

In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, and Leslie M. Lava, Esq., Sausalito, California, Co-Bond Counsel, subject, however, to certain qualifications described herein, under existing law, the interest on the Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, although for the purpose of computing the alternative minimum tax imposed on corporations, such interest is taken into account in determining certain income and earnings. In the further opinion of Co-Bond Counsel, interest on the Bonds is exempt from California personal income taxes. See "TAX MATTERS" herein.

**CITY AND COUNTY OF SAN FRANCISCO FINANCE CORPORATION
LEASE REVENUE REFUNDING BONDS, SERIES 2008-1 AND 2008-2
(MOSCONI CENTER EXPANSION PROJECT)**

\$72,670,000
Series 2008-1 Bonds
Price: 100%
CUSIP: 79765X PD2

\$72,670,000
Series 2008-2 Bonds
Price: 100%
CUSIP: 79765X PC4

Dated: Date of Delivery

Due: April 1, 2030

The above-captioned Bonds are being issued by the City and County of San Francisco Finance Corporation (the "Corporation") pursuant to an Indenture of Trust (the "Indenture"), by and between the Corporation and Wells Fargo Bank, National Association, as trustee (the "Trustee") to refund certain outstanding bonds of the Corporation and to pay costs of issuing the Bonds. The Bonds are being issued in book-entry form, initially in denominations of \$100,000 or any integral multiple of \$5,000 in excess of \$100,000. The Bonds will be delivered in fully registered book-entry form only and registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), which will act as securities depository for the Bonds. Upon receipt of payments of the principal of, and premium, if any, and interest on the Bonds, DTC will remit such principal, premium, if any, and interest to its participants (as described herein) for subsequent disbursement to the beneficial owners of the Bonds. Purchasers of the Bonds will not receive physical bonds representing their interests in the Bonds purchased. See APPENDIX C—"THE BOOK-ENTRY SYSTEM." During any period that the Bonds bear interest at a Weekly Rate (as defined herein) or a Daily Rate (as defined herein), interest on the Bonds is payable on the first Business Day (as defined herein) of each month, commencing October 1, 2008.

THIS OFFICIAL STATEMENT IS INTENDED FOR USE WITH RESPECT TO THE BONDS ONLY WHEN THE BONDS BEAR INTEREST AT A WEEKLY RATE OR DAILY RATE.

The Bonds are subject to redemption prior to maturity as described herein. See "THE BONDS—Redemption Provisions." The Bonds are subject to optional and mandatory tender for purchase at the times and subject to the occurrence of certain events as set forth herein. See "THE BONDS—Tender Provisions."

The payment of the principal of and interest on the Series 2008-1 Bonds and the Purchase Price of the Series 2008-1 Bonds (to the extent not paid from remarketing proceeds) upon the optional or mandatory tender thereof will initially be supported by an irrevocable direct-pay letter of credit (the "Series 2008-1 Credit Facility") issued by Bank of America, N.A. (the "Series 2008-1 Credit Provider").



The payment of the principal of and interest on the Series 2008-2 Bonds and the Purchase Price of the Series 2008-2 Bonds (to the extent not paid from remarketing proceeds) upon the optional or mandatory tender thereof will initially be supported by an irrevocable direct-pay letter of credit (the "Series 2008-2 Credit Facility") issued by State Street Bank and Trust Company (the "Series 2008-2 Credit Provider").



Each Credit Facility has a stated expiration date of September 9, 2011 (subject to earlier termination as described herein under "THE CREDIT FACILITIES AND THE CREDIT PROVIDERS—The Credit Agreements"), and may be replaced by an alternate Credit Facility or substitute Liquidity Facility at any time under the circumstances described herein.

PROSPECTIVE INVESTORS SHOULD NOT EXPECT THE CORPORATION OR THE CITY TO BE ABLE TO PAY DIRECTLY THE PRINCIPAL OF OR THE REDEMPTION OR PURCHASE PRICE OF THE BONDS OR THE INTEREST ON THE BONDS AS SUCH PAYMENTS BECOME DUE. ACCORDINGLY, ANY INVESTMENT DECISION TO PURCHASE THE BONDS SHOULD BE MADE SOLELY ON THE BASIS OF THE CREDITWORTHINESS OF THE CREDIT PROVIDERS. TO THAT END, THE INFORMATION HEREIN IS NOT INTENDED AS A SUBSTITUTE FOR THE INVESTORS' OWN INQUIRY INTO THE CREDITWORTHINESS OF THE CREDIT PROVIDERS, AND INVESTORS ARE ENCOURAGED TO MAKE SUCH INQUIRY. SEE "THE CREDIT FACILITIES AND THE CREDIT PROVIDERS" HEREIN.

THE BONDS ARE LIMITED OBLIGATIONS OF THE CORPORATION PAYABLE SOLELY FROM REVENUES WHICH CONSIST PRINCIPALLY OF CERTAIN BASE RENTAL PAYMENTS TO BE MADE BY THE CITY PURSUANT TO THE PROJECT LEASE AND OTHER AMOUNTS HELD IN CERTAIN FUNDS AND ACCOUNTS ESTABLISHED PURSUANT TO THE INDENTURE, SUBJECT TO THE PROVISIONS OF THE INDENTURE PERMITTING THE APPLICATION OF SUCH AMOUNTS FOR THE PURPOSES AND ON THE TERMS AND CONDITIONS SET FORTH IN THE INDENTURE. THE CORPORATION IS OBLIGATED TO PAY THE PRINCIPAL OR REDEMPTION PRICE OF, AND INTEREST ON, THE BONDS ONLY FROM THE FUNDS DESCRIBED IN THE INDENTURE AND NEITHER THE CORPORATION NOR ANY MEMBER OF ITS BOARD OF DIRECTORS SHALL INCUR ANY LIABILITY OR ANY OTHER OBLIGATION IN RESPECT OF THE ISSUANCE OF THE BONDS. THE OBLIGATION OF THE CITY TO MAKE BASE RENTAL PAYMENTS UNDER THE PROJECT LEASE DOES NOT CONSTITUTE AN OBLIGATION OF THE CITY FOR WHICH THE CITY IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE CITY HAS LEVIED OR PLEDGED ANY FORM OF TAXATION. NEITHER THE BONDS NOR THE OBLIGATION OF THE CITY TO MAKE BASE RENTAL PAYMENTS UNDER THE PROJECT LEASE CONSTITUTES A DEBT OF THE CITY, THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF THE CONSTITUTION OF THE STATE OF CALIFORNIA OR ANY STATUTORY DEBT LIMITATION OR RESTRICTION.

The Bonds are delivered when, as and if issued by the Corporation and received by the Underwriters, subject to the approval of legality by Jones Hall, A Professional Law Corporation, San Francisco, California, and Leslie M. Lava, Esq., Sausalito, California, Co-Bond Counsel. Certain legal matters are being passed upon for the Corporation by Miller Brown & Dannis, San Francisco, California, and for the City by the City Attorney. Certain legal matters are being passed upon for the Underwriters by Fulbright & Jaworski L.L.P., Los Angeles, California. Orrick, Herrington & Sutcliffe LLP, San Francisco, California, is acting as Disclosure Counsel. White & Case LLP, Los Angeles, California, is acting as counsel to the Credit Providers. It is expected that the Bonds will be available for delivery through the facilities of DTC in New York, New York, by Fast Automated Securities Transfer (FAST) on or about September 11, 2008.

E. J. DE LA ROSA & CO., INC.
Underwriter and Remarketing Agent
for the Series 2008-1 Bonds

BANC OF AMERICA SECURITIES LLC
Underwriter and Remarketing Agent
for the Series 2008-2 Bonds

Dated: September 4, 2008



Photo by John Louie

No dealer, broker, salesperson or other person has been authorized by the Corporation or the City to give any information or to make any representations other than those contained herein and, if given or made, such other information or representation must not be relied upon as having been authorized by the Corporation or the City. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor will there be any sale of the Bonds, by any person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

This Official Statement is not to be construed as a contract with the purchasers of the Bonds. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of fact.

The information set forth herein has been obtained from sources which are believed to be reliable. The information in "APPENDIX C—THE BOOK-ENTRY SYSTEM" hereto has been furnished by The Depository Trust Company and no representation has been made by the City, the Corporation, the Financial Advisors or the Underwriters of the Bonds as to the accuracy or completeness of such information. The information and expressions of opinion contained herein are subject to change without notice, and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Corporation or the City since the date hereof.

The Underwriters have provided the following sentence for inclusion in this Official Statement: The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

The Underwriters of the Bonds may disclose the identity of any person who purchases a beneficial interest in a Bond in connection with the initial offering thereof to the City and the Corporation unless such person advises his or her sales representative otherwise.

IN CONNECTION WITH THE OFFERING OF THE BONDS, THE UNDERWRITERS OF THE BONDS MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF SUCH BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITERS MAY OFFER AND SELL THE BONDS TO CERTAIN DEALERS, INSTITUTIONAL INVESTORS AND OTHERS AT PRICES LOWER THAN THE INITIAL PUBLIC OFFERING PRICES, AND SAID PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITERS.

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CITY AND COUNTY OF SAN FRANCISCO FINANCE CORPORATION

Marc Stad
President

Barry Fishman
Chief Financial Officer

Pamela Jue
Secretary

CITY AND COUNTY OF SAN FRANCISCO

Gavin Newsom, *Mayor*

BOARD OF SUPERVISORS

Aaron Peskin, <i>Board President, District 3</i>	
Michela Alioto-Pier, <i>District 2</i>	Sean Elsbernd, <i>District 7</i>
Tom Ammiano, <i>District 9</i>	Sophie Maxwell, <i>District 10</i>
Carmen Chu, <i>District 4</i>	Jake McGoldrick, <i>District 1</i>
Chris Daly, <i>District 6</i>	Ross Mirkarimi, <i>District 5</i>
Bevan Dufty, <i>District 8</i>	Gerardo Sandoval, <i>District 11</i>

CITY TREASURER

José Cisneros

CITY ATTORNEY

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CITY OFFICIALS

Benjamin Rosenfield, *Controller*

Edwin Lee, *City Administrator*

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\$72,670,000
CITY AND COUNTY OF SAN FRANCISCO
FINANCE CORPORATION
LEASE REVENUE REFUNDING BONDS,
SERIES 2008-1
(MOSCONE CENTER EXPANSION PROJECT)

\$72,670,000
CITY AND COUNTY OF SAN FRANCISCO
FINANCE CORPORATION
LEASE REVENUE REFUNDING BONDS,
SERIES 2008-2
(MOSCONE CENTER EXPANSION PROJECT)

INTRODUCTION

This introduction contains only a brief summary of certain terms of the above-captioned Bonds and the content of this Official Statement. All statements contained in this introduction are qualified in their entirety by reference to the entire Official Statement. Any capitalized term used but not defined herein shall have the meaning given to such term in APPENDIX A—“SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL LEGAL DOCUMENTS – DEFINITIONS.”

This Official Statement, which includes the cover page and appendices hereto (this “Official Statement”), provides certain information concerning the sale of the \$72,670,000 City and County of San Francisco Finance Corporation Lease Revenue Refunding Bonds, Series 2008-1 (Moscone Center Expansion Project) (the “Series 2008-1 Bonds”) and the \$72,670,000 City and County of San Francisco Finance Corporation Lease Revenue Refunding Bonds, Series 2008-2 (Moscone Center Expansion Project) (the “Series 2008-2 Bonds” and, collectively with the Series 2008-1 Bonds, the “Bonds”).

THIS OFFICIAL STATEMENT IS INTENDED FOR USE WITH RESPECT TO THE BONDS ONLY WHEN THE BONDS BEAR INTEREST AT A WEEKLY RATE OR DAILY RATE.

The Bonds are being issued pursuant to an Indenture of Trust, dated as of September 1, 2008 (the “Indenture”), between the City and County of San Francisco Finance Corporation (the “Corporation”) and Wells Fargo Bank, National Association, as trustee (the “Trustee”). Each series of Bonds may bear interest at different rates and in different interest rate modes. See “THE BONDS” herein. The Bonds are being issued pursuant to the Indenture as variable rate obligations initially bearing interest at a Weekly Rate.

Purpose

The Bonds are being issued to provide funds, together with other available monies, to: (i) refund certain outstanding bonds of the Corporation (the “2000 Bonds”) issued to finance a portion of the costs of acquiring, constructing and improving a free-standing expansion to the Moscone Convention Center (the “Facilities”) of the City and County of San Francisco (the “City”) located on the northwest corner of Howard and Fourth Streets in the City (the “Site” and, together with the Facilities, the “Project”); and (ii) pay certain costs of issuing the Bonds. See “ESTIMATED SOURCES AND USES OF FUNDS.” The 2000 Bonds consist of three series currently outstanding in the following amounts:

- \$48,100,000 City and County of San Francisco Finance Corporation Lease Revenue Bonds, Series 2000-1 (Moscone Center Expansion Project);
- \$48,100,000 City and County of San Francisco Finance Corporation Lease Revenue Bonds, Series 2000-2 (Moscone Center Expansion Project); and
- \$48,100,000 City and County of San Francisco Finance Corporation Lease Revenue Bonds, Series 2000-3 (Moscone Center Expansion Project).

Remarketing of the Bonds

E. J. De La Rosa & Co., Inc. has been appointed by the Corporation to serve as remarketing agent for the Series 2008-1 Bonds (the “Series 2008-1 Remarketing Agent”) under the terms of a Remarketing Agreement, dated as of September 1, 2008, between the Corporation and the Series 2008-1 Remarketing Agent (the “Series 2008-1

Remarketing Agreement”). Banc of America Securities LLC has been appointed by the Corporation to serve as remarketing agent for the Series 2008-2 Bonds (the “Series 2008-2 Remarketing Agent” and, collectively with the Series 2008-1 Remarketing Agent, the “Remarketing Agents”) under the terms of a Remarketing Agreement, dated as of September 1, 2008, between the Corporation and the Series 2008-2 Remarketing Agent (the “Series 2008-2 Remarketing Agreement” and, collectively with the Series 2008-1 Remarketing Agreement, the “Remarketing Agreements”). See “REMARKETING—Disclosure Concerning Sale of Bonds by Remarketing Agent.”

Wells Fargo Bank, National Association, as tender agent (the “Tender Agent”), will perform certain services in connection with the purchase of tendered Bonds.

The Corporation

The Corporation is a non-profit public benefit corporation duly organized and validly existing under the Nonprofit Public Benefit Corporation Law (Section 5110 et seq. of the California Corporations Code). The Corporation was formed in 1991 by the Chief Administrative Officer of the City pursuant to a resolution of the Board of Supervisors of the City. The purpose of the Corporation is to provide a means to finance, through lease financings, the acquisition, construction and installation of facilities, equipment and other tangible real and personal property for the City’s general governmental purposes. See “THE CORPORATION.”

The City

The City and County of San Francisco is a city and county chartered pursuant to Article XI, Sections 3, 4, 5 and 6 of the Constitution of the State of California (the “State”), the only consolidated city and county of its kind in the State. The original Charter was granted on April 15, 1850, several months before California became a state. The City has an elected Board of Supervisors consisting of eleven members and an elected Mayor, who serves as chief executive officer. The Board of Supervisors is elected by district for overlapping four-year terms. See “THE CITY AND COUNTY OF SAN FRANCISCO.”

Security and Sources of Payment for the Bonds

Project Lease. In connection with the issuance of the Bonds, the Corporation and the City will enter into a Project Lease, dated as of September 1, 2008 (the “Project Lease”), pursuant to which the Corporation will lease the Project to the City. The Corporation holds a leasehold interest in the Project pursuant to a Site and Facilities Lease, dated as of September 1, 2008 (the “Site Lease”) between the City, as lessor, and the Corporation, as lessee. Under the Project Lease, the City is required, so long as it has the benefit of the use and occupancy of the Project, to pay to the Corporation specified rental payments (the “Base Rental”) in amounts sufficient to pay, when due, the principal of and interest on the Bonds, and to pay certain “Additional Rental” (which is not pledged to the payment of debt service on the Bonds). See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Base Rental; Abatement” and “—Removal, Modification and Substitution of the Project.”

Base Rental. Pursuant to the Indenture, the Bonds are special obligations of the Corporation secured by and payable solely from the Revenues, consisting principally of Base Rental payments to be made by the City pursuant to the Project Lease. The Base Rental payments are expected to be paid in such amounts and on such dates as will enable the Corporation to pay the principal of and interest on the Bonds when due and payable. The City has covenanted under the Project Lease that so long as the Project is available for its use, the City will take such action as may be necessary to include the Base Rental payments in its annual budget and to make the necessary annual appropriations therefor. The obligation of the City to make Base Rental payments (other than from certain sources specified in the Project Lease) may be abated in whole or in part during any period in which by reason of material damage to or destruction of the Project, or condemnation of or defects in the title of the Project, there is substantial interference with the use and occupancy by the City of any portion of the Project. Such abatement will continue for the period commencing with such damage or destruction and ending with the substantial completion of the work of repair or reconstruction. See “SECURITY AND SOURCES PAYMENT FOR THE BONDS—Base Rental; Abatement.” The Base Rental and Additional Rental will be payable from the City’s general fund (the “General Fund”).

Credit and Liquidity Facilities

The payment of the principal of and interest on each series of the Bonds and the Purchase Price of each series of the Bonds (to the extent not paid from remarketing proceeds) upon the optional or mandatory tender thereof will initially be supported by separate irrevocable direct-pay letters of credit (each, a “Credit Facility” and a “Liquidity Facility”) issued by Bank of America, N.A. and by State Street Bank and Trust Company (each, a “Credit Provider” and a “Liquidity Provider”). See “THE CREDIT FACILITIES AND THE CREDIT PROVIDERS” below.

No Continuing Disclosure

The Bonds, while in the Weekly or Daily Rate, are exempt from the continuing disclosure requirements of S.E.C. Rule 15c2-12(b)(5). Accordingly, no continuing disclosure with respect to the City, the Corporation or the Bonds will be disseminated. See “NO CONTINUING DISCLOSURE.”

Additional Information

The references to any legal documents, instruments and the Bonds in this Official Statement do not purport to be comprehensive or definitive, and reference is made to each such document for complete details of all terms and conditions. Copies of all legal documents are available, upon request and the reasonable payment of the costs of reproduction, from the Trustee.

