal Loan Fund" shall be the fund by that name created pursuant to Section 3.02(g) hereof and as further described in Section 3.09 hereof.

"Final Compounded Amount" shall mean the Accreted Value of a Capital Appreciation Bond on its maturity date.

"Financing Fees" shall mean the fees and charges of third party trustees, administrators, rating agencies, actuaries and insurance consultants, auditors, consultants, independent engineers, financial advisors, underwriters, attorneys, or custodians incurred by the Ports or the Authority

in connection with the Bonds, fees and costs incurred to obtain and renew letters of credit, bond insurance and other forms of credit enhancement facilities for the Bonds (including any amounts owed to Credit Providers pursuant to any reimbursement agreements or similar agreements entered into in connection with any Credit Facility), and any amounts necessary to make any rebate payments to the United States or otherwise to comply with the provisions of the Code. Such Financing Fees may be paid as Costs of Issuance of the Bonds.

"First Subordinate Lien Bonds" shall mean any Bonds, in one or more Series, which rank junior and subordinate to the Senior Lien Bonds and the Federal Loan, and rank senior to the Second Subordinate Lien Bonds, if any. Such First Subordinate Lien Bonds may be Notes that are part of a commercial paper program. The Series 1999B Bonds and the Series 1999D Bonds are First Subordinate Lien Bonds.

"Fiscal Year" shall mean the period of time beginning on July 1 of each given year and ending on June 30 of the immediately subsequent year, or such other similar period as the Authority designates as its fiscal year by written notice to the Trustee.

"Government Obligations" shall mean (1) United States Obligations (including obligations issued or held in book-entry form); (2) prerefunded municipal obligations meeting the following conditions: (a) the municipal obligations are not subject to redemption prior to maturity, or the Trustee has been given irrevocable instructions concerning their calling and redemption and the issuer has covenanted not to redeem such obligations other than as set forth in such instructions; (b) the municipal obligations are secured by cash and/or noncallable United States Obligations, which United States Obligations may be applied only to interest, principal and premium payments of such municipal obligations; (c) the principal of and interest on the United States Obligations serving as security for the municipal obligations, when due and without any reinvestment thereof (plus any cash in the escrow fund), are sufficient to pay the principal of and interest on the municipal obligations; (d) the United States Obligations serving as security for the municipal obligations are held by an escrow agent or trustee; (e) the United States Obligations serving as security for the municipal obligations are not available to satisfy any other claims, including those against the trustee or escrow agent; and (f) the municipal obligations are rated in the highest rating category of any Rating Agency which then maintains a rating on any of the Bonds; and (3) with respect to Resolution Funding Corp. (REFCORP) obligations, only the interest component of REFCORP obligations which have been stripped by request to the Federal Reserve Bank of New York in book-entry form are acceptable.

"Indemnification Fund" shall mean the fund established pursuant to the Fourth Supplemental Trust Indenture dated as of January 1, 1999 to be held for the purposes specified in such Fourth Supplemental Trust Indenture. The Indemnification Fund is not pledged to or security for the Bonds.

"Indenture" shall mean this Master Indenture, together with all Supplemental Indentures.

"Independent" shall mean, when used with respect to any specified firm or individual, that such firm or individual (i) does not have any direct financial interest or any material indirect

financial interest in the operations of the Authority or either of the Ports or the Railroads, other than the payment to be received under a contract for services to be performed, and (ii) is not connected with the Authority or either of the Ports or the Railroads, as an official, officer or employee.

"Initial Amount" shall mean the principal amount of a Capital Appreciation Bond on the date of issuance and delivery to the original purchaser thereof.

"Interest Payment Date" shall mean each April 1 and October 1, beginning April 1, 1999, so long as any Current Interest Bonds are Outstanding.

"JPA Agreement" shall mean the Amended and Restated Joint Powers Agreement dated as of December 18, 1996, by and between the City of Long Beach and the City of Los Angeles.

"JPA Law" shall mean Article 1, Chapter 5, Division 7, of Title 1 of the California Government Code (commencing with Section 6500).

"Liquidity Facility" shall mean a letter of credit, line of credit, standby purchase agreement or other financial instrument which is available to provide funds with which to purchase Bonds.

"Liquidity Provider" shall mean the entity which issues a Liquidity Facility.

"Mandatory Sinking Account Payment" shall mean, with respect to Bonds of any Series and maturity, the amount required by a Supplemental Indenture to be deposited in a Debt Service Fund for the payment of Term Bonds of such Series and maturity.

"Master Indenture" shall mean this Master Trust Indenture dated as of January 1, 1999 between the Authority and the Trustee.

"Maximum Annual Debt Service" shall mean, for each Series of Bonds, the greatest Debt Service in any Bond Year during the period beginning with the current Bond Year and ending with the Bond Year in which the last Outstanding Bonds of such Series mature by their terms.

"M & O Charges" shall mean the M & O Charges as defined in Section 7.2(a) of the Use and Operating Agreement (and as limited by Sections 7.2(a) and 7.2(c) of the Use and Operating Agreement), which the Railroads are obligated to pay to the Authority pursuant to the Use and Operating Agreement. M & O Charges shall not be deemed to be Revenues or Dedicated Revenues under this Master Indenture.

"M & O Fund" shall mean the fund by that name and the accounts therein created pursuant to Section 3.02(f) of this Master Indenture and as more particularly described in Section 3.08 of this Master Indenture.

"Net Proceeds" shall mean insurance proceeds as a result of damage to or destruction of all or any portion of the Project or any title insurance or proceeds received in lieu of any insurance

or title matter, or condemnation award or amounts received by the Authority from the sale of all or any portion of the Project under the threat of condemnation, less expenses (including the Authority's attorneys' fees and expenses and any fees and expenses of the Trustee) incurred in the collection of such proceeds or award, whether or not the property that is the subject of the condemnation or title matter is owned by the Authority or the Ports. Net Proceeds shall not include the proceeds of any business interruption insurance.

"Net Proceeds Account" shall mean the account to be created pursuant to Section 4.13 of this Master Indenture into which the Trustee shall deposit any Net Proceeds.

"Notes" shall mean Bonds (including commercial paper) issued under the provisions of Article II of this Master Indenture which have a maturity of one year or less from their date of original issuance.

"Operating Committee" shall mean the committee comprised of representatives of the Railroads and the Ports, established pursuant to the Use and Operating Agreement.

"Outstanding" when used with respect to Bonds shall mean all Bonds (except as provided by Supplemental Indenture) which have been authenticated and delivered under this Master Indenture, except:

- (a) Bonds canceled or purchased by the Trustee for cancellation or delivered to or acquired by the Trustee for cancellation;
- (b) Bonds deemed to be paid in accordance with Article V hereof;
- (c) Bonds in lieu of which other Bonds have been authenticated under Sections 2.05, 2.06 or 2.07 hereof;
- (d) Bonds that have become due (at maturity or on the date fixed for redemption or purchase, acceleration or otherwise) and for the payment of which sufficient moneys, including interest accrued to the due date, are held by the Trustee or a Paying Agent;
- (e) Bonds which, under the terms of the Supplemental Indenture pursuant to which they were issued, are deemed to be no longer Outstanding; and
- (f) for purposes of any consent or other action to be taken by the holders of a specified Bond Obligation under this Master Indenture, Bonds held by or for the account of the Authority, the City of Los Angeles, the City of Long Beach or a Port or by any person controlling, controlled by or under common control with the Authority.

"Participating Underwriter" shall have the meaning ascribed thereto in the Continuing Disclosure Agreement.

"Paying Agent" or *"Paying Agents"* shall mean, with respect to any Bonds or Series of Bonds, the Trustee or such banks, trust companies or other financial institutions or other entities designated in a Supplemental Indenture as the place where such Bonds shall be payable.

"Permit" shall mean the Use Permit dated as of October 12, 1998, by and between the Ports and the Authority, which allows the Authority to construct the Project and perform its duties under the Use and Operating Agreement.

"Permitted Investments" shall mean any of the following:

- A. United States treasury bills, bonds, and notes, or "when issued" securities of the United States Government for such securities, or those for which the full faith and credit of the United States are pledged for payment of principal and interest. Maturity is not to exceed the projected dates of the Authority's cash needs or five years, whichever is less.
- B. Registered state warrants or treasury notes or bonds of the State of California or any other of the 49 states of the United States of America, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the state or by a department, board, agency, or authority of the state, so long as such warrants, notes, or bonds are rated "A" or higher by Moody's and Standard & Poor's. Maturity is not to exceed the projected dates of the Authority's cash needs or five years, whichever is less.
- C. Bonds, notes, warrants, or other evidences of indebtedness of any local agency within the State of California or any other of the 49 states of the United States of America, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the local agency, or by a department, board agency, or authority of the local agency, so long as such warrants, notes, or bonds are rated "A" or higher by Moody's and Standard & Poor's, or pre-refunded bonds, notes, warrants or other evidences of indebtedness of any local agency within the state so long as such pre-refunded obligations are rated in the highest rating category for such issues as rated by Moody's and Standard & Poor's. Maturity is not to exceed the projected dates of the Authority's cash needs or five years, whichever is less.
- D. Obligations issued by or guaranteed by the Government National Mortgage Association (GNMA), the Federal Farm Credit Bank System (FFCB), the Federal Home Loan Bank Board (FHLB), the Federal National Mortgage Association (FNMA), Federal Home Administration, Export-Import Bank of the United States, Federal Financing Bank, Farmers Home Administration, Federal Home Loan Mortgage Corporation, Federal Housing Administration, Private Export Funding Corporation, Resolution Funding Corporation, Student Loan Marketing Association or any other instrumentality or agency of the United States. Maturity is not to

exceed the projected dates of the Authority's cash needs or five years, whichever is less.

- E. Bills of exchange or time drafts drawn on and accepted by a commercial bank, which has an unsecured, uninsured and unguaranteed obligation rating of "Prime-1" or "A3" or better by Moody's and "A-1" or "A" or better by Standard & Poor, otherwise known as banker's acceptances. Banker's acceptances purchased may not exceed 270 days to maturity or 40% of the market value of the funds held by the Trustee. No more than 10% of the market value of the funds held by the Trustee may be invested in banker's acceptances issued by any one bank.
- F. Commercial paper ranked "P1" by Moody's Investor Services and "A1" by Standard & Poor's and issued by corporations that are organized and operating within the United States having assets in excess of \$500,000,000 and having an "A" or better rating, if any, on its long-term debentures as provided by Moody's and Standard & Poor's. Purchases of eligible commercial paper may not exceed 15% of the market value of the funds held by the Trustee. An additional 15% or a total of 30% of the funds held by the Trustee may be invested in commercial paper if the dollar weighted average maturity of the entire amount does not exceed 31 days. No more than 10% of the market value of the funds held by the Trustee may be invested in commercial paper issued by any one corporation. Maturity is not to exceed 180 days.
- G. Negotiable certificates of deposit issued by a nationally or state-chartered bank or state or federal savings and loan association. Negotiable certificates of deposit (NCDs) differ from other certificates of deposit by their deposit liquidity. They are issued against funds deposited for specified periods of time and earn specified or variable rates of interest. NCDs are traded actively in secondary markets. The maturity of bank NCDs shall not exceed two years; the maturity of savings and loan association NCDs shall not exceed two years. Transactions in NCDs shall not collectively exceed 30% of the total funds held by the Trustee in effect immediately after any such investment is made. When feasible, an independent trading service will be used as part of the evaluation process. If a rating service is used, the financial institution should maintain a rating equivalent to Keefe Bank Watch Service of "A/B" or better. To be eligible for purchase by the Trustee, the NCD must be issued by:
 - 1. A California bank rated "A/B" or better by the rating service of Keefe, Bruyette and Woods, (Keefe) (or equivalent);
 - 2. A major national or regional bank outside of California rated "B" or better by Keefe (or equivalent);
 - 3. A domestic branch of a foreign bank rated I for country rating, II or better for peer-group rating, and II or better for dollar access by Keefe; or

4. A savings and loan association operating in California rated "A/B" or better by Keefe.
- H. Repurchase Agreements with the following terms and conditions: the Authority, the Trustee or the Authority's investment consultant may invest in repurchase investments with banks and dealers with which the Authority or its investment consultant has entered into a master repurchase agreement which specifies terms and conditions of repurchase agreements.
1. Transactions shall be limited to the primary dealers and banking institutions rated "A" or better by Moody's and Standard & Poor's. The maturity of repurchase agreements shall not exceed 90 days. The market value of securities used as collateral for repurchase agreements shall be monitored daily by the Treasurer and will not be allowed to fall below 102% of the value of the repurchase agreement plus the value of collateral in excess of the value of the repurchase agreement (haircut). In order to conform with provisions of the Federal Bankruptcy Code which provide for the liquidation of securities held as collateral for repurchase agreements, the only securities acceptable as collateral shall be securities that are direct obligations of, or that are fully guaranteed as to principal and interest by, the United States or any agency of the United States.
 2. Not more than 50% of the funds held by the Trustee may be invested in repurchase agreements and a security interest satisfactory to the Authority shall always be maintained in the securities subject to a repurchase agreement.
- I. Local sAgency Investment Fund – established by the State Treasurer for the benefit of local agencies up to the maximum permitted by State law.
- J. Los Angeles County Treasurer's Investment Pool – the Authority may invest in Los Angeles County's investment pool as prescribed by California Government Code.
- K. Money Market Funds which invest solely in U.S. Treasury Securities and U.S. Government Agency securities, and repurchase agreements relating to the above obligations. To be eligible, these Money Market Funds must have an investment advisor with not less than five years experience, be registered with the SEC, have the highest ranking available as provided by not less than two nationally recognized statistical rating organizations, and have assets in excess of \$500 million. No more than 20% of the funds held by the Trustee may be invested in Money Market Funds, with no more than 10% invested in any one mutual fund.
- L. Bonds or notes of corporations incorporated in the United States having ratings of single A or better by Moody's and Standard & Poor's. The Trustee may invest no more than 30% of the funds held by the Trustee in corporate bonds or notes and

no more than 8% of the funds held by the Trustee with a single corporate issuer. Maturity is not to exceed the projected dates of the Authority's cash needs or three years, whichever is less.

- M. Guaranteed Investment Contracts and Investment Agreements acceptable to the Bond Insurer with issuers of a double A rating or better by Moody's and Standard & Poor's. Such contracts are to be of no more than 5 years maturity. No more than 50% of the funds held by the Trustee may be invested in such contracts and no more than 20% of the funds held by the Trustee may be placed under contract with a single entity.
- N. Any mortgage pass-through security, collateralized mortgage obligation or mortgage-backed certificate with a maximum of five years to maturity. Securities eligible for investment under this subdivision shall be issued by an issuer having an "A" or higher rating for the issuer's debt by Moody's and Standard & Poor's and rated in a rating category of "AAA." Purchase of securities authorized by this subdivision may not exceed 20% of the agency's surplus money that may be invested pursuant to this section.

"*POLA*" shall mean the City of Los Angeles acting by and through its Board of Harbor Commissioners.

"*POLB*" shall mean the City of Long Beach acting by and through its Board of Harbor Commissioners.

"*Port Advances*" shall mean the amounts advanced or paid by POLA or POLB in connection with the Project, to the extent such amounts are defined and described in Section 7.3(b)(5) of the Use and Operating Agreement.

"*Port Representative*" shall mean one or more officials or employees of POLA or POLB designated by POLA or POLB, respectively, to act as a Port Representative for the applicable Port hereunder.

"*Ports*" shall mean POLA and POLB.

"*Principal Payment Date*" shall mean (a) for Current Interest Bonds, each October 1, beginning October 1 of the respective years designated in the Supplemental Indentures, so long as any Current Interest Bonds are Outstanding, and (b) for Capital Appreciation Bonds, October 1 of any year in which the Final Compounded Amount of any Capital Appreciation Bond is due and payable.

"*Project*" shall mean the consolidated rail transportation corridor known as the Alameda Corridor Project as described in the attached Exhibit "A" and as defined in the Alameda Corridor Final Environmental Impact Statement, as approved by the Federal Highway Administration on January 24, 1996 and the Federal Railroad Administration on January 25, 1996 and the Record

of Decisions for that Project, along with any extensions, expansions, related improvements and replacements thereof duly approved for construction by the Railroads, the Ports and the Authority. Various portions of the Project shall be owned by the Ports and the Railroads, which have granted to the Authority the rights of access and to construct and operate the Project pursuant to (i) the UP C&M Agreement, (ii) the BNSF C&M Agreement, and (iii) the Permit (all as defined in the Use and Operating Agreement), and (iv) the Use and Operating Agreement.

"Railroads" shall mean The Burlington Northern and Santa Fe Railway Company, a Delaware Corporation, and Union Pacific Railroad Company, a Delaware corporation, and their respective successors and assigns under the Use and Operating Agreement, and any other railroad or railroads which become a party to the Use and Operating Agreement.

"Rating Agency" shall mean a nationally recognized rating agency providing a rating for any Outstanding Bonds.

"Rebate Fund" shall mean any fund created by the Board pursuant to a Supplemental Indenture in connection with the issuance of any Tax Exempt Bonds for the purpose of complying with the Code and providing for the collection and holding for and payment of amounts due to the United States of America.

"Redemption Account" shall mean any of the Redemption Accounts permitted to be created pursuant to Section 3.02(b) hereof and further described in a Supplemental Indenture.

"Refunding Bonds" shall mean any Bonds issued pursuant to Article II of this Master Indenture to prepay, refund or defease all or a portion of any Outstanding Bonds or the Federal Loan.

"Registrar" shall mean, with respect to any Bonds, the bank, trust company or other entity designated in a Supplemental Indenture to perform the function of Registrar under this Master Indenture or any Supplemental Indenture, and which entity has accepted the position in accordance with Section 7.12 hereof.

"Repayment Obligations" shall mean an obligation, including the interest thereon, arising under a written agreement of the Authority and a Credit Provider pursuant to which the Authority agrees to reimburse the Credit Provider for amounts paid through a Credit Facility to pay debt service on any Bonds and/or an obligation, including interest thereon, arising under a written agreement of the Authority and a Liquidity Provider pursuant to which the Authority agrees to reimburse the Liquidity Provider for amounts paid through a Liquidity Facility to purchase Bonds.

"Requisition" shall mean each of the forms of requisition attached hereto as Exhibits B-1 through B-5, pursuant to which the Trustee shall make the payments required pursuant to Section 3.03 paragraphs THIRD, SEVENTH, TENTH and TWELFTH, and Sections 3.06(b), 3.07, 3.08 and 3.13 of this Master Indenture.

"Reserve Account" shall mean the Reserve Account created pursuant to Section 3.02(e) hereof and as further described in and administered pursuant to Section 3.06 hereof.

"Reserve Account Investments" shall mean those securities and other investments more particularly described on Exhibit C attached hereto.

"Reserve Account Target" shall mean the amount designated as such pursuant to Section 7.4 of the Use and Operating Agreement, as such amount is adjusted from time to time pursuant to the Use and Operating Agreement.

"Responsible Officer" shall mean an officer, trust officer or assistant trust officer of the Trustee assigned by the Trustee to administer this Indenture.

"Revenue Fund" shall mean the fund of that name established pursuant to Section 3.02(d) hereof and further described in and administered pursuant to Section 3.03 hereof.

"Revenues" shall mean the Use Fees and Container Charges, Shortfall Advances, proceeds of rental interruption insurance received by the Authority (or the Trustee on behalf of the Authority), the earnings on all funds and accounts held by the Trustee under the Indenture (provided that Revenues at a particular level of priority shall only include the interest earnings on the Debt Service Funds and the Debt Service Reserve Accounts with respect to such level of priority to the extent such earnings are required to be deposited or retained in such Debt Service Funds or Debt Service Reserve Accounts) and grants and other amounts received under contracts or agreements with governmental or private entities and permitted to be applied as Revenues, but not including funds to be deposited or retained in or earnings on the moneys held in the M & O Fund, the Reserve Account, the Rebate Fund and the Indemnification Fund, any Net Proceeds, or proceeds from borrowings (including the Federal Loan), or any amounts expended by the Railroads for the maintenance and operation expenses for the Non-Rail Components or the Drill Track (as such terms are defined in the Use and Operating Agreement).

"Second Subordinate Lien Bonds" shall mean any Bonds, in one or more Series, which rank junior and subordinate to the Senior Lien Bonds, the First Subordinate Lien Bonds and the Federal Loan. Such Second Subordinate Lien Bonds may be Notes that are part of a commercial paper program.

"Senior Lien Bonds" shall mean any Bonds, in one or more Series, which have the highest rank and a first priority on the Trust Estate and are senior and superior to the Federal Loan. Such Senior Lien Bonds may be Notes that are part of a commercial paper program. The Series 1999A Bonds and the Series 1999C Bonds are Senior Lien Bonds.

"Series" shall mean Bonds designated as a separate Series by a Supplemental Indenture.

"Series 1999 Bonds" shall mean the Series 1999A Bonds, the Series 1999B Bonds, the Series 1999C Bonds and the Series 1999D Bonds.

"Series 1999A Bonds" shall mean the "Alameda Corridor Transportation Authority Tax-Exempt Senior Lien Revenue Bonds, Series 1999A" authorized pursuant to this Master Indenture and the First Supplemental Trust Indenture dated as of January 1, 1999.

"Series 1999B Bonds" shall mean the "Alameda Corridor Transportation Authority Tax Exempt Subordinate Lien Revenue Bonds, Series 1999B," authorized pursuant to this Master Indenture and the Second Supplemental Trust Indenture dated as of January 1, 1999.

"Series 1999C Bonds" shall mean the "Alameda Corridor Transportation Authority Taxable Senior Lien Revenue Bonds, Series 1999C," authorized pursuant to this Master Indenture and the Third Supplemental Trust Indenture dated as of January 1, 1999.

"Series 1999D Bonds" shall mean the "Alameda Corridor Transportation Authority Taxable Subordinate Lien Revenue Bonds, Series 1999D," authorized pursuant to this Master Indenture and the Fourth Supplemental Trust Indenture dated as of January 1, 1999.

"Shortfall Advances" shall mean the payments by that name more particularly defined and described in Section 7.3(h) of the Use and Operating Agreement which the Ports are obligated to pay to the Authority pursuant to Section 7.3 of the Use and Operating Agreement.

"Standard & Poor's" shall mean Standard and Poor's Ratings Services, a Division of McGraw Hill Companies, Inc., its successor and assigns.

"State" shall mean the State of California.

"Substantial Completion" shall have the meaning ascribed to such term in the Use and Operating Agreement. The Authority shall certify in writing to the Trustee the date of Substantial Completion at the time Substantial Completion occurs.

"Supplemental Indenture" shall mean any document supplementing or amending this Master Indenture or providing for the issuance of Bonds and entered into as provided in Article VIII of this Master Indenture.

"Swap" shall mean any financial arrangement in effect or to be in effect between the Authority and a Swap Provider which arrangement provides, with respect to certain designated Bonds, that each of the parties shall pay to the other an amount or amounts calculated as if such amount were interest accruing during the term of the arrangement at a specified rate (whether fixed or a variable rate or measured against some other rate) on the designated indebtedness, and payable from time to time or at a designated time or times. The Bond Insurer for the Series 1999 Bonds shall have the right to approve any Swap applicable to a Series of Bonds that it insures.

"Swap Provider" shall mean the provider of a Swap pursuant to a contract that is rated in one of the two highest rating categories therefor.

"Synthetic Fixed Rate Debt" shall mean Variable Rate Indebtedness issued by the Authority which: (i) is combined with a Swap that creates a substantially fixed-rate maturity or maturities for a term not exceeding such maturity or maturities, or (ii) consists of an arrangement in which two inversely related variable-rate securities are issued in equal principal amounts with interest based on off-setting indices resulting in a combined payment which is economically equivalent to a fixed rate.

"Tax Exempt Bonds" shall mean any Bonds the interest on which is excluded from gross income for federal income tax purposes under the Code.

"Tender Indebtedness" shall mean any Bonds or portions of Bonds a feature of which is an option, on the part of the Bondholders, or an obligation, under the terms of such Bonds, to tender all or a portion of such Bonds to the Authority, a Paying Agent or other fiduciary or agent for payment or purchase and requiring that such Bonds or portions of Bonds be purchased if properly presented.

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

"Trust Estate" shall mean all of the moneys and rights described as such in the Granting Clause of this Master Indenture.

"Trustee" shall mean U.S. Bank Trust National Association or any successor trustee appointed pursuant to Article VII hereof.

"United States Obligations" shall mean direct and general obligations of the United States of America, or obligations that are unconditionally guaranteed as to principal and interest by the United States of America. "United States Obligations" shall include any stripped interest or principal portion of United States Treasury securities and any stripped interest portion of Resolution Trust Corporation securities.

"Use and Operating Agreement" shall mean the Alameda Corridor Use and Operating Agreement, dated as of October 12, 1998, by and among the Authority, the Ports and the Railroads, as amended by any amendments and supplements permitted hereby.

"Use Fees" shall mean the fees by that name more particularly defined and described in Section 7.3(e) of the Use and Operating Agreement which the Railroads are obligated to pay to the Authority as set forth in the Use and Operating Agreement.

"Variable Rate Indebtedness" shall mean any Bond or Bonds the interest rate on which is not, at the time in question, fixed to maturity. Variable Rate Indebtedness shall include Bonds which bear a fixed rate of interest and which are combined with a Swap that creates an interest rate for the payment of such Bonds that is not fixed to maturity.

Except as otherwise indicated, references to Articles and Sections are to the Articles and Sections of this Master Indenture.

ARTICLE II

FORM, EXECUTION, DELIVERY AND REGISTRATION OF BONDS

Section 2.01. *Issuance of Bonds; Form; Dating.* Bonds may be issued by the Authority under the terms of this Master Indenture for the purpose of financing or refinancing any Costs of the Project. Bonds may be issued under this Master Indenture only if the provisions of Sections 2.08 and 2.09 are satisfied. Bonds may be in certificated or uncertificated form. Bonds issued in certificated form may be freely transferable or may be immobilized and held by a custodian for the beneficial owners, all as shall be set forth or permitted in the Supplemental Indenture providing for the issuance of such Bonds. Bonds may have notations, legends or endorsements required by law or usage and shall be numbered and dated as provided in the applicable Supplemental Indenture.

All Bonds shall state that they are issued under and secured by this Master Indenture and shall further contain a statement substantially to the following effect:

"Neither the faith and the credit nor the taxing power of the City of Los Angeles, the City of Long Beach, the State of California or any public agency, is pledged to or secures the payment of the principal of, premium, if any, or interest on, this Bond. Payment of the principal of, premium, if any, or interest on this Bond is a special limited obligation of the Authority and secured only by the Trust Estate and a pledge of Revenues under the Master Indenture. The Authority has no power of taxation."

Section 2.02. *Terms, Medium and Place of Payment.* Bonds shall bear interest at a rate or rates, if any, which may include a rate of 0% and/or may include variable or adjustable rates or rates set by auction, or by such other methods as the Authority may determine, and such interest may be payable periodically, in whole or in part, or may be accumulated and paid at maturity or at such other time or times as the Authority shall determine. Principal or Accreted Value of and interest on such Bonds shall be payable in such manner as may be specified in the Supplemental Indenture creating a Series of such Bonds. Bonds shall mature and, if so provided in a Supplemental Indenture, shall be subject to redemption prior to their respective maturities, all as shall be set forth in the applicable Supplemental Indenture. Payments with respect to the Bonds shall be made as provided in the Supplemental Indenture providing for the issuance of such Bonds, which provisions shall include the designation of the currency in which such payments shall be made. In addition, each such Supplemental Indenture may provide for the appointment of a Registrar or Registrars and a Paying Agent or Paying Agents and such other agents as the Authority shall determine to be necessary in addition to the Trustee.

Section 2.03. *Execution and Authentication.* Bonds, if in certificated form, will be signed for the Authority as provided in the Supplemental Indenture or in a resolution of the Board authorizing such Bonds. In case any officer whose signature or whose facsimile signature shall appear on any Bonds shall cease to be such officer before the authentication of such Bonds, such

signature or the facsimile signature thereof shall nevertheless be valid and sufficient for all purposes the same as if he or she had remained in office until authentication. Also, if a person signing a Bond is the proper officer on the actual date of execution, the Bond will be valid even if that person is not the proper officer on the nominal date of action and even though, at the date of this Master Indenture, such person was not such officer. A Bond in certificated form will not be valid until the Trustee or its agent or an authenticating agent designated by the Authority manually signs the certificate of authentication on the Bond. Such signature will be conclusive evidence that the Bond has been authenticated under this Indenture. Different authenticating agents may be appointed for different Series of Bonds. Each reference in this Indenture to authentication by the Trustee includes authentication by such agent.

With respect to Bonds issued under this Indenture in uncertificated form, the procedures for issuance and delivery and evidence of validity, ownership, transfer and exchange shall be as provided in a Supplemental Indenture, and neither the provisions of this Section nor any other provision of this Master Indenture shall be deemed to prohibit or restrict the issuance of uncertificated Bonds.

Section 2.04. *Bond Register.* Bonds of each Series may be presented at the principal corporate trust office of the Registrar for such Series, unless a different office has been designated for such purpose, for registration, transfer and exchange. The Registrar for a Series of Bonds will keep a register of such Series of Bonds and of their transfer and exchange.

Section 2.05. *Mutilated, Lost, Stolen or Destroyed Bonds.* If any Bond is mutilated or defaced but identifiable by number and description, the Authority shall execute and the Trustee shall authenticate and deliver a new Bond of like Series, date, maturity and denomination as such Bond, upon surrender thereof to the Trustee or the authorized authentication agent. The Bondholder shall accompany the above with a deposit of money required by the Trustee or the authorized authentication agent for the cost of preparing the substitute Bond and all other expenses connected with the issuance of such substitute. The Trustee, in conjunction with the relevant Registrar, if applicable, shall then cause proper record to be made of the cancellation of the original Bond, and thereafter the substitute Bond shall have the validity of the original.

If any Bond is lost, stolen or destroyed, the Authority may execute and the Trustee or the authorized authentication agent may authenticate and deliver a new Bond of like Series, date, maturity and denomination as the Bond lost, stolen or destroyed, provided that there shall first be furnished to the Trustee evidence of such loss, theft or destruction satisfactory to the Trustee, together with indemnity satisfactory to it. The Trustee, in conjunction with the relevant Registrar, if applicable, shall then cause proper record to be made of the loss, theft or destruction of the original, and thereafter the substitute Bond shall have the validity of the original Bond.

Except as limited by any Supplemental Indenture, the Trustee may charge the holder of any such Bond all governmental charges and transfer taxes, if any, and its reasonable fees and expenses in this connection. All substitute Bonds issued and authenticated pursuant to this Section shall be issued as substitutes and numbered, if numbering is provided for by the Supplemental Indenture or the Trustee, as determined by the Trustee. If any such Bond has matured or been

called for redemption, the Trustee may pay the same at its maturity or redemption without surrender thereof upon receipt of indemnity satisfactory to the Trustee.

Section 2.06. *Registration and Transfer or Exchange of Bonds; Persons Treated as Owners.* Unless otherwise provided by a Supplemental Indenture, all Bonds shall be issued in fully registered form. Upon surrender for transfer of any Bond at the principal corporate trust office of the Registrar for such Bond, the Trustee or other authorized authentication agent shall authenticate and the Registrar for such Bond shall deliver in the name of the transferee or transferees a new fully authenticated and registered Bond or Bonds of authorized denominations of the same Series and same maturity for the same aggregate principal amount. Bondholders may present Bonds at the principal corporate trust office of the applicable Registrar for exchange for Bonds of different authorized denominations and, upon such presentation, the Trustee or other authorized authentication agent shall authenticate and the Registrar shall deliver to the Bondholder a new fully authenticated and registered Bond or Bonds of the same Series and same maturity for the same aggregate principal amount. All Bonds presented for transfer or exchange shall be accompanied by a written instrument or instruments of transfer or authorization for exchange, in form and with guaranty of signature satisfactory to the Trustee and the applicable Registrar, duly executed by the Bondholder or by his duly authorized attorney or legal representative. Except as limited by any Supplemental Indenture, the Trustee and the applicable Registrar also may require payment from the Bondholder of a sum sufficient to cover any tax or other governmental fee or charge that may be imposed in relation thereto. Such taxes, fees and charges shall be paid before any such new Bond shall be delivered. Supplemental Indentures may designate certain limited periods during which Bonds may not be exchanged or transferred.

Bonds delivered upon any exchange or transfer as provided herein, or as provided in Section 2.05, shall be valid limited obligations of the Authority, evidencing the same debt as the Bond or Bonds surrendered, shall be secured by this Master Indenture and shall be entitled to all of the security and benefits hereof to the same extent as the Bond or Bonds surrendered. The Authority, the Trustee, any Registrar and any Paying Agent shall treat the Bondholder of a Bond, as shown on the registration books kept by the applicable Registrar, as the person exclusively entitled to payment of principal, premium, if any, and interest on such Bond and as the party entitled to the exercise of all other rights and powers of the Bondholder, except that all interest payments will be made to the party who, as of the record date of such Bond (as established in the applicable Supplemental Indenture), is the Bondholder.

Section 2.07. *Temporary Bonds; Destruction of Bonds and Temporary Bonds.* Pending preparation of definitive Bonds of any Series, the Authority may execute and the Trustee shall authenticate and deliver, in lieu of definitive Bonds and subject to the same limitations and conditions, temporary bonds or certificates which shall be exchanged for the Bonds. If temporary Bonds shall be issued, the Authority shall cause the definitive Bonds to be prepared and to be executed, authenticated and delivered to the Trustee, and the Trustee, upon presentation to it of any temporary bond, shall cancel the same and deliver in exchange therefor at the place designated by the Bondholder, without charge to the Bondholder thereof, definitive Bonds of an equal aggregate principal amount of authorized denominations, of the same Series, date, maturity and bearing interest the same as the temporary Bonds surrendered. Until so exchanged, the temporary

Bonds shall in all respects be entitled to the same benefit and security of this Master Indenture as the definitive Bonds to be issued and authenticated hereunder. Whenever any Bonds or temporary bonds shall be delivered to the Trustee, a Paying Agent or a Registrar for cancellation pursuant to this Master Indenture, upon payment of the principal amount and interest represented thereby or for replacement or exchange or transfer pursuant to Sections 2.05, 2.06 or Section 2.07 of this Master Indenture, such Bond shall be canceled and destroyed by the Trustee, such Paying Agent or such Registrar, as applicable, and counterparts of a certificate of destruction evidencing such destruction shall be furnished by the Trustee, such Paying Agent or such Registrar, as applicable, to the Authority.

Section 2.08. *Issuance of Series of Bonds; Supplemental Indenture; Application of Bond Proceeds.* Bonds, including Refunding Bonds, may be issued from time to time under this Master Indenture for the purpose of providing funds for Costs of the Project or for the purpose of refunding Bonds previously issued under this Master Indenture or the Federal Loan, provided that prior to or simultaneously with the original delivery of each Series of Bonds there shall be filed with the Trustee the following:

- (i) an original executed counterpart or a copy, certified by the Executive Secretary of the Authority, of this Master Indenture, together with all prior Supplemental Indentures;
- (ii) an original executed counterpart or a copy, certified by the Executive Secretary of the Authority, of the Supplemental Indenture or Supplemental Indentures providing for the issuance of such Series of Bonds and setting forth the terms of such Series of Bonds;
- (iii) except with respect to the issuance of any Refunding Bonds, a certificate of an Authorized Authority Representative listing those improvements or undertakings which the Authority expects to finance with proceeds of the sale of such Series of Bonds and such certificate shall, with respect to each item on the list, include an estimated cost of such improvement or undertaking;
- (iv) for Bonds issued subsequent to the Series 1999 Bonds, the certificate of the Authorized Authority Representative or the Consultant or Consultants, if any, required by Section 2.09 hereof;
- (v) for Bonds (other than Refunding Bonds) issued subsequent to the Series 1999 Bonds, a certificate of an Authorized Authority Representative stating that none of the Events of Default set forth in Section 6.01 of this Master Indenture have occurred and remain uncured and that the Authority is in full compliance with the terms of Section 4.04 hereof;
- (vi) an opinion of Bond Counsel to the effect that the issuance of such Bonds has been duly authorized and that the Bonds are valid and binding obligations of the Authority;

(vii) an opinion of counsel that no other consents under the Federal Loan or otherwise are required for the issuance of the Bonds; and

(viii) written instructions from the Authority to authenticate the Bonds and, upon receipt of the purchase price, to deliver the Bonds to or upon the order of the purchasers named in such instructions.

When the documents mentioned in clauses (i) to (viii), inclusive, of the immediately preceding paragraph shall have been filed with the Trustee and when such Bonds shall have been executed and authenticated, the Trustee or a duly authorized authenticating agent shall deliver such Bonds to or upon the order of the purchasers thereof, but only upon payment by the purchasers of the purchase price of such Bonds.

Section 2.09. *Tests for Issuance of Bonds.* Subject to the other provisions of this Section 2.09, as a condition to the issuance of any Series of Bonds, there shall first be delivered to the Trustee:

(a) for Senior Lien Bonds, (i) a certificate prepared by an Authorized Authority Representative showing that the Dedicated Revenues, as calculated by the Authority in accordance with this Master Indenture and generally accepted accounting principles, for any twelve (12) consecutive months out of the eighteen (18) consecutive months immediately preceding the date of issuance of the proposed Series of Senior Lien Bonds were at least equal to 125% of Maximum Annual Debt Service on all Senior Lien Bonds calculated as if the proposed Series of Senior Lien Bonds were then Outstanding; or (ii) a certificate, dated as of a date between the date of pricing of the Senior Lien Bonds proposed to be issued and the date of delivery of such Senior Lien Bonds, prepared by an Authorized Authority Representative showing that the estimated Dedicated Revenues, as calculated by the Authority in accordance with this Master Indenture and generally accepted accounting principles, for each Bond Year from the date of issuance of such Senior Lien Bonds through the date of final maturity of all Senior Lien Bonds will be at least equal to 125% of Debt Service for each Bond Year on all Senior Lien Bonds calculated as if the proposed Series of Senior Lien Bonds were then Outstanding; and in addition to (i) or (ii) above, (iii) a certificate prepared by an Authorized Authority Representative showing that the estimated Dedicated Revenues, as calculated by the Authority in accordance with this Master Indenture and generally accepted accounting principles, for each Bond Year from the date of issuance of such Senior Lien Bonds through the date of final maturity of Outstanding Bonds for each Bond Year will be at least equal to 100% of Debt Service on the Outstanding Bonds for each Bond Year and the debt service on the Federal Loan for each Bond Year (calculated pursuant to the Federal Loan Agreement), calculated as if the proposed Series of Senior Lien Bonds were then Outstanding.

(b) for First Subordinate Lien Bonds, (i) a certificate prepared by an Authorized Authority Representative showing that the Dedicated Revenues, as calculated by the Authority in accordance with this Master Indenture and generally accepted accounting

principles, for any twelve (12) consecutive months out of the eighteen (18) consecutive months immediately preceding the date of issuance of the proposed Series of First Subordinate Lien Bonds were at least equal to 100% of Maximum Annual Debt Service on all Outstanding Bonds and maximum annual debt service on the Federal Loan, calculated as if the proposed Series of First Subordinate Lien Bonds were then Outstanding; or (ii) a certificate, dated as of a date between the date of pricing of the First Subordinate Lien Bonds proposed to be issued and the date of delivery of such First Subordinate Lien Bonds, prepared by an Authorized Authority Representative showing that the estimated Dedicated Revenues, as calculated by the Authority in accordance with this Indenture and generally accepted accounting principles, for each Bond Year from the date of issuance of such First Subordinate Lien Bonds through the date of final maturity of all First Subordinate Lien Bonds will be at least equal to 100% of Debt Service on the Outstanding Bonds and debt service on the Federal Loan for each Bond Year (calculated pursuant to the Federal Loan Agreement), calculated as if the proposed Series of First Subordinate Lien Bonds were then Outstanding.

(c) the Authority may issue Second Subordinate Lien Bonds without having to meet any debt service coverage test, provided that Second Subordinate Lien Bonds may only be issued if such Second Subordinate Lien Bonds contain no provisions for acceleration.

For purposes of calculating Dedicated Revenues, under either (a)(ii), (a)(iii) or (b)(ii) above, the Authority shall calculate Dedicated Revenues as follows:

(1) In each Bond Year, Contingent Port Obligations shall be 40% of such year's debt service on all Outstanding Bonds and the Federal Loan, calculated as if the proposed Series of Bonds to be issued were Outstanding; and

(2) Use Fees and Container Charges shall be the Use Fees and Container Charges that were collected in any twelve (12) consecutive months out of the eighteen (18) consecutive months immediately preceding the date of issuance of the proposed Series of Bonds, increased each January 1, commencing January 1, 2003, at a rate of 1.5%, or such other minimum rate of fee escalation specified in the Use and Operating Agreement. *Oper. Agmt*
§ 7.3
(c)

For purposes of calculating debt service on the Federal Loan in this Section 3.03, such debt service shall be calculated according to the then Adjusted Outstanding Balance (as defined in the Federal Loan Agreement); provided that for purposes of calculating debt service on the Federal Loan prior to Substantial Completion, the Authorized Authority Representative shall base the debt service on the Federal Loan on the then projected Adjusted Outstanding Balance in the Federal Loan Agreement.

For purposes of preparing the certificate or certificates described above, the Authority may rely upon financial statements prepared by the Authority which have not been subject to audit by an independent certified public accountant if audited financial statements for the relevant Bond Years or periods are not available; provided, however, that an Authorized Authority

Representative shall certify as to their accuracy and that such financial statements were prepared in accordance with generally accepted accounting principles consistently applied, subject to year-end adjustments.

None of the certificates described above under Sections 2.09(a) or (b) shall be required in connection with the issuance of the additional Bonds if:

(i) the Bonds being issued are for the purpose of refunding any then Outstanding Bonds and such refunding bonds to be issued will be issued to refund Bonds or the Federal Loan of an equal or higher priority level under this Master Indenture, and there is delivered to the Trustee, instead, (A) a certificate of an Authorized Authority Representative showing that Maximum Annual Debt Service (and maximum annual debt service on the Federal Loan, if applicable) after the issuance of such Refunding Bonds of that level of priority will not exceed Maximum Annual Debt Service (and maximum annual debt service on the Federal Loan, if applicable) prior to the issuance of such Refunding Bonds or (B) in the case of any refunding of the Federal Loan, a certificate of an Authorized Authority Representative showing that the debt service on the Refunding Bonds to be issued will not exceed the debt service on the portion of the Federal Loan to be refunded; or

(ii) the Bonds being issued are for the purpose of providing funds to complete the acquisition, construction or installation of the Project, (a) an Authorized Authority Representative certifies that the scope of the Project has not changed and that the funds derived from the proposed new issuance of the Bonds for Project completion along with other funds received or to be received by the Authority will be sufficient to complete construction of the Project, (b) the proposed new issuance of Bonds (regardless of Series or payment priority level) does not in the aggregate exceed 10% of the initial aggregate principal amount of the Series 1999 Bonds, (c) only one issuance of completion Bonds (in one or more Series) may be made in respect of the Project pursuant to this subparagraph (ii), (d) the Bond Insurer must approve the issuance of such Bonds so long as a Bond Insurance Policy is in effect, and (e) any requirements of the Federal Lender and the Ports must be satisfied.