PLAN OF FINANCE

The Project

General. The Bonds are being issued to provide funds, together with other City monies, to refinance a portion of the costs of acquiring, constructing and improving an expansion to the City’s George R. Moscone Convention Center (the “Moscone Center”) located in the City’s business district, on the northwest corner of Howard and Fourth Streets in the City. Moscone West, as the Facility is known, opened in 2003 as a free-standing convention facility encompassing almost 800,000 gross square feet of space which provides approximately 300,000 square feet of exhibit and meeting space on three floors including 38 meeting rooms totaling approximately 125,000 square feet.

The Moscone Center, initially opened in 1981, is San Francisco’s premier meeting and exhibition facility situated on two adjacent 11-acre blocks bounded by Mission, Folsom, Third and Fourth Streets. Situated in the heart of downtown, the center is within walking distance of nearly 20,000 hotel rooms. Moscone Center’s primary users are from the medical, financial and high tech industries. The Moscone Center is owned by the San Francisco Redevelopment Agency (the “RDA”) and was developed by the City. It is privately managed by SMG, a private facilities management company. With the Moscone West expansion, the total leasable area of approximately 900,000 square feet makes the Moscone Center the 11th largest convention facility in the nation.

Plan of Refunding

Proceeds of the Bonds will be applied to refund, on a current basis, all of the outstanding principal amount of the 2000 Bonds and to pay costs of issuance of the Bonds. The 2000 Bonds will be redeemed on the date of issuance and delivery of the Bonds (the “Redemption Date”) at a redemption price of 100% of the principal amount thereof plus accrued and unpaid interest to the Redemption Date.

ESTIMATED SOURCES AND USES OF FUNDS

The estimated sources and uses of the proceeds of the Bonds are as follows:

Sources of Funds:

Par Amount of Bonds	\$145,340,000.00
Total Sources	\$145,340,000.00

Uses of Funds:

Redemption of 2000 Bonds ⁽¹⁾	\$144,300,000.00
Deposit to Costs of Issuance Fund ⁽²⁾	682,463.60
Underwriters' Discount	357,536.40
Total Uses	\$145,340,000.00

- (1) Interest on the 2000 Bonds through the redemption date will be paid from other funds of the City.
- (2) The costs of issuance include amounts for legal fees, Trustee's fees, financial advisory fees, fees and expenses of the Credit Providers, rating agency fees, printing costs, and other issuance costs relating to the Bonds.

THE BONDS

General Provisions

The Bonds are being issued in fully registered form without coupons in denominations of \$100,000 and integral multiples of \$5,000 in excess of \$100,000 (as further described herein, "Authorized Denominations"). The Bonds will be dated the date of delivery and mature, subject to prior redemption, on April 1, 2030.

The Bonds of each series are being issued as variable rate obligations, that, after an initial period to and including the Wednesday following the date of issue, will bear interest at a Weekly Rate as determined from time to time by the applicable Remarketing Agent. The Bonds of each series are subject to conversion to alternate methods of determining interest rates thereon from time to time and to conversion to an interest rate fixed to maturity upon the terms and conditions described in the Indenture and in this Official Statement.

The interest rate on the Bonds will not exceed 12% per annum or the maximum interest rate permitted by law (the "Maximum Interest Rate"). All interest rate determinations will be binding upon the Owners of the Bonds. The Corporation, the Trustee, the Credit Provider and the Liquidity Provider (if different than the Credit Provider) shall not be liable to any Owners for failure to give any notice required with regards to the interest rates or for failure of any Owners to receive such notice. If the applicable Remarketing Agent fails for any reason to determine or notify the Trustee of the interest rate of the related series of Bonds, or if any interest rate for a series of Bonds is determined by a court of competent jurisdiction to be invalid or unenforceable, the interest rate for such series of Bonds will be the lesser of (A) the Maximum Interest Rate or (B) the Reference Rate.

Interest on the Bonds is required to be payable from the Interest Payment Date next preceding the date of authentication thereof unless (i) a Bond is authenticated following a Record Date and on or before the next succeeding Interest Payment Date, in which event interest thereon will be payable from such Interest Payment Date, or (ii) a Bond is authenticated on or before the first Record Date, in which event interest thereon will be payable from the date of delivery, or (iii) interest on any Bond is in default as of the date of authentication thereof, in which event interest thereon will be payable from the date to which interest has been paid in full. The amount of interest payable on any Interest Payment Date with respect to the Bonds will be computed on the basis of 365- or 366-day

year, as applicable, for the number of days actually elapsed during a Weekly Rate Period or a Daily Rate Period. The first Interest Payment Date for the Bonds will be October 1, 2008.

The principal and premium, if any, of the Bonds will be payable in lawful money of the United States of America at the Corporate Trust Office of the Trustee in Los Angeles, California. Interest will be paid by check of the Trustee mailed by first class mail, postage prepaid, on each Interest Payment Date to each person in whose name the ownership of a Bond is registered, at the respective addresses shown on the registration books, as of the immediately preceding Record Date; *provided, however*, that at the written request of any Owner of the Bonds of a series in an aggregate principal amount of at least \$1,000,000, which written request is required to be on file with the Trustee as of the Record Date immediately preceding any Interest Payment Date, interest on such Bonds will be payable on such Interest Payment Date by wire transfer to such bank account within the United States specified (to the satisfaction of the Trustee) in such written request.

The Bonds will be registered in the name of Cede & Co., as nominee of the Securities Depository, and will be evidenced by one Bond for each series. Registered ownership of the Bonds, or any portion thereof, may not thereafter be transferred except as described in APPENDIX C—"THE BOOK-ENTRY SYSTEM."

THIS OFFICIAL STATEMENT IS INTENDED FOR USE WITH RESPECT TO THE BONDS ONLY WHEN THE BONDS BEAR INTEREST AT A WEEKLY OR DAILY RATE.

There are a number of provisions in the Indenture relating to the terms of Bonds which are purchased by the Credit Provider pursuant to draws on the related Credit Facility ("Bank Bonds") which are not described in this Official Statement. All references to the terms of the Bonds in this Official Statement describe Bonds which are not owned by the Credit Providers unless expressly indicated herein.

**RATE AND TENDER SUMMARY TABLE⁽¹⁾
FOR BONDS BEARING INTEREST AT A
DAILY OR WEEKLY RATE**

	Daily Rate	Weekly Rate
Interest Payment Date	First Business Day of each month, the maturity date and certain Mandatory Tender Dates ⁽²⁾	First Business Day of each month, the maturity date and certain Mandatory Tender Dates ⁽²⁾
Record Date	Last Business Day next preceding each Interest Payment Date	Last Business Day next preceding each Interest Payment Date
Date of Interest Rate Determination	Not later than 10:00 a.m. on the commencement date of the Daily Rate Period	Not later than 9:30 a.m. on the commencement date of the Weekly Rate Period, or if such date is not a Business Day, on the preceding Business Day
Commencement of Rate Period	Each Business Day	Thursday of each week unless converting to a Weekly Rate from a different Variable Rate, then the Weekly Conversion Date
Tender Date	Any Business Day	Any Business Day at least 7 calendar days following receipt of tender notice
Notice Period for Optional Tender	Telephonic or written notice not later than 11:00 a.m. on the designated Tender Date ⁽³⁾	Written notice not later than 4:00 p.m. on a Business Day not less than 7 calendar days prior to the designated Tender Date ⁽³⁾
Tender Date and Time for Optionally Tendered Bonds	At or before 12 noon on the designated Tender Date	At or before 12 noon on the designated Tender Date
Payment Date and Time for Optionally Tendered Bonds	At or before 3:00 p.m. on the designated date of purchase	At or before 3:00 p.m. on the designated date of purchase

(1) Information in this Rate and Tender Summary Table is provided for the convenience of the Owners of the Bonds only and is not meant to be comprehensive.

(2) The definition of Interest Payment Date does not include mandatory tender dates on which remarketing proceeds may be available to pay the Purchase Price of the Bonds and the mandatory tender could occur on a date other than the first Business Day of the month.

(3) Written notice of optional tender is to be given to the Tender Agent and the Remarketing Agent.

Note: All time references given above refer to New York City time.

Determination of Interest Rates

Weekly Rate. The Bonds are being issued as variable rate obligations which will bear interest from their date of issuance to and including the Wednesday following said date of such issuance. Thereafter, the Bonds of each series will bear interest at the Weekly Rate as determined from time to time by the applicable Remarketing Agent. The Weekly Rate Period will commence on Thursday of each week and end on the Wednesday of the following week except in the case of a conversion from a Weekly Rate to a different Variable Rate or to a Fixed Rate, whereby the last Weekly Rate Period prior to the conversion will end on the last day immediately preceding the Conversion Date. The interest rate of each Weekly Rate Period will be effective from and including the commencement date and last day of the Weekly Rate Period.

Each Weekly Rate will be determined by the applicable Remarketing Agent no later than 9:30 a.m., New York City time, on the commencement date of the Weekly Rate Period, or if such date is not a Business Day, on the preceding Business Day. The applicable Remarketing Agent will notify the Trustee, the City, the Credit Provider and the Liquidity Provider of such interest rate not later than 12:00 noon, New York City time, on the Business Day next succeeding the date of determination of such rate and, if a date of determination is the last Business Day of an

Interest Payment Period, on such date of determination. The Trustee will inform the Owners of the Bonds of the interest rate determined upon request.

Daily Rate. While the Bonds bear interest at a Daily Rate, the Daily Rate Period will commence on each Business Day, the first such Business Day being the Daily Rate Conversion Date, and shall extend to, but not include, the next succeeding Business Day. The interest rate for each Daily Rate Period will be effective from and including the commencement date thereof and will remain in effect to, but not including, the next Business Day.

Each Daily Rate will be determined by the applicable Remarketing Agent not later than 10:00 a.m. New York City time, on the Commencement of the Daily Rate Period. The applicable Remarketing Agent will notify the Trustee, the City, the Credit Provider and the Liquidity Provider of such interest rate not later than 12:00 noon, New York City time, on Friday of each week and on the last Business Day of each Interest Payment Period. The Trustee will inform the Owners of the Bonds of the interest rate determined upon request.

Conversion to Other Rates

Conversion to Another Variable Rate. At the option of the Corporation, each series of the Bonds may be converted from a Weekly Rate or Daily Rate to another Variable Rate. The Corporation will give notice of its intent to convert a series of Bonds to another Variable Rate to the applicable Remarketing Agent, the Tender Agent, the Trustee, the Credit Provider and the Liquidity Provider not fewer than 15 days and not more than 30 days prior to the proposed Conversion Date. Not fewer than 10 days prior to the proposed Conversion Date, the Trustee will mail (by first class mail) a written notice of the conversion and mandatory tender to the Owners of the affected Bonds at their addresses as they appear on the Registration Books on the day on which notice of the proposed conversion is received by the Trustee from the Corporation.

Any conversion of a series of Bonds to another Variable Rate shall be subject to the condition that, prior to the date of such conversion, the Corporation will have delivered (A) in the case of conversion of a series of Bonds to a Variable Rate for which the Required Stated Amount is greater than the Required Stated Amount for the Weekly or Daily Rate in effect prior to such conversion, to the Trustee an Alternate Credit Facility (or a substitute Liquidity Facility, as applicable), in the Required Stated Amount as of the Conversion Date or written evidence that the stated amount of the Credit Facility (or the Liquidity Facility, as applicable) has, if necessary, been increased to the Required Stated Amount, and (B) in the case of conversions to a Flexible Rate, a Semiannual Rate or a Long Rate, to the Trustee written evidence from each Rating Agency then rating the affected Bonds that such ratings will not be lowered or withdrawn due to the conversion (other than the withdrawal of any short-term rating in connection with a conversion to a Long Rate). In addition, in the case of conversions to a Flexible Rate, the Corporation shall either (1) deliver to the Trustee written evidence from the Depository to the effect that the Depository will hold the affected Bonds bearing interest at a Flexible Rate or (2) make arrangements to have new Bonds of that series prepared and executed and registered in such names as shall be specified by the Depository. If the Corporation timely withdraws its notice of conversion or if any of the conditions precedent to conversion to another Variable Rate are not met, the affected series of Bonds will be payable at a Weekly Rate. Conversions from a Weekly Rate to a Daily Rate require the consent of the Credit Provider.

Conversion to Fixed Rates. At the option of the Corporation, provided that the Corporation has obtained a firm underwriting commitment, a series of Bonds may be converted to accrue interest at a Fixed Rate until final maturity or earlier redemption. The Corporation will give written notice of any such conversion to the Trustee, the applicable Remarketing Agent, the Tender Agent, the Credit Provider and the Liquidity Provider not fewer than 45 days prior to the proposed Fixed Rate Conversion Date. Such notice will specify the proposed Fixed Rate Conversion Date. Notice of conversion will be given no less than 10 days prior to the proposed Fixed Rate Conversion Date (by first class mail) by the Trustee to the Owners of all the affected series of Bonds as their addresses appear on the Registration Books on the date the Trustee receives the notice of the proposed conversion from the Corporation.

No more than 35 days nor less than 5 days prior to the Fixed Rate Conversion Date, the applicable Remarketing Agent will determine the Fixed Rate for the affected series of Bonds to be converted to a Fixed Rate and provide the Fixed Rate for the affected series of Bonds to the Trustee as provided in the Indenture. Unless the Corporation, the Credit Provider and the Liquidity Provider shall have otherwise agreed in writing, from and after

the Fixed Rate Conversion Date, the Credit Facility and the Liquidity Facility shall cease to be available with respect to the affected series of Bonds converted to a Fixed Rate. If the Corporation timely withdraws its notice of conversion or if any of the conditions precedent to conversion to Fixed Rate are not met, the affected series of Bonds will be payable at a Weekly Rate.

Notice of Conversion. For the Bonds, any Conversion Date is a Mandatory Tender Date, and the notice that the Owners will receive regarding the Conversion will (i) specify the proposed Mandatory Tender Date; (ii) state that the affected series of Bonds shall be subject to mandatory tender for purchase on the Mandatory Tender Date; (iii) state that Owners may not elect to retain their Bonds following the Mandatory Tender Date; (iv) state that all of the affected series of Bonds shall be required to be delivered to the Corporate Trust Office of the Tender Agent at or before 12:00 noon, New York City time, on the Mandatory Tender Date; (v) state that if the Owner of any of the affected series of Bonds (or portion thereof) fails to deliver such Bond to the Tender Agent for purchase on the Mandatory Tender Date, and if the Tender Agent is in receipt of the Purchase Price therefor, such Bond (or portion thereof) shall nevertheless be deemed purchased on the Mandatory Tender Date and ownership of such Bond (or portion thereof) shall be transferred to the purchaser thereof; and (vi) state that any Owner who fails to deliver such Bond for purchase shall have no further rights thereunder except the right to receive the Purchase Price thereof upon presentation and surrender of said Bond to the Tender Agent and that the Trustee will place a stop transfer against the Bonds of the affected series registered in the name of such Owner(s) on the Bond registration books.

Redemption Provisions

Optional Redemption. While any Daily or Weekly Rate is in effect, each series of Bonds is subject to optional redemption by the Corporation from Available Moneys (but only with the consent of the Credit Provider if the source of Available Moneys is to be a draw on the Credit Facility), as a whole or in part on any Business Day. The redemption shall be effected at a price equal to the principal amount thereof, plus accrued interest to the date fixed for redemption, without premium. If the source of moneys to be used for such optional redemption is other than a draw on the related Credit Facility, no notice of such optional redemption, other than a rescindable notice, shall be given unless the Corporation has on hand Available Moneys sufficient for the redemption price. In no event shall moneys drawn on a Liquidity Facility that is not also a Credit Facility be used to pay the redemption price of any Bonds. Notwithstanding the foregoing, no Bond (other than a Bank Bond) will be optionally redeemed while any Bank Bond is Outstanding unless all Outstanding Bank Bonds are redeemed or purchased by the Trustee and cancelled concurrently with such redemption or purchase.

Extraordinary Mandatory Redemption from Insurance or Condemnation Proceeds. Each series of Bonds is also subject to redemption as a whole or in part in any Authorized Denomination on any date, at a redemption price equal to the principal amount thereof to be redeemed plus interest accrued thereon to the date fixed for redemption, without premium, to the extent of Net Proceeds received with respect to the Project and transferred from the Insurance and Condemnation Fund to the Revenue Fund (or a draw on the related Credit Facility such that the amount of Bonds redeemed corresponds to the amount of Net Proceeds). In the event that the amount of Net Proceeds transferred to the Revenue Fund in connection with the redemption of a series of Bonds is insufficient to redeem or provide for redemption of all of that series of Bonds in full, the Corporation shall, by delivery of a Written Certificate to the Trustee, designate the amount of each maturity (if applicable) or mandatory sinking fund payment of such series of Bonds to be redeemed; provided that the Corporation and the City shall also certify in writing that the Base Rental payments to be made thereafter shall not exceed the fair rental value of the Project for any Lease Year. The Bonds redeemed pursuant to this paragraph may be redeemed only with Available Moneys.

Sinking Fund Redemption. The Bonds of each series are subject to mandatory sinking fund redemption by lot, from Revenues (provided that, if there is a Credit Facility in effect which is a direct-pay letter of credit, such redemption shall only occur from a draw on the Credit Facility), on April 1 in each of the years and in the respective amounts as set forth below, at a redemption price equal to the principal amount thereof to be redeemed (without premium), together with interest accrued thereon to the date fixed for redemption, as set forth in the following schedules; *provided, however*, that if some but not all of such series of Bonds have been redeemed pursuant to an optional redemption or an extraordinary mandatory redemption from insurance or condemnation proceeds, the total principal amount of such series of Bonds to be redeemed subsequent to each redemption shall be reduced on a pro rata basis, or as otherwise specified in writing by the Corporation, in integral multiples of an Authorized Denomination.