Section 2.10. ***Repayment Obligations Afforded Status of Bonds.*** If a Credit Provider or Liquidity Provider makes payment of principal, Accreted Value and/or interest on a Bond or advances funds to purchase or to provide for the purchase of Bonds and is entitled to reimbursement thereof pursuant to a separate written agreement with the Authority, but is not reimbursed, the Authority's Repayment Obligation under such written agreement may, if so provided in the written agreement and to the extent provided in such agreement and the applicable Supplemental Indenture(s), be afforded the status of a Bond of the same Series issued under this Article II, and, if afforded such status, the Credit Provider or Liquidity Provider shall be the Bondholder and such Bond shall be deemed to have been issued at the time of the original Bonds for which the Credit Facility or Liquidity Facility was provided and will not be subject to the provisions of Sections 2.08 and 2.09 of this Article. However, any indebtedness incurred pursuant to any such Repayment Obligation shall be calculated treating such Repayment Obligation as a Bond issued hereunder.

Section 2.11. *Obligations Under Swaps.* To the extent provided by the applicable Supplemental Indenture, the obligation of the Authority to make payments in respect of a Swap relating to any Bonds for which Synthetic Fixed Rate Debt is created may be on a parity with the obligation of the Authority to make payments with respect to such Bonds and other Bonds under this Master Indenture, but any termination payments related to Swaps shall be subordinate to the Bonds. The Trustee shall take all action consistent with the other provisions hereof as shall be requested in writing by a Swap Provider necessary to enforce the obligations of the Authority under any Swap for which the Authority's payment obligations are on a parity with Bonds.

Section 2.12. *Redemption; Extraordinary Redemption.* Each Series of Bonds shall be subject to redemption as provided in the Supplemental Indenture pursuant to which such Series of Bonds is issued. In addition, the Bonds are subject to redemption prior to their respective stated maturity dates, on any Interest Payment Date in whole or in part, from Bond proceeds or Net Proceeds, upon receipt by the Trustee of a Certificate of an Independent Consultant stating that by virtue of damage or destruction to the Project, it is not financially feasible to construct, rebuild or replace all or any portion of the Project so as to permit the Project to operate in a financially feasible manner following such destruction or damage, at the Bond Obligation of each Series of Bonds to be redeemed on and to the date fixed for redemption, without premium. In the event of any such extraordinary redemption, the Trustee shall redeem the Bonds and the Federal Loan in the following order of priority: (i) the Senior Lien Bonds, (ii) the First Subordinate Lien Bonds, (iii) the Second Subordinate Lien Bonds, and (iv) the Federal Loan. If less than all Outstanding Bonds of a particular level of priority are to be redeemed at any one time, the Trustee shall select Bonds from each Series of that priority level on a proportionate basis and shall select Bonds within each such Series to be redeemed from each maturity on a proportionate basis; provided that within each maturity such Bonds shall be selected by lot. The Supplemental Indenture for each Series of Bonds shall establish the procedures regarding notice and otherwise for the redemption of the Bonds.

ARTICLE III REVENUES AND FUNDS

Section 3.01. *Bonds Secured by Pledge of and Lien on Revenues.*

(a) The Senior Lien Bonds authorized and issued under the provisions of this Master Indenture shall be secured by a pledge of Revenues and a first lien on the Trust Estate. The Authority hereby represents and states that it has not previously created any pledge, charge or lien on or any security interest in the Trust Estate prior to or on a parity with the lien on the Senior Lien Bonds, and the Authority covenants that, until all the Senior Lien Bonds authorized and issued under the provisions of this Master Indenture and the interest thereon shall have been paid or are deemed to have been paid, it will not, except as specifically provided in this Master Indenture, grant any prior or parity pledge of or any lien on or security interest in the Trust Estate or any of the other security which is pledged or given pursuant to the Granting Clause of this Master Indenture, or create or permit to be created any charge or lien thereon or any security interest therein ranking

prior to or on a parity with the charge or lien of the Senior Lien Bonds from time to time Outstanding under this Master Indenture.

(b) Payment of the Federal Loan shall be secured by a pledge of Revenues and a second lien on the Trust Estate.

(c) The First Subordinate Lien Bonds authorized and issued under the provisions of this Master Indenture shall be junior and subordinate in all respects to the Senior Lien Bonds and the Federal Loan and shall be secured by a pledge of Revenues and shall be secured by and have a priority with respect to the Trust Estate as is set forth in the Granting Clause of this Master Indenture. The Authority hereby covenants that except as provided in Article II or Section 3.03 hereof, until all of the First Subordinate Lien Bonds authorized and issued under this Master Indenture and the interest thereon shall have been paid or are deemed to have been paid, it will not grant any prior or parity pledge or lien on or security interest in the Trust Estate of the same priority level for the First Subordinate Lien Bonds as is set forth in the Granting Clause of this Master Indenture.

(d) The Second Subordinate Lien Bonds authorized and issued under the provisions of this Master Indenture shall be junior and subordinate in all respects to the Senior Lien Bonds, the Federal Loan and the First Subordinate Lien Bonds and shall be secured by a pledge of Revenues and shall be secured by and have a priority with respect to the lien on the Trust Estate as is set forth in the Granting Clause of this Master Indenture. The Authority hereby covenants that except as provided in Article II or Section 3.03, until all of the Second Subordinate Lien Bonds authorized and issued under this Master Indenture and the interest thereon shall have been paid or are deemed to have been paid, it will not grant any prior or parity pledge or lien on or security interest in the Trust Estate of the same priority level for Second Subordinate Lien Bonds as is set forth in the Granting Clause of this Master Indenture.

Section 3.02. ***Establishment of Funds and Accounts.*** The Authority hereby establishes or authorizes the establishment of the following special trust funds and accounts, all of which shall be held by the Trustee:

(a) **Construction Funds.** Proceeds of each Series of Bonds that are to be used to pay Costs of the Project shall be deposited into a fund created for such Series of Bonds at the time of issuance of such Series which shall be designated "Alameda Corridor Transportation Authority Revenue Bonds Construction Fund, Series _____" (each, respectively, a "*Construction Fund*"). Each Construction Fund shall be held, maintained, disbursed and accounted for in accordance with the provisions of Section 3.07 hereof and the applicable Supplemental Indenture.

(b) **Debt Service Funds; Capitalized Interest Funds.** The Authority shall, at the time of issuance of each Series of Bonds, authorize the creation of a Debt Service Fund for such Series, each of which shall be designated the "Alameda Corridor Transportation Authority Revenue Bonds Debt Service Fund, Series _____" (each,

respectively, a "*Debt Service Fund*") and within each such Debt Service Fund an Interest Payment Account and a Principal Payment Account, all of which shall be maintained, disbursed and accounted for in accordance with the provisions of Sections 3.03 and 3.04 hereof. The Authority may, at the time of issuance of each Series of Bonds, authorize the creation of a Capitalized Interest Fund for the applicable Series, each of which shall be designated the "Alameda Corridor Transportation Authority Revenue Bonds, Capitalized Interest Fund, Series _____" (each, respectively, a "*Capitalized Interest Fund*"). Each Capitalized Interest Fund shall be maintained, disbursed and accounted for in accordance with the Supplemental Indenture providing for the issuance of such Series of Bonds. Each Debt Service Fund and Capitalized Interest Fund shall be held by the Trustee. In addition, to provide for the redemption of any Bonds that are subject to optional or mandatory redemption, including Mandatory Sinking Account Payments, the Trustee or a Paying Agent, as applicable, shall, if required in the applicable Supplemental Indenture, establish within each Debt Service Fund it holds an account designated the "Redemption Account" which shall be maintained, disbursed and accounted for in accordance with the provisions of Section 3.03 and 3.04 hereof.

(c) **Debt Service Reserve Fund.** There is hereby established under the terms of this Master Indenture a fund to be designated the "Alameda Corridor Transportation Authority Revenue Bonds Debt Service Reserve Fund" (the "*Debt Service Reserve Fund*"). The Authority shall, at the time of issuance of each Series of Bonds, authorize the creation of a separate reserve account within the Debt Service Reserve Fund for such Series, which account shall be designated the "Debt Service Reserve Account, Series _____." The Debt Service Reserve Fund shall be held by the Trustee or any agent of the Trustee, and amounts therein shall be maintained, disbursed and accounted for in accordance with the provisions of Section 3.05 of this Master Indenture.

(d) **Revenue Fund.** There is hereby established under the terms of this Master Indenture a fund to be designated the "Alameda Corridor Transportation Authority Revenue Bonds Revenue Fund" (the "*Revenue Fund*"), which shall be maintained, disbursed and accounted for in accordance with Section 3.03 of this Master Indenture.

(e) **Reserve Account.** There is hereby established under the terms of this Master Indenture a fund to be designated the "Alameda Corridor Transportation Authority Revenue Bonds Reserve Account" (the "*Reserve Account*"), which shall be maintained, disbursed and accounted for in accordance with Section 3.06 of this Master Indenture.

(f) **M & O Fund.** There is hereby established under the terms of this Master Indenture a fund to be designated the "Alameda Corridor Transportation Authority M & O Fund" (the "*M & O Fund*") which shall be maintained, disbursed and accounted for in accordance with Section 3.08 of this Master Indenture.

(g) **Federal Loan Fund.** There is hereby established under the terms of this Master Indenture a fund to be designated the "Alameda Corridor Transportation Authority

Federal Loan Fund" (the "Federal Loan Fund"), which shall be maintained, disbursed and accounted for in accordance with Section 3.09 of this Master Indenture.

(h) **Costs of Issuance Funds.** The Authority shall, at the time of issuance of each Series of Bonds, authorize the creation of a Costs of Issuance Fund for such Series, each of which shall be designated the "Alameda Corridor Transportation Authority Revenue Bonds, Costs of Issuance Fund, Series ____" (each, respectively, a "Costs of Issuance Fund") which shall be held, maintained, disbursed and accounted for in accordance with the provisions of Section 3.13 hereof and the applicable Supplemental Indenture.

(i) **Additional Funds, Accounts and Subaccounts.** The Authority may, in its discretion, create or authorize the creation of additional funds, accounts or subaccounts under the Indenture pursuant to written direction of the Authority to the Trustee, or for a particular Series of Bonds pursuant to the terms of a Supplemental Indenture.

Section 3.03. *Receipt and Deposit of Revenues - Revenue Fund.*

(a) The Authority covenants and agrees that so long as any Bonds are Outstanding, all Revenues shall be paid by the Railroads, the Ports or any third parties directly to the Trustee and deposited pursuant to this Section 3.03(a) in the Revenue Fund and shall, immediately upon receipt thereof, become subject to the lien thereon and pledge of this Master Indenture. Such sums shall be set aside through transfers or payments from the Revenue Fund and made by the Trustee at such times and subject to the limitations set forth below as follows and in the order set forth:

- FIRST:** Five Business Days prior to the last Business Day of each month, there shall be set aside and transferred to the Debt Service Funds for the Senior Lien Bonds from funds deposited in the Revenue Fund amounts equal to the Debt Service Payment Requirement for the Senior Lien Bonds.
- SECOND:** Five Business Days prior to the last Business Day of each month, and subject to the transfer required by the paragraph under FIRST above, the Trustee shall deposit in any Debt Service Reserve Account under a Supplemental Indenture for a Series of Senior Lien Bonds, if there is any deficiency therein, the Debt Service Reserve Fund Replenishment Payment for such Senior Lien Bonds.
- THIRD:** Five Business Days prior to the last Business Day prior to each October 1, and subject to the transfers required under the paragraphs FIRST and SECOND above, the Trustee shall, upon receipt by the Trustee of one or more Requisitions signed by Authorized Authority Representatives substantially in the form attached as Exhibit B-5 hereto, pay the Financing Fees for the Senior Lien Bonds for the ensuing Bond Year to the extent the same were not paid as Costs of Issuance.

- FOURTH:** Five Business Days prior to each April 1 and October 1 during Stage 2 (as defined in the Federal Loan Agreement) and following and subject to the transfers required under paragraphs FIRST through THIRD above, the Trustee shall set aside and transfer to the Federal Loan Fund the amount due on the Federal Loan, as determined pursuant to Section 3.09 hereof.
- FIFTH:** Five Business Days prior to each Interest Payment Date and Principal Payment Date during the time that any First Subordinate Lien Bonds are Outstanding, and subject to the transfers required in paragraphs FIRST through FOURTH above, there shall be set aside and transferred to the Debt Service Funds for the First Subordinate Lien Bonds, in accordance with Section 3.04 hereof, amounts equal to the Final Compounded Amount, or to the principal and/or interest to be due and payable on the First Subordinate Lien Bonds on such Interest Payment Date and Principal Payment Date.
- SIXTH:** Five Business Days prior to each Interest Payment Date and Principal Payment Date during the time that any First Subordinate Lien Bonds are Outstanding, and subject to the transfers required by the paragraphs under FIRST through FIFTH above, the Trustee shall (i) pay any Debt Service Reserve Surety Repayment Obligation for any First Subordinate Lien Bonds, and after full repayment of all such Debt Service Reserve Surety Repayment Obligations for the First Subordinate Lien Bonds, (ii) deposit in any Debt Service Reserve Account established for the First Subordinate Lien Bonds, if there is any deficiency therein, the amount necessary for the funds in such Debt Service Reserve Accounts to be equal to the Debt Service Reserve Requirement for the First Subordinate Lien Bonds.
- SEVENTH:** Five Business Days prior to the last Business Day prior to each October 1 and subject to the transfers required under the paragraphs entitled FIRST through SIXTH above, the Trustee shall, upon receipt by the Trustee of one or more Requisitions signed by Authorized Authority Representatives substantially in the form attached as Exhibit B-5 hereto, pay the Financing Fees for the First Subordinate Lien Bonds for the ensuing Bond Year to the extent the same were not paid as Costs of Issuance.
- EIGHTH:** Five Business Days prior to each Interest Payment Date and Principal Payment Date during the time that any Second Subordinate Lien Bonds are Outstanding and subject to the transfers required pursuant to paragraphs FIRST through SEVENTH above, the Trustee shall set aside and transfer to the Debt Service Funds for the Second Subordinate Lien Bonds, in accordance with Section 3.04 hereof, amounts equal to the Final Compounded Amount or the principal and/or interest to be due and payable on the Second Subordinate Lien Bonds on such Interest Payment Date or Principal Payment Date.

- NINTH:** Five Business Days prior to each Interest Payment Date and Principal Payment Date during the time that any Second Subordinate Lien Bonds are Outstanding and subject to the transfers required under the paragraphs entitled FIRST through EIGHTH above, the Trustee shall (i) pay any Debt Service Reserve Surety Repayment Obligation for any Second Subordinate Lien Bonds, and after full repayment of all such Debt Service Reserve Surety Repayment Obligations for Second Subordinate Lien Bonds, (ii) deposit in any Debt Service Reserve Account established for any Second Subordinate Lien Bonds, if there is any deficiency therein, any amount necessary for the funds in such Debt Service Reserve Accounts to be equal to the Debt Service Reserve Requirement for the Second Subordinate Lien Bonds.
- TENTH:** Five Business Days prior to the last Business Day prior to each October 1 and subject to the transfers required under the paragraphs entitled FIRST through NINTH above the Trustee shall, upon receipt by the Trustee of one or more Requisitions signed by Authorized Authority Representatives substantially in the form attached as Exhibit B-5 hereto, pay the Financing Fees for the Second Subordinate Lien Bonds for the ensuing Bond Year to the extent the same were not paid as Costs of Issuance.
- ELEVENTH:** Five Business Days prior to the last Business Day prior to each Principal Payment Date following Substantial Completion and subject to the transfers required under the paragraphs entitled FIRST through TENTH above, and Section 3.06(c) hereof, and pursuant to written instructions from an Authorized Authority Representative, the Trustee shall transfer to the Reserve Account an amount (identified in such written instructions) up to the Reserve Account Target established pursuant to Section 3.06 of this Master Indenture.
- TWELFTH:** Five Business Days prior to the last Business Day prior to each October 1 and subject to the transfers required under the paragraphs entitled FIRST through ELEVENTH above, the Trustee shall, upon receipt by the Trustee of one or more Requisitions signed by Authorized Authority Representatives substantially in the form attached as Exhibit B-5 hereto, pay the Administrative Costs of the Authority, in advance for the ensuing Bond Year, to the extent the same were not paid as Costs of Issuance.
- THIRTEENTH:** Upon completion of the Annual Accounting, and subject to meeting the requirements with respect thereto, and further subject to the transfers required under the paragraphs entitled FIRST through TWELFTH above and pursuant to written instructions from an Authorized Authority Representative and written approval by Port Representatives for both Ports, the Trustee shall pay amounts to reimburse to the Ports the Benefit Amount (as defined in the Use and Operating Agreement) in accordance with the provisions of the Use and Operating Agreement.

FOURTEENTH: Upon completion of the Annual Accounting, and subject to meeting the requirements with respect thereto, and further subject to the transfers required under the paragraphs entitled FIRST through THIRTEENTH above, and pursuant to written instructions from an Authorized Authority Representative and written approval by Port Representatives for both Ports, the Trustee shall make any payments to reimburse the Ports for their Port Advances in the following order of priority, with each item to be fully reimbursed before any subsequent items are reimbursed through such payment: (i) Net Project Costs (as defined in the Use and Operating Agreement) advanced by POLA or POLB (either directly or through the Authority) prior to Substantial Completion that have not already been reimbursed to POLA or POLB from the proceeds of the financings or grants received by the Authority; (ii) Shortfall Advances made by either POLA or POLB pursuant to Section 7.3(h) of the Use and Operating Agreement; (iii) amounts, if any, voluntarily advanced by POLA or POLB (either directly or through the Authority) in excess of the Shortfall Advances to pay all or a portion of the Annual Amount (as defined in the Use and Operating Agreement), the Federal Loan or any other obligation or liability of the Authority with respect to the Project; (iv) amounts, if any, voluntarily advanced by POLA or POLB after Substantial Completion, in excess of Shortfall Advances to cover the costs of the Authority specified in Section 7.3(b)(4) of the Use and Operating Agreement that have not already been reimbursed to POLA or POLB from the proceeds of the financings or grants received by the Authority; and (v) any amounts advanced by either POLA or POLB pursuant to Section 7.4(g) of the Use and Operating Agreement.

FIFTEENTH: Upon completion of the Annual Accounting, and subject to meeting the requirements with respect thereto, and further subject to the transfers required under the paragraphs entitled FIRST through FOURTEENTH above, and pursuant to written instructions from an Authorized Authority Representative and written approval by Port Representatives for both Ports, the Trustee shall pay to reimburse to the Ports the Property Assembly Reimbursement (as defined in the Use and Operating Agreement) amounts in accordance with the provisions in the Use and Operating Agreement.

SIXTEENTH: Upon completion of the Annual Accounting, and subject to meeting the requirements with respect thereto, and further subject to the transfers required under the paragraphs entitled FIRST through FIFTEENTH above, and pursuant to written instructions from an Authorized Authority Representative and the Railroads, the Trustee shall deposit to the Reserve Account any amounts required under Section 8.6 of the Use and Operating Agreement to reimburse the Railroads for any amounts the Railroads previously paid for the costs of Additional Capital Improvements (as defined in Section 8.6 of the Use and Operating Agreement).

SEVENTEENTH: As soon as is practicable after the end of each Bond Year following Substantial Completion and subject to the transfers required under paragraphs FIRST through SIXTEENTH above, and pursuant to written instructions from an Authorized Authority Representative, the Trustee shall apply the Revenues to prepay, redeem, defease, retire or purchase any of the Bonds and/or the Federal Loan in accordance with Section 7.3(b) of the Use and Operating Agreement.

Promptly after the end of each Bond Year following Substantial Completion the Authority shall perform a final accounting of the Revenues paid from the flow of funds set forth above and prepare a projection of the Revenues to be available during the ensuing Bond Year to make the payments required pursuant to paragraphs FIRST through TWELFTH above, calculated by the Authority in accordance with this Master Indenture and generally accepted accounting principles (the "Annual Accounting"). If the Authority determines that there are Revenues from Use Fees and Container Charges remaining at the end of the Bond Year then ended, after payment of the amounts required pursuant to paragraphs FIRST through TWELFTH above (the "Existing Excess Revenues"), the Authority shall make provision from the Existing Excess Revenues for any payments due with respect to paragraphs FIRST through TWELFTH during the commencing Bond Year that are not anticipated to be covered by Use Fees and Container Charges during such Bond Year, based upon the projection contained in the applicable Annual Accounting, and thereafter any Existing Excess Revenues shall be applied to the extent of Existing Excess Revenues first to pay the amounts then outstanding pursuant to paragraphs THIRTEENTH, FOURTEENTH, FIFTEENTH and SIXTEENTH above applicable to the Bond Year that then ended.