Series 2008-1 Bonds	
Redemption Date <u>(April 1)</u>	Principal <u>Amount</u>
2009	\$1,870,000
2010	2,000,000
2011	2,100,000
2012	2,200,000
2013	2,300,000
2014	2,400,000
2015	2,500,000
2016	2,700,000
2017	2,800,000
2018	2,900,000
2019	3,100,000
2020	3,200,000
2021	3,400,000
2022	3,600,000
2023	3,700,000
2024	3,900,000
2025	4,100,000
2026	4,300,000
2027	4,500,000
2028	4,800,000
2029	5,000,000
2030*	5,300,000

*Maturity

Series 2008-2 Bonds

Redemption Date <u>(April 1)</u>	Principal <u>Amount</u>
2009	\$1,870,000
2010	2,000,000
2011	2,100,000
2012	2,200,000
2013	2,300,000
2014	2,400,000
2015	2,500,000
2016	2,700,000
2017	2,800,000
2018	2,900,000
2019	3,100,000
2020	3,200,000
2021	3,400,000
2022	3,600,000
2023	3,700,000
2024	3,900,000
2025	4,100,000
2026	4,300,000
2027	4,500,000
2028	4,800,000
2029	5,000,000
2030*	5,300,000

*Maturity

Notwithstanding the mandatory sinking fund redemptions established above, for so long as a series of Bonds bear interest at a Variable Rate, the Corporation may, with the prior written consent of the Credit Provider and the Liquidity Provider but without receiving any consent of the Owners of the Bonds, modify such mandatory sinking fund redemptions in connection with a Substitution of all or a portion of the Project pursuant to the Project Lease (see “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Removal, Modification and Substitution of the Project”), such that the combined debt service on such series of Bonds shall, upon the commencement of amortization on the Bonds, be satisfactory to the Corporation and the City delivers a Written Certificate to the Corporation, the Credit Provider and the Liquidity Provider to the effect that the resulting Base Rental payments do not exceed fair rental value for any Lease Year. In order for any such modification to become effective, the Corporation shall first deliver to the Trustee an Opinion of Bond Counsel to the effect that such modification will not result in the inclusion of interest on the Bonds in gross income for federal income tax purposes.

Redemption At the Direction of the Credit Provider. For so long as a Credit Facility is in effect with respect to a series of the Bonds and the Credit Provider is not in default thereunder, such series of Bonds are subject to redemption in whole, but not in part, at a redemption price equal to 100% of the principal amount thereof plus interest accrued thereon to the date fixed for redemption, without premium from a draw on the related Credit Facility on the earliest date for which notice of redemption can be timely given, such redemption to occur solely at the written direction of the Credit Provider upon the occurrence of an event of default under the Credit Agreement; provided, however, that notwithstanding any notice provision, such redemption shall occur not later than the last Business Day next preceding the expiration or termination of the related Credit Facility, and neither the failure to send any notice of redemption, nor the timeliness in sending any redemption notice, shall affect the sufficiency of the proceedings for the redemption of the related series of Bonds or the cessation or accrual of interest on the related series of Bonds from and after the date fixed for redemption.

Selection of Bonds for Redemption or Purchase. Whenever provision is made in the Indenture for the redemption or purchase of less than all of a series of the Bonds, the Corporation will select, or in the absence of such

selection, the Trustee will select the Bonds of such series to be redeemed or purchased from all of the Bonds of such series or such given portion thereof not previously called for redemption by lot in any manner which the Trustee in its sole discretion will deem appropriate and fair; provided, however, that Variable Rate Bonds shall be redeemed in the following order of priority (and by lot within each priority): (i) any Bank Bonds, (ii) any Variable Rate Bonds which have been tendered to the Tender Agent on the date fixed for redemption, the notice of which tender shall have been given to the Trustee prior to the selection of Variable Rate Bonds for such redemption; and (iii) any other Variable Rate Bonds.

Notice of Redemption; Rescission of Notice. Notice of redemption will be mailed by first class mail, postage prepaid, not less than 15 calendar days, and not more than 60 calendar days, prior to such redemption date (provided that a redemption described in “Redemption At the Direction of the Credit Provider” shall be given 3 days prior to the redemption date, but the failure to give such notice on a timely basis will not affect the proceedings for redemption), to (i) each of the Securities Depositories and the Information Services, (ii) the respective Owners of any Bonds designated for redemption at their addresses appearing on the Registration Books and (iii) the Credit Provider, the Liquidity Provider and the applicable Remarketing Agent. Each notice of redemption will state the redemption date, the place or places of redemption, and, if less than all of the Bonds are to be redeemed, the CUSIP numbers and the distinctive numbers of the Bonds to be redeemed, and in the case of Bonds to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed. Each such notice will also state that on said date there will become due and payable on each of said Bonds the principal amount relating thereto or of said specified portion of the principal thereof in the case of a Bond to be redeemed in part only, and that from and after such redemption date interest thereon will cease to accrue, and will require that such Bonds be then surrendered. ***Neither the failure to receive any such notice so mailed nor any defect in any notice so mailed will affect the sufficiency of the proceedings for the redemption of Bonds or the cessation of accrual of interest thereon from and after the date fixed for redemption.***

Notice of redemption of Bonds will be given by the Trustee, at the expense of the Corporation, for and on behalf of the Corporation.

The Corporation will have the right to rescind any optional or extraordinary mandatory redemption, other than a redemption directed by the Credit Provider, by written notice to the Trustee on or prior to the date fixed for redemption. Any such notice of redemption (other than a mandatory sinking fund redemption notice or a notice related to a redemption at the direction of the Credit Provider) will be rescinded if for any reason funds are not (or will not be) available on the date fixed for redemption for the payment in full of the Bonds then called for redemption or if the Credit Provider has not consented to such redemption if such consent is required, and such rescission will not constitute an Event of Default under the Indenture. The Trustee will mail notice of any rescission of redemption in the same manner as the notice of redemption was originally given.

Any redemption notice with respect to the redemption of a series of Bonds being redeemed with Available Moneys will state that if, on the date set for redemption, there are insufficient Available Moneys to redeem all of such series of Bonds (other than Bank Bonds) called for redemption, or that Available Moneys are for any reason not available to pay the redemption price of such series of Bonds (other than Bank Bonds) called for redemption, such redemption shall be cancelled, and such series of Bonds (other than Bank Bonds) will not be redeemed and will remain outstanding under the Indenture.

Partial Redemption of Bonds. Upon surrender of any Bonds redeemed in part only, the Corporation will execute and the Trustee will authenticate and deliver to the Owner thereof, at the expense of the Corporation, a new Bond of Authorized Denominations, and of the same maturity and series, equal in aggregate principal amount to the unredeemed portion of the Bond surrendered.

Effect of Redemption. Notice having been given as described above, and moneys for the redemption (including the interest to the applicable date of redemption and including any applicable premium), having been set aside in the Revenue Fund established under the Indenture or any of the accounts therein, the affected Bonds will become due and payable on said date of redemption, and, upon presentation and surrender thereof at the Corporate Trust Office of the Trustee, said Bonds will be paid at the redemption price thereof, together with interest accrued and unpaid to the date of redemption and premium, if any.

If, on the date of redemption, moneys for the redemption of all of a series of Bonds to be redeemed, together with interest to said date of redemption, will be held by the Trustee so as to be available therefor on such date of redemption, and, if notice of redemption thereof will have been given as aforesaid and not rescinded, then, from and after the date of redemption, interest represented by such Bonds will cease to accrue and become payable. All moneys held by or on behalf of the Trustee for the redemption of Bonds will be held in trust for the account of the Owners of the Bonds so to be redeemed.

Tender Provisions

Optional Tender. Beneficial Owners of the Bonds may elect to have their Bonds, or portions of their Bonds in amounts equal to Authorized Denominations (so long as any untendered portion is also an Authorized Denomination), purchased at a Purchase Price equal to the principal amount of such Bonds (or portions thereof), plus accrued interest, if any, payable in immediately available funds on the following Tender Dates and upon giving notice by mail or telephone meeting the requirements set forth below and in the Indenture.

Bonds with interest payable at a Weekly Rate may be tendered for purchase on any Business Day, upon delivery of an irrevocable written notice of tender to the Tender Agent and the applicable Remarketing Agent not later than 4:00 p.m., New York City time, on a Business Day not less than 7 calendar days prior to the designated Tender Date, which date for purchase shall be set forth in the tender notice.

Bonds with interest payable at a Daily Rate may be tendered for purchase on any Business Day, upon delivery of an irrevocable telephonic or written notice of tender given to the Tender Agent and the applicable Remarketing Agent not later than 11:00 a.m., New York City time, on the designated Tender Date.

In the case of a written notice of tender, it will be delivered to the Tender Agent and the applicable Remarketing Agent at their respective Corporate Trust Offices and be in form satisfactory to the Tender Agent. The notice of tender will state, whether delivered in writing or by telephone, (A) the principal amount of the Bond to which the notice relates and the CUSIP number of such Bond, (B) that the Beneficial Owner irrevocably demands purchase of such Bond or a specified portion thereof in an amount equal to an Authorized Denomination, (C) the date on which such Bond or portion is to be purchased, and (D) payment instructions with respect to the Purchase Price.

The written notice of tender will automatically constitute, whether delivered in writing or by telephone (A) an irrevocable offer to sell the Bond (or portion thereof) to which such notice relates on the Tender Date to any purchaser selected by the applicable Remarketing Agent (or to the Liquidity Provider in the case of purchases made with funds drawn under the Liquidity Facility), at a price equal to the Purchase Price thereof (or portion thereof), (B) an irrevocable authorization and instruction to the Tender Agent to effect transfer of such Bond (or portion thereof) upon payment of such price to the Tender Agent on the Tender Date, (C) an irrevocable authorization and instruction to the Tender Agent to effect the exchange of the Bond to be purchased in whole or in part for other Bonds of the same series bearing interest at a Daily Rate or a Weekly Rate, as applicable, in an equal aggregate principal amount so as to facilitate the sale of such Bond (or portion thereof to be purchased), and (D) an acknowledgment that such Beneficial Owner will have no further rights with respect to such Bond (or portion thereof) upon deposit of an amount equal to the Purchase Price thereof with the Tender Agent on the Tender Date, except for the right of such Beneficial Owner to receive such Purchase Price on the Tender Date.

The determination of the Tender Agent and the Remarketing Agent as to whether a notice of tender has been properly delivered pursuant to the foregoing shall be conclusive and binding upon the Beneficial Owner. The Tender Agent or the Remarketing Agent may waive any irregularity or nonconformity in any tender.

Mandatory Tender. Each series of Bonds is subject to mandatory tender for purchase on the following Mandatory Tender Dates:

- (i) on any Conversion Date;
- (ii) on any date the Corporation delivers an Alternate Credit Facility with respect to the related series of Bonds (including a substitute Liquidity Facility);

(iii) on a Business Day not later than the 4th calendar day (or if such day is not a Business Day, on the immediately preceding Business Day) following receipt by the Trustee of (a) a written notice of termination (as provided in the Credit Agreement, as defined below) from the related Liquidity Provider, but only if the Liquidity Facility permits funds to be drawn thereunder to purchase the related series of Bonds prior to such termination; (b) if the related Credit Facility is a direct-pay letter of credit, a written notice from the Credit Provider stating that the interest component of the Credit Facility has not been reinstated to the full stated amount thereof following a draw thereon to pay interest on the related series of Bonds (excluding from such interest component Bonds of such series which are Bank Bonds or which have been redeemed); or (c) if the Credit Facility is a direct-pay letter of credit, a written notice from the Credit Provider that there has been an event of default under the Credit Agreement, notifying the Trustee that the Credit Facility will be terminated as provided in the Credit Agreement and directing the Trustee to purchase the related series of Bonds pursuant to a mandatory tender;

(iv) on the last Business Day which is not less than 10 days before the Stated Expiration Date of any related Credit Facility or related Liquidity Facility if an irrevocable commitment to provide an Alternate Credit Facility (or substitute Liquidity Facility) in substitution therefor is not delivered to the Trustee at least 25 days before such stated expiration date;

(v) if permitted by the related Liquidity Facility then in effect, on any optional redemption date or any extraordinary mandatory redemption date on which the Corporation has elected to purchase the related series of Bonds in lieu of redemption pursuant to the Indenture; and

(vi) if permitted by the related Liquidity Facility then in effect, on any Interest Payment Date in connection with the modification or amendment of the Indenture pursuant therein, as directed in writing by the Corporation with the written consent of the Liquidity Provider.

Notice of Mandatory Tender. The Trustee will send a Mandatory Tender Notice to the Owners of a series of Bonds at their addresses shown on the registration books of the Trustee. A Notice of Mandatory Tender will be given:

(i) in not less than 10 days prior to the Mandatory Tender Date in the case of (i), (ii) (iv), (v) and (vi) above, and

(ii) on the first date on which such notice can be given in the case of (iii) above, after receipt by the Trustee of the written notice referred to therein.

In no event shall failure to send, on a timely basis, a Mandatory Tender Notice, or any defect therein, affect the sufficiency of the proceedings for such mandatory tender.

Purchase of Tendered Bonds; Inadequate Funds for Purchase. At or before 3:00 p.m., New York City time, on the date set for purchase of tendered Bonds and upon receipt by the Tender Agent of 100% of the aggregate Purchase Price of the tendered Bonds, the Tender Agent shall pay the Purchase Price of such Bonds to the Owners thereof at its Corporate Trust Office or by bank wire transfer. Such payments shall be made in immediately available funds. The Tender Agent shall apply in order (i) moneys paid to it by the applicable Remarketing Agent as proceeds of the remarketing of such series of Bonds and (ii) moneys derived from drawings under the related Liquidity Facility. On each date on which a Bond is to be purchased, if the Remarketing Agent shall have given notice to the Tender Agent that it has been unable to remarket any of the Bonds or if the Tender Agent has not received from the Remarketing Agent an amount sufficient to pay the Bonds by the time the Tender Agent must draw on the related Liquidity Facility, the Tender Agent shall direct the Trustee (if the two are separate entities) to draw on the related Liquidity Facility in an amount equal to the Purchase Price of all such series of Bonds which have not been successfully remarketed. If such moneys available for the purchase of such series of Bonds are inadequate for the purchase of all such Bonds of such series tendered on any Tender Date, no purchase shall be consummated and the Tender Agent is to return all tendered Bonds of such series to the Owners thereof and return all moneys received for the purchase of such Bonds to the persons providing such moneys. Notwithstanding any such inadequacy (whether due to a lack of remarketing proceeds or a failure on the part of the Liquidity Provider to

honor a draw on the related Liquidity Facility), the applicable Remarketing Agent shall continue to have the right to remarket the Bonds at rate not in excess of the Maximum Interest Rate described in the Indenture.

Remarketing proceeds relating to a series of Bonds and draws on the Liquidity Facility related to a series of Bonds are to be used only to pay the Purchase Price of such series of Bonds, or must be returned to the Liquidity Provider. The Tender Agent is to deposit all moneys, including remarketing proceeds and proceeds of drawings upon the applicable Liquidity Facility, delivered to it for the purchase of the related series of Bonds into the related Purchase Fund. The Tender Agent shall hold all remarketing proceeds in trust for the exclusive benefit of the persons that shall have so delivered such moneys until the Bonds purchased with such moneys shall have been delivered to it for the account of such persons and, thereafter, for the benefit of the Owners tendering such Bonds, and shall hold all draws on the related Liquidity Facility in trust for the exclusive benefit of the Bond Owners who shall deliver Bonds to it for purchase until the Bonds purchased with such moneys shall have been delivered to it for the account of the Liquidity Provider. Moneys in the Bond Purchase Fund shall not be commingled with other funds held by the Tender Agent and shall remain uninvested.

The Corporation is not obligated to provide any moneys for the purchase of tendered Bonds other than moneys received pursuant to the remarketing of such series of Bonds or from drawings under the related Liquidity Facility.

See “REMARKETING” and “CERTAIN RISK FACTORS—Failure of the Credit Provider” below.

Limitations on Remarketing of Bonds. If there shall have occurred and be continuing an Event of Default under the Indenture related to a series of Bonds, unless the Liquidity Provider shall otherwise consent, purchases of such series of Bonds will only be made with the proceeds from a drawing under the related Liquidity Facility and there will be no sales of such series of Bonds pursuant to the Indenture. The applicable Remarketing Agent is not to sell Bonds if it receives written notice from the Liquidity Provider stating that an event of default under the Credit Agreement has occurred and is continuing and requesting the applicable Remarketing Agent not to remarket the Bonds. As described above, in the event there is a lack of remarketing proceeds or a failure on the part of the Liquidity Provider to honor a draw on the Liquidity Facility, the applicable Remarketing Agent shall continue to have the right to remarket the related series of Bonds at a rate not in excess of the Maximum Interest Rate described in the Indenture.

REMARKETING

Remarketing Agent

Series 2008-1 Bonds. E. J. De La Rosa & Co., Inc. is the exclusive Remarketing Agent for the Series 2008-1 Bonds. The Series 2008-1 Remarketing Agent has agreed to use its best efforts to remarket the Series 2008-1 Bonds subject to certain conditions set forth in the Series 2008-1 Remarketing Agreement. The Series 2008-1 Remarketing Agent has agreed to purchase for its own account Series 2008-1 Bonds tendered but not remarketed under certain conditions specified in the Remarketing Agreement.

Series 2008-2 Bonds. Banc of America Securities LLC is the exclusive Remarketing Agent for the Series 2008-2 Bonds. The Series 2008-2 Remarketing Agent has agreed to use its best efforts to remarket the Series 2008-2 Bonds subject to certain conditions set forth in the Series 2008-2 Remarketing Agreement. The Series 2008-2 Remarketing Agent has agreed to purchase for its own account Series 2008-2 Bonds tendered but not remarketed under certain conditions specified in the Remarketing Agreement.

Remarketing of the Bonds

The Indenture provides that the Remarketing Agent for a series of Bonds shall offer for sale and use its best efforts to find purchasers for the series of Bonds tendered for purchase, either as the result of an optional tender or a mandatory tender, and Bonds of such series registered in the name of the Credit Provider or its designee, any such sale to be made at an interest rate not in excess of the Maximum Interest Rate and at a price equal to 100% of the principal amount thereof plus accrued interest to the Tender Date, in accordance with the terms of the Indenture.

Disclosure Concerning Sale of Bonds by Remarketing Agent

Potential Conflict of Interest. The Remarketing Agent's responsibilities with respect to a series of Bonds include determining the interest rate on such Bonds from time to time and remarketing such Bonds that are subject to optional or mandatory tender by the owners thereof (subject, in each case to the terms of the applicable Remarketing Agreement), all as further described in this Official Statement. Each Remarketing Agent is appointed by the Corporation and is paid by the Corporation for its services. As a result, the interests of each Remarketing Agent may differ from those of existing holders and potential purchasers of such Bonds.

Purchase of Bonds by the Remarketing Agent. Each Remarketing Agent has agreed to purchase for its own account Bonds of the respective series tendered but not remarketed under certain conditions specified in the Remarketing Agreement.