Notwithstanding the provisions of this Master Indenture, nothing herein shall preclude the Authority from making the payments described in subparagraphs FIRST through SEVENTEENTH above from sources other than Revenues. In addition, Revenues derived from Shortfall Advances shall be applied only to make the payments required in Paragraphs FIRST through TENTH above.

(b) The Debt Service Payment Requirement for the Senior Lien Bonds shall be the amount consisting of (A) (i) with respect to the Outstanding Current Interest Senior Lien Bonds (except for Senior Lien Bonds constituting Variable Rate Indebtedness) one-sixth (1/6) of such amounts as shall be sufficient, if deposited, on a monthly pro rata basis to pay the aggregate amount of interest becoming due and payable on the next Interest Payment Date for all such Outstanding Current Interest Senior Lien Bonds (excluding any interest for which there are moneys deposited in the Debt Service Funds or Capitalized Interest Funds from the proceeds of Senior Lien Bonds or other source and reserved as capitalized interest to pay such interest until the next Interest Payment Date), until the requisite amount of interest becoming due on the next Interest Payment Date on all such Outstanding Current Interest Senior Lien Bonds (except for Senior Lien Bonds constituting Variable Rate Indebtedness) is on deposit in such account, and (ii) the aggregate amount of interest, estimated by an Authorized Authority Representative in his or her reasonable judgment, to accrue during that month on the Outstanding Variable Rate Indebtedness of such Senior Lien Bonds; provided, however, that the amounts of such deposits into the Debt Service Funds for any month may be reduced by the amount by which the deposits in the prior month for interest estimated to accrue on Outstanding Variable Rate Indebtedness of

Senior Lien Bonds exceeded the actual amount of interest accrued during that month on said Outstanding Variable Rate Indebtedness of Senior Lien Bonds and further provided that the amounts of such deposits into the Debt Service Funds for any month for any month shall be increased by the amount by which the deposits in the prior month for interest estimated to accrue on Outstanding Variable Rate Indebtedness of Senior Lien Bonds was less than the actual amount of interest accrued during that month on said Outstanding Variable Rate Indebtedness of Senior Lien Bonds, and (B)(i) one-sixth ($1/6$) of the aggregate semi-annual amount of any Senior Lien Bond becoming due and payable on Outstanding Senior Lien Bonds having semi-annual maturity dates or semi-annual Mandatory Sinking Account Payments due within the next six months, plus (ii) one-twelfth ($1/12$) of the aggregate yearly amount of any Senior Lien Bond to become due and payable on the Outstanding Senior Lien Bonds having annual maturity dates or annual Mandatory Sinking Account Payments due within the next twelve months; provided that if the Board irrevocably determines by resolution that any principal payments on the Senior Lien Bonds shall be refunded on or prior to their respective due dates or paid from amounts on deposit in a Debt Service Reserve Account established and maintained for any Series of Senior Lien Bonds, no amounts need be set aside toward such principal to be so refunded or paid. If, during the twelve-month period (or six-month period with respect to such Senior Lien Bonds having semi-annual Mandatory Sinking Account Payments) immediately preceding a Mandatory Sinking Account Payment date, the Authority has purchased Term Bonds of such Series and maturity subject to such Mandatory Sinking Account Payment with moneys in the Debt Service Funds or, during said period and prior to giving said notice of redemption, Term Bonds of such Series of Senior Lien Bonds and maturity have been deposited with the Trustee or fiscal agent for such Senior Lien Bonds for cancellation, or Term Bonds of such Series of Senior Lien Bonds and maturity were at any time purchased or redeemed (other than from Mandatory Sinking Account Repayments) by the Trustee or fiscal agent for such Series of Senior Lien Bonds from the Redemption Fund, such Term Bonds so purchased or deposited or redeemed shall be applied, to the extent of the full principal amount thereof, to reduce amounts required to be deposited in the Debt Service Funds. All Term Bonds purchased from the Debt Service Funds or deposited by the Authority with the Trustee or Paying Agent for such Series of Senior Lien Bonds shall be allocated first to the next succeeding Mandatory Sinking Account Payment for such Series of Senior Lien Bonds and maturity of Term Bonds, then as a credit against such future Mandatory Sinking Account Payments for such Series of Senior Lien Bonds and maturity of Term Bonds as may be specified in a written instruction of the Authority. All Term Bonds redeemed by the Trustee or Paying Agent for such Series of Senior Lien Bonds from amounts in the Redemption Fund shall be credited to such future Mandatory Sinking Account Payments for such Series of Senior Lien Bonds and maturity of Term Bonds as may be specified in a written request of the Authority.

(c) The Debt Service Reserve Fund Replenishment Payment for Senior Lien Bonds shall be (i) one-twelfth ($1/12$ th) of the aggregate amount of each unreplenished prior withdrawal of moneys from such Debt Service Reserve Account(s) until the balance in such Debt Service Reserve Account(s) is at least equal to the applicable Debt Service Reserve Requirement and (ii) one-twelfth ($1/12$) of any Debt Service Reserve Surety Repayment Obligation until the aggregate amount of such Debt Service Reserve Surety Repayment Obligation is fully repaid. Such Debt Service Reserve Fund Replenishment Payments shall first be applied to pay any Debt Service Reserve Surety Repayment Obligation until all such Debt Service Reserve Surety Repayment

Obligations have been repaid, and then to make deposits of moneys into the Debt Service Reserve Accounts established for the Senior Lien Bonds. If there shall be a deficiency of moneys available to make Debt Service Reserve Fund Replenishment Payments required by this Section 3.03(c), then available moneys shall be applied on a pro rata basis with respect to each Debt Service Reserve Account.

(d) Money set aside and placed in the Debt Service Funds for the Bonds shall remain therein until from time to time expended for the aforesaid purposes thereof and shall not be used for any other purpose whatsoever, except that any such money so set aside and placed in the Debt Service Funds may be temporarily invested as provided in Section 3.11 hereof, but such investment shall not affect the obligation of the Authority to cause the full amount required by the terms of this Section 3.03 to be available in the Debt Service Funds at the time required to meet payments of the Accreted Value or principal of and interest on Bonds for which it is accumulated.

Section 3.04. *Deposits into Debt Service Funds; Withdrawals From Debt Service Funds.*

(a) Payments made by the Trustee pursuant to this Section 3.04 shall be made solely to the extent that moneys are on deposit in the appropriate Debt Service Fund for a Series of Bonds. The Trustee shall, at least ten Business Days prior to each Principal Payment Date or Interest Payment Date on any Current Interest Bonds, or as otherwise directed in any Supplemental Indenture, give the Authorized Authority Representative notice by telephone, promptly confirmed in writing, of the additional amount required to be deposited with the Trustee to pay the amount required to be paid on such Principal Payment Date or Interest Payment Date in respect of such Bonds, if the amount then on deposit in the respective Debt Service Fund therefor is insufficient to pay the amounts due on such Bonds on such Principal Payment Date or Interest Payment Date. If, on any Principal Payment Date or Interest Payment Date, the Trustee does not have sufficient amounts in the Debt Service Funds (without regard to any amounts which may be available in the respective Debt Service Reserve Accounts) to pay in full with respect to Bonds of all Series of the same priority all amounts of principal and/or interest or Final Compounded Amount due on such date, the Trustee shall allocate the total amount which is available to make payment on such date (without regard to any amounts in the respective Debt Service Reserve Account) as follows: first to the payment of past due interest on Bonds of any Series of the same priority, in the order in which such interest came due; second to the payment of past due principal on Bonds of any Series of the same priority, in the order in which such principal came due; third to the payment of interest then due and payable on the Bonds of each Series of the same priority due on such payment date and, if the amount available shall not be sufficient to pay in full all interest on the Bonds of the same priority then due, then *pro rata* among the Series of the same priority according to the amount of interest then due; and fourth to the payment of principal and the Final Compounded Amount then due on the Bonds and, if the amount available shall not be sufficient to pay in full all principal and the Final Compounded Amount on the Bonds then due, then *pro rata* among the Series according to the principal amount and the Final Compounded Amount then due on the Bonds.

(b) On or before each Interest Payment Date for any Outstanding Series of Current Interest Bonds, the Trustee shall transfer from the Debt Service Fund to the Interest Account for such Series an amount which, together with amounts on deposit therein and available for such purpose, is sufficient to make the interest payment due on such Current Interest Bonds on such Interest Payment Date. On or before each Principal Payment Date for any Outstanding Series of Bonds, including any mandatory redemption date from Mandatory Sinking Account Payments for Term Bonds of a Series of Bonds, the Trustee shall transfer from the Debt Service Fund to the Principal Account for such Series an amount which, together with amounts on deposit therein and available for such purpose, is sufficient to make the principal or Final Compounded Amount payment due on such Bonds on such Payment Date.

On or before each date on which Bonds of any Series shall become subject to optional or mandatory redemption (other than from Mandatory Sinking Account Payments) in accordance with the provisions of any Supplemental Indenture, the Trustee shall pay the principal or Accreted Value of, redemption premium, if any, and interest on each Series of Bonds on the redemption dates therefor as established under the applicable Supplemental Indenture. All money remaining in a Debt Service Fund on the final payment or maturity date for a Series of Bonds, in excess of the amount required to make provisions for the payment in full of principal or Accreted Value of, redemption premium, if any, and interest payable on such Bonds or the payment of amounts required to be rebated, pursuant to the Code, to the United States of America with respect such Bonds, shall be deposited in the Revenue Fund.

(c) No deposit need be made into the respective Debt Service Fund for any Series of Bonds (i) if and to the extent there shall be moneys on deposit in the Interest Account or the related Capitalized Interest Fund from the proceeds of the corresponding Series of Bonds reserved as capitalized interest to be used to pay interest thereon on the next Interest Payment Date, and (ii) if the amount contained therein is at least equal to the interest to become due and payable on the estimated Interest Payment Dates falling within the next six months upon such Series of Bonds then Outstanding, and (iii) if there shall be in such Debt Service Fund moneys sufficient to pay the principal and Final Compounded Amount of such Series of Bonds then Outstanding and maturing by their terms or subject to mandatory redemption within the next twelve months.

(d) Pursuant to written direction from an Authorized Authority Representative, funds remaining in the Indemnification Fund upon the later of (i) two years following Substantial Completion or (ii) if, on the date two years following Substantial Completion, a claim or claims are pending, then immediately following final resolution of such claim(s) may be deposited into the Debt Service Fund for the Series 1999D Bonds.

Section 3.05. *Debt Service Reserve Fund.*

(a) Each Supplemental Indenture providing for the issuance of a Series of Bonds shall require as a condition of issuance that an amount and/or a Debt Service Reserve Surety Policy be deposited in the Debt Service Reserve Account for such Series so that, together with any Debt Service Reserve Surety Policy provided pursuant to (c) below, the amount on deposit in such Debt Service Reserve Account will be equal to the Debt Service Reserve Requirement for such

Series. Any cash to be deposited in a Debt Service Reserve Account may be derived from proceeds of the related Series of Bonds or any other legally available source of funds. Moneys held in each the Debt Service Reserve Account and any subaccounts therein shall be used for the purpose of paying principal and interest or the Final Compounded Amount on Outstanding Bonds of the related Series of Bonds as described in this Section 3.05.

(b) Moneys held in each Debt Service Reserve Account shall be used for the purpose of paying the Final Compounded Amount of, and principal and interest (including Mandatory Sinking Account Payments for any Current Interest Bonds or Capital Appreciation Bonds) on the related Series of Bonds described as follows. If, on any Principal Payment Date or Interest Payment Date, the amounts in the related Debt Service Fund available therefor are insufficient to pay in full the amount then due on the Bonds, moneys held in the related Debt Service Reserve Account shall be used and withdrawn by the Trustee for the payment of the Final Compounded Amount, and principal and interest then due and payable thereon. If amounts in a Debt Service Reserve Account consist of both cash and one or more Debt Service Reserve Surety Policies, the Trustee shall make any required payments of amounts in such Debt Service Reserve Account first from any cash held or invested in such Debt Service Reserve Account, prior to making a draw upon any such Debt Service Reserve Surety Policies. In addition, any moneys in a Debt Service Reserve Account may be used to repay a Debt Service Reserve Repayment Obligation.

(c) A Debt Service Reserve Surety Policy shall be acceptable in lieu of a deposit of cash or securities into a Debt Service Reserve Account, or may be substituted for amounts on deposit in a Debt Service Reserve Account, only if at the time of such deposit (i) such Debt Service Reserve Surety Policy extends to the maturity of the related Series of Bonds, or if the Authority has agreed, by Supplemental Indenture, that it will replace such Debt Service Reserve Surety Policy prior to its expiration with another Debt Service Reserve Surety Policy which shall have no adverse effect on the ratings, if any, then in effect on the Bonds, or with cash; (ii) the face amount of the Debt Service Reserve Surety Policy, together with amounts on deposit in the Debt Service Reserve Account, including the face amount of any other Debt Service Reserve Surety Policy benefitting such account, is at least equal to the Debt Service Reserve Requirement for the related Series of Bonds; and (iii) the Bond Insurer for the Series 1999 Bonds consents to the provider of any Debt Service Reserve Surety Policy for any Series 1999 Bonds that it insures.

(d) The Trustee shall, prior to October 1 of each year, and at such other times as the Authority shall request, value the Debt Service Reserve Fund (including the separate Debt Service Reserve Accounts therein) on the basis of the current market value thereof, provided that cash investments shall be marked to market. For purposes of determining the amounts on deposit in the Debt Service Reserve Fund, any Debt Service Reserve Surety Policy held by, or the benefit of which is available to, the Trustee in connection with any Debt Service Reserve Account shall be deemed to be a deposit in the face amount of the Debt Service Reserve Surety Policy or the stated amount of the Debt Service Reserve Surety Policy, provided that, if the amount available under a Debt Service Reserve Surety Policy has been reduced as a result of a payment having been made thereunder or as a result of the termination, cancellation or failure of such Debt Service Reserve Surety Policy (and such Debt Service Reserve Surety Policy has not been reinstated or

another Debt Service Reserve Surety Policy provided in its place), then, in valuing the relevant Debt Service Reserve Account, the value of such Debt Service Reserve Surety Policy shall be reduced accordingly. Upon each such valuation, the Trustee shall prepare a written certificate setting forth the Debt Service Reserve Requirement for each Debt Service Reserve Account as of such valuation date and the value of each Debt Service Reserve Account and deliver a copy thereof to the Authority. If, upon any valuation of the Debt Service Reserve Fund, the value of any Debt Service Reserve Account exceeds the Debt Service Reserve Requirement for the corresponding Series of Bonds, the amount in excess of the Debt Service Reserve Requirement may, upon the written election of the Authority, be deposited in the Debt Service Fund for the related Series of Bonds, unless an Event of Default exists under this Indenture, in which event the excess amount shall be retained in such Debt Service Reserve Account. If, upon any valuation of a Debt Service Reserve Account, the value is less than the applicable Debt Service Reserve Requirement, the Authority shall replenish such amounts within twelve (12) months after the date of such valuation, in accordance with Section 3.03 paragraphs SECOND, SIXTH AND NINTH hereof.

(e) Any moneys in the Debt Service Reserve Fund shall be invested and reinvested by the Trustee at the written direction of an Authorized Authority Representative in Permitted Investments. Investments in the Debt Service Reserve Fund shall not have maturities that extend beyond ten years from the date of the investment (except for investment agreements with respect to a Debt Service Reserve Account in excess of the corresponding Debt Service Reserve Requirement which are approved by the Bond Insurer (if any) for the related series of Bonds so long as the related Bond Insurance Policy issued by such Bond Insurer is in effect); provided that no such investment in any Debt Service Reserve Account may have a maturity in excess of the final maturity date of the related Series of Bonds. Earnings on each Debt Service Reserve Account, to the extent not required to be transferred to a Rebate Fund, shall be (i) transferred to the respective Capitalized Interest Fund for the related Series of Bonds, or (ii) transferred to the Debt Service Fund for such Series of Bonds to be applied as a credit against the Authority's obligation to make its next interest payments; in each case only if no amount has been withdrawn from the related Debt Service Reserve Account as a result of a prior deficiency in any Debt Service Fund and such withdrawal has not been repaid.

(f) All money remaining in the Debt Service Reserve Account on the final payment date of the related Series of Bonds, in excess of the amount required to make provisions for the payment in full of the interest and/or the principal or Final Compounded Amount of all such Bonds shall be transferred to the Revenue Fund.

Section 3.06. *Reserve Account.*

(a) Subject to the priorities for the application of Revenues set forth in Section 3.03 hereof, the Trustee shall transfer from available Revenues in the Revenue Fund any amounts required to be transferred into the Reserve Account at the times specified in Section 3.03 hereof.

No funds derived from Shortfall Advances shall be deposited in the Reserve Account. It is intended that the Reserve Account shall be a revolving fund such that the annual transfers into the Reserve Account shall be in an amount to meet the Reserve Account Target to the extent of available Revenues.

(b) Moneys in the Reserve Account shall be used and disbursed up to the amount available in the Reserve Account to pay the obligations specified in Sections 7.4(a) and 8.6 of the Use and Operating Agreement. The Trustee shall make payments or disbursements from the Reserve Account upon receipt from the Authority of a Requisition signed by an Authorized Authority Representative in substantially the form attached hereto as Exhibit B-1.

(c) Subject to Section 3.06(d) hereof, the Reserve Account shall be funded over time in accordance with Section 7.4 of the Use and Operating Agreement from the Use Fees and Container Charges remaining each year after payment of the amounts described in Section 3.03 paragraphs FIRST through TENTH hereof until the Reserve Account reaches (or is restored to) the Reserve Account Target. The Reserve Account Target for the first five year period after Substantial Completion shall be \$15 million. The Reserve Account Target shall be adjusted from time to time as provided in Section 3.06(g) hereof. Such adjustments shall be made by the Operating Committee and the Authority shall cause the Operating Committee to provide written certification to the Trustee of any adjustment of the Reserve Account Target. Interest and investment income added to the Reserve Account pursuant to Section 3.06(f) and sums contributed by the Ports pursuant to the last two sentences of Section 7.3(b)(6) of the Use and Operating Agreement and Section 7.4(g) of the Use and Operating Agreement shall be included in determining whether the Reserve Account Target has been met.

(d) Notwithstanding any other provision of this Section 3.06, until all amounts (including interest, if any) outstanding with respect to the Federal Loan, the Bonds, Port Advances, the Property Assembly Reimbursement and the Benefit Amount have been paid in full, (i) no more than \$10 million of Use Fees and Container Charges generated each year may be deposited in the Reserve Account and (ii) the Reserve Account Target shall not exceed \$90 million (except that these two restrictions shall not apply to the amounts deposited in the Reserve Account pursuant to the last two sentences of Section 7.3(b)(6) of the Use and Operating Agreement, or to income or interest earned on the Reserve Account). Furthermore, to the extent any amounts are withdrawn from the Reserve Account to pay M & O Charges, such amounts shall be replenished solely from payments made by the Railroads in accordance with Section 7.5(f) of the Use and Operating Agreement and not from Use Fee and Container Charge revenues.

(e) The determination of whether the Reserve Account Target has been met for a year (and, if not, what amount shall be deposited in such account during the year) shall be made by the Authority and specified to the Trustee in writing no later than five Business Days prior to the last Business Day prior to October 1 of each year, by subtracting from the then current balance in the Reserve Account the budgeted expenses to be paid from the Reserve Account during such year, and then adding to the remainder the estimated interest and/or investment income that will be earned on such remainder during that year (the number resulting from this calculation is referred to herein as the "Estimated Reserve Balance"). The amount to be deposited in the Reserve Account, subject to the provisions of Sections 3.03(c) and 3.04(c) hereof, shall be the positive amount, if any, remaining after subtracting the Estimated Reserve Balance from the then-current Reserve Account Target.

(f) Amounts placed in the Reserve Account shall be invested in Reserve Account Investments at the written direction of the Authority. Any income or interest earned on amounts in the Reserve Account shall be retained in the Reserve Account (even if the retention of such amounts would result in the amount in the Reserve Account to exceed the then-current Reserve Account Target) and shall be available for application to the purposes specified herein and in the Use and Operating Agreement for the Reserve Account.

(g) Pursuant to the Use and Operating Agreement, every five years following Substantial Completion, the Operating Committee shall adjust the Reserve Account Target for the upcoming five-year period so that it will be equal to one-fifth of all costs potentially covered by the Reserve Account (including M & O Charges) that are projected to be incurred during the upcoming five year period, taking into account all relevant factors, including (i) projected increases in such costs for the upcoming five year period, (ii) the anticipated inflation rate over the upcoming five year period, and (iii) any extraordinary maintenance, betterments or capital improvements or replacements that are anticipated to be made over the upcoming five year period. Any adjustment to the Reserve Account Target shall take effect on January 1 of the first year of each such 5-year period, provided that any then-existing Reserve Account Target shall remain in effect until adjusted by the Operating Committee. If the Operating Committee elects to increase the then-current Reserve Account Target, revenues from Use Fees and Container Charges shall be deposited in the Reserve Account pursuant to Section 3.06(c) hereof until the new Reserve Account Target is met. If the Operating Committee elects to reduce the then-current Reserve Account Target, the Reserve Account shall be reduced by spending funds therein without making any new deposits from Use Fees or Container Charges until the new Reserve Account Target is met. Notwithstanding anything to the contrary in this Section 3.06(g), in no event shall the Reserve Account Target be reduced below \$15 million. If the Operating Committee cannot reach agreement on the adjustment, if any, to be made to the Reserve Account Target, then any member of the Operating Committee may cause the matter to be decided by arbitration pursuant to Section 14.4 of the Use and Operating Agreement.