Each Remarketing Agent may also make a market in the Bonds by routinely purchasing and selling Bonds other than in connection with an optional tender and remarketing. Such purchases and sales may be at or below par. However, neither Remarketing Agent is required to make a market in the Bonds. If a Remarketing Agent purchases Bonds for its own account, it may offer those Bonds at a discount to par to some investors. Each Remarketing Agent may also sell any Bonds it has purchased to one or more affiliated investment vehicles for collective ownership or enter into derivative arrangements with affiliates or others in order to reduce its exposure to the Bonds. The purchase of Bonds by a Remarketing Agent may create the appearance that there is greater third-party demand for the Bonds in the market than is actually the case. The practices described above also may reduce the supply of Bonds that may be tendered in a remarketing.

Offer and Sale of Bonds. Each Remarketing Agent is required to determine on certain dates the applicable rate of interest that, in its judgment, is the lowest rate that would cause the series of Bonds for which it is acting as Remarketing Agent to have a market value equal to the principal amount thereof, plus accrued interest, under prevailing market conditions as of the date of determination. The interest rate will reflect, among other factors, the level of market demand for such Bonds (including whether the applicable Remarketing Agent is willing to purchase such Bonds for its own account). Each Remarketing Agreement and the Indenture requires that the applicable Remarketing Agent use its best efforts to sell tendered bonds at par, plus accrued interest. There may or may not be Bonds of a series tendered and remarketed on the date a Remarketing Agent determines the interest rate on such Bonds. As an owner of Bonds, the applicable Remarketing Agent may sell Bonds at varying prices, including at a discount to par, to different investors on the date the interest rate on the Bonds is set or any other date. A Remarketing Agent is not obligated to advise purchasers in a remarketing if it does not have third-party buyers for all of such series of Bonds at the remarketing price.

Limited Opportunity to Sell Bonds. While a Remarketing Agent may buy and sell Bonds, it is not obligated to do so and may cease doing so at any time without notice. Thus, investors who purchase the Bonds, whether in a remarketing or otherwise, should not assume that they will be able to sell their Bonds other than by tendering through the Tender Agent, as set forth in the Indenture and described in this Official Statement. See also "CERTAIN RISK FACTORS—Failure of the Credit Provider" below.

Removal or Resignation of the Remarketing Agent; Termination of Remarketing Activities. Under certain circumstances the Remarketing Agent for a series of Bonds may be removed or may resign or cease its remarketing efforts, without a successor having been named, subject to the terms of the applicable Remarketing Agreement. In the event there is no Remarketing Agent, the Tender Agent may assume such duties, as described in the Indenture.

SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

Pledge of Revenues; Revenue Fund

The Indenture provides that the Bonds are payable solely from "Revenues," consisting of

(i) Base Rental and all amounts derived from or with respect to the Project Lease, including prepayments and Net Proceeds and amounts received pursuant to the Corporation's or the Trustee's exercise of remedies under the Project Lease after a default by the City, but excluding Additional Rental, and

(ii) any investment income held or received under the Indenture.

The City will pay the Base Rental payments to the Corporation to the extent required under the Project Lease, which Base Rental payments are designed to be sufficient, in both time and amount, to pay, when due, the principal of and interest on the Bonds. Subject only to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth therein, all of the Revenues and any other amounts (including proceeds of the sale of the Bonds but excluding amounts held in the Rebate Fund and the Purchase Fund established pursuant to the Indenture) held in any fund or account established pursuant to the Indenture and all of the right, title and interest of the Corporation in the Project Lease is pledged by the Corporation to secure the payment of the principal of, premium, if any, and interest on the Bonds in accordance with their terms and the provisions of such Indenture.

Under the Indenture, the Corporation is obligated to transfer in trust and assign to the Trustee, for the benefit of the Owners from time to time of the Bonds, and the Credit Provider and the Liquidity Provider, all of the Revenues and all of the right, title and interest of the Corporation in the Project Lease, other than the Corporation's right to receive indemnification under the Project Lease and its right to receive Additional Rental. The Trustee will be entitled to collect and receive all of the Revenues, and any Revenues collected or received by the Corporation are required to be paid by the Corporation to the Trustee. The Trustee also will be entitled to and will, subject to the provisions of the Indenture, take all steps, actions and proceedings reasonably necessary in its judgment to enforce, either jointly with the Corporation or separately, all of the rights of the Corporation and all of the obligations of the City under and with respect to the Project Lease.

Revenue Fund. All Revenues will be promptly deposited by the Trustee upon receipt thereof in a special fund designated as the "Revenue Fund," which the Trustee is required to establish, maintain and hold in trust under the Indenture; except that (i) any moneys received by the Trustee and required under the Indenture or under the Project Lease to be deposited in the Insurance and Condemnation Fund will be promptly deposited in such Fund, and (ii) all interest, profits and other income will be deposited as provided under the Indenture. All Revenues deposited with the Trustee will be held, disbursed, allocated and applied by the Trustee only as provided in the Indenture.

Allocation of Revenues. On or before each Interest Payment Date or a date set for redemption, the Trustee is required to apply all moneys in the Revenue Fund as set forth below to (i) reimburse the Credit Provider for drawings under a Credit Facility used to pay the interest on the Bonds, (ii) pay the interest on the Bonds, (iii) pay the interest on Bonds purchased by the Trustee or the Corporation, (iv) reimburse the Credit Provider for drawings under a Credit Facility used to pay the principal of the Bonds, (v) pay the principal of the Bonds or (vi) purchase Bonds pursuant to the Indenture. The Revenues must be applied in that order of priority, with the requirement of each priority to be satisfied before any payment subsequent in priority. In the event that Revenues are insufficient to make the required deposits in full, any insufficiency will be allocated among each series of Bonds on a proportionate basis based on debt service due on such series of Bonds. In the event a Credit Facility is a direct-pay letter of credit and a Credit Provider does not honor a draw on such Credit Facility to pay the principal of and interest on the related series of Bonds, when due, the Trustee will apply the Revenues on deposit in the Revenue Fund to make the payment of principal and interest. In the event that there are insufficient amounts on deposit in the Revenue Fund to make such payments, the Trustee will notify the City and the Corporation and request that the City make all Base Rental payments currently due under the Project Lease in order to provide sufficient amounts for such payment.

See APPENDIX A—"SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL LEGAL DOCUMENTS—THE INDENTURE—Pledge and Assignment; Revenue Fund" and "— Allocation of Revenues."

Additional Bonds

The Indenture does not authorize the issuance of additional bonds payable from Revenues.

Base Rental; Abatement

Under the Project Lease, Base Rental payments are to be made by the City to the Corporation with respect to the Project.

Base Rental. Base Rental payments are required to be made by the City on the third Business Day preceding each Interest Payment Date in an amount equal to the debt service on the Bonds on such Interest Payment Date. Base Rental payments are an obligation of the City's General Fund and, therefore, are not limited by or to any particular revenue source of the City. The obligation of the City to make Base Rental payments is payable from annual appropriations of the City from funds lawfully available therefor. The City has covenanted in the Project Lease to take such action as may be necessary to include all rental payments due under the Project Lease in its annual budgets and to make necessary annual appropriations for all such rental payments. **The obligation of the City to make Base Rental payments under the Project Lease does not constitute an obligation of the City for which the City is obligated to pledge any form of taxation or for which the City has pledged any form of taxation. Neither the full faith and credit nor the taxing power of the City or the State or any of its political subdivisions is pledged to make Base Rental payments under the Project Lease. See "CERTAIN RISK FACTORS—Limited Obligations."**

In consideration of the lease of the Project from the Corporation under the Project Lease and subject to certain provisions of the Project Lease, the City has agreed to pay the Base Rental to the Corporation as rental for the use and occupancy of the Project during each Lease Year, and the Base Rental will be payable on each Base Rental Payment Date in an amount equal to the aggregate amount of debt service coming due and payable on the outstanding Bonds on the next succeeding Interest Payment Date. Any amount held in the Revenue Fund on any Base Rental Payment Date and available for the payment of debt service on the Bonds (other than amounts resulting from the prepayment of the Base Rental in part but not in whole and other than amounts required for payment of past due principal or interest with respect to any Bonds not presented for payment), including amounts deposited therein from the proceeds of the Bonds and accrued interest on the Bonds, will be credited towards the Base Rental then due and payable (as further provided in the Indenture); and no Base Rental payments need be made on any Base Rental Payment Date if the amounts then held in the Revenue Fund are at least equal to the Base Rental then required to be paid. The Base Rental for the Project payable in any Lease Year will be for the use and occupancy of the Project for such Lease Year, provided that the Base Rental paid during any Lease Year will only be for that portion of such Lease Year that the City has use and occupancy of all or a portion of the Project. The obligation of the City to make Base Rental payments is subject to the risk of abatement. See "Abatement" below.

In the event the City should fail to make any of the Base Rental payments required, the payment in default will continue as an obligation of the City until the amount in default will have been fully paid, and the City has agreed to pay the same with interest thereon, to the extent permitted by law, from the date of default to the date of payment at the rate per annum equal to the rate payable by the Corporation with respect to the Bonds. Such interest if received, will be deposited in the Revenue Fund.

Fair Rental Value. Such payments of the foregoing Base Rental payments and Additional Rental payments during the term of this Project Lease shall constitute the total rental for the City's use and occupancy of the Project for the Lease Year in which such payments are scheduled to be made, and the City and the Corporation have agreed and determined that such total rental does not exceed the fair rental value of the Project. In making such determination, consideration has been given to the costs of financing and leasing of the Project by the Corporation, the uses and purposes which may be served by the Project, and the benefits which will accrue to the Corporation, the City and the general public therefrom.

Abatement. Under the Project Lease, Base Rental payments will be abated during any period in which by reason of material damage to or destruction of the Project, or condemnation of or defects in the title of the Project, there is substantial interference with the use and occupancy by the City of any portion of the Project. The amount of abatement will be in that proportion which the initial cost of that portion of the Project rendered unusable bears to the initial cost of the whole of the Project, provided that at the option of the City, the City may consider the then current value of the Project in determining the amount of abatement, but only to reduce or eliminate the amount of abatement. Such abatement will continue for the period commencing on the date of such damage, destruction, condemnation or discovery of such title defect, and ending, in the case of damage to or destruction of the Project,

with the substantial completion of the work of repair or replacement of the Project so damaged or destroyed, or, in the case of condemnation or title defect, with the restoration of the Project to tenantable condition or the correction of the title defect; and the term of the Project Lease will be extended by the period during which the rental is abated. Notwithstanding the foregoing, there will be no abatement of Base Rental payments under the Project Lease to the extent that the proceeds of rental interruption insurance or amounts in the Revenue Fund are available to pay Base Rental payments that would otherwise be abated. See APPENDIX A—“SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL LEGAL DOCUMENTS—THE PROJECT LEASE—Insurance.” A shortfall in revenue available to the Trustee caused by any abatement of Base Rental payments would impact the Bonds on a pro rata basis. See “CERTAIN RISK FACTORS—Abatement.” In the event of a partial or complete abatement, the City may elect to make payments in an amount up to the abated Base Rental to the Trustee for the payment of debt service on the Bonds, but is not obligated to do so.

Additional Rental. Additional Rental due from the City under the Project Lease include, among other things, (a) all taxes, assessments or governmental charges of any type or nature charged to the Corporation or affecting the Project or the respective interests or estates of the Corporation or the City therein; (b) all reasonable administrative costs of the Corporation relating to the Project, the Project Lease, the Bonds and the Indenture including, but not limited to, expenses and compensation of the Remarketing Agents, the Trustee and the Tender Agent; (c) insurance premiums for all insurance required pursuant to the Project Lease and not obtained by the City; and (d) fees and other amounts owing from time to time by the Corporation or the City with respect to the Credit Facility that are not payable from Base Rental. See APPENDIX A—“SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL LEGAL DOCUMENTS—THE PROJECT LEASE—Additional Rental.”

Covenant to Budget and Appropriate

Under the Project Lease, the City covenants to take such action as may be necessary to include all Base Rental and Additional Rental due under the Project Lease in its annual budgets and to make necessary annual appropriations for all such rental payments. These covenants on the part of the City contained in the Project Lease will be deemed to be and will be construed to be duties imposed by law and by the Charter of the City and it will be the duty of each and every public official of the City to take such action and do such things as are required by law and by the Charter of the City in the performance of the official duty of such officials to enable the City to carry out and perform the covenants and agreements in this Project Lease agreed to be carried out and performed by the City.

Substitution, Release and Addition of the Project

Substitution of and Additions to the Project. The Project Lease provides that, if the City determines that the annual fair rental value of a proposed substitute project (a “Substitute Project”) is at least equal to the maximum annual Base Rental payments and Additional Rental payments yet unpaid under the Project Lease and that the Substitute Project is complete and is available for beneficial use and occupancy by the City, the City may, subject to certain conditions, substitute or remove portions of the Project. Such substitution or removal may result in a reduction of value or other material changes in the characteristics of the Project. The consent of Bondowners is not required for any amendment needed to effect such substitution.

The City may also, at any time it deems it necessary or advisable, amend the Project Lease, and enter into any necessary or advisable site or ground lease, to add additional property to the property originally leased under the Project Lease.

Modification to the Project. Subject to the approval of the Corporation, the City has the right during the term of the Project Lease to make additions, alterations or improvements or to attach fixtures, structures or signs to the Project if said additions, alterations, improvements, fixtures, structures and signs are necessary or beneficial for the use of the Project by the City. The City may remove any fixture, structure or sign added by the City, but such removal will be accomplished so as to leave the Project in substantially the same condition as it was in before the fixture, structure or sign was attached.

Removal of Property from the Project. The City has the option under the Project Lease, at any time and from time to time during the term of the Project Lease to remove any portion of the Site or the Facilities from the Project Lease; subject to certain conditions precedent contained in the Project Lease. The City will not be entitled to

any reduction, diminution, extension or other modification of the Base Rental payments whatsoever as a result of any such removal.

See APPENDIX A—“SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL LEGAL DOCUMENTS—THE PROJECT LEASE—Substitution, Release and Addition of Leased Property.”

THE CREDIT FACILITIES AND THE CREDIT PROVIDERS

General

The payment of the principal of and interest on the Series 2008-1 Bonds and the Purchase Price of the Series 2008-1 Bonds upon the optional or mandatory tender thereof (to the extent not paid from remarketing proceeds) will initially be supported by an irrevocable direct-pay letter of credit (the “Series 2008-1 Credit Facility”) issued by Bank of America, N.A. (the “Series 2008-1 Credit Provider”). The Series 2008-1 Credit Facility has a stated expiration date of September 9, 2011 (subject to earlier termination as described below).

The payment of the principal of and interest on the Series 2008-2 Bonds and the Purchase Price of the Series 2008-2 Bonds upon the optional or mandatory tender thereof (to the extent not paid from remarketing proceeds) will initially be supported by an irrevocable direct-pay letter of credit (the “Series 2008-2 Credit Facility”) issued by State Street Bank and Trust Company (the “Series 2008-2 Credit Provider”). The Series 2008-2 Credit Facility has a stated expiration date of September 9, 2011 (subject to earlier termination as described below). The Series 2008-1 Credit Facility and the Series 2008-2 Credit Facility are hereinafter referred to as a “Credit Facility.”

The Credit Facilities

The Credit Facilities. Under each Credit Facility, the applicable Credit Provider irrevocably authorizes the Trustee to draw on the applicable Credit Facility in accordance with its terms in an aggregate amount of \$73,553,986, representing \$72,670,000 in principal (the “Principal Portion”) and \$883,986 in interest (the “Interest Portion”), representing 37 days of interest, calculated on the basis of a 365-day year and actual days elapsed, using an assumed rate of interest equal to 12% per annum (the “Interest Coverage”).

After a Credit Provider honors payment of a drawing in respect of the payment of regularly scheduled interest on the Bonds secured by its Credit Facility, the Interest Portion of the stated amount of such Credit Facility shall be reduced by the amount of such drawing. Immediately thereafter, the Interest Portion shall be reinstated by the amount of such drawing.

After a Credit Provider honors payment of a drawing in respect of the payment of the principal or redemption price of the Bonds secured by a Credit Facility, the stated amount shall be automatically and permanently reduced as follows: (1) the Principal Portion shall be reduced by the amount so drawn with respect to the payment of the principal or the principal component of the redemption price of the Bonds and (2) the Interest Portion shall be reduced by the Interest Coverage Amount calculated with respect to such principal amount or principal component.

After a Credit Provider honors payment of a drawing (other than a final drawing) in respect of the payment of the Purchase Price of Bonds in connection with the tender for purchase thereof at the request of the owner or in connection with a mandatory tender for purchase of all Bonds (each, a “Purchase Drawing”), the stated amount shall be automatically reduced as follows: (1) the Principal Portion shall be reduced by the amount so drawn with respect to the payment of principal of the Bonds and (2) the Interest Portion shall be reduced by the Interest Coverage Amount calculated with respect to such principal amount. Following a Purchase Drawing and a Credit Provider’s receipt of a certificate from the Trustee requesting reinstatement of a Credit Facility and stating that reimbursement of such Purchase Drawing has been made to a Credit Provider, the stated amount of that Credit Facility shall automatically be reinstated as follows: (a) the Principal Portion shall be reinstated by an amount equal to the principal amount of Bonds that have been remarketed and (b) the Interest Portion shall be reinstated by an amount equal to the Interest Coverage Amount calculated with respect to such principal amount.

After a Credit Provider honors payment of the Trustee's final drawing under a Credit Facility, the stated amount, the Principal Portion and the Interest Portion of that Credit Facility shall be automatically and permanently reduced to zero and that Credit Facility will terminate.

Related Provisions of the Indenture. The Indenture requires the Trustee to draw on a Credit Facility in an amount and at such times (as such times shall be set forth in the Credit Facility) as shall be required to pay in full the principal of and interest on the related series of Bonds (excluding any Bank Bonds registered in the name of the Credit Provider or its designee or Bonds registered in the name of the Corporation or the City).

If the Credit Facility is a direct-pay letter of credit, the Trustee will make such draw at such time as is required to receive amounts needed on each Interest Payment Date, maturity date, mandatory sinking fund redemption date, other redemption date and the date (if any) on which the related series Bonds are declared due and payable due to the occurrence of an Event of Default under the Indenture. If the Credit Facility is a direct-pay letter of credit, the Trustee shall pay the principal of and interest on the related series of Bonds (excluding any Outstanding Bank Bonds registered in the name of the Credit Provider or its designee) when due and payable solely from moneys drawn under the Credit Facility.

The Trustee will also draw moneys under a Liquidity Facility for the purpose of paying the Purchase Price of any of the related series of Bonds (excluding any Outstanding Bank Bonds registered in the name of the Liquidity Provider or its designee or in the name of the Corporation or the City) to the extent required by the Indenture.

Pending application as aforesaid, except as required by the Indenture in connection with paying the Purchase Price of the related series of Bonds, all moneys drawn under the Credit Facility shall be deposited in a special fund designated the "Credit Facility Bond Payment Fund." The Credit Facility Bond Payment Fund shall be established and maintained by the Trustee and held in trust apart from all other moneys and securities held under the Indenture or otherwise, and the Trustee shall have the exclusive and sole right of withdrawal from the Credit Facility Bond Payment Fund for the exclusive benefit of the Owners of the related series of Bonds with respect to which such drawing was made. Moneys drawn on the Credit Facility and deposited in the Credit Facility Bond Payment Fund for the payment of debt service shall be used only to pay debt service on the related series of Bonds or returned to the Credit Provider if not so needed. Moneys in the Credit Facility Bond Payment Fund shall be held in cash and shall not be invested.

The Credit Agreement

The City, the Corporation and each Credit Provider will execute separate Reimbursement Agreements, each dated as of September 1, 2008 (each, a "Credit Agreement"), prior to issuance of the Bonds which, among other things, sets the terms and conditions under which the Corporation is required to repay the Credit Providers any amounts drawn by the Trustee under the Credit Facilities. Defined terms used under this heading and not defined in this Official Statement shall have the meanings assigned to them in the Credit Agreements and the Credit Facilities.

Reimbursement of Drawings. Except as provided below with respect to Liquidity Drawings, the Credit Agreement provides with respect to each Credit Facility:

(i) the City shall pay the Bank as reimbursement for each Drawing honored by the Bank a sum equal to the full amount of such Drawing no later than 1:00 p.m. (San Francisco time) on the date such Drawing is honored.

(ii) Overdue principal and overdue interest in respect of each Drawing, each Liquidity Advance and any other overdue amount payable by the City under the Credit Agreement will bear interest at a per annum rate equal to the Default Rate. During the continuance of an Event of Default, each Drawing, each Liquidity Advance and any other amount payable by the City under the Credit Agreement will bear interest at a rate per annum equal to the Default Rate. Interest will be calculated on the basis of a year consisting of 365/366 days and actual days elapsed.

With respect to Liquidity Advances, the Credit Agreement provides that if the Credit Provider makes any payment under the Credit Facility pursuant to a Liquidity Drawing (a drawing under the Credit Facility with respect

to the payment, upon a tender, of the unpaid principal amount of, and accrued and unpaid interest on, all or less than all of the related series of Bonds) and as long as the applicable Credit Provider's obligation to make a Liquidity Advance has not terminated, such payment shall constitute a "Liquidity Advance" (an advance made by the Credit Provider to the City on the date and in the amount of such payment). The unpaid principal amount of any Liquidity Advance and all accrued and unpaid interest thereon (based on the Liquidity Rate) shall be repaid in accordance with the Credit Agreement. Upon payment under the Credit Facility pursuant to a Liquidity Drawing, the related series of Bonds so purchased will be registered in the name of, or to the DTC account of, the Credit Provider as Bank Bonds and held by the Tender Agent pursuant to the terms of the Custodian Agreement.

Notwithstanding anything in the Credit Agreement or in the Indenture to the contrary, to the extent permitted by law, if at any time any rate of interest payable to the Credit Provider under the Credit Agreement exceeds the Maximum Interest Rate of 12% per annum and, as a result, the Credit Provider does not receive payment at the interest rate as calculated under the Credit Agreement without regard to such interest rate limitation, then the interest rate applicable to amounts owed to the Credit Provider will remain at the Maximum Interest Rate, despite any subsequent reduction in the interest rate applicable to amounts payable to the Credit Provider, until the Credit Provider has been paid that amount of interest that it would have been paid had there been no such interest rate limitation (the "Excess Interest"). The amount of Excess Interest accrued and unpaid with respect to any Bank Bonds at the time such Bank Bonds are remarketed or cease to be Outstanding will be payable to the Credit Provider as a fee in the same manner as other fees payable to the Credit Provider.

Events of Default. The occurrence of any of the following events (including the expiration of any specified time) shall constitute an "Event of Default" under the Credit Agreement:

(a) The City shall fail to pay when due (i) the amount of any Drawing; (ii) the principal of any Liquidity Advance; (iii) the interest on any Liquidity Advance and such default shall continue unremedied for 2 Business Days, or (iv) any other amount payable under the Credit Agreement, and such default shall continue unremedied for 5 Business Days; or

(b) The City shall (i) default in the due performance or observance by it of any provision incorporated by reference into the Credit Agreement or certain terms, covenants or agreements contained in the Credit Agreement; (ii) fail to provide its comprehensive annual financial report to the Bank within 270 days after the end of the fiscal year and such default shall continue unremedied for a period of 5 days; (iii) default in the due performance or observance by it of certain other terms, covenants or agreements contained in the Credit Agreement relating to notices and information and such default shall continue unremedied for a period of 10 days; or (iv) default in the due performance or observance by it of any other term, covenant or agreement under the Credit Agreement other than those referred to in (a), (b)(i) and (b)(ii) above, and such default shall continue unremedied for a period of 30 days after written notice to the City by the Bank; or

(c) The Corporation shall (i) default in the due performance or observance by it of certain terms, covenants or agreements contained in the Credit Agreement relating to maintenance of existence and release substitution or replacement of any part of the Project without consent; or (ii) default in the due performance or observance by it of any other term, covenant or agreement under the Credit Agreement (other than those referred to in (c)(i)) and such default shall continue unremedied for a period of 30 days after written notice to the Corporation by the Bank; or

(d) Any representation, warranty, certification or statement made or deemed made by the City or the Corporation in the Credit Agreement, any Related Document (defined as the Indenture, the Bonds, the Project Lease, the Site Lease, the Remarketing Agreement, the purchase contract for the Bonds, the Custodian Agreement and this Official Statement) or in any certificate, financial statement or other document delivered pursuant to the Credit Agreement shall prove when made or deemed made, in the reasonable judgment of the Bank, to have been inaccurate and misleading in any material respect; or

(e) The City shall (i) default in any payment of any general fund appropriation debt ("General Fund Appropriation Debt") beyond the period of grace (not to exceed 30 days), if any, provided in the instrument or agreement under which such General Fund Appropriation Debt was created, or (ii) default in

the observance or performance of any agreement or condition relating to any General Fund Appropriation Debt contained in any instrument or agreement evidencing, securing or relating thereto, or any other event shall occur or condition exist, the effect of which default or other event or condition is to cause, or to permit the holder or holders of any General Fund Appropriation Debt (or a trustee or agent on behalf of such holder or holders) to cause, with the giving of notice if required, such General Fund Appropriation Debt to become due prior to its stated maturity; or (iii) any General Fund Appropriation Debt shall be declared to be due and payable, or required to be prepaid other than by a regularly scheduled required prepayment, prior to the stated maturity thereof; or

(f) The City or the Corporation shall commence a voluntary case or other proceeding seeking liquidation, reorganization or other relief with respect to itself or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of itself or any substantial part of its property, or shall consent to any such relief or to the appointment of or taking possession by any such official in an involuntary case or other proceeding commenced against it, or shall make a general assignment for the benefit of creditors, or shall fail generally, or in the reasonable judgment of the Bank be unable, to pay its debts as they become due, or shall take any action to authorize any of the foregoing; or

(g) An involuntary case or other proceeding shall be commenced against the City or the Corporation seeking liquidation, reorganization or other relief with respect to it or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property and such case or proceeding is not controverted within 30 days and dismissed within 60 days; or an order for relief shall be entered against the City or the Corporation under the federal bankruptcy laws as now or hereafter in effect; or

(h) A court of competent jurisdiction shall enter a final and non-appealable judgment, order or decree declaring any (i) obligation of the City or the Corporation contained in the Credit Agreement or any Related Document or (ii) Related Document to which the City or the Corporation is a party, in either case to be invalid, not binding or unenforceable against the City or the Corporation, as the case may be; or

(i) A moratorium shall have been declared or announced by a Governmental Authority (whether or not in writing) with respect to any General Fund Appropriation Debt of the City; or

(j) Dissolution or termination of the existence of the City or the Corporation; or

(k) An uninsured, final and non-appealable judgment or order for the payment of money from the City's general fund in excess of \$10,000,000 shall be rendered against the City and such judgment has not been vacated, discharged, satisfied (by settlement, payment plan or other means) or stayed within 60 days; or

(l) Any of the funds or accounts established pursuant to the Indenture or any funds or accounts on deposit, or otherwise to the credit of, such funds or accounts shall become subject to any stay, writ, judgment, warrant of attachment, execution or similar process by any of the creditors of the City or the Corporation and such stay, writ, judgment, warrant of attachment, execution or similar process shall not be released, vacated or stayed within fifteen (15) days after its issue or levy; or

(m) Any pledge or security interest created by the Credit Agreement or any Related Document to secure any amount due by the City under the Credit Agreement or with respect to the Bonds shall fail to be fully enforceable with the priority required under the Credit Agreement or under any such Related Documents; or

(n) Any event which materially and adversely affects the financial condition of the City or the ability of the City to observe and perform its obligations under the Credit Agreement and the Related Documents to which the City is a party shall have occurred and be continuing; or

(o) (i) The withdrawal or suspension for credit-related reasons by any Rating Agency of a Rating (defined as the lowest rating assigned by any such Rating Agency to any long-term general fund appropriation lease obligation of the City (without regard to enhancement)); or (ii) the downgrade by any Rating Agency of a Rating to a level below “Baa3” (or its equivalent) in the case of Moody’s or “BBB-” (or its equivalent) in the case of S&P; or

(p) There shall have been rendered a determination that interest on any of the Bonds is includable in the gross income of the Owners thereof for Federal income tax purposes, as a result of the entry of any decree or judgment by a court of competent jurisdiction, or the taking of any official action by the Internal Revenue Service, whether or not such decree, judgment or action is appealable or deemed to be final under applicable procedural law, or delivery to the City, the Bank and the Trustee of an opinion of nationally recognized bond counsel selected by the Bank and reasonably acceptable to the City and the Trustee to the effect that the interest borne by the Bonds is includable in the gross income of the recipients thereof generally for Federal income tax purposes; or

(q) An “event of default” (or similar event) shall have occurred under any of the Related Documents.

Rights and Remedies. Upon the occurrence of an Event of Default under the Credit Agreement the Bank, in its sole discretion, may do any, none or all of the following:

(a) Deliver a written notice to the Trustee requiring the Trustee to cause a mandatory purchase of all Outstanding Bonds pursuant to the Indenture and in connection therewith instructing the Trustee to submit a final Drawing under the Letter of Credit to pay the Purchase Price of such Bonds upon their mandatory purchase (see “THE BONDS—Tender Provisions—Mandatory Tender”); or

(b) Deliver a written notice to the Trustee requiring the Trustee to cause a mandatory redemption of all Outstanding Bonds pursuant to the Indenture and in connection therewith instructing the Trustee to submit a final Drawing under the Letter of Credit to pay the redemption price of such Bonds upon their mandatory redemption (See “THE BONDS—Redemption Provisions—Redemption at the Direction of the Credit Provider”); or

(c) Take any or all of the following actions, without prejudice to the rights of the Bank to enforce its claims against the City (provided, that, if an Event of Default specified in paragraphs (f) or (g) above shall occur, the result which would occur upon the giving of written notice by the Bank to the City as specified in clauses (i) and (ii) below shall occur automatically without the giving of any such notice): (i) declare the commitment of the Bank to make Liquidity Advances terminated, whereupon such commitment shall forthwith terminate immediately; and (ii) declare the principal of and any accrued interest in respect of all Liquidity Advances and all other Obligations (other than the payment of the principal of and interest on Bank Bonds) owing under the Credit Agreement to be, whereupon the same shall become, forthwith due and payable without presentment, demand, protest or other notice of any kind, all of which are waived by the City under the Credit Agreement; or

(d) Take such action as may be necessary to cure such Event of Default on behalf of and for the account of the City; or

(e) Exercise any rights and remedies available to the Bank at law, equity or under any Related Document.

Termination. Each Credit Facility provides that it will terminate upon the earliest of (i) September 9, 2011, unless such date is extended pursuant to the terms of the Credit Facility (the “Stated Expiration Date”); (ii) the date on which the Credit Provider honors payment following a demand for funds for the final payment of principal and interest on, or principal and interest components of redemption price of, the Bonds after which payment no Bonds will remain outstanding, (iii) the date on which the Credit Provider honors payment following a demand for funds for the payment of the Purchase Price of the Bonds upon mandatory tender by the registered holder thereof in connection with a substitution of the Credit Facility, the receipt of a “Default Notice” (as defined below) by the

Trustee, the conversion of the interest rate mode of the Bonds to a rate other than a weekly rate or a daily rate, or the expiration of the Credit Facility; (iv) ten (10) Business Days after the Trustee receives written notice from the Credit Provider (a “Default Notice”) directing the Trustee to purchase or redeem all outstanding Bonds and present a final drawing under the Credit Facility as a result of the occurrence of an Event of Default under the Credit Agreement; or (iv) the date on which the Credit Facility is surrendered by the Trustee to the Credit Provider because the Credit Facility has terminated in accordance with its terms.

Alternate Credit Facility

The Indenture authorizes the Corporation, at its option, to provide for the delivery to the Trustee of an Alternate Credit Facility for a series of the Bonds in substitution for the Credit Facility or Liquidity Facility then in effect for the series of Bonds on any Conversion Date.

The Corporation will give written notice of its intention to exercise such option to the Trustee, the applicable Remarketing Agent, the Liquidity Provider and the Credit Provider at least 45 days before the proposed effective date of such Alternate Credit Facility. See “THE BONDS—Tender Provisions—Mandatory Tender.” The related series of Bonds shall be subject to mandatory tender upon delivery of an Alternate Credit Facility. A substitution may be made only if the existing Liquidity Facility may be drawn upon to pay the Purchase Price of the related series of Bonds that will be tendered, and the draw to pay the Purchase Price of the related series of Bonds, if any, being tendered shall be made on such existing Liquidity Facility. Not fewer than 10 days prior to the proposed mandatory tender date, the Trustee shall mail (by first class mail) a written notice thereof to the Owners of such series of Bonds at their addresses as they appear on the registration books of the Trustee on the day on which notice is received by the Trustee from the Corporation as provided above. Such notice shall set forth the information required by the Indenture for mandatory tender notices.

The Credit Provider

The following information has been obtained from the Banks and is not to be construed as a representation by the Corporation, the City or the Remarketing Agents. The delivery of the Official Statement shall not create any implication that there has been no change in the affairs of the Banks since the date of this Official Statement, or that the information contained or referred to in this section is correct as of any time subsequent to its date.

Bank of America, N.A. Bank of America, N.A. (the “Bank”) is a national banking association organized under the laws of the United States, with its principal executive offices located in Charlotte, North Carolina. The Bank is a wholly-owned indirect subsidiary of Bank of America Corporation (the “Corporation”) and is engaged in a general consumer banking, commercial banking and trust business, offering a wide range of commercial, corporate, international, financial market, retail and fiduciary banking services. As of June 30, 2008, the Bank had consolidated assets of \$1,327 billion, consolidated deposits of \$807 billion and stockholder’s equity of \$109 billion based on regulatory accounting principles.

The Corporation is a bank holding company and a financial holding company, with its principal executive offices located in Charlotte, North Carolina. Additional information regarding the Corporation is set forth in its Annual Report on Form 10-K for the fiscal year ended December 31, 2007, together with any subsequent documents it filed with the Securities and Exchange Commission (the “SEC”) pursuant to the Securities Exchange Act of 1934, as amended (the “Exchange Act”).

Recent Development: On July 1, 2008, the Corporation acquired Countrywide through its merger with a subsidiary of the Corporation. Under the terms of the agreement, Countrywide shareholders received 0.1822 of a share of Bank of America Corporation common stock in exchange for one share of Countrywide common stock. As provided by the merger agreement, 583 million shares of Countrywide common stock were exchanged for 106 million shares of the Corporation’s common stock. This represents approximately two percent of the Corporation’s outstanding common stock. Countrywide shareholders also received cash of \$346 thousand in place of any fractional shares of the Corporation’s common stock that would have otherwise been issued on July 1, 2008. The \$2.0 billion of Countrywide’s Series B convertible preferred shares that were previously held by the Corporation were cancelled.

Additional information regarding the foregoing is available from the filings made by the Corporation with the SEC, which filings can be inspected and copied at the public reference facilities maintained by the SEC at 100 F Street, N.E., Washington, D.C. 20549, United States, at prescribed rates. In addition, the SEC maintains a website at <http://www.sec.gov>, which contains reports, proxy statements and other information regarding registrants that file such information electronically with the SEC.

The information concerning the Corporation, the Bank and the foregoing merger contained herein is furnished solely to provide limited introductory information and does not purport to be comprehensive. Such information is qualified in its entirety by the detailed information appearing in the documents and financial statements referenced herein.

The Letter of Credit has been issued by the Bank. Moody's Investors Service, Inc. ("Moody's") currently rates the Bank's long-term debt as "Aaa" and short-term debt as "P-1." The outlook is stable. Standard & Poor's currently rates the Bank's long-term debt as "AA+" and its short-term debt as "A-1+." The outlook is negative. Fitch Ratings, Inc. ("Fitch") currently rates long-term debt of the Bank as "AA-" and short-term debt as "F1+." The outlook is stable. Further information with respect to such ratings may be obtained from Moody's, Standard & Poor's and Fitch, respectively. No assurances can be given that the current ratings of the Bank's instruments will be maintained.

The Bank will provide copies of the most recent Bank of America Corporation Annual Report on Form 10-K, any subsequent reports on Form 10-Q, and any required reports on Form 8-K (in each case as filed with the SEC pursuant to the Exchange Act), and the publicly available portions of the most recent quarterly Call Report of the Bank delivered to the Comptroller of the Currency, without charge, to each person to whom this document is delivered, on the written request of such person. Written requests should be directed to:

Bank of America Corporate Communications
100 North Tryon Street, 18th Floor
Charlotte, North Carolina 28255
Attention: Corporate Communication

PAYMENTS OF PRINCIPAL AND INTEREST ON THE SERIES 2008-1 BONDS WILL BE MADE FROM DRAWINGS UNDER THE SERIES 2008-1 CREDIT FACILITY. PAYMENTS OF THE PURCHASE PRICE OF THE SERIES 2008-1 BONDS WILL BE MADE FROM DRAWINGS UNDER THE SERIES 2008-1 CREDIT FACILITY IF REMARKETING PROCEEDS ARE NOT AVAILABLE. ALTHOUGH THE SERIES 2008-1 CREDIT FACILITY IS A BINDING OBLIGATION OF THE BANK, THE SERIES 2008-1 BONDS ARE NOT DEPOSITS OR OBLIGATIONS OF THE CORPORATION OR ANY OF ITS AFFILIATED BANKS AND ARE NOT GUARANTEED BY ANY OF THESE ENTITIES. THE SERIES 2008-1 BONDS ARE NOT INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION OR ANY OTHER GOVERNMENTAL AGENCY AND ARE SUBJECT TO CERTAIN INVESTMENT RISKS, INCLUDING POSSIBLE LOSS OF THE PRINCIPAL AMOUNT INVESTED.