(h) The Reserve Account shall be maintained for the duration of time established pursuant to Section 7.4(f) of the Use and Operating Agreement.

Section 3.07. **Construction Funds.** Each Construction Fund shall be held by the Trustee as provided by this Master Indenture and the applicable Supplemental Indenture. All moneys held in each Construction Fund shall be (i) disbursed to pay Costs of the Project upon receipt by the Trustee of a Requisition signed by an Authorized Authority Representative in substantially the form attached as Exhibit B-2 hereto, or (ii) transferred to one or more Debt Service Funds for any Series of Bonds pursuant to written instructions of an Authorized Authority Representative. As a condition to any transfer from a Construction Fund to a Debt Service Fund there shall be provided to the Trustee an opinion of Bond Counsel to the effect that such transfer will not cause the interest on any Tax Exempt Bonds to be taxable for federal income tax purposes.

Section 3.08. **M & O Fund.** The Authority shall cause the Railroads to pay directly to the Trustee for deposit in the M & O Fund all M & O Charges due under the Use and Operating Agreement, as such amounts are certified to the Trustee by an Authorized Authority

Representative. Such funds in the M & O Fund shall be disbursed, upon receipt by the Trustee of a Requisition signed by an Authorized Authority Representative in substantially the form attached as Exhibit B-3 hereto, at such times and in such amounts as may be necessary to pay the annual costs of operating, maintaining and repairing the Rail Corridor and the Port-Owned Tracks (each as defined in the Use and Operating Agreement), as such annual costs of the Project are more particularly identified and described in Section 7.2 of the Use and Operating Agreement.

Section 3.09. **Federal Loan Fund.** From funds deposited in the Federal Loan Fund pursuant to Section 3.03 paragraph FOURTH, on each April 1 and October 1 after Substantial Completion the Trustee shall make the principal and interest payment due on the Federal Loan as required by Section 6 of the Federal Loan Agreement. The amounts to be so paid shall be established pursuant to a certification signed by an Authorized Authority Representative.

Section 3.10. **Moneys Held in Trust for Matured Bonds; Unclaimed Moneys.** All moneys which shall have been withdrawn from a Debt Service Fund and set aside or deposited with the Trustee or a Paying Agent for the purpose of paying any of the Bonds, either at the maturity thereof or upon call for redemption, or which are set aside by the Trustee for such purposes and for which Bonds the maturity date or redemption date shall have occurred, shall be held in trust for the respective holders of such Bonds. Any moneys which shall be so set aside or deposited and which shall remain unclaimed by the holders of such Bonds for a period of one (1) year after the date on which such Bonds shall have become due and payable (or such longer period as may be required by State law) shall be paid to the Authority, and thereafter the holders of such Bonds shall look only to the Authority for payment and the Authority shall be obligated to make such payment, but only to the extent of the amounts so received without any interest thereon, and neither the Trustee nor any Paying Agent shall have any responsibility with respect to any of such moneys.

Section 3.11. **Investments.** Moneys held by the Trustee in any fund or account established and held by the Trustee pursuant to this Master Indenture or any Supplemental Indenture (but not including the Reserve Account) shall be invested and reinvested as directed by the Authority in Permitted Investments, subject (except in the case of the Debt Service Reserve Fund as set forth in Section 3.05(d) hereof) to any additional restrictions set forth in the Supplemental Indenture creating such fund or account. The Authority shall direct such investments by written certificate (upon which the Trustee may conclusively rely) of an Authorized Authority Representative or by telephone instruction followed by prompt written confirmation by an Authorized Authority Representative; in the absence of any such instructions, the Trustee shall, to the extent practicable, invest in money market funds with the characteristics described in paragraph "K" of the definition of Permitted Investments. Permitted Investments shall mature not later than such times as shall be necessary to provide moneys when needed for payments to be made from such funds and accounts. The Trustee shall sell and reduce to cash a sufficient amount of any such investments whenever the cash balance in any such funds is insufficient to pay the amounts due therefrom. The Trustee shall not be liable for any loss resulting from its compliance with the written directions of the Authority or as a result of liquidating investments to provide funds for any required payment, transfer, withdrawal or disbursement from any fund or account in which such investments are held. The Trustee may buy

or sell any Permitted Investment hereunder through its own (or any of its affiliates') investment department.

The Authority acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the Authority the right to receive brokerage confirmations of security transactions as they occur, the Authority will not receive such confirmations to the extent permitted by law. The Trustee will furnish the Authority periodic statements showing all investment transactions made by the Trustee hereunder.

The Trustee or any of its affiliates may act as sponsor, advisor or manager in connection with any investments made by the Trustee hereunder.

Earnings on the various funds and accounts created under any Supplemental Indenture shall be deposited as provided in such Supplemental Indenture, except that (i) during the continuation of an Event of Default earnings on such funds and accounts (to the extent not required to be deposited in any Rebate Fund) shall be deposited into the Debt Service Fund created under the respective Supplemental Indentures, and (ii) pursuant to Section 3.05(d) of this Master Indenture, earnings on the Debt Service Reserve Accounts (to the extent not required to be deposited in a Rebate Fund) shall be applied as therein described.

Section 3.12. *Application of Grant Proceeds.* Funds derived from the proceeds of grants from governmental or private entities shall be deposited in the fund or account appropriate to the requirements and conditions of the particular grant, pursuant to written instructions from an Authorized Authority Representative.

Section 3.13. *Costs of Issuance Funds.* Each Costs of Issuance Fund shall be held by the Trustee as provided in this Master Indenture and the applicable Supplemental Indenture. All moneys held in each Costs of Issuance Fund shall be disbursed to pay Costs of Issuance related to a Series of Bonds upon receipt by the Trustee of a Requisition in substantially the form attached as Exhibit B-4 hereto.

ARTICLE IV COVENANTS OF THE AUTHORITY

Section 4.01. *Payment of Principal, Accreted Value and Interest.* The Authority covenants and agrees that it shall duly and punctually pay or cause to be paid from the Trust Estate and to the extent thereof the principal or Accreted Value of, premium, if any, and interest on every Bond and the Federal Loan at the place and on the dates and in the manner described in this Master Indenture, in the applicable Supplemental Indentures and in the Bonds specified, according to the true intent and meaning thereof, and that it shall faithfully do and perform all covenants and agreements in the Indenture and in the Bonds contained, provided that the Authority's obligation to make payment of the principal or Accreted Value of, premium, if any, and interest on the Bonds shall be limited to payment from the Trust Estate and any other source which the Authority may specifically provide for such purpose, and further subject to the limitations and conditions

set forth in this Master Indenture. No bondholder shall have any right to enforce payment from any other funds of the Authority, the Ports or the Railroads.

Section 4.02. ***Construction, Installation and Equipping of Project.*** Subject to the terms of the Design-Build Contract, the Permit and the Use and Operating Agreement, the Authority shall construct, install and equip or cause to be constructed, installed and equipped, the Project with all practicable dispatch and such construction, installation and equipping shall be made in an expeditious manner and in conformity with the law so as to complete the same as soon as possible.

Section 4.03. ***Maintenance and Operation of Project.*** Subject to the terms of the Permit and the Use and Operating Agreement, the Authority shall maintain and preserve or cause to be maintained and preserved the Project in good order, condition and repair at all times and shall cause the Project to be operating as a fully equipped and operational rail corridor. Furthermore, the Authority shall operate the Project or cause the Project to be operated so that in no event shall more than 20% of the cargo transported by the Railroads on the Rail Corridor (as defined in the Use and Operating Agreement) in any year move to or from facilities which are not included within the meaning of "port facilities" under Section 142 (a)(2) of the Code.

Section 4.04. ***Compliance with Documents; Collection of Revenues.*** For so long as any Bonds are Outstanding pursuant to their terms:

(a) each of the Authority and the Trustee shall at all times maintain and diligently enforce all their respective rights under the Use and Operating Agreement, the Permit, this Master Indenture, any Supplemental Indenture, the Federal Loan Agreement and all other contracts, instruments and other items in the Trust Estate (subject to and consistent with the assignment of certain rights to the Trustee set forth above in this Master Indenture), and shall, subject to the terms of this Master Indenture, promptly assist in the collection of and prosecute the collection of all receipts, earnings and revenues to which the Authority is entitled to under all of the same and shall promptly and diligently enforce the Authority's rights against the Railroads, the Federal Lender, the Ports or other person who does not pay such receipts, earnings and revenues as they become due under all of the same;

(b) the Authority shall not do or permit anything to be done, or omit or refrain from doing anything, in any case where any such act done or permitted to be done, or any such omission of or refraining from action, would or might substantially impair or materially adversely affect the liens on or security interests in the Trust Estate or would substantially impair or materially adversely affect in any manner the pledge of Revenues or the liens on or security interests granted in the Trust Estate or the rights of the Bondholders or the Federal Lender; and

(c) the Authority shall not alter or modify or agree or consent to alter or modify the Use and Operating Agreement or the Permit unless it first obtains (i) an opinion of counsel or an opinion of an expert that such proposed amendment will not result in a material impairment of such Bondholders' security for their Bonds or an impairment of the rights of the Federal Lender under the Federal Loan Agreement and provides such opinion to the Trustee; provided, however, that no such opinion is required if the consent of the applicable Bondholders or the Federal

Lender, as applicable, is first obtained in accordance with the procedures set forth in Section 8.03 of this Master Indenture; and (ii) the consent of the Bond Insurer for the Series 1999 Bonds only with respect to any amendment that would result in a material impairment of the security for the Series 1999 Bonds or materially adversely affects such Bond Insurer's obligations under any Bond Insurance Policy for the Series 1999 Bonds.

Section 4.05. *Payment of Claims.* In accordance with the terms of the Design-Build Contract, the Permit and the Use and Operating Agreement, and the other contracts and agreements relating to the Project, the Authority shall pay and discharge or cause to be paid and discharged any and all lawful claims for labor, materials or supplies which, if unpaid, might become a charge or lien upon the Project or the Trust Estate or any part thereof or which might impair the security of the Bonds or the Federal Loan.

Section 4.06. *Against Encumbrances.* The Authority shall not make any pledge of or place any charge or lien upon the Project or any part thereof or upon the Trust Estate, and, except as provided herein, shall not issue any bonds, notes or obligations payable from Revenues and secured by a pledge of or charge or lien upon Revenues senior or equal to the pledge, charge and liens thereon in favor of the Bonds.

Section 4.07. *Against Sale or Other Disposition of Project.* Except for the purpose of paying the principal or Accreted Value of, premium (if any) on and interest on the Bonds, the Authority shall not encumber, sell or otherwise dispose of the Project or any part thereof essential to its proper operation or to the maintenance of Revenues. The Authority shall not enter into any agreement which impairs the operation of the Project or any part thereof necessary to secure adequate Revenues for the payment of the interest on, premium (if any) on and principal or Accreted Value of the Bonds, or which would otherwise impair the rights of the holders of the Bonds with respect to Revenues.

Section 4.08. *Other Liens.* Subject to the provisions of the Use and Operating Agreement and the Permit, the Authority shall keep the Project free from judgments, mechanics' and materialmen's liens (except those arising from the acquisition, installation and construction of the Project) and free from all liens, claims, demands and encumbrances of whatsoever prior nature or character to the end that the security for the Bonds will at all times be maintained and preserved free from any claim or liability which might interfere with or hamper the Authority in conducting its business or operating the Project, and the Trustee at its option (after giving the Authority ten (10) days' written notice to comply therewith and failure of the Authority to so comply within such period) may defend against any and all actions or proceedings in which the validity hereof is or might be questioned, or may pay or compromise any claim or demand asserted in any such action or proceeding; provided, however, that in defending such actions or proceedings or in paying or compromising such claims or demands the Trustee shall not in any event be deemed to have waived or released the Authority from liability for or on account of any of its agreements and covenants contained herein or in the Use and Operating Agreement or the Permit and the pledge of Revenues and the charge and lien upon the Trust Estate and to perform such agreements and covenants.

Section 4.09. *Prosecution and Defense of Suits.* The Authority shall defend against every suit, action or proceeding at any time brought against the Trustee upon any claim arising out of the receipt, application or disbursement of any of the Revenues or involving the rights assigned to the Trustee hereunder or under the Use and Operating Agreement; provided, however, that the Trustee at its election may appear in and defend any such suit, action or proceeding. The Authority shall indemnify and hold harmless the Trustee against any and all liability claimed or asserted by any person arising out of such receipt, application or disbursement, and shall indemnify and hold harmless the Trustee against any attorney's fees or other expenses which it may incur in connection with any litigation to which it may become a party by reasons of its actions hereunder, except for any loss, cost, damage or expense relating from the negligence or willful misconduct of the Trustee. This covenant shall remain in full force and effect even though all Bonds secured hereby have been fully paid and satisfied.

Section 4.10. *Tax Covenant.* With respect to any Tax Exempt Bonds issued, the Authority covenants that it shall not take any action, or fail to take any action, if any such action or failure to take action would adversely affect the exclusion from gross income of the interest payable with respect to such Tax Exempt Bonds under Section 103 of the Code. Without limiting the generality of the foregoing, the Authority agrees to comply with the provisions of the Tax Certificate (as defined in any supplemental indenture relating to such Bonds). This covenant shall survive payment in full or defeasance of such Tax Exempt Bonds.

Section 4.11. *Insurance; Application of Insurance Proceeds.* The Authority shall obtain or cause to be obtained and shall continuously keep in force the following insurance with respect to the Project during the periods specified below:

(a) Insurance During Construction. Upon the issuance and delivery of the Series 1999 Bonds and until Substantial Completion, the Authority shall obtain or cause to be obtained and shall continuously keep in force, the following insurance with respect to the Project:

(i) Property Insurance. The Authority shall maintain or cause to be maintained a policy or policies of "builders risk" or "course of construction" insurance on the Project insuring against loss or damage by fire, lightning, explosion, windstorm, riot, aircraft, vehicle damage, smoke, vandalism and malicious mischief and such other hazards as are normally covered by such policies. The Authority shall also obtain coverage protecting against loss or damage by flood and earthquake (if and only to the extent available on the open market from reputable insurance companies at a reasonable cost). Such policy or policies shall have limits of not less than the maximum probable loss with respect to the Project as determined by the Authority and its insurance consultants. Each such policy may be subject to a deductible clause in an amount customary and reasonable for such policies. Each such policy shall include an endorsement that covers soft costs for at least one year resulting from a delay in opening because of an insured peril. Such delayed opening insurance shall be in an amount of not less than \$60 million and shall have a waiting period of not longer than 30 days. Each such policy shall contain a clause making all losses payable to the Trustee and the Authority as their interests may appear, and all proceeds thereof shall be paid to the Trustee for the purpose of repairing or

replacing the damaged property or redeeming Outstanding Bonds as provided in Section 2.12 hereof. Each such policy shall name the Ports as additional insureds.

(ii) Liability Insurance. The Authority shall maintain or cause to be maintained a commercial general liability insurance policy or policies to protect the Authority, the Trustee and the officers, agents and employees of each from liability for damages from bodily injury or property liability caused by or arising from the acts or omissions of such parties or occasioned by reason of the construction, condition or operation of the Project with limits of not less than twenty-five million dollars (\$25,000,000) per occurrence. The commercial general liability insurance policy or policies may be subject to deductible clauses customary for such types of insurance policies. As an alternative to obtaining the insurance required by this subsection (a)(ii), the Authority may provide other kinds of insurance or methods or plans of protection including self-insurance, provided that any such alternative is approved by an Independent insurance consultant. Each such policy shall name the Ports as additional insureds.

(b) Insurance Following Substantial Completion. On or prior to Substantial Completion, the Authority shall obtain or cause to be obtained and thereafter shall continuously keep in force, for so long as any Bonds are Outstanding, the following insurance with respect to the Project:

(i) Property Insurance. The Authority shall maintain or cause to be maintained a policy or policies of property insurance on the Project insuring against loss or damage by fire, lightning, explosion, windstorm, riot, aircraft, vehicle damage, smoke, vandalism and malicious mischief and such other perils as are normally covered by such policies. The Authority shall also obtain coverage protecting against loss or damage by flood and earthquake (if and only to the extent available on the open market from reputable insurance companies at a reasonable cost). Such policy or policies shall have limits of not less than the lesser of (i) maximum probable loss with respect to the Project as determined by Independent insurance consultant; or (ii) the principal amount of all Bonds then Outstanding plus the unpaid balance on the Federal Loan. Each such policy shall contain a clause making all losses payable to the Trustee and the Authority as their interests may appear, and all proceeds thereof shall be paid to the Trustee for the purpose of repairing or replacing the damaged property or redeeming Outstanding Bonds as provided in Section 2.12 hereof. Each such policy shall name the Ports as additional insureds.

(ii) Liability Insurance. The Authority shall maintain or cause to be maintained a commercial general liability insurance policy or policies to protect the Authority, the Trustee and the officers, agents and employees of each from liability for damages from bodily injury or property damage caused by or arising from the acts or omissions of such parties or occasioned by reason of the construction, condition or operation of the Project with limits of not less than twenty-five million dollars (\$25,000,000) per occurrence. The commercial general liability insurance policy or policies may be subject to deductible clauses customary for such types of insurance policies. As an alternative to obtaining the insurance required by this subsection (b)(ii),

the Authority may provide other kinds of insurance or methods or plans of protection including self-insurance, provided that any such alternative is approved by an Independent insurance consultant. Each such policy shall name the Ports as additional insureds.

(iii) Business Interruption Coverage. The Authority shall maintain or cause to be maintained business interruption insurance to cover loss, total or partial, of the use of the Project as a result of any of the hazards covered by the casualty insurance required by subsection (i) of this Section 4.11(b) in an amount not less than the total Debt Service payable on all Outstanding Bonds for any period of one (1) year following Substantial Completion. Each such policy may be subject to a deductible clause in an amount customary and reasonable for such policies; provided, however, in no event shall any such deductible exceed the limit set forth in Section 11.2(d) of the Use and Operating Agreement. Each such policy shall contain a clause making all losses payable to the Trustee. Any proceeds of such insurance shall be paid to the Trustee and deposited in the respective Debt Service Funds to be applied in accordance with Section 3.04 hereof. Each such policy shall name the Ports as additional insureds.

(c) Evidence and Payment of Insurance. Upon issuance and delivery of the Series 1999 Bonds, the Authority shall deliver to the Trustee certificates of insurance showing that the insurance required by Section 4.11(a) is in full force and effect and, if applicable, that any self-insurance is maintained and sufficient to provide protection against the risks described in Section 4.11(a)(ii) above. On or prior to Substantial Completion, the Authority shall deliver to the Trustee certificates of insurance showing that the insurance required by Section 4.11(b) is in full force and effect and, if applicable, that any self-insurance is maintained and sufficient to provide protection against the risks described in Section 4.11(b)(ii) above. On October 1 in each year following the year in which Series 1999 Bonds are issued, the Authority shall deliver to the Trustee a schedule setting forth the insurance policies or self-insurance then in effect, the names of the insurers which have issued the policies, the limits of such policies and the property and risks covered thereby. No insurance policy required by this Section 4.11 shall be permitted to expire or be canceled so long as any Bonds remain Outstanding hereunder. Furthermore, each insurance policy required hereunder shall state that coverage shall not be suspended, voided or canceled by either party, except after 60 days' prior written notice has been given to the Authority.

In accordance with Section 7.2(a) of the Use and Operating Agreement, the payment of any premium or deductible with respect to any insurance policy required by Sections 4.11(b)(i) and 4.11(b)(iii) shall constitute M & O Charges and be paid from amounts deposited in the M & O Fund in accordance with Section 3.08 hereof. The payment of any premium or deductible with respect to any other insurance policy required by this Section 4.11 shall constitute an Administrative Cost and be paid from Revenues in accordance with Section 3.03 hereof or from other available funds of the Authority.

The Trustee shall not be responsible for the adequacy of any insurance provided by the Authority under the Indenture or for the form or content of any insurance provided by the Authority.

Section 4.12. ***Accounts.*** The Authority covenants that it will keep and/or cause to be kept accurate books and records of account showing all Revenues and M & O Charges received and all expenditures of the Authority and that it will keep and/or cause to be kept accurate books and records of account showing all moneys, Revenues and M & O Charges, accounts and funds (including the Revenue Fund, the M & O Fund, the Construction Funds, the Reserve Account and all other accounts provided for in or pursuant to this Indenture) which are or shall be in the control or custody of the Authority pertaining to the Project; and that all such books and records pertaining to the Project shall be open upon reasonable notice during business hours to the Trustee and to the Bondholders of not less than ten percent (10%) of the Bond Obligation amount of Bonds then Outstanding, or their representatives duly authorized in writing. Within 270 days after the close of each Fiscal Year, so long as any of the Bonds remain Outstanding, the Authority shall prepare and/or cause to be prepared and file with the Trustee audited financial statements including a statement of the income and expenses for such Fiscal Year and a balance sheet prepared as of the close of such Fiscal Year for the Authority, all accompanied by a certificate or opinion in writing of an Independent certified public accountant of recognized standing, selected by the Authority, which opinion shall include a statement that said financial statements present fairly in all material respects the financial position of the Authority and are prepared in accordance with generally accepted accounting principles; provided, however, the Trustee shall hold such financial statements solely as an accommodation to the holders of the Bonds and shall have no duty or obligation to review such financial statements.