State Street Bank & Trust Co. State Street Bank and Trust Company (the "Bank") is a wholly-owned subsidiary of State Street Corporation (the "Corporation"). The Corporation (NYSE: STT) is a leading specialist in providing institutional investors with investment servicing, investment management and investment research and trading. With \$15.30 trillion in assets under custody and \$1.98 trillion in assets under management, the Corporation operates in 26 countries and more than 100 markets worldwide. The assets of the Bank at December 31, 2007 accounted for approximately 94% of the consolidated assets of the Corporation. At December 31, 2007, the Corporation had total assets of \$142.54 billion, total deposits (including deposits in foreign offices) of \$95.79 billion, total loans and lease finance assets net of unearned income, allowance and reserve for possible credit losses of approximately \$15.8 billion and total equity capital of \$11.30 billion.

The Bank's Consolidated Reports of Condition for Insured Commercial and State Chartered Savings Banks FFIEC 031 for December 31, 2007, as submitted to the Federal Reserve Bank of Boston, are incorporated by reference in this Appendix and shall be deemed to be a part hereof.

In addition, all reports filed by the Bank pursuant to 12 U.S.C. §324 after the date of this Official Statement shall be deemed to be incorporated herein by reference and shall be deemed to be a part hereof from the date of filing of any such report.

Additional information, including financial information relating to the Corporation and the Bank is set forth in the Corporation's Annual Report or Form 10-K for the year ended December 31, 2007. The annual report can be found on the Corporation's web site, www.statestreet.com. Such report and all reports filed by the Corporation pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, after the date of this Official Statement are incorporated herein by reference and shall be deemed a part hereof from the date of filing of any such report. The Credit Agreement is an obligation of the Bank and not of the Corporation.

Any statement contained in any document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for purposes of this Official Statement to the extent that a statement contained herein or in any subsequently filed document that also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Official Statement.

The Bank hereby undertakes to provide, without charge to each person to whom a copy of this Official Statement has been delivered, on the written request of any such person, a copy of any or all of the documents referred to above which have been or may be incorporated in this Official Statement by reference, other than exhibits to such documents. Written requests for such copies should be directed to Investor Relations, State Street Corporation, One Lincoln Street, Boston, Massachusetts 02111, telephone number 617-786-3000.

Neither the Bank nor its affiliates make any representation as to the contents of this Official Statement, the suitability of the Bonds for any investor, the feasibility or performance of any project or compliance with any securities or tax laws or regulations.

CERTAIN RISK FACTORS

The following risk factors, along with all other information in this Official Statement should be considered by potential investors in evaluating the risks inherent in the purchase of the Bonds. The following discussion of risks is not meant to be a complete list of the risks associated with the purchase of the Bonds and does not necessarily reflect the relative importance of the various risks. Potential purchasers of the Bonds are advised to consider the following factors, among others, and to review the other information in this Official Statement in evaluating the Bonds. Any one or more of the risks discussed and others could lead to a decrease in the market value and/or the liquidity of the Bonds, notwithstanding the Credit Providers' obligations to pay scheduled principal of and interest on the applicable series of Bonds when due. No assurances can be given that other risk factors will not become evident at any future time.

Limited Obligations

The Bonds are limited obligations of the Corporation payable solely from and secured solely by the Revenues pledged therefor under the Indenture, together with amounts on deposit from time to time in the funds and accounts held by the Trustee (excluding the Rebate Fund and the Purchase Fund). Revenues consist primarily of Base Rental payments. If, for any of the reasons described below, or for any other reason, the Corporation does not receive sufficient Base Rental to pay debt service on the Bonds, the Corporation will not be obligated to utilize any other of its funds, other than certain amounts on deposit in the funds and accounts established under the Indenture, to pay debt service on the Bonds.

The Base Rental payments are not secured by any pledge of or lien on taxes or other revenue of the City, but are payable from all funds lawfully available to the City for such payment. The City has the capacity to enter into other obligations that may constitute additional obligations payable from its General Fund. In the event the City's revenue sources are less than its total obligations, the City could choose to fund other obligations before making Base Rental payments. The same result could occur if, because of State constitutional limits on expenditures, the City is not permitted to appropriate and spend all of its available revenues. The City must adopt a

balanced Budget each year, and has covenanted in the Project Lease to budget for, appropriate and make the Base Rental payments in each year that it has possession and use of the Project.

Failure of the Credit Provider

The payment of the principal of and interest on each series of Bonds and the Purchase Price of each series of Bonds upon the optional or mandatory tender thereof will initially be supported by separate Credit Facilities, one issued by Bank of America, N.A. for the Series 2008-1 Bonds and one issued by State Street Bank and Trust Company for the Series 2008-2 Bonds.

In the event the institution providing the Credit Facility fails to honor a draw on the Credit Facility to pay principal of and interest on the related series of Bonds, the Trustee will pay principal of and interest on such series of Bonds with amounts available for that purpose under the Indenture, consisting primarily of amounts on deposit in the Revenue Fund (generally consisting of Base Rental payments made by the City under the Project Lease). In the event amounts available under the Indenture are insufficient to pay principal of and interest on a series of Bonds, the Corporation's failure to pay debt service on such series of Bonds will constitute an Event of Default under the Indenture. However, the Corporation's obligation to pay debt service on the Bonds is a limited obligation of the Corporation and the Base Rental payments are a limited obligation of the City. See "Limited Obligations" above.

The Indenture provides that the Tender Agent shall purchase tendered Bonds of a series with moneys in the Bond Purchase Fund established under the Indenture in the following order: (i) first, moneys paid to it by the applicable Remarketing Agent as proceeds of the remarketing of tendered Bonds of such series and (ii) second, moneys furnished to the Tender Agent by the Trustee and derived from drawings under the related Credit Facility. In the event amounts in the Bond Purchase Fund are insufficient for the purchase of all Bonds of a series tendered for purchase, whether as a result of a failure by one of the institutions providing the related Credit Facility to honor a draw or otherwise, no purchase of such series of Bonds will be consummated and the Tender Agent will return all tendered Bonds of that series to the owners. In that case, the Indenture authorizes the applicable Remarketing Agent to continue remarketing the Bonds of such series at a rate not in excess of the Maximum Interest Rate. However, there is no assurance that the applicable Remarketing Agent will be able to remarket the tendered Bonds of such series in this circumstance, and the Corporation is not obligated to provide any moneys for the purchase of tendered Bonds of such series other than those received pursuant to the remarketing of such series of Bonds or from drawings under the related Credit Facility.

The Indenture provides that neither the failure of the Credit Provider to honor a properly presented draw on a Credit Facility nor the bankruptcy, insolvency, receivership or dissolution of the Credit Provider will constitute an Event of Default under the Indenture or, in and of itself, create any right of redemption or tender with respect to the Bonds.

Limitations on Remedies

The enforcement of any remedies provided for in the Project Lease and in the Indenture could prove to be both expensive and time-consuming. Although the Project Lease provides that if there is a default by the City, the Trustee may take possession of and relet the Project, no assurance can be given that such remedy would be enforceable or that the amounts received from such reletting would be sufficient to pay the principal of and interest with respect to the Bonds when due.

Upon the occurrence and during the continuance of the City's failure to deposit with the Trustee any Base Rental and/or Additional Rental when due, the bankruptcy of the City, or if the City breaches any other terms, covenants, conditions or agreements contained in the Project Lease (subject to a cure period as described in the Project Lease), the Trustee as assignee of the Corporation has the following general remedies: (i) to reenter the Project and relet the Project; or (ii) to enforce its rights to recover Base Rental payments as they become due. See APPENDIX A—"SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL LEGAL DOCUMENTS—THE PROJECT LEASE—Events of Default."

In addition to the limitations on remedies contained in the Project Lease and the Indenture, the rights and remedies provided in those documents may be limited by and are subject to provisions of federal bankruptcy laws,

as now or hereafter enacted, and to other laws or equitable principles that may affect creditors' rights generally. The various legal opinions to be delivered concurrently with the issuance of the Bonds will be qualified as to the enforceability of the various legal instruments by limitations imposed by State and federal laws, rulings and decisions affecting remedies, and by bankruptcy, reorganization or other laws of general application affecting the enforcement of creditors' rights, including equitable principles.

THE CORPORATION

The Corporation is a non-profit public benefit corporation duly organized and validly existing under the Nonprofit Public Benefit Corporation Law (Section 5110 et seq. of the California Corporations Code). The Corporation was formed in 1991 by the Chief Administrative Officer of the City pursuant to a resolution of the Board of Supervisors of the City. The purpose of the Corporation is to provide a means to finance, through lease financings, the acquisition, construction and installation of facilities, equipment and other tangible real and personal property for the City's general governmental purposes.

The Corporation is governed by a three-member Board of Directors. Members of the Board of Directors are appointed by the existing Board of Directors to indefinite terms and serve without compensation. The current members of the Board of Directors are as follows:

Name	Date of Appointment
Marc Stad, President	November 17, 2005
Barry Fishman, Chief Financial Officer	March 15, 2005
Pamela Jue, Secretary	February 21, 2008

Mr. Marc Stad has served as President of the Corporation since being sworn in by Mayor Gavin Newsom on November 17, 2005. Presently, Mr. Stad is attending Stanford University's Graduate School of Business to obtain a master's degree in business administration. Prior to entering Stanford, Mr. Stad was an investment professional with Texas Pacific Group in its San Francisco office and previously was with McKinsey & Company in Los Angeles, California. He also served in Vice President Al Gore's office. Mr. Stad received his undergraduate degree in Government from Harvard College.

Mr. Barry Fishman serves as Chief Financial Officer of the Corporation and was sworn in on March 15, 2005. Mr. Fishman served as the chief executive officer of Kravif Manufacturing Co., in Fall River, Massachusetts, manufacturing better ladies apparel. In 1994, he moved to San Francisco to pursue individual business ventures. He has since retired from business and is now teaching full time.

Ms. Pamela S. Jue was appointed to the office of Secretary of the Corporation and sworn in on February 21, 2008. Before her retirement, Ms. Jue practiced law in San Francisco for over 25 years, primarily in the area of public finance.

The Corporation has no employees. Pursuant to an Administrative Services Agreement dated May 23, 1997, between the City and the Corporation, the City provides administrative services to the Corporation.

THE BONDS ARE LIMITED OBLIGATIONS OF THE CORPORATION PAYABLE SOLELY FROM AND SECURED SOLELY BY THE REVENUES PLEDGED UNDER THE INDENTURE.

THE CITY AND COUNTY OF SAN FRANCISCO

The City is the economic and cultural center of the nine-county San Francisco Bay Area and northern California. Major business sectors include retail and entertainment, conventions and tourism, service businesses, banking, professional and financial services, corporate headquarters, international and wholesale trade, multimedia and advertising, biotechnology, and higher education. According to the City Contoller's office, the City's population in 2007 was 747,069, making it the fourth largest city in the State. The City proper occupies 49 square miles at the northern tip of the San Francisco Peninsula, between the Pacific Ocean and San Francisco Bay. Silicon

Valley is about 40 minutes' drive to the south, and the Napa and Sonoma Valley wine country about one hour to the north.

The City is governed by a Board of Supervisors elected from eleven districts to serve four-year terms, and a Mayor who serves as chief executive officer, elected citywide to a four-year term. Gavin Newsom has served as the Mayor of the City since 2004, and was re-elected in November 2007. The City's fiscal year 2007-08 adopted budget included \$6.08 billion of expenditures and reserves, of which \$2.92 billion was allocated to the General Fund and \$53.16 billion was allocated to all other funds, including enterprise fund departments, such as the San Francisco International Airport, San Francisco Municipal Transportation Authority, the San Francisco Public Utilities Commission, the Port of San Francisco and two City-owned hospitals. The City's fiscal year 2008-09 proposed budget includes approximately 30,000 full-time personnel. Fiscal year 2007-08 total assessed valuation of taxable property in the City was approximately \$135.51 billion.

TAX MATTERS

In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, and Leslie M. Lava, Esq., Sausalito, California, Co-Bond Counsel, subject, however, to the qualifications set forth below, under existing law, the interest on the Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, although for the purpose of computing the alternative minimum tax imposed on corporations (as defined for federal income tax purposes), such interest is taken into account in determining certain income and earnings.

The opinions set forth in the preceding paragraph are subject to the condition that the Corporation and the City comply with all requirements of the Internal Revenue Code of 1986 (the "Code") that must be satisfied subsequent to the issuance of the Bonds in order that such interest be, or continue to be, excluded from gross income for federal income tax purposes. The Corporation and the City have covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of such interest in gross income for federal income tax purposes to be retroactive to the date of issuance of the Bonds.

In the further opinion of Co-Bond Counsel, interest on the Bonds is exempt from California personal income taxes.

Owners of the Bonds should also be aware that the ownership or disposition of, or the accrual or receipt of interest on, the Bonds may have federal or state tax consequences other than as described above. Co-Bond Counsel express no opinion regarding any federal or state tax consequences arising with respect to the Bonds other than as expressly described above.

APPROVAL OF LEGAL PROCEEDINGS

Certain legal matters incident to the authorization, sale and delivery of the Bonds are subject to the approval of Jones Hall, A Professional Law Corporation, San Francisco, California, and Leslie M. Lava, Esq., Sausalito, California, Co-Bond Counsel. Certain legal matters are being passed upon for the Corporation by Miller Brown & Dannis, San Francisco, California, Corporation Counsel, and for the City by the City Attorney. Certain legal matters are being passed upon for the Underwriters by Fulbright & Jaworski L.L.P., Los Angeles, California. Orrick, Herrington & Sutcliffe LLP, San Francisco, California, is acting as Disclosure Counsel. White & Case LLP, Los Angeles, California, is acting as counsel to the Credit Providers.

Copies of the approving opinion of Co-Bond Counsel will be available at the time of delivery of the Bonds. The form of the opinion is set forth in APPENDIX B—"PROPOSED FORM OF OPINION OF CO-BOND COUNSEL." Co-Bond Counsel is not passing upon and undertakes no responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement. Co-Bond Counsel, Corporation Counsel, Credit Provider Counsel and Disclosure Counsel will receive compensation that is contingent upon the sale and delivery of the Bonds.

LITIGATION

No litigation is pending or, to the knowledge of the City Attorney, as counsel to the City, or Miller Brown & Dannis, as counsel to the Corporation, threatened, concerning the validity of the Bonds, the Indenture, the Project Lease, the Site Lease or the Project and Miller Brown & Dannis, as counsel to the Corporation and the City Attorney, as counsel to the City, will issue opinions to that effect. The opinions of Miller Brown & Dannis and the City Attorney will be furnished to the Underwriters at the time of the original delivery of the Bonds. The City is not aware of any litigation pending or threatened questioning the political existence of the City, contesting the City's ability to appropriate or make Base Rental payments or which if determined adversely to the City would have a material effect on its finances or operations.

RATINGS

With the understanding that the Credit Facilities will be delivered concurrently with issuance of the Bonds, Moody's Investors Service, Inc. ("Moody's"), Standard & Poor's Rating Services, a division of The McGraw-Hill Companies, Inc. ("S&P") and Fitch Ratings ("Fitch") have assigned long-term ratings on the Bonds of "Aaa," "AAA," and "AA+," respectively, and short-term ratings of "VMIG 1," "A-1+," and "F1+." The long-term ratings on the Bonds are based on the rating agencies analyses of the credit strength of both the Credit Provider and the City. The short-term ratings on the Bonds are based on the rating agencies analyses of the credit strength of only the Credit Provider.

Certain information was supplied by the City to the rating agencies to be considered in evaluating the Bonds. The ratings issued reflect only the views of such rating agencies, and any explanation of the significance of such ratings should be obtained from Moody's, S&P and Fitch, respectively. No assurance can be given that any rating issued by the rating agencies will be retained for any given period of time or that the same will not be revised or withdrawn entirely by such rating agencies, if in their judgment, circumstances so warrant. Any such revision or withdrawal of the ratings obtained may have an adverse effect on the market price of the Bonds.

FINANCIAL ADVISOR

Kitahata & Company, San Francisco, California, and Montague Derosé and Associates, LLC, Walnut Creek, California (the "Financial Advisors"), have served as Financial Advisors in connection with the authorization and delivery of the Bonds. The Financial Advisors are not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness or fairness of the information contained in the Official Statement. The Financial Advisors will receive compensation that is contingent upon the sale and delivery of the Bonds.

NO CONTINUING DISCLOSURE

While the Bonds bear interest at a Weekly Rate or a Daily Rate, they are exempt from continuing disclosure under Securities and Exchange Commission Rule 15c2-12(b)(5).

UNDERWRITING

Series 2008-1 Bonds. E. J. De La Rosa & Co., Inc. (the "Series 2008-1 Underwriter") has agreed to purchase the Series 2008-1 Bonds at the price equal to \$72,491,231.80, being the initial principal amount of the Series 2008-1 Bonds less an underwriter's discount of \$178,768.20, pursuant to a purchase contract between the Series 2008-1 Underwriter and the Corporation (the "Series 2008-1 Purchase Contract"). The Series 2008-1 Purchase Contract provides that the Series 2008-1 Underwriter will purchase all of the Series 2008-1 Bonds if any are purchased. The obligation to make such purchase is subject to certain terms and conditions set forth in the Series 2008-1 Purchase Contract.

Series 2008-2 Bonds. Banc of America Securities LLC (the "Series 2008-2 Underwriter," and together with the Series 2008-1 Underwriter, the "Underwriters") has agreed to purchase the Series 2008-2 Bonds at the price

equal to \$72,491,231.80, being the initial principal amount of the Series 2008-2 Bonds less an underwriter's discount of \$178,768.20, pursuant to a purchase contract between the Series 2008-2 Underwriter and the Corporation (the "Series 2008-2 Purchase Contract" and, collectively with the Series 2008-1 Purchase Contract, the "Purchase Contract"). The Series 2008-2 Purchase Contract provides that the Series 2008-2 Underwriter will purchase all of the Series 2008-2 Bonds if any are purchased. The obligation to make such purchase is subject to certain terms and conditions set forth in the Series 2008-2 Purchase Contract.