Section 4.13. ***Eminent Domain.*** If all or a portion of the Project is taken by eminent domain proceedings or conveyance in lieu thereof, the Authority shall create a special account entitled the "Net Proceeds Account" and deposit the Net Proceeds received as a result of such taking or conveyance into such account and shall within a reasonable period of time after the receipt of such amounts, use such proceeds to (1) replace the Project or portion thereof which was taken or conveyed, (2) redeem Bonds, or (3) create an escrow fund pledged to pay specified Bonds and thereby cause such Bonds to be deemed to be paid as provided in Article V hereof.

Section 4.14. ***Covenants of Authority Binding on Authority and Successors.*** All covenants, stipulations, obligations and agreements of the Authority contained in this Indenture shall be deemed to be covenants, stipulations, obligations and agreements of the Authority to the full extent authorized or permitted by law. If the powers or duties of the Authority shall hereafter be transferred by amendment of the JPA Agreement or any provision of the Constitution or any other law of the State or in any other manner there shall be a successor to the Authority, and if such transfer shall relate to any matter or thing permitted or required to be done under this Indenture by the Authority, then the entity that shall succeed to such powers or duties of the Authority shall act and be obligated in the place and stead of the Authority as in this Indenture provided.

Section 4.15. ***Instruments of Further Assurance.*** The Authority covenants that it will do, execute, acknowledge and deliver, or cause to be done, executed, acknowledged and delivered, such Supplemental Indentures, and such further acts, instruments and transfers as the Trustee may reasonably request for the better assuring and confirming to the Trustee all and

singular the rights and obligations of the Authority under and pursuant to this Indenture and the security intended to be conferred hereby to secure the Bonds.

Section 4.16. *Indenture To Constitute a Contract.* This Indenture, including all Supplemental Indentures, is executed by the Authority for the benefit of the Bondholders and constitutes a contract with the Trustee for the benefit of the Bondholders.

ARTICLE V DEFEASANCE

Bonds or portions thereof (such portions to be in integral multiples of an authorized denomination) which have been paid in full or which are deemed to have been paid in full shall no longer be secured by or entitled to the benefits of this Indenture, except for the purposes of payment from moneys or Government Obligations held by the Trustee or a Paying Agent for such purpose. When all Bonds which have been issued under this Indenture have been paid in full or are deemed to have been paid in full, and all other sums payable hereunder by the Authority, including repayment of the Federal Loan or the establishment of alternative arrangements to the Federal Loan Fund for the repayment of the Federal Loan, and further including all necessary and proper fees, compensation and expenses of the Trustee, each Registrar and each Paying Agent, have been paid or are duly provided for, then the right, title and interest of the Trustee in and to the Trust Estate and any other assets pledged to or securing the Bonds hereunder shall thereupon cease, terminate and become void, and thereupon the Trustee shall cancel, discharge and release this Indenture, shall execute, acknowledge and deliver to the Authority such instruments as shall be requisite to evidence such cancellation, discharge and release and shall assign and deliver to the Authority any property and revenues at the time subject to this Indenture which may then be in the Trustee's possession, except funds or securities in which such funds are invested and are held by the Trustee or a Paying Agent for the payment of the Accreted Value or principal of, premium, if any, and interest on the Bonds or the Federal Loan, if applicable.

A Bond shall be deemed to be paid within the meaning of this Article V and for all purposes of this Indenture when payment of the Accreted Value or the principal, interest and premium, if any, either (a) shall have been made or caused to be made in accordance with the terms of the Bonds and this Indenture or (b) shall have been provided for by irrevocably depositing with the Trustee in trust and setting aside exclusively for such payment, (i) moneys sufficient (as verified by an Independent certified public accountant) to make such payments and/or (ii) noncallable Government Obligations, maturing as to Accreted Value or principal, premium (if any) and interest in such amounts and at such times as will ensure (as verified by an Independent certified public accountant) the availability of sufficient moneys to make such payments. At such times as Bonds shall be deemed to be paid hereunder, such Bonds shall no longer be secured by or entitled to the benefits of this Indenture, except for the purposes of payment from such moneys or Government Obligations.

Any deposit under clause (b) of the foregoing paragraph shall be deemed a payment of such Bonds. Once such deposit shall have been made, the Trustee shall notify all holders of the affected Bonds that the deposit required by clause (b) of the immediately foregoing paragraph

has been made with the Trustee and that such Bonds are deemed to have been paid in accordance with this Article V. No notice of redemption shall be required at the time of such defeasance or prior to such date as may be required by the Supplemental Indenture under which such Bonds were issued. The Authority may at any time, prior to issuing such notice of redemption as may be required by the Supplemental Indenture under which such Bonds were issued, modify or otherwise change the scheduled date for the redemption or payment of any Bond deemed to be paid under the terms of the foregoing paragraph in accordance with the terms of the Bonds or this Master Indenture subject to (a) receipt of an approving opinion of Bond Counsel that such action will not adversely affect the tax exempt status with respect to the interest on any Tax Exempt Bond then Outstanding and (b) receipt of a certification of a nationally recognized accounting firm that there are sufficient moneys and/or Government Obligations to provide for the payment of such Bonds. Notwithstanding anything in Article V herein to the contrary, moneys from any trust or escrow established for the defeasance of Bonds may be withdrawn and delivered to the Authority so long as the requirements of subparagraphs (a) and (b) above are met prior to or concurrently with any such withdrawal.

ARTICLE VI DEFAULTS AND REMEDIES

Section 6.01. *Events of Default.* Each of the following events shall constitute and is referred to in this Master Indenture as an "Event of Default":

(a) a failure to pay the principal of any Current Interest Bonds or the Accreted Value of any Capital Appreciation Bonds or premium, if any, on any Series of the Bonds, when the same shall become due and payable at maturity or upon redemption, which failure to pay shall be deemed an Event of Default only with respect to such Series of Bonds and all other Bonds of an equal or lower priority;

(b) a failure to pay any installment of interest on any Series of Current Interest Bonds when such interest shall become due and payable, which failure to pay shall be deemed an Event of Default only with respect to such Series of Current Interest Bonds and all other Current Interest Bonds of an equal or lower priority;

(c) a failure to pay the purchase price of any Bond when such purchase price shall be due and payable upon an optional or mandatory tender date as provided in a Supplemental Indenture, which failure to pay shall be deemed an Event of Default only with respect to such Series of Bonds and all other Bonds of an equal or lower priority;

(d) a failure by the Authority to observe and perform any covenant, condition, agreement or provision (other than as specified in paragraphs (a), (b) and (c) of this Section 6.01) that are to be observed or performed by the Authority and which are contained in this Master Indenture or a Supplemental Indenture, which failure shall continue for a period of thirty (30) days after written notice specifying such failure and requesting that it be remedied shall have been given to the Authority by the Trustee, which notice may be given at the discretion of the Trustee and shall be given at the written

request of holders of 25% or more of Bond Obligation of any affected Series of Bonds then Outstanding, unless (i) the Trustee or (ii) the holders of 25% or more of Bond Obligation of such Series of Bonds, representing a Bond Obligation amount not less than the Bond Obligation amount of such Series of Bonds the holders of which requested such notice, shall agree in writing to an extension of such period prior to its expiration; provided, however, that the Trustee and the holders of such Bond Obligation amount of such Series of Bonds shall be deemed to have agreed to an extension of such period if corrective action is initiated by the Authority within such period and is being diligently pursued until such failure is corrected;

(e) bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings, including without limitation proceedings under Chapter 9 or 11 of the United States Bankruptcy Code (as the same may from time to time be hereafter amended), or other proceedings for relief under any federal or state bankruptcy law or similar law for the relief of debtors are instituted by or against the Authority or either of the Ports and, if instituted against the Authority or either of the Ports, said proceedings are consented to or are not dismissed within sixty (60) days after such institution.

Section 6.02. *Remedies.*

(a) Upon the occurrence of any Event of Default, and subject to the Bond Insurer's rights with respect to the Series of Bonds that such Bond Insurer has insured as set forth in the Indenture, the Trustee in its discretion may, and upon the written direction of the holders of 25% or more of the Bond Obligation of the Bonds whose Bonds are in default under Section 6.01(a), (b) or (c) above, and receipt of indemnity to its satisfaction, shall, cause a replacement trustee to be substituted as the Trustee for the First Subordinate Lien Bonds and, if necessary, shall cause a separate replacement trustee to be substituted as the trustee for the Second Subordinate Lien Bonds, and the provisions of this Article VI shall equally apply to the replacement trustees and the Trustee (each a "Default Trustee") appointed pursuant to this Section 6.02(a) and having the qualifications set forth in Section 7.08 hereof. Each such Default Trustee may, and upon the written direction of the holders of 25% or more of the Bond Obligation of Bonds in default for which the Default Trustee serves as trustee, and receipt of indemnity to its satisfaction, shall, in its own name as the trustee of an express trust:

(i) by mandamus, or other suit, action or proceeding at law or in equity, enforce all rights of the applicable Bondholders, and require the Authority to carry out any agreements with or for the benefit of the applicable Bondholders and to perform its duties under the JPA Agreement or the Use and Operating Agreement or any other law to which it is subject and this Indenture, provided that any such remedy may be exercised only to the extent permitted under the applicable provisions of this Indenture;

(ii) bring suit upon the applicable Bonds in default or with respect to a default under the Use and Operating Agreement, the Federal Loan Agreement, the Design-Build Contract or the Permit;

(iii) commence an action or suit in equity to require the Authority to account as if it were the trustee of an express trust for the applicable Bondholders of their Bonds in default; or

(iv) by action or suit in equity enjoin any acts or things which may be unlawful or in violation of the rights of the applicable Bondholders of their Bonds in default.

(b) Any Default Trustee shall be under no obligation to take any action with respect to any Event of Default unless such Default Trustee has actual knowledge of the occurrence of such Event of Default.

Section 6.03. *Restoration to Former Position.* If any proceeding taken by the Default Trustees to enforce any right under this Indenture shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Default Trustees, then the Authority, the Trustee, and the applicable Bondholders shall be restored to their former positions and rights hereunder, respectively, and all rights, remedies and powers of the Trustee shall continue as though no such proceeding had been taken.

Section 6.04. *Bondholders' Right To Direct Proceedings.* Anything in this Indenture to the contrary notwithstanding, holders of a majority in Bond Obligation of each priority level of Bonds then Outstanding shall have the right, at any time, by an instrument in writing executed and delivered to the respective Default Trustee, to direct the time, method and place of conducting all remedial proceedings available to the respective Default Trustee under this Indenture to be taken in connection with the enforcement of the terms of this Indenture or exercising any trust or power conferred on the respective Default Trustee by this Indenture; provided that such direction shall not be otherwise than in accordance with the provisions of the law and this Indenture and that there shall have been provided to the respective Default Trustee security and indemnity satisfactory to the respective Default Trustee against the costs, expenses and liabilities to be incurred as a result thereof by the respective Default Trustee.

Section 6.05. *Limitation on Right To Institute Proceedings.* No Bondholder or Bondholders shall have any right to institute any suit, action or proceeding in equity or at law for the exercise of any trust or power hereunder, or any other remedy hereunder or on such Bonds, unless (a) such Bondholder or Bondholders previously shall have given to the respective Default Trustee written notice of an Event of Default as hereinabove provided, (b) holders of 25% or more of the Bond Obligation of the applicable priority level of Bonds then Outstanding (which could include such Bondholders) shall have made written request of the respective Default Trustee to do so, after the right to institute such suit, action or proceeding under Section 6.02 hereof shall have accrued, and shall have afforded the respective Default Trustee a reasonable opportunity to proceed to institute the same in either its or their name, and (c) there shall have been offered to

the respective Default Trustee security and indemnity satisfactory to it against the costs, expenses and liabilities to be incurred therein or thereby, and the respective Default Trustee shall not have complied with such request within a reasonable time; and such notification, request and offer of indemnity are hereby declared in every such case, at the option of the respective Default Trustee, to be conditions precedent to the institution of such suit, action or proceeding; it being understood and intended that no one or more of the Bondholders shall have any right in any manner whatever by his, her or their action to affect, disturb or prejudice the security of this Indenture, or to enforce any right hereunder or under the Bonds, except in the manner herein provided, and that all suits, actions and proceedings at law or in equity shall be instituted, had and maintained in the manner herein provided and for the equal benefit of all Bondholders.

Section 6.06. ***No Impairment of Right To Enforce Payment.*** Notwithstanding any other provision in this Indenture, the right of any Bondholder to receive payment of the principal of and interest on such Current Interest Bond or the Accreted Value of such Capital Appreciation Bond or the purchase price thereof, on or after the respective due dates expressed therein and to the extent of the Revenues and other security provided for the Bonds, or to institute suit for the enforcement of any such payment on or after such respective date, shall not be impaired or affected without the consent of such Bondholder.

Section 6.07. ***Proceedings by Default Trustees Without Possession of Bonds.*** All rights of action under this Indenture or under any of the Bonds secured hereby which are enforceable by the Trustee or the applicable Default Trustee may be enforced by them without the possession of any of the Bonds, or the production thereof at the trial or other proceedings relative thereto, and any such suit, action or proceeding instituted by any Default Trustee shall be brought in its name for the equal and ratable benefit of the applicable Bondholders, subject to the provisions of this Master Indenture.

Section 6.08. ***No Remedy Exclusive.*** No remedy herein conferred upon or reserved to the respective Default Trustees or to Bondholders is intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative, and shall be in addition to every other remedy given hereunder, or now or hereafter existing at law or in equity or by statute; provided, however, that any conditions set forth herein to the exercise of any remedy to enforce the provisions of this Indenture or the Bonds shall also be conditions to seeking any remedies pursuant to this Section 6.08.

Section 6.09. ***No Waiver of Remedies.*** No delay or omission of the respective Default Trustees or of any Bondholder to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default, or an acquiescence therein; and every power and remedy given by this Article VI to the Default Trustees and to the Bondholders, respectively, may be exercised from time to time and as often as may be deemed expedient.

Section 6.10. ***Application of Moneys.*** If an Event of Default shall occur and be continuing, all amounts then held or any moneys received by the respective Default Trustees, by any receiver or by any Bondholder pursuant to any right given or action taken under the provisions

of this Article VI (which shall not include moneys provided through a Credit Facility, which moneys shall be restricted to the specific use for which such moneys were provided), after payment of the costs and expenses of the proceedings resulting in the collection of such moneys and of the expenses, liabilities and advances incurred or made by the respective Default Trustees (including attorneys' fees and disbursements), shall be applied (i) to payment of all unpaid interest on and principal or Accreted Value of the Senior Lien Bonds until fully paid, then (ii) to payment of all unpaid interest on and principal of the Federal Loan, then (iii) to payment of all unpaid interest on and principal or Accreted Value of the First Subordinate Lien Bonds until fully paid, and then (iv) to payment of all unpaid interest on and principal or Accreted Value of the Second Subordinate Lien Bonds until fully paid. Within each of the priorities for repayment set forth in clauses (i), (iii) and (iv) above, money shall be applied (a) first, to the payment to the persons entitled thereto of all installments of interest then due on the Bonds, with interest on overdue installments, if lawful, at the rate per annum as provided in any Supplemental Indenture, as the case may be, in the order of maturity of the installments of such interest and, if the amount available shall not be sufficient to pay in full any particular installment of interest, then to the payment ratably, according to the amounts due on such installment, and (b) second, to the payment to the persons entitled thereto of the unpaid principal amount or Accreted Value of any of the Bonds which shall have become due with interest on such Bonds at such rate as provided in a Supplemental Indenture from the respective dates upon which they became due and, if the amount available shall not be sufficient to pay in full Bonds on any particular date determined to be the payment date, together with such interest, then to the payment ratably, according to the amount of principal or Accreted Value and interest due on such date, in each case to the persons entitled thereto, without any discrimination or privilege.

Whenever moneys are to be applied pursuant to the provisions of this Section 6.10, such moneys shall be applied at such times, and from time to time, as the respective Default Trustees shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the respective Default Trustees shall apply such funds, they shall each fix the date (which shall be an Interest Payment Date unless it shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal or Accreted Value and interest to be paid on such date shall cease to accrue. Each Default Trustee shall give notice of the deposit with it of any such moneys and of the fixing of any such date by first-class United States mail, postage prepaid, to all Bondholders and shall not be required to make payment to any affected and applicable Bondholder until such Bonds shall be presented to such Default Trustee for appropriate endorsement or for cancellation if fully paid.

Section 6.11. *Severability of Remedies.* It is the purpose and intention of this Article VI to provide rights and remedies to the respective Default Trustees and the Bondholders, which may be lawfully granted under the provisions of applicable law, but should any right or remedy herein granted be held to be unlawful, the respective Default Trustees and the Bondholders shall be entitled, as above set forth, to every other right and remedy provided in this Indenture or by applicable law.

ARTICLE VII
TRUSTEE, PAYING AGENTS; REGISTRAR

Section 7.01. *Acceptance of Trusts.* The Trustee hereby accepts and agrees to execute the trusts specifically imposed upon it by this Indenture, but only upon the additional terms set forth in this Article VII, to all of which the Authority agrees and the respective Bondholders agree by their acceptance of delivery of any of the Bonds.

Section 7.02. *Duties of Trustee.*

(a) If an Event of Default has occurred and is continuing, the Trustee shall exercise its rights and powers and use the same degree of care and skill in their exercise as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs.

(b) The Trustee shall perform the duties set forth in this Indenture and no implied duties or obligations shall be read into this Indenture against the Trustee.

(c) Except during the continuation of an Event of Default, in the absence of any negligence on its part or any knowledge to the contrary, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed, upon certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture.

(d) The Trustee may not be relieved from liability for its own negligent action, its own negligent failure to act or its own willful misconduct, except that:

(1) the Trustee shall not be liable for any error of judgment made in good faith by a responsible officer of the Trustee unless the Trustee was negligent in ascertaining the pertinent facts; and

(2) the Trustee shall not be liable with respect to any action it takes or omits to take in good faith in accordance with a direction received by it from Bondholders or the Authority in the manner provided in this Master Indenture.

(e) The Trustee shall not, by any provision of this Indenture, be required to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers. The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of any of the holders of the Bonds, unless such holders shall have offered to the Trustee reasonable security or indemnity against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction.

(f) If the Trustee requires any direction as to the amount of any payment or transfer of funds to be made into or from any fund or account held under the Indenture, upon the Trustee's request, the Authority shall provide written direction to the Trustee as to the amount of any such payment or transfer.

(g) Nothing in this Indenture shall be interpreted to impose on the Trustee any fiduciary duty for the benefit of the Federal Lender with respect to the Federal Loan.

(h) Every provision of this Indenture that in any way relates to the Trustee is subject to all the paragraphs of this Section.

Section 7.03. ***Rights of Trustee.*** Subject to the foregoing Section, the Trustee shall be protected and shall incur no liability in acting or proceeding in good faith upon any resolution, notice, telegram, request, consent, waiver, certificate, direction, statement, affidavit, voucher, bond, requisition or other paper or document which it shall in good faith believe to be genuine and to have been passed or signed by the proper board or person or to have been prepared and furnished pursuant to any of the provisions of this Indenture, and the Trustee shall be under no duty to make investigation or inquiry as to any statements contained or matters referred to in any such instrument, but may accept and rely upon the same as conclusive evidence of the truth and accuracy of such statements.

The Trustee may consult with counsel with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by the Trustee hereunder in good faith in accordance therewith.

Whenever in the administration of the trusts or duties imposed upon it by this Indenture the Trustee shall deem it necessary that a matter be proved or established prior to taking or not taking any action hereunder, such matter may be deemed to be conclusively proved and established by a certificate of the Authority, and such certificate shall be full warrant to the Trustee for any action taken or not taken by it in good faith under the provisions of this Indenture in reliance on such certificate.

The Trustee makes no representation as to the sufficiency or validity of this Indenture or of any Bonds, or in respect of the security afforded by this Indenture.

The Trustee shall not be liable for any action taken or omitted by it in good faith and believed by it to be authorized or within the discretion or rights or powers conferred upon it under this Indenture.

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

The Trustee shall have no responsibility with respect to any information, statement or recital whatsoever in any official statement, offering memorandum or other disclosure material prepared or distributed with respect to the Bonds.

Section 7.04. ***Individual Rights of Trustee.*** The Trustee in its individual or any other capacity may become the owner or pledgee of Bonds and may otherwise deal with the Authority and the Ports with the same rights it would have if it were not Trustee. Any Paying Agent or other agent may do the same with like rights.

Section 7.05. ***Trustee's Disclaimer.*** The Trustee shall not be accountable for the Board's use of the proceeds paid to the Authority and it shall not be responsible for any statement in the Bonds other than its certificate of authentication.

Section 7.06. ***Notice of Defaults.*** If an Event of Default has occurred, then the Trustee shall promptly, after obtaining actual notice of such Event of Default, give notice thereof to each Bondholder. Except in the case of a default in payment or purchase on any Bonds, the Trustee may withhold the notice if and so long as a committee of its responsible officers in good faith determines that withholding the notice is in the interests of the Bondholders.

Section 7.07. ***Compensation of Trustee.*** For acting under this Indenture, the Trustee shall be entitled to payment of fees for its services and reimbursement of advances, counsel fees and other expenses reasonably and necessarily made or incurred by the Trustee in connection with its services under this Indenture, in accordance with a separate fee schedule setting forth such terms and conditions which has been approved by the Authority. The Authority agrees to indemnify and hold the Trustee and its officers, agents and directors harmless against any liabilities, costs, claims or expenses not arising from the Trustee's own negligence, misconduct or breach of duty, which the Trustee may incur in the exercise and performance of its rights and obligations hereunder including the enforcement of any remedies and the defense of any suit. Such obligation shall survive the discharge of this Indenture or the resignation or removal of the Trustee.

Section 7.08. ***Eligibility of Trustee.*** This Indenture shall always have a Trustee that is a trust company, banking association or a bank having the powers of a trust company and is organized and doing business under the laws of the United States or any state or the District of Columbia, is authorized to conduct trust business under the laws of the State, is subject to supervision or examination by United States, state or District of Columbia authority and has (together with its corporate parent) a combined capital and surplus of at least \$50,000,000 as set forth in its most recent published annual report of condition.

Section 7.09. ***Replacement of Trustee.*** The Trustee may resign by notifying the Authority in writing prior to the proposed effective date of the resignation. The holders of a majority of Bond Obligations Outstanding may remove the Trustee by notifying the removed Trustee and may appoint a successor Trustee with the Authority's consent. The Authority may remove the Trustee, by notice in writing delivered to the Trustee at least sixty (60) days prior to the proposed removal date; provided, however, that the Authority shall have no right to remove

the Trustee during any time when an Event of Default has occurred and is continuing or when an event has occurred and is continuing or condition exists which with the giving of notice or the passage of time or both would be an Event of Default.

No resignation or removal of the Trustee under this Section shall be effective until a new Trustee has taken office and delivered a written acceptance of its appointment to the retiring Trustee and to the Authority. Immediately thereafter, the retiring Trustee shall transfer all property held by it as Trustee to the successor Trustee, the resignation or removal of the retiring Trustee shall then (but only then) become effective and the successor Trustee shall have all the rights, powers and duties of the Trustee under this Indenture.

If the Trustee resigns or is removed or for any reason is unable or unwilling to perform its duties under this Indenture, the Authority shall promptly appoint a successor Trustee.

If a Trustee is not performing its duties hereunder and a successor Trustee does not take office within sixty (60) days after the retiring Trustee delivers notice of resignation or the Authority delivers notice of removal, the retiring Trustee, the Authority or the holders of a majority in principal amount of the Bonds may petition any court of competent jurisdiction for the appointment of a successor Trustee.

Section 7.10. *Successor Trustee or Agent by Merger.* If the Trustee, any Paying Agent or any Registrar consolidates with, merges or converts into, or transfers all or substantially all its assets (or, in the case of a bank or trust company, its corporate trust assets) to, another corporation and meets the qualifications set forth in this Master Indenture, the resulting, surviving or transferee corporation without any further act shall be the successor Trustee, Paying Agent or Registrar.

Section 7.11. *Paying Agent.* The Authority may upon notice to the Trustee at any time or from time to time appoint a Paying Agent or Paying Agents for the Bonds or for any Series of Bonds, and each Paying Agent, if other than the Trustee, shall designate to the Authority and the Trustee its principal office and signify its acceptance of the duties and obligations imposed upon it hereunder or under a Supplemental Indenture by a written instrument of acceptance delivered to the Authority and the Trustee under which each such Paying Agent will agree, particularly:

(a) to hold all sums held by it for the payment of the Accreted Value or principal of, premium or interest on Bonds in trust for the benefit of the Bondholders until such sums shall be paid to such Bondholders or otherwise disposed of as herein provided;

(b) to keep such books and records as shall be consistent with prudent industry practice, to make such books and records available for inspection by the Board and the Trustee on each Business Day during reasonable business hours; and

(c) upon the request of the Trustee, to forthwith deliver to the Trustee all sums so held in trust by such Paying Agent.

Section 7.12. **Registrar.** The Authority shall appoint the Registrar for the Bonds or a Registrar or Registrars for any Series of Bonds and may from time to time remove a Registrar and name a replacement. Each Registrar, if other than the Trustee, shall designate to the Trustee, to the Paying Agent for the Bonds for which it is Registrar, and to the Authority its principal office and signify its acceptance of the duties imposed upon it hereunder or under a Supplemental Indenture by a written instrument of acceptance delivered to the Authority and the Trustee under which such Registrar will agree, particularly, to keep such books and records as shall be consistent with prudent industry practice and to make such books and records available for inspection by the Authority, the Trustee, and the Paying Agent for the Bonds for which it is Registrar on each Business Day during reasonable business hours.

Section 7.13. **Other Agents.** The Authority, or the Trustee with the consent of the Authority, may from time to time appoint other agents as may be appropriate at the time to perform duties and obligations under this Master Indenture or under a Supplemental Indenture all as provided by Supplemental Indenture or resolution of the Authority.

Section 7.14. **Several Capacities.** Anything in this Master Indenture to the contrary notwithstanding, with the consent of the Authority, the same entity may serve hereunder as the Trustee and as Paying Agent, Registrar and/or any other agent as appointed to perform duties or obligations under this Master Indenture, under a Supplemental Indenture or an escrow agreement, or in any combination of such capacities, to the extent permitted by law. A Paying Agent and the Registrar shall be entitled to the same protections, limitations from liability and indemnities afforded to the Trustee under this Master Indenture.

Section 7.15. **Accounting Records and Reports of the Trustee.**

(a) The Trustee shall at all times keep, or cause to be kept, proper records in which complete and accurate entries shall be made of all transactions made by it relating to the proceeds of the Bonds and all funds and accounts established by it pursuant to this Indenture. Such records shall be available for inspection with reasonable prior notice by the Authority on each Business Day during reasonable business hours and by any Bondholder or Bondholders holding at least 25% of the Bond Obligation of a Series of Bonds, or his or their agent or representative duly authorized in writing, at reasonable hours and under reasonable circumstances.

(b) The Trustee shall provide to the Authority each month, and at any other time requested by the Authority, a report or statement in its regular account statement format showing any Bond proceeds received during that month, if any, and the amounts deposited into each fund and account held by it under this Indenture and the amount disbursed from such funds and accounts, the earnings thereon, the ending balance in each of such funds and accounts and the investments of each such fund and account.

(c) The Trustee shall, within thirty (30) days after the end of each Fiscal Year, furnish to the Authority and to each Bondholder who shall have filed his name and address with the Trustee for such purpose (at such Bondholder's cost) a statement (which

need not be audited) covering receipts, interest, disbursements, allocation and application of Bond proceeds, the Revenues and any other moneys in any of the funds and accounts established by it pursuant to this Master Indenture or any Supplemental Indenture for the preceding year.

ARTICLE VIII MODIFICATION OF THIS MASTER INDENTURE

Section 8.01. *Limitations.* This Master Indenture shall not be modified or amended in any respect subsequent to the first delivery of fully executed and authenticated Bonds, except as provided in and in accordance with and subject to the provisions of this Article VIII.

Section 8.02. *Supplemental Indentures Not Requiring Consent of Bondholders.* The Authority may, from time to time and at any time, upon notice to any affected Bond Insurer so long as any Series of Bonds insured by such Bond Insurer are Outstanding, without the consent of or notice to the Bondholders, execute and deliver Supplemental Indentures supplementing and/or amending this Master Indenture or any Supplemental Indenture as follows:

- (a) to provide for the issuance of a Series or multiple Series of Bonds under the provisions of Section 2.08 of this Master Indenture and to set forth the terms of such Bonds and the special provisions which shall apply to such Bonds;
- (b) to cure any formal defect, omission, inconsistency or ambiguity in, or answer any questions arising under, this Master Indenture or any Supplemental Indenture, provided such supplement or amendment is not materially adverse to the Bondholders or the Bond Insurer;
- (c) to add to the covenants and agreements of the Authority in this Master Indenture or any Supplemental Indenture other covenants and agreements, or to surrender any right or power reserved or conferred upon the Authority, provided such supplement or amendment shall not adversely affect the interests of the Bondholders;
- (d) to confirm, as further assurance, any interest of the Trustee in and to the Revenues or in and to the funds and accounts held by the Trustee or any other agent or in and to any other moneys, securities or funds of the Authority provided pursuant to this Indenture or to otherwise add additional security for the Bondholders;
- (e) to evidence any change made in the terms of any Series of Bonds if such changes are authorized by the Supplemental Indenture at the time the Series of Bonds is issued and such change is made in accordance with the terms of such Supplemental Indenture;
- (f) to comply with the requirements of the Trust Indenture Act of 1939, as from time to time amended;

(g) to modify, alter, amend or supplement this Master Indenture or any Supplemental Indenture in any other respect which is not materially adverse to the Bondholders or the Bond Insurer;

(h) to provide for uncertificated Bonds or for the issuance of coupons and bearer Bonds or Bonds registered only as to principal;

(i) to qualify the Bonds or a Series of Bonds for a rating or ratings by a nationally recognized rating agency;

(j) to accommodate the technical, operational and structural features of Bonds which are issued or are proposed to be issued, including, but not limited to, changes needed to accommodate commercial paper, auction bonds, variable rate or adjustable rate bonds, discounted or compound interest bonds or other forms of indebtedness which the Authority from time to time deems appropriate to incur;

(k) to accommodate the use of a Credit Facility or Liquidity Facility for specific Bonds or a specific Series of Bonds, provided that such supplement or amendment is not materially adverse to the Bondholders;

(l) to comply with the requirements of the Code as are necessary, in the opinion of Bond Counsel, to prevent the federal income taxation of the interest on any Tax Exempt Bonds, including, without limitation, the segregation of the Revenues into different funds.

Before the Authority shall, pursuant to this Section 8.02, execute any Supplemental Indenture, there shall have been delivered to the Authority and Trustee an opinion of Bond Counsel to the effect that such Supplemental Indenture is authorized or permitted by this Master Indenture and will, upon the execution and delivery thereof, be valid and binding upon the Authority in accordance with its terms. In addition, the Authority shall obtain the approval of the Bond Insurer for the Series 1999 Bonds in the case of any Supplemental Indenture executed pursuant to clauses (c), (i) or (j) above so long as any Series 1999 Bonds are Outstanding.

Section 8.03. *Supplemental Indenture Requiring Consent of Bondholders.*

(a) Except for any Supplemental Indenture entered into pursuant to Section 8.02 and any Supplemental Indenture entered into pursuant to Section 8.03(b) below, subject to the terms and provisions contained in this Section 8.03 and not otherwise, and the approval of the Bond Insurer for the Series 1999 Bonds so long as any Series 1999 Bonds are Outstanding, the holders of not less than a majority in aggregate Bond Obligations of each Series of Bonds then Outstanding shall have the right from time to time to consent to and approve the execution by the Authority of any Supplemental Indenture deemed necessary or desirable by the Authority for the purposes of modifying, altering, amending, supplementing or rescinding, in any particular, any of the terms or provisions contained in this Master Indenture or in a Supplemental Indenture; provided,

however, that, unless approved in writing by the holders of all the Bonds then Outstanding or unless such change affects less than all Series of Bonds and the following subsection (b) is applicable, nothing herein contained shall permit, or be construed as permitting, (i) a change in the scheduled times, amounts or currency of payment of the principal or Accreted Value of, premium on or interest on any Outstanding Bonds or (ii) a reduction in the principal amount or Accreted Value or redemption price of any Outstanding Bonds or the rate of interest thereon; and provided that nothing herein contained, including the provisions of Section 8.03(b) below, shall, unless approved in writing by the holders of all the Bonds then Outstanding, permit or be construed as permitting (iii) the creation of a lien (except as expressly permitted by this Master Indenture) upon the Revenues created by this Master Indenture, ranking prior to or on a parity with the liens created by this Master Indenture, (iv) except with respect to additional security which may be provided for a particular Series of Bonds, a preference or priority of any Bond or Bonds over any other Bond or Bonds with respect to the security granted therefor under the Granting Clause hereof and the priorities established pursuant hereto, or (v) a reduction in the aggregate principal amount or Accreted Value of Bonds the consent of the Bondholders of which is required for any such Supplemental Indenture. Nothing herein contained, however, shall be construed as making necessary the approval by Bondholders of the execution of any Supplemental Indenture as authorized in Section 8.02, including the granting, for the benefit of particular Series of Bonds, security in addition to the Trust Estate. Copies of any amendments that the Bond Insurer for the Series 1999 Bonds approves shall be sent to Standard & Poor's.

(b) The Authority may, from time to time and at any time, execute a Supplemental Indenture which amends the provisions of an earlier Supplemental Indenture under which a Series or multiple Series of Bonds were issued. If such Supplemental Indenture is executed for one of the purposes set forth in Section 8.02, no notice to or consent of the Bondholders shall be required, provided that notice of such amendment shall be given to the Bond Insurer for the Series 1999 Bonds so long as any of the Series 1999 Bonds are Outstanding, and provided further that the Authority shall obtain the approval of the Bond Insurer in those instances required under Section 8.02. If such Supplemental Indenture contains provisions which affect the rights and interests of less than all Series of Bonds Outstanding and Section 8.02 is not applicable, then this subsection (b) rather than subsection (a) above shall control and, subject to the terms and provisions contained in this Section 8.03(b) and not otherwise, and the approval of the Bond Insurer for the Series 1999 Bonds so long as any Series 1999 Bonds are Outstanding, the holders of not less than 51 % in Bond Obligation amount of the Outstanding Bonds of all Series which are affected by such changes shall have the right from time to time to consent to any Supplemental Indenture deemed necessary or desirable by the Authority for the purposes of modifying, altering, amending, supplementing or rescinding, in any particular, any of the terms or provisions contained in such Supplemental Indenture and affecting only the Bonds of such Series; provided, however, that, unless approved in writing by the holders of all the Bonds of all the affected Series then Outstanding, nothing herein contained shall permit, or be construed as permitting, (i) a change in the scheduled times, amounts or currency of payment of the principal or Accreted Value of, premium on or interest on any

Outstanding Bonds of such Series or (ii) a reduction in the principal amount, Accreted Value or redemption price of any Outstanding Bonds of such Series or the rate of interest thereon. Nothing herein contained, however, shall be construed as making necessary the approval by Bondholders of the adoption of any Supplemental Indenture as authorized in Section 8.02, including the granting, for the benefit of particular Series of Bonds, security in addition to the Trust Estate. Copies of any amendments that the Bond Insurer for the Series 1999 Bonds approves shall be sent to Standard & Poor's.

(c) If at any time the Authority shall desire to enter into any Supplemental Indenture for any of the purposes of this Section 8.03, the Authority shall cause notice of the proposed execution of the Supplemental Indenture to be given by first-class United States mail, postage prepaid, to all Bondholders or, under Section 8.03(b), all Bondholders of the affected Series. Such notice shall briefly set forth the nature of the proposed Supplemental Indenture and shall state that a copy thereof is on file at the office of the Authority for inspection by all Bondholders and it shall not be required that the Bondholders approve the final form of such Supplemental Indenture but it shall be sufficient if such Bondholders approve the substance thereof.

(d) The Authority may execute and deliver such Supplemental Indenture in substantially the form described in such notice, but only if there shall have first been delivered to the Authority (i) the required consents, in writing, of Bondholders and (ii) the opinion of Bond Counsel required by the last paragraph of Section 8.02.

(e) If Bondholders of not less than the percentage of Bonds required by this Section 8.03 shall have consented to and approved the execution and delivery thereof as herein provided, no Bondholders shall have any right to object to the adoption of such Supplemental Indenture, or to object to any of the terms and provisions contained therein or the operation thereof, or in any manner to question the propriety of the execution and delivery thereof, or to enjoin or restrain the Authority from executing the same or from taking any action pursuant to the provisions thereof.

Section 8.04. *Effect of Supplemental Indenture.* Upon execution and delivery of any Supplemental Indenture pursuant to the provisions of this Article VIII, this Master Indenture or the Supplemental Indenture that it supplements shall be, and shall be deemed to be, modified and amended in accordance therewith, and the respective rights, duties and obligations under this Master Indenture or such other Supplemental Indenture of the Authority, the Trustee, any Paying Agent, any Registrar and all Bondholders shall thereafter be determined, exercised and enforced under this Master Indenture or such other Supplemental Indenture, if applicable, subject in all respects to such modifications and amendments. No Supplemental Indenture shall modify the duties, rights or obligations of the Trustee, or any Paying Agent or Registrar without the consent of such party thereto.

ARTICLE IX CREDIT PROVIDERS

If a Credit Facility is provided for a Series of Bonds or for specific Bonds, the Authority may in the Supplemental Indenture under which such Bonds are issued, provide any or all of the following rights to the Credit Provider as the Authority shall deem to be appropriate:

(1) the right to make requests of, direct or consent to the actions of the Trustee or to otherwise direct proceedings all as provided in Article VI of this Master Indenture to the same extent and in place of the owners of the Bonds which are secured by the Credit Facility and for such purposes the Credit Provider shall be deemed to be the Bondholder of such Bonds;

(2) the right to act in place of the owners of the Bonds which are secured by the Credit Facility for purposes of removing a Trustee or appointing a Trustee under Article VII hereof; and

(3) the right to receive notices of estimates of Shortfall Advances in the form and at such times as provided in Section 7.3(h)(ii) of the Use and Operating Agreement.

ARTICLE X CONTINUING DISCLOSURE

The Authority covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate. Notwithstanding any other provision of the Indenture, failure of the Authority to comply with the Continuing Disclosure Certificate shall not be considered an Event of Default under the Indenture; however, the Trustee, at the request of any Participating Underwriter or the Holders of at least 25% aggregate Bond Obligation of Outstanding Bonds to which such Continuing Disclosure Certificate applies, shall (but only to the extent indemnified to its reasonable satisfaction), or any Bondholder or Beneficial Owner of the Bonds may, take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Authority to comply with its obligations under this Article X and the Continuing Disclosure Certificate. For purposes of this Article X, "Beneficial Owner" means any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

ARTICLE XI MISCELLANEOUS PROVISIONS

Section 11.01. *Parties in Interest.* Except as herein otherwise specifically provided, nothing in this Indenture expressed or implied is intended or shall be construed to confer upon any person, firm or corporation other than the Authority, the Trustee, any Paying Agent, other agents from time to time hereunder, the Bondholders and, to the limited extent provided by Supplemental

Indenture, the Credit Providers any right, remedy or claim under or by reason of this Indenture, this Indenture being intended to be for the sole and exclusive benefit of the Authority, the Trustee, any Paying Agent, such other agents, the Bondholders and, to the limited extent provided in the applicable Supplemental Indenture, the Credit Providers.

Section 11.02. ***Severability.*** In case any one or more of the provisions of this Indenture, or of any Bonds issued hereunder shall, for any reason, be held to be illegal or invalid, such illegality or invalidity shall not affect any other provisions of this Indenture or the Bonds, and this Indenture and any Bonds issued hereunder shall be construed and enforced as if such illegal or invalid provisions had not been contained herein or therein.

Section 11.03. ***No Personal Liability of Board Members and Authority Officials; Limited Liability of Authority to Bondholders.*** No covenant or agreement contained in the Bonds or in this Indenture shall be deemed to be the covenant or agreement of any present or future Board member, official, officer, agent or employee of the Authority, in his or her individual capacity, and neither the members of the Board, the officers and employees of the Authority, nor any person executing the Bonds shall be liable personally on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof.

Section 11.04. ***Execution of Instruments; Proof of Ownership.*** Any request, direction, consent or other instrument in writing required or permitted by this Indenture to be signed or executed by Bondholders or on their behalf by an attorney-in-fact may be in any number of concurrent instruments of similar tenor and may be signed or executed by such Bondholders in person or by an agent or attorney-in-fact appointed by an instrument in writing or as provided in the Bonds. Proof of the execution of any such instrument and of the ownership of Bonds shall be sufficient for any purpose of this Indenture and shall be conclusive in favor of the Trustee with regard to any action taken by it under such instrument if made in the following manner:

(a) The fact and date of the execution by any person of any such instrument may be proved by the certificate of any officer in any jurisdiction who, by the laws thereof, has power to take acknowledgments within such jurisdiction, to the effect that the person signing such instrument acknowledged before him the execution thereof, or by an affidavit of a witness to such execution.

(b) The ownership of Bonds shall be proved by the registration books kept under the provisions of Section 2.04 hereof.

Nothing contained in this Section 10.04 shall be construed as limiting the Trustee to such proof. The Trustee may accept any other evidence of matters herein stated which it may deem sufficient. Any request, consent of, or assignment by any Bondholder shall bind every future Bondholder of the same Bonds or any Bonds issued in lieu thereof in respect of anything done by the Trustee or the Authority in pursuance of such request or consent.

Section 11.05. ***Governing Law.*** The laws of the State shall govern the construction and enforcement of this Indenture and of all Bonds issued hereunder; provided, however, that the

administration of the trusts imposed upon the Trustee by this Indenture and the rights and duties of the Trustee hereunder shall be governed by, and construed in accordance with, the laws of the jurisdiction in which the Trustee has its principal corporate trust office.

Section 11.06. *Notices.* Except as otherwise provided in this Indenture, all notices, certificates, requests, requisitions or other communications by the Board, the Trustee, a Paying Agent, a Registrar, other agents or a Credit Provider, pursuant to this Indenture shall be in writing and shall be sufficiently given and shall be deemed given when mailed by registered mail, postage prepaid, addressed as follows:

To the Authority: Alameda Corridor Transportation Authority
One Civic Plaza, Suite 650
Carson, CA 90745
Attention: Chief Executive Officer

To the POLA: Port of Los Angeles
425 South Palos Verdes Street, 5th Floor
San Pedro, CA 90731
Attention: Chief Financial Officer

To the POLB: Port of Long Beach
925 Harbor Plaza
Long Beach, CA 90802
Attention: Executive Director

To the Trustee: U.S. Bank Trust National Association
550 South Hope Street, Suite 500
Los Angeles, CA 90071
Attention: Corporate Trust Department

To Bond Insurer MBIA Insurance Corporation
for the Series 113 King Street
1999 Bonds: Armonk, New York 10504
Attention: Insured Portfolio Management PFC

Any of the foregoing may, by notice given hereunder to each of the others, designate any further or different addresses to which subsequent notices, certificates, requests or other communications shall be sent hereunder.