General. The initial public offering prices stated on the cover of this Official Statement may be changed from time to time by an Underwriter with respect to the series of Bonds purchased by such Underwriter. The Underwriters may offer and sell the Bonds to certain dealers, banks acting as agents and others at prices lower than said public offering prices.

MISCELLANEOUS

References made in this Official Statement to certain documents and reports are brief summaries thereof that do not purport to be complete or definitive, and reference is made to such documents and reports for full and complete statements of the contents thereof.

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the Corporation or the City and the purchasers or Owners of any of the Bonds. The distribution of this Official Statement has been authorized by the Corporation and the City.

The execution and delivery of this Official Statement has been duly authorized by the Corporation.

CITY AND COUNTY OF SAN FRANCISCO
FINANCE CORPORATION

By: /s/ Barry Fishman
Chief Financial Officer

APPENDIX A

SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL LEGAL DOCUMENTS

DEFINITIONS

The following sets forth various definitions used in the Official Statement, the Indenture of Trust, the Project Lease and the Site Lease.

"Additional Rental" means the payments so designated and required to be paid by the City pursuant to the Project Lease.

"Alternate Credit Facility" means any letter of credit, committed line of credit, bond purchase agreement, surety bond, bond insurance policy or other instrument, or any combination thereof, under the terms of which the Trustee is authorized to receive payment of an amount sufficient to pay when and as due under the Indenture, (a) the principal of the Bonds or any Series thereof, (b) the interest on the Bonds or any Series thereof, and, to the extent applicable, (c) the Purchase Price of the Bonds or any Series thereof upon the optional or mandatory tender thereof, including the principal amount and accrued interest thereon to the Optional Tender Date or the Mandatory Tender Date, as applicable, to the extent required to be paid under the Indenture.

"Annual Debt Service" means, for each Bond Year, the sum of (a) the interest payable on the Outstanding Bonds in such Bond Year, assuming that the Outstanding Bonds are retired as scheduled, whether by maturity or by Sinking Account Payment, (b) the principal amount of the Outstanding Bonds scheduled to be paid in such Bond Year and (c) the principal amount of the Outstanding Term Bonds scheduled to be redeemed by operation of mandatory sinking fund payments in such Bond Year.

"Authorized Denomination" means (1) with respect to Bonds bearing interest at a Daily Rate or a Weekly Rate, \$100,000 and any integral multiple of \$5,000 in excess thereof; (2) with respect to Bonds bearing interest at a Flexible Rate, a Monthly Rate or a Semiannual Rate, \$100,000 and any integral multiple of \$1,000 in excess thereof; and (3) with respect to Bonds bearing interest at a Long Rate or a Fixed Rate, \$5,000 and any integral multiple thereof.

"Authorized Representative" means: (a) with respect to the Corporation, its President, Chief Financial Officer or Secretary, or any other Person designated as an Authorized Representative of the Corporation by a Certificate of the Corporation signed by its President, Chief Financial Officer or Secretary and filed with the City and the Trustee; (b) with respect to the City, its Mayor, Controller, Director of Public Finance, or any other Person designated as an Authorized Representative of the City by a Certificate signed on behalf of the City by its Mayor, Controller, Director of Public Finance and filed with the Corporation and the Trustee; and (c) with respect to the Trustee, any Senior Vice President, any Vice President, any Assistant Vice President or any Trust Officer of the Trustee, and when used with reference to any act or document also means any other Person authorized to perform such act or sign any document by or pursuant to a resolution of the Board of Directors of the Trustee or the by-laws of the Trustee.

"Available Moneys" means (1) moneys derived from payments under the Credit Facility and not commingled with any other funds; (2) any moneys on deposit with the Trustee pursuant to the Indenture for a period of 123 consecutive days and not commingled with any moneys so held for less than said period, during which no petition in bankruptcy under the United States Bankruptcy Code has been filed by or against the Corporation or the City, (3) investment income derived from the investment of moneys described in clause (1) or (2); (4) moneys as to which the Trustee has received an opinion of bankruptcy counsel acceptable to the Corporation, Moody's and Fitch to the effect that the contemplated disbursement thereof pursuant to the Indenture will not be recoverable under Section 547 or 550 of the United States Bankruptcy Code; or (5) if a Credit Facility is not then in effect with respect to the related Series of Bonds, any legally available funds of the Corporation or the City.

"Bank Bonds" means Variable Rate Bonds purchased with amounts drawn under the Liquidity Facility pursuant to the Indenture and owned by the Liquidity Provider or its transferees (unless otherwise provided in the Credit Agreement with respect to such Bonds, if any, that the Liquidity Provider has determined to own for its own account subject to the interest rate setting provisions of the Indenture), until such time as such Bonds are remarketed in accordance with the provisions of the Indenture and of the Liquidity Facility.

"Bank Rate" means the rate or rates per annum set forth in the Credit Agreement at which interest accrues on Bank Bonds. The basis upon which the Bank Rate is calculated shall be as set forth in the Credit Agreement.

"Base Rental" means all amounts payable to the Corporation from the City as rental (but shall not include Additional Rental) pursuant to the Project Lease.

"Base Rental Payment Date" means any date on which Base Rental is scheduled to be paid under the Project Lease (subject to the abatement provisions of the Project Lease), being, (i) for so long as the Bonds bear interest at a Daily Rate, a Weekly Rate, a Monthly Rate or a Flexible Rate, or for so long as the Bonds are Bank Bonds, the third Business Day preceding each Interest Payment Date, and (ii) for so long as the Bonds bear interest at a Semiannual Rate, a Long Rate or a Fixed Rate, the fifth day immediately preceding each Interest Payment Date.

"Beneficial Owner" means the beneficial owner of Bonds held in book-entry form or the registered owner of Bonds held in certificated form.

"Bonds" means, collectively, the Series 2008-1 Bonds and the Series 2008-2 Bonds.

"Bond Year" means each twelve-month period beginning on April 2 in any year and extending to the next succeeding April 1, both dates inclusive, except the first Bond Year shall begin on the Closing Date, and end on April 1, 2009.

"Business Day" means any day of the year other than (a) a Saturday, (b) a Sunday, (c) any day which shall be in San Francisco, California or New York, New York a legal holiday or a day on which banking institutions are authorized or required to close, (d) any day which the Trustee has notified the Credit Provider and, if different, the Liquidity Provider in writing is a legal holiday or a day on which banking institutions are authorized or required to close in the city in which the principal corporate trust office of the Trustee is located, and (e) any day which the Credit Provider or, if different, the Liquidity Provider has notified the Trustee in writing is a legal holiday or a day on which banking institutions are authorized or required to close in the city in

which the payment office of the Credit Provider or, if different, the Liquidity Provider, is located. If any payment under the Indenture or the Project Lease is due on a day which is not a Business Day, such payment shall be made on the next succeeding Business Day and, except in the case of Bank Bonds (for which interest shall accrue), interest shall not accrue to such Business Day.

"City" means the City and County of San Francisco, a charter city and county duly organized and existing under and virtue of its Charter and the Constitution of the State of California.

"Closing Date" means the date on which the Bonds are delivered to the Original Purchaser.

"Code" means the Internal Revenue Code of 1986 and the regulations of the United States Department of Treasury issued thereunder, and in this regard reference to any particular Section of the Code shall include reference to all successors to such Section of the Code, when appropriate.

"Conversion Date" means, with respect to each Series of Bonds, the applicable (i) Variable Rate Conversion Date and (ii) the Fixed Rate Conversion Date.

"Corporate Trust Office" (a) when used with respect to the Trustee, means the corporate trust office of the Trustee in San Francisco, California located at the address set forth in the Indenture, provided, however, for transfer, registration, exchange, payment and surrender of Bonds means care of the corporate trust office of the Trustee in Minneapolis, Minnesota (as set forth in the Indenture), or such other office designated by the Trustee from time to time; (b) when used with respect to the Tender Agent, means the corporate trust office of the Tender Agent in San Francisco, California located at the address set forth in the Indenture, provided, however, for transfer, registration, payment and surrender of Bonds, means care of the corporate trust office of the Tender Agent, in Minneapolis, Minnesota (as set forth in the Indenture), or such or other office designated by the Tender Agent from time to time, (c) when used with respect to the Series 2008-1 Remarketing Agent, the office located at the address set forth in the Indenture, and (d) when used with respect to the Series 2008-2 Remarketing Agent, the office located at the address set forth in the Indenture.

"Corporation" means the City and County of San Francisco Finance Corporation, a nonprofit public benefit corporation organized and existing under the Law.

"Costs of Issuance" means all items of expense directly or indirectly payable by or reimbursable to the Corporation or the City and related to the authorization, issuance, sale and delivery of the Bonds, including but not limited to advertising and printing costs, costs of preparation and reproduction of documents, filing and recording fees, initial fees and charges of the Trustee, costs relating to the refunding of the Series 2000 Bonds, legal fees and charges, fees and disbursements of consultants and professionals, rating agency fees, fees and premiums for the Credit Facility and the Liquidity Facility, fees and expenses of counsel to the Credit Provider or the Liquidity Provider, initial fees and expenses of the Trustee and the Remarketing Agents, fees and charges for preparation, execution, transportation and safekeeping of the Bonds, and any other cost, charge or fee in connection with the original issuance of Bonds.

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

"Credit Agreement" means, collectively, the Series 2008-1 Credit Agreement and the Series 2008-2 Credit Agreement or either of the above, as applicable.

"Credit Facility" means, collectively, the Series 2008-1 Credit Facility and the Series 2008-2 Credit Facility or either of the above, as applicable.

"Credit Facility Bond Payment Fund" means the fund by that name established pursuant to the Indenture and held by the Trustee.

"Credit Provider" means, collectively, the Series 2008-1 Credit Provider and the Series 2008-2 Credit Provider or either of the above, as applicable.

"Daily Rate" means an interest rate that is determined for a Series of Variable Rate Bonds on each Business Day pursuant to the Indenture.

"Daily Rate Conversion Date" means the day on which interest on a Series of Variable Rate Bonds begins to accrue at a Daily Rate following conversion from a different Variable Rate pursuant to the Indenture.

"Daily Rate Period" means each period during which interest on a Series of Variable Rate Bonds is payable or is accrued at a Daily Rate.

"Defeasance Obligations" means any of the following which at the time acquired or made are legal investments for the Corporation under applicable State laws for the moneys held under the Indenture then proposed to be invested therein:

- (i) Government Obligations;
- (ii) Direct obligations of the Treasury which have been stripped by the Treasury itself, and CATS, TIGRS and similar securities;
- (iii) The interest component of Resolution Funding Corporation strips which have been stripped by request to the Federal Reserve Bank of New York in book entry form;
- (iv) Pre-refunded municipal bonds rated Aaa by Moody's and AAA by S&P, provided that, if the issue is rated only by S&P (i.e., there is no Moody's rating), then the pre-refunded municipal bonds must have been pre-refunded with cash, direct U.S. or U.S. guaranteed obligations, or AAA rated pre-refunded municipals; and
- (v) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies and provided such obligations are backed by the full faith and credit of the United States of America (stripped securities are only permitted if they have been stripped by the agency itself): (i) direct obligations or fully guaranteed certificates of beneficial ownership of the U.S. Export-Import Bank; (ii) certificates of beneficial ownership of the Rural Economic Community Development Administration (formerly the Farmers Home Administration); (iii) obligations of the Federal Financing Bank; (iv) debentures of the Federal Housing Administration; (v) participation certificates of the General Services Administration; (vi) guaranteed Title XI financings of the U.S. Maritime Administration; and (vii)

project notes, local authority bonds, new communities debentures and U.S. public housing notes and bonds of the U.S. Department of Housing and Urban Development.

"Depository" means (a) initially, DTC, and (b) any other Securities Depository acting as Depository pursuant to the Indenture.

"Depository System Participant" means any participant in the Depository's book-entry system.

"DTC" means The Depository Trust Company, New York, New York, and its successors and assigns.

"Event of Bankruptcy" means, with respect to any Person, the filing of a petition in bankruptcy or the commencement of a proceeding under the United States Bankruptcy Code or any other applicable law concerning insolvency, reorganization or bankruptcy by or against such person as debtor, other than any involuntary proceeding which has been finally dismissed without entry of an order for relief or similar order as to which all appeal periods have expired.

"Event of Default" means any of the events specified as such in the Indenture.

"Event of Termination" means those events, if any, upon the occurrence of which the obligation of a Liquidity Provider (which is not providing credit support with respect to the Bonds) to purchase tendered Bonds (or to otherwise advance funds for the purchase of tendered Bonds) is terminated or suspended without notice or the opportunity to tender Bonds following certain events of default or insolvency of the applicable Credit Provider, as specified in the applicable Liquidity Facility.

"Excess Investment Earnings" means an amount equal to the sum of:

(i) the excess of

(A) the aggregate amount earned on all Nonpurpose Investments (other than amounts attributable to such excess), over

(B) the amount which would have been earned if the Yield on such Nonpurpose Investments (other than amounts attributable to such excess) had been equal to the Yield on the Bonds, and

(ii) any income attributable to the excess described in clause (i).

"Facilities" means the new free-standing expansion to the City's Moscone Convention Center constructed on the Site.

"Fair Market Value" means the price at which a willing buyer would purchase the investment from a willing seller in a bona fide, arm's length transaction (determined as of the date the contract to purchase or sell the investment becomes binding) if the investment is traded on an established securities market (within the meaning of Section 1273 of the Code) and, otherwise, the term "Fair Market Value" means the acquisition price in a bona fide arm's length transaction (as referenced above) if (i) the investment is a certificate of deposit that is acquired in accordance with applicable regulations under the Code, (ii) the investment is an agreement with specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated

interest rate (for example, a guaranteed investment contract, a forward supply contract or other investment agreement) that is acquired in accordance with applicable regulations under the Code, (iii) the investment is a United States Treasury Security--State and Local Government Series that is acquired in accordance with applicable regulations of the United States Bureau of Public Debt, or (iv) any commingled investment fund in which the City and related parties do not own more than a 10% beneficial interest if the return paid by the fund is without regard to the source of investment.

"Fiscal Year" means the period beginning on July 1 of each year and ending on the next succeeding June 30, or any other twelve-month period hereafter selected and designated as the official fiscal year period of the Corporation and certified to the Trustee in writing by an Authorized Representative of the Corporation.

"Fitch" means Fitch Ratings, a corporation duly organized and existing under and by virtue of the laws of the State of Delaware, and its successors and assigns, except that if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term "Fitch" shall be deemed to refer to any other nationally recognized securities rating agency selected by the City.

"Fixed Rate" means an interest rate or rates borne by a Series of Bonds from and after the Fixed Rate Conversion Date and determined in accordance with the Indenture.

"Fixed Rate Bonds" means a Series of Bonds that bear interest at the Fixed Rate.

"Fixed Rate Conversion Date" means the date on which Series of Variable Rate Bonds begin to bear interest at the Fixed Rate.

"Flexible Rate" means an interest rate that is determined for a Series of Variable Rate Bonds for a Flexible Rate Period pursuant to the Indenture.

"Flexible Rate Conversion Date" means the day on which interest on a Series of Bonds begins to accrue at a Flexible Rate following conversion from a different Variable Rate pursuant to the Indenture.

"Flexible Rate Period" means each period during which interest on a Series of Variable Rate Bonds is payable or is accrued at a Flexible Rate.

"Government Certificates" means evidences of indebtedness of ownership of proportionate interests in future principal and/or interest payments of Government Obligations, including depository receipts thereof, wherein (i) a bank or trust company acts as custodian and holds the underlying Government Obligations; (ii) the owner of the Government Certificate is a real party in interest with the right to proceed directly and individually against the obligor of the underlying Government Obligations; and (iii) the underlying Government Obligations are held in trust in a special account, segregated from the custodian's general assets, and are not available to satisfy any claim of the custodian or any person claiming through the custodian, or any person to whom the custodian may be obligated.

"Government Obligations" means and includes any of the following securities: cash; State and Local Government Series notes issued by the United States Treasury; United States Treasury bills, notes and bonds as traded on the open market; zero coupon United States

Treasury bonds; and interest strips of the Resolution Funding Corporation for which separation of principal and interest is made by a Federal Reserve Bank in book-entry form.

"Gross Proceeds" means the sum of the following amounts:

(i) original proceeds, namely, net amounts received by or for the Corporation or the City as a result of the sale of the Bonds, excluding original proceeds which become transferred proceeds (determined in accordance with applicable Regulations) of obligations issued to refund in whole or in part the Bonds;

(ii) investment proceeds, namely, amounts received at any time by or for the Corporation or the City, such as interest and dividends, resulting from the investment of any original proceeds (as referenced in clause (i) above) or investment proceeds (as referenced in this clause (ii)) in Nonpurpose Investments, increased by any profits and decreased (if necessary, below zero) by any losses on such investments, excluding investment proceeds which become transferred proceeds (determined in accordance with applicable Regulations) of obligations issued to refund in whole or in part the Bonds;

(iii) sinking fund proceeds, namely, amounts, other than original proceeds or investment proceeds (as referenced in clauses (i) and (ii) above) of the Bonds, which are held in the Revenue Fund and any other fund or account to the extent that the Corporation or the City reasonably expects to use such other fund to pay debt service on the Bonds;

(iv) amounts in any fund established as a reasonably required reserve for payment of debt service on the Bonds;

(v) amounts, other than as specified in this definition, used to pay debt service on the Bonds; and

(vi) amounts received as a result of investing amounts described in this definition.

"Indenture" means the Indenture of Trust date as of September 1, 2008 between the Corporation and the Trustee, as originally executed or as it may from time to time be supplemented, modified or amended by any Supplemental Indenture.

"Information Services" means Bloomberg Municipal Repository, 100 Business Park Drive, Skillman, New Jersey 08558; DPC Data Inc., One Executive Drive, Fort Lee, New Jersey 07024; Interactive Data Pricing and Reference Data, Inc., Attn: NRMSIR, 100 William Street, 15th Floor, New York, New York 10038; Standard & Poor's Securities Evaluation, Inc., 55 Water Street, 45th Floor, New York, New York 10041; and, in accordance with then current guidelines of the Securities and Exchange Commission, at such other addresses and/or such other services providing information with respect to called bonds as the Corporation may designate in a Written Request of the Corporation delivered to the Trustee.