Section 11.07. ***Repeal of Inconsistent Resolutions.*** All resolutions of the Authority, or parts of resolutions, inconsistent with any Supplemental Indenture or this Master Indenture are hereby repealed to the extent of such inconsistency.

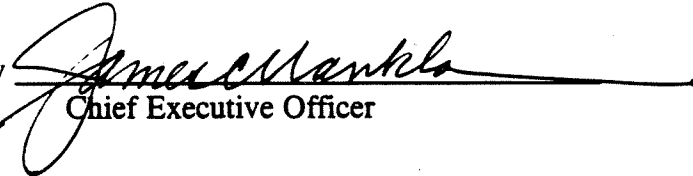
Section 11.08. ***Counterparts.*** This Master Indenture may be signed in several counterparts. Each will be an original, but all of them together constitute the same instrument.

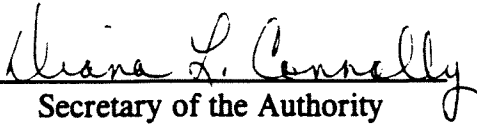
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IN WITNESS WHEREOF, the parties hereto have caused this Master Indenture to be duly executed, all as of the date first above written.

**ALAMEDA CORRIDOR TRANSPORTATION
AUTHORITY**

Attest:

By 
Chief Executive Officer

By 
Secretary of the Authority
Governing Board

**U.S. BANK TRUST NATIONAL ASSOCIATION,
as Trustee**

By 
Authorized Officer

The Project

The Project consists of a 20-mile long, multiple-track rail system designed to link the rail yard and tracks at the Port of Los Angeles, California and the Port of Long Beach, California with the central rail yards near downtown Los Angeles, and certain structures, roadways and other improvements. The central rail yards connect with the main lines of the central and southern transcontinental routes of the Union Pacific Railroad Company and The Burlington Northern and Santa Fe Railway Company. The Project consists of three segments: the South End, the North End and, connecting the North End and the South End Segments, the Mid-Corridor or the "trench." The Mid-Corridor segment includes an approximately 10-mile long, double-track segment to be built approximately 30 feet below street level and parallel to Alameda Street.

EXHIBIT B-1

FORM OF REQUISITION-RESERVE ACCOUNT

ALAMEDA CORRIDOR TRANSPORTATION AUTHORITY REVENUE BONDS

STATEMENT NO. _____ REQUESTING DISBURSEMENT OF
FUNDS FROM RESERVE ACCOUNT PURSUANT TO SECTION 3.06(b)
OF THE MASTER TRUST INDENTURE DATED AS OF JANUARY 1, 1999, BY AND
BETWEEN THE ALAMEDA CORRIDOR TRANSPORTATION AUTHORITY AND
U.S. BANK TRUST NATIONAL ASSOCIATION, AS TRUSTEE

Pursuant to Section 3.06(b) of the Master Trust Indenture dated as of January 1, 1999, as amended and supplemented (the "Master Indenture"), by and between the Alameda Corridor Transportation Authority ("ACTA") and U.S. Bank Trust National Association, as trustee (the "Trustee"), the undersigned does hereby request and authorize you, the Trustee, to make immediate disbursement of funds held by you to pay the obligations specified in Sections 7.4(a) and 8.6 of the Alameda Corridor Use and Operating Agreement dated as of October 12, 1998 (the "Use and Operating Agreement"), by and among the City of Long Beach, acting by and through its Board of Harbor Commissioners, the City of Los Angeles, acting by and through its Board of Harbor Commissioners, ACTA, the Burlington Northern and Santa Fe Railway Company and Union Pacific Railroad Company, from amounts available in the Reserve Account.

Capitalized terms not defined herein shall have the meanings given to those terms in the Master Indenture.

In connection with the foregoing request and authorization, the undersigned hereby certifies that:

(i) All of the amount requested hereby to be disbursed will be applied to payment of obligations specified in Sections 7.4(a) and 8.6 of the Use and Operating Agreement and no part of the amount requested hereby has been included in any other disbursement request;

(ii) The obligations in the amounts stated below are presently due and payable, and each obligation is a proper charge against the Reserve Account; and

(iii) This Statement and all exhibits hereto shall be conclusive evidence of the facts and statements set forth herein and shall constitute full warrant, protection and authority to the Trustee for its actions taken pursuant hereto.

You are hereby requested to pay to ACTA or to the person, corporation or other entity designated below as Payee, by check or wire transfer, the sum set forth below from funds held by you in the Reserve Account to the extent funds are available therefrom, in payment of all (____) or a portion (____) (designated by the insertion of an "x" in the parentheses following the correct word or phrase) of the obligations described below.

Payee: _____

Address or Wire Instructions (if by wire, include ABA No.):

Amount: _____

Description of the Obligation: _____

Dated:

ALAMEDA CORRIDOR
TRANSPORTATION AUTHORITY

By: _____
Authorized Authority Representative

cc: ACTA's Authorized Investment Consultants

EXHIBIT B-2

FORM OF REQUISITION-CONSTRUCTION FUND

ALAMEDA CORRIDOR TRANSPORTATION AUTHORITY REVENUE BONDS
SERIES 1999[]

STATEMENT NO. _____ REQUESTING DISBURSEMENT OF
FUNDS FROM CONSTRUCTION FUND PURSUANT TO SECTION 3.07
OF THE MASTER TRUST INDENTURE DATED AS OF JANUARY 1, 1999, BY AND
BETWEEN THE ALAMEDA CORRIDOR TRANSPORTATION AUTHORITY AND
U.S. BANK TRUST NATIONAL ASSOCIATION

Pursuant to Section 3.07 of the Master Trust Indenture dated as of January 1, 1999, as amended and supplemented (the "Master Indenture"), by and between the Alameda Corridor Transportation Authority ("ACTA") and U.S. Bank Trust National Association, as trustee (the "Trustee"), the undersigned does hereby request and authorize you, the Trustee, to make immediate disbursement of funds held by you for Costs of the Project from the Series 1999_ Construction Fund.

Capitalized terms not defined herein shall have the meanings given to those terms in the Master Indenture.

In connection with the foregoing request and authorization, the undersigned hereby certifies that:

(i) All of the amount requested hereby to be disbursed will be applied to payment of Costs of the Project as that term is defined in the Master Indenture and no part of the amount requested hereby has been included in any other disbursement request;

(ii) The payment requested hereby is due and payable under a purchase order, contract or other authorization;

(iii) All amounts previously disbursed for labor, services and/or materials pursuant to previous Requisitions have been paid to the parties entitled thereto;

(iv) There has not been filed with or served upon ACTA, any notice of any lien, right to lien or attachment upon or claim with respect to the portion of the Project financed by the Series 1999_ Bonds (except for any preliminary notice of lien as may be filed in accordance with laws affecting the right of the person, corporation or other entity stated below to receive payment of the amount stated below) which lien has not been released or will not be released simultaneously with the payment requested hereunder; and

(v) This Statement and all exhibits hereto shall be conclusive evidence of the facts and statements set forth herein and shall constitute full warrant, protection and authority to

the Trustee for its actions taken pursuant hereto.

You are hereby requested to pay to ACTA or to the person, corporation or other entity designated below as Payee, by check or wire transfer, the sum set forth below from funds held by you in the Series 1999_ Construction Fund to the extent funds are available therefrom, in payment of all (____) or a portion (____) (designated by the insertion of an "x" in the parentheses following the correct word or phrase) of the Costs of the Project as described below.

Payee: _____

Address or Wire Instructions (if by wire, include ABA No.):

Amount: _____

Description of the Costs of the Project: _____

Dated:

ALAMEDA CORRIDOR
TRANSPORTATION AUTHORITY

By: _____
Authorized Authority Representative

By: _____
Authorized Authority Representative

cc: ACTA's Authorized Investment Consultants

EXHIBIT B-3

FORM OF REQUISITION-M&O FUND

ALAMEDA CORRIDOR TRANSPORTATION AUTHORITY REVENUE BONDS

STATEMENT NO. _____ REQUESTING DISBURSEMENT OF
FUNDS FROM THE M&O FUND PURSUANT TO SECTION 3.08
OF THE MASTER TRUST INDENTURE DATED AS OF JANUARY 1, 1999, BY AND
BETWEEN THE ALAMEDA CORRIDOR TRANSPORTATION AUTHORITY AND
U.S. BANK TRUST NATIONAL ASSOCIATION

Pursuant to Section 3.08 of the Master Trust Indenture dated as of January 1, 1999, as amended and supplemented (the "Master Indenture"), by and between the Alameda Corridor Transportation Authority ("ACTA") and U.S. Bank Trust National Association, as trustee (the "Trustee"), the undersigned does hereby request and authorize you, the Trustee, to make immediate disbursement of funds held by you to pay the annual costs of operating, maintaining and repairing the Rail Corridor and the Port-Owned Tracks, as such annual costs of the Project are more particularly identified and described in Section 7.2 of the Alameda Corridor Use and Operating Agreement dated as of October 12, 1998 (the "Use and Operating Agreement"), by and among the City of Long Beach, acting by and through its Board of Harbor Commissioners, the City of Los Angeles, acting by and through its Board of Harbor Commissioners, ACTA, the Burlington Northern and Santa Fe Railway Company and Union Pacific Railroad Company ("M&O Charges"), from the M&O Fund.

Capitalized terms not defined herein shall have the meanings given to those terms in the Master Indenture.

In connection with the foregoing request and authorization, the undersigned hereby certifies that:

(i) All of the amount requested hereby to be disbursed will be applied to payment of M&O Charges as that term is defined in the Master Indenture and identified in Section 7.2 of the Use and Operating Agreement and no part of the amount requested hereby has been included in any other disbursement request;

(ii) The obligations in the amounts stated below are presently due and payable, and each obligation is a proper charge against the M&O Fund; and

(iii) This Statement and all exhibits hereto shall be conclusive evidence of the facts and statements set forth herein and shall constitute full warrant, protection and authority to the Trustee for its actions taken pursuant hereto.

You are hereby requested to pay to ACTA or to the person, corporation or other entity designated below as Payee, by check or wire transfer, the sum set forth below from funds held by you in the M&O Fund to the extent funds are available therefrom, in payment of all (____) or a portion (____) (designated by the insertion of an "x" in the parentheses following the correct word or phrase) of the M&O Charges described below.

Payee: _____

Address or Wire Instructions (if by wire, include ABA No.):

Amount: _____

Description of the M&O Charges: _____

Dated:

ALAMEDA CORRIDOR
TRANSPORTATION AUTHORITY

By: _____
Authorized Authority Representative

cc: ACTA's Authorized Investment Consultants

EXHIBIT B-4

FORM OF REQUISITION-COSTS OF ISSUANCE FUND

ALAMEDA CORRIDOR TRANSPORTATION AUTHORITY REVENUE BONDS
SERIES 1999[]

STATEMENT NO. _____ REQUESTING DISBURSEMENT OF FUNDS FROM
COSTS OF ISSUANCE FUND PURSUANT TO SECTION 3.13 OF THE
MASTER TRUST INDENTURE DATED AS OF JANUARY 1, 1999,
BY AND BETWEEN THE ALAMEDA CORRIDOR TRANSPORTATION
AUTHORITY AND U.S. BANK TRUST NATIONAL ASSOCIATION

Pursuant to Section 3.13 of the Master Trust Indenture dated as of January 1, 1999, as amended and supplemented (the "Master Indenture"), by and between the Alameda Corridor Transportation Authority ("ACTA") and U.S. Bank Trust National Association, as trustee (the "Trustee"), the undersigned does hereby request and authorize you, the Trustee, to make immediate disbursement of funds held by you for Costs of Issuance from the Series 1999_ Costs of Issuance Fund.

Capitalized terms not defined herein shall have the meanings given to those terms in the Master Indenture.

In connection with the foregoing request and authorization, the undersigned hereby certifies that all of the amount requested hereby to be disbursed represent a Cost of Issuance, as that term is defined in the Master Indenture, to be paid from the Series 1999_ Costs of Issuance Fund and no part of the amount requested hereby has been included in any other disbursement request.

This Statement and all exhibits hereto shall be conclusive evidence of the facts and statements set forth herein and shall constitute full warrant, protection and authority to the Trustee for its actions taken pursuant hereto.

You are hereby requested to pay to ACTA or to the person, corporation or other entity designated below as Payee, by check or wire transfer, the sum set forth below from funds held by you in the Series 1999_ Costs of Issuance Fund to the extent funds are available therefrom, in payment of all (_____) or a portion (_____) (designated by the insertion of an "x" in the parentheses following the correct word or phrase) of the Costs of Issuance as described below.

EXHIBIT B-5

FORM OF REQUISITION-REVENUE FUND

ALAMEDA CORRIDOR TRANSPORTATION AUTHORITY REVENUE BONDS

STATEMENT NO. _____ REQUESTING DISBURSEMENT OF
FUNDS FROM THE REVENUE FUND PURSUANT TO SECTION 3.03
OF THE MASTER TRUST INDENTURE DATED AS OF JANUARY 1, 1999, BY AND
BETWEEN THE ALAMEDA CORRIDOR TRANSPORTATION AUTHORITY AND
U.S. BANK TRUST NATIONAL ASSOCIATION

Pursuant to Section 3.03 of the Master Trust Indenture dated as of January 1, 1999, as amended and supplemented (the "Master Indenture"), by and between the Alameda Corridor Transportation Authority ("ACTA") and U.S. Bank Trust National Association, as trustee (the "Trustee"), the undersigned does hereby request and authorize you, the Trustee, to make immediate disbursement of funds held by you to pay [Financing Fees] or [Administrative Costs] from the Revenue Fund.

Capitalized terms not defined herein shall have the meanings given to those terms in the Master Indenture.

In connection with the foregoing request and authorization, the undersigned hereby certifies that:

(i) All of the amount requested hereby to be disbursed will be applied to payment of:

- ☐ Financing Fees with respect to Series _____ Bonds; or
- ☐ Administrative Costs

as such terms is defined in the Master Indenture and no part of the amount requested hereby has been included in any other disbursement request;

(ii) The obligation in the amount stated below is a proper charge against the Revenue Fund; and

(iii) This Statement and all exhibits hereto shall be conclusive evidence of the facts and statements set forth herein and shall constitute full warrant, protection and authority to the Trustee for its actions taken pursuant hereto.

EXHIBIT C
RESERVE ACCOUNT INVESTMENTS

- A. United States treasury bills, bonds, and notes, or "when issued" securities of the United States Government for such securities, or those for which the full faith and credit of the United States are pledged for payment of principal and interest. Maturity is not to exceed the projected dates of the Authority's cash needs for the Reserve Account or five years, whichever is less.
- B. Registered state warrants or treasury notes or bonds of the State of California or any other of the 49 states of the United States of America, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the state or by a department, board, agency or authority of the state, so long as such warrants, notes, or bonds are rated "A" or higher by Moody's or Standard and Poor's. Maturity is not to exceed the projected dates of the Authority's cash needs for the Reserve Account or five years, whichever is less.
- C. Bonds, notes, warrants, or other evidences of indebtedness of any local agency within the State of California or any other of the 49 states of the United States of America, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the local agency, or by a department board agency, or authority of the local agency so long as such warrants, notes or bonds are rated "A" or higher by Moody's and Standard & Poor's, or pre-refunded bonds, notes, warrants or other evidences if indebtedness of any local agency within the state so long as such pre-refunded obligations are rated in the highest rating category for such issues as rated by Moody's or Standard and Poor's. Maturity is not to exceed the projected dates of the Authority's cash needs for the Reserve Account or five years, whichever is less.
- D. Bills of exchange or time drafts drawn on and accepted by a commercial bank, otherwise known as banker's acceptances. Banker's acceptances purchased may not exceed 270 days to maturity or 40% of the market value of the total cash and investments held in the Reserve Account. No more than 10% of the market value of the total cash and investments held in the Reserve Account may be invested in banker's acceptances issued by any one bank.
- E. Commercial paper ranked "P1" by Moody's Investor Services and "A1" by Standard and Poor's and issued by corporations that are organized and operating within the United States having assets in excess of \$500,000,000 and having an "A" or better rating, if any, on its long-term debentures as provided by Moody's or Standard and Poor's. Purchases of eligible commercial paper may not exceed 15% of the market value of the total cash and investments held in the Reserve Account. An additional 15% or a total of 30% of the total cash and investments held in the Reserve Account may be invested in commercial paper if the dollar weighted average maturity of the entire amount does not exceed 31 days. No more than 10% of the total cash and investments held in the Reserve Account may be

invested in commercial paper issued by any one corporation. Maturity is not to exceed 180 days.

- F. Negotiable certificates of deposit issued by a nationally or state-chartered bank or state or federal savings and loan association. Negotiable certificates of deposit (NCDs) differ from other certificates of deposit by their deposit liquidity. They are issued against funds deposited for specified periods of time and earn specified or variable rates of interest. NCDs are traded actively in secondary markets. The maturity of bank NCDs shall not exceed two years; the maturity of savings and loan association NCDs shall not exceed two years. Transactions in NCDs shall not collectively exceed 30% of the market value of the total cash and investments held in the Reserve Account immediately after any such investment is made. When feasible, an independent rating service will be used as part of the evaluation process. If a rating service is used, the financial institution should maintain a rating equivalent to Keefe Bank Watch Service of "A/B" or better. To be eligible for purchase, the NCD must be issued by:
1. A California bank rated "A/B" or better by the rating service of Thomson Bankwatch ("Bankwatch") (or equivalent);
 2. A major national or regional bank outside of California rated "B" or better by Bankwatch (or equivalent);
 3. A domestic branch of a foreign bank rated I for county rating, II or better for peer-group rating, and II or better for dollar access by Bankwatch; or
 4. A savings and loan association operating in California rated "A/B" or better by Bankwatch.
- G. Repurchase Agreements with banks and dealers with which the Trustee, as instructed by the Authority, or its Investment Consultant has entered into a master repurchase agreement which specifies terms and conditions of repurchase agreements.
1. Transactions shall be limited to the primary dealers and banking institutions rated "A" or better by Moody's or Standard and Poor's. The maturity of repurchase agreements shall not exceed 90 days. The market value of securities used as collateral for repurchase agreements shall be monitored daily by the Treasurer and will not be allowed to fall below 102% of the value of the repurchase agreement plus the value of collateral in excess of the value of the repurchase agreement (haircut). In order to conform with provisions of the Federal Bankruptcy Code which provide for the liquidation of securities held as collateral for repurchase agreements, the only securities acceptable as collateral shall deposit, eligible bankers' acceptances, or securities that are direct obligations of, or that are fully guaranteed as to principal and interest by, the United States or any agency of the United States.

2. Not more than 50% of the total cash and investments held in the Reserve Account may be invested in repurchase agreements and a security interest satisfactory to the Authority shall always be maintained in the securities subject to a repurchase agreement.
- H. Local Agency Investment Fund - established by the State Treasurer for the benefit of local agencies up to the maximum permitted by State Law.
- In general, the issuer must have a minimum 6% net worth to assets ratio. The issuer's operations must have been profitable during their last reporting period.
- I. Los Angeles County Treasurer's Investment Pool - as prescribed by the California Government Code.
- J. Money Market Funds which invest solely in U.S. treasury securities and U.S. Government Agency securities and repurchase agreements relating to the above obligations. To be eligible, these Money Market Funds must have investment advisors with not less than five years experience, be registered with the SEC, have the highest ranking available as provided by not less than two nationally recognized statistical rating organizations, and have assets in excess of \$500 million. No more than 20% of the total cash and investments held in the Reserve Account may be invested in Money Market Funds, with no more than 10% invested in any one mutual fund.
- K. Bonds or notes of corporations incorporated in the United States having ratings of single A or better by Moody's or Standard & Poor's. No more than 30% of the total cash and investments held in the Reserve Account may be invested in corporate bonds or notes and no more than 10% of the total cash and investments held in the Reserve Account may be invested with a single issuer. Maturity is not to exceed the projected dates of the Authority's cash needs for the Reserve Account or five years, whichever is less.
- L. Interest rate hedging agreements with counter parties having a rating of single A or better - Interest rate hedging agreements are to be for no more than 10 years maturity. No more than 20% of the more than 10% of the total cash and investments held in the Reserve Account may be invested with a single counter.

Payee: _____

Address or Wire Instructions (if by wire, include ABA No.):

Amount: _____

Description of the Costs of Issuance: _____

Dated:

ALAMEDA CORRIDOR
TRANSPORTATION AUTHORITY

By: _____
Authorized Authority Representative

cc: ACTA's Authorized Investment Consultants

You are hereby requested to pay to ACTA or to the person, corporation or other entity designated below as Payee, by check or wire transfer, the sum set forth below from funds held by you in the Revenue Fund to the extent funds are available therefrom, in payment of all (____) or a portion (____) (designated by the insertion of an "x" in the parentheses following the correct word or phrase) of the obligation described below.

Payee: _____

Address or Wire Instructions (if by wire, include ABA No.):

Amount: _____

Description of the [Financing Fees] or [Administrative Costs], as the case may be: _____

Dated:

ALAMEDA CORRIDOR
TRANSPORTATION AUTHORITY

By: _____
Authorized Authority Representative

cc: ACTA's Authorized Investment Consultants