"Insurance and Condemnation Fund" means the fund by that name established and held by the Trustee pursuant to the Indenture.

"Interest Payment Date" means (i) when used with respect to a Series of Bonds bearing interest at a Daily Rate, a Weekly Rate or a Monthly Rate, the first Business Day of each month, the maturity date thereof, and, with respect to a Series of Bonds bearing interest at a Daily Rate or a Weekly Rate, any date on which such Series of Bonds are subject to mandatory tender for

purchase due to the termination of the Liquidity Facility or the expiration of the Credit Facility (in each case, as provided in the Indenture); (ii) when used with respect to a Series of Bonds bearing interest at a Flexible Rate, the Business Day following each Rate Period and the maturity date thereof; (iii) when used with respect to a Series of Bonds bearing interest at a Semiannual Rate, a Long Rate or a Fixed Rate, April 1 and October 1 of each year, commencing on the first April 1 or October 1 which is at least two months after the applicable Conversion Date, provided that such dates may be changed by the Corporation upon any conversion to a Semiannual Rate, a Long Rate or a Fixed Rate, if the Corporation provides to the Trustee an Opinion of Bond Counsel to the effect that such change, in and of itself, does not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Bonds; and (iv) when used with respect to Bank Bonds, any date on which any interest on the Bank Bonds is due under the applicable Credit Agreement.

"Interest Payment Period" means, (i) with respect to a Series of Bonds bearing interest at a Daily Rate, Weekly Rate or Monthly Rate, the period from and including the first Business Day of each month (with the exception of the first Interest Payment Period following the Closing Date or conversion of the Series of Bonds to a Daily Rate, Weekly Rate or Monthly Rate, which commences on the Closing Date or Conversion Date, as applicable) to and including the day before the first Business Day of the next month (except in the event of a conversion to a Semiannual Rate, a Long Rate or a Fixed Rate, in which event to and including the last day of such month); (ii) with respect to a Series of Bonds bearing interest at a Flexible Rate, Semiannual Rate, Long Rate or Fixed Rate, the period from and including each Interest Payment Date (with the exception of the first Interest Payment Period following the Closing Date or conversion from a Daily Rate, Weekly Rate, Monthly Rate or Flexible Rate, which commences on the Closing Date or the Conversion Date, as applicable) to and including the day immediately preceding the next succeeding Interest Payment Date; and (iii) with respect to Bank Bonds, the interest periods identified as such in the applicable Credit Agreement.

"Investment Property" means any security (as said term is defined in Section 165(g)(2)(A) or (B) of the Code), obligation, annuity contract or investment-type property, excluding, however, obligations (other than specified private activity bonds as defined in Section 57(e)(5)(6) of the Code) the interest on which is excluded from gross income, under Section 103 of the Code, for federal income tax purposes.

"Law" means the California Nonprofit Public Benefit Corporation Law, being Part 2 of Title 1 (commencing with Section 5110) of the California Corporations Code.

"Lease Year" means the period from each April 1 to and including March 31 of the next succeeding calendar year, continuing throughout the term of the Project Lease; provided that the first Lease Year shall commence on the Closing Date and end on March 31, 2009.

"Liquidity Facility" means any instrument (or combination of instruments) that is issued by a commercial bank, a commercial insurer or other financial institution (and which may be part of a Credit Facility providing credit support for the Bonds), that provides (or in the aggregate provide) for draws or claims for the purpose of paying the purchase price of tendered Variable Rate Bonds of a Series in an aggregate amount at least equal to the Required Stated Amount. The letter of credit initially delivered by the Bank of America, N.A., as the initial Series 2008-1 Credit Facility, and by State Street Bank and Trust Company, as the initial Series 2008-2 Credit Facility, each also constitute a Liquidity Facility. Such instrument may be (or instruments may include) a letter of credit, insurance policy, surety bond, line of credit, standby bond purchase agreement, acceptance, guarantee or other instrument. Any Liquidity Facility may be subject to

termination prior to its scheduled expiration date upon (1) the issuance of a substitute Liquidity Facility, (2) upon payment of the Series of Bonds supported by a Liquidity Facility in full or upon provision for such payment in accordance with the Indenture, (3) the Fixed Rate Conversion Date or (4) an Event of Termination.

"Liquidity Provider" means any financial institution issuing a Liquidity Facility with respect to Variable Rate Bonds of a Series, and its successors and assigns. The initial Liquidity Provider for the Series 2008-1 Bonds will be Bank of America, N.A., and the initial Liquidity Provider for the Series 2008-2 Bonds will be State Street Bank and Trust Company.

"Long Rate" means an interest rate that is determined for a Series of Variable Rate Bonds on the basis of a term in excess of one year pursuant to the Indenture.

"Long Rate Conversion Date" means the day on which interest on a Series of Variable Rate Bonds begins to accrue at a Long Rate following conversion from a different Variable Rate pursuant to the Indenture.

"Long Rate Period" means each period during which interest on a Series of Variable Rate Bonds is payable or is accrued at a Long Rate.

"Mandatory Tender Date" means the date on which a Series of Variable Rate Bonds are subject to mandatory tender for purchase pursuant to the Indenture.

"Mandatory Tender Notice" means notice of any mandatory tender of Bonds of a Series pursuant to the Indenture, which notice satisfies the requirements of the Indenture.

"Maximum Annual Debt Service" means the largest Annual Debt Service during the period from the date of such determination through the final maturity date of the Bonds.

"Maximum Interest Rate" means (i) 12% per annum, (ii) with respect to Bank Bonds, the maximum rate specified in the applicable Credit Agreement, or (iii) such other rate as may be specified for a Series of Bonds by the Corporation in writing to the Trustee accompanied by (a) written confirmations from the Credit Provider or the Liquidity Provider, as applicable, that the amount available to be drawn under the Credit Facility or the Liquidity Facility, as applicable, is at least equal to the Required Stated Amount calculated after such change in the Maximum Interest Rate, and (b) an Opinion of Bond Counsel to the effect that the proposed change in the Maximum Interest Rate will not adversely affect the exclusion of interest on the Bonds from gross income for federal income tax purposes or exceed the maximum interest rate permitted by law.

"Monthly Rate" means an interest rate that is determined for a Series of Variable Rate Bonds on a monthly basis pursuant to the Indenture.

"Monthly Rate Conversion Date" means the day on which interest on a Series of Variable Rate Bonds begins to accrue at a Monthly Rate following conversion from a different Variable Rate pursuant to the Indenture.

"Monthly Rate Period" means each period during which interest on a Series of Variable Rate Bonds is payable or is accrued at a Monthly Rate.

"Moody's" means Moody's Investors Service, a corporation duly organized and existing under and by virtue of the laws of the State of Delaware, and its successors and assigns, except that if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term "Moody's" shall be deemed to refer to any other nationally recognized securities rating agency selected by the City.

"Net Proceeds" means any insurance proceeds or condemnation award paid with respect to the Project to the extent remaining after payment therefrom of all expenses (including attorneys' fees) incurred in the collection thereof, and shall also include amounts payable or available under any self-insurance program.

"Nominee" means (a) initially, Cede & Co., as nominee of DTC, and (b) any other nominee of the Depository designated pursuant to the Indenture.

"Nonpurpose Investment" means any Investment Property which is acquired with the Gross Proceeds of the Bonds and is not acquired in order to carry out the governmental purpose of the Bonds.

"Opinion of Bond Counsel" means a written opinion of an attorney-at-law, or a firm of such attorneys, in each case designated by the City, of nationally recognized standing in matters pertaining to the exclusion from gross income for federal income tax purposes of interest on obligations issued by states and their political subdivisions, duly admitted to the practice of law before the highest court of any state of the United States of America.

"Optional Tender Date" means any date on which a Variable Rate Bond bearing interest at a Daily Rate, a Weekly Rate or a Monthly Rate is tendered for purchase pursuant to the Indenture.

"Optional Tender Notice" means written irrevocable notice from the Owner of any Series of Bond bearing interest at a Daily Rate, a Weekly Rate or a Monthly Rate meeting the requirements of the Indenture.

"Original Purchaser" means, with respect to the Series 2008-1 Bonds, means E.J. De La Rosa & Co., Inc. as the original purchaser of the Series 2008-1 Bonds, and, with respect to the Series 2008-2 Bonds, means Banc of America Securities LLC as the original purchaser of the Series 2008-2 Bonds.

"Outstanding" means, when used as of any particular time with reference to Bonds, (subject to the provisions of the Indenture) all Bonds theretofore, or thereupon being, authenticated and delivered by the Trustee under the Indenture except (a) Bonds theretofore cancelled by the Trustee or surrendered to the Trustee for cancellation; (b) Bonds with respect to which all liability of the Corporation shall have been discharged in accordance with the Indenture, including Bonds (or portions of Bonds) disqualified under the Indenture, but not including Bonds paid by the Credit Provider as provided in the Indenture; and (c) Bonds for the transfer or exchange of or in lieu of or in substitution for which other Bonds shall have been authenticated and delivered by the Trustee pursuant to the Indenture.

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

"Permitted Encumbrances" means as of any particular time:

- (a) liens for general ad valorem taxes and assessments, if any, not then delinquent, or which the City may, pursuant to provisions of the Project Lease, permit to remain unpaid;
- (b) the Project Lease;
- (c) the Site Lease;
- (d) any right or claim of any mechanic, laborer, materialman, supplier or vendor not filed or perfected in the manner prescribed by law;
- (e) any lease or sublease of the Facilities or any portion thereof, including, without limitation, any lease or sublease relating to any solar photovoltaic and related equipment installed on or at the Facilities;
- (f) easements, rights of way, mineral rights, drilling rights and other rights, reservations, covenants, conditions or restrictions which exist of record as of the Closing Date and which appear as exceptions to the title insurance policy delivered pursuant to the Project Lease; and
- (g) easements, rights of way, mineral rights, drilling rights and other rights, reservations, covenants, conditions or restrictions established following the date of recordation of the Project Lease and to which the Corporation and the City consent in writing.

"Permitted Investments" means, if and to the extent permitted by law and by any policy guidelines promulgated by the Corporation and the City:

- (a) Government Obligations or Government Certificates;
- (b) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies and provided such obligations are backed by the full faith and credit of the United States of America (stripped securities are only permitted if they have been stripped by the agency itself):
 - (i) Farmers Home Administration (FMHA) - Certificates of beneficial ownership;
 - (ii) Federal Housing Administration Debentures (FHA);
 - (iii) General Services Administration - Participation Certificates;
 - (iv) Government National Mortgage Association (GNMA or "Ginnie Mae") - guaranteed mortgage-backed bonds and GNMA guaranteed pass-through obligations (participation certificates);
 - (v) U.S. Maritime Administration - Guaranteed Title XI financing;
 - (vi) U.S. Department of Housing and Urban Development (HUD) - Project notes and local authority bonds; and
 - (vii) any other agency or instrumentality of the United States of America;

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

(i) Federal Home Loan Bank System - Senior debt obligations (consolidated debt obligations);

(ii) Federal Home Loan Mortgage Corporation (FHLMC or "Freddie Mac") - Participation certificates (mortgage-backed securities) and senior debt obligations;

(iii) Fannie Mae - mortgage-backed securities and senior debt obligations (excluding stripped mortgage securities which are valued greater than par on the portion of the unpaid principal);

(iv) Student Loan Marketing Association (SLMA or "Sallie Mae") - Senior debt obligations;

(v) Resolution Funding Corp. (REFCORP) - Only the interest component of REFCORP strips which have been stripped by request to the Federal Reserve Bank of New York in book-entry form;

(vi) Federal Farm Credit System - Consolidated systemwide bonds and notes; and

(vii) any other agency or instrumentality of the United States of America;

(d) Money market funds registered under the Federal Investment Company Act of 1940, whose shares are registered under the Securities Act of 1933, and having a rating by S&P of AAAm-G or AAAm and by Moody's of Aaa;

(e) Certificates of deposit issued by a state or national bank or a state or federal savings and loan, provided that such certificates of deposit shall be either (i) continuously and fully insured by the FDIC, or (ii) have a maturity of not greater than 365 days and have the highest short-term letter and numerical ratings of Moody's and S&P;

(f) Savings accounts or money market deposits that are fully insured by the FDIC;

(g) Investment agreements, including guaranteed investment contracts, provided either (i) the long-term unsecured debt or claims ability of the issuer or guarantor thereof is rated in the highest rating category by Moody's and S&P, or (ii) such agreement is fully collateralized by Government Obligations or Government Certificates.

(h) Commercial paper of "prime" quality rated in the highest rating category by Moody's and S&P, which commercial paper is limited to issuing corporations that are organized and operating within the United States.

(i) Bonds or notes issued by any state or municipality which are rated by Moody's and S&P in one of the two highest long-term rating categories assigned by such agencies;

(j) Federal funds or banker's acceptances which are eligible for purchases by members of the Federal Reserve System, drawn on any bank the short-term obligations of

which are rated in the highest rating category by Moody's and S&P, provided that the maturity cannot exceed 270 days;

(k) Repurchase agreements with maturities of either (a) 30 days or less, or (b) less than one year, provided that the collateral is marked-to-market daily, entered into with financial institutions such as banks or trust companies organized under state or federal law, insurance companies, or government bond dealers reporting to, or trading with, and recognized as a primary dealer by, the Federal Reserve Bank of New York and a member of SPIC, or with a dealer or parent holding company that is rated A or better by Moody's and S&P. The repurchase agreement must be in respect of Government Obligations or Government Certificates or obligations described in paragraph (b) above, which, exclusive of accrued interest, shall be maintained at least 100% of par. In addition, repurchase agreements shall meet the following criteria: (i) the third party (who shall not be the provider of the collateral) has possession of the repurchase securities and the Government Obligations or Government Certificates; (ii) failure to maintain the requisite collateral levels shall require liquidation; and (iii) the third party having possession of the securities has a perfected, first priority security interest in the securities; and

(l) Any other debt or fixed income security specified by the City (except securities of the City and any agency, department, commission or instrumentality thereof) and rated in the highest rating category by Moody's and S&P, including "pre-funded" municipal obligations.

"Person" means an individual, corporation, firm, association, partnership, trust, or other legal entity or group of entities, including a governmental entity or any agency or political subdivision thereof

"Private Business Use" means use directly or indirectly in a trade or business carried on by a natural person or in any activity carried on by a person other than a natural person, excluding, however, use by a governmental unit and use as a member of the general public.

"Project" means the Site and the Facilities, as such may be revised or substituted pursuant to the terms of the Project Lease.

"Project Fund" means the fund by that name established with the Trustee pursuant to the Indenture.

"Project Lease" means the Project Lease, dated as of September 1, 2008, by and between the Corporation, as lessor, and the City, as lessee, as originally executed or as it may from time to time be supplemented, modified or amended.

"Purchase Fund" means the fund by that name that may be created pursuant to the Indenture and held by the Tender Agent.

"Purchase Price" means,

(a) with respect to Bonds optionally tendered or subject to mandatory tender for purchase, the principal amount thereof plus accrued and unpaid interest thereon to the date set for purchase, plus, in certain instances in the case of Bonds which bear interest at a Long Rate and a mandatory tender pursuant, any premium which would be payable if such Bonds were being optionally redeemed, provided that if the Optional Tender Date or Mandatory Tender Date

is an Interest Payment Date, then "Purchase Price" means the principal amount of the Bonds tendered or subject to tender;

(b) for the purpose of computation of the Yield of the Bonds, has the same meaning as the term "issue price" in sections 1273(b) and 1274 of the Code, and, in general, means the initial offering price of the Bonds to the public (not including bond houses and brokers, or similar persons or organizations acting in the capacity of underwriters or wholesales) at which price a substantial amount of the Bonds are sold or, if the Bonds are privately placed, the price paid by the first buyer of the Bonds or the acquisition cost of the first buyer; and

(c) for the purpose of computation of the Yield of Nonpurpose Investments, means the fair market value of the Nonpurpose Investments on the date of use of Gross Proceeds of the Bonds for acquisition thereof, or if later, on the date that Investment Property constituting a Nonpurpose Investment becomes a Nonpurpose Investment of the Bonds.

"Rate Period" means the period during which a particular rate of interest determined for a Series of Variable Rate Bonds is to remain in effect pursuant to the Indenture.

"Rating Agency" means, severally, Moody's, S&P and Fitch so long as each such organization maintains a rating on the Bonds.

"Rebate Fund" means the Rebate Fund established pursuant to the Indenture.

"Record Date" means the close of business on (i) Business Day next preceding each Interest Payment Date with respect to Bonds bearing interest at a Daily, Weekly, Monthly or Flexible Rate, and (ii) the fifteenth (15th) day (whether or not a Business Day) of the month immediately preceding each Interest Payment Date with respect to Bonds bearing interest at a Semiannual, Long or Fixed Rate.

"Reference Rate" means, on any date of determination, on any date of determination for any Variable Rate Period, a rate per annum equal to 110% of (a) the SIFMA Municipal Swap Index of Municipal Market Data most recently available as of the date of determination, or (b) if such index is no longer available, or if the SIFMA Municipal Swap Index is no longer published, the S&P Weekly High Grade Index (formerly the J.J. Kenny Index), or if neither the SIFMA Municipal Swap Index nor the S&P Weekly High Grade Index is published, the index determined by the Remarketing Agent, upon consultation with the Corporation and the City, to equal the prevailing rate for tax-exempt state and local government bonds meeting criteria determined in good faith by the Remarketing Agent to be comparable under the circumstances to the criteria used by the Securities Industry and Financial Markets Association to determine the SIFMA Municipal Swap Index just prior to when the Securities and Financial Markets Association stopped publishing the SIFMA Municipal Swap Index. The Tender Agent shall make the determinations required by this definition, upon notification from the Corporation or the City, if there is no Remarketing Agent, if the Remarketing Agent fails to make any such determination or if the Remarketing Agent has suspended its remarketing efforts in accordance with the Remarketing Agreement.

"Refunding Fund" means the fund by that name established with the Trustee pursuant to the Indenture.

"Registration Books" means the records maintained by the Trustee for the registration of ownership and registration of transfer of the Bonds pursuant to the Indenture.

"Regulations" means the regulations of the United States Department of Treasury issued under the Code.

"Remarketing Agent" means, collectively, the Series 2008-1 Remarketing Agent and the Series 2008-2 Remarketing Agent, or either of the above, as applicable.

"Remarketing Agreement" means, collectively, the Series 2008-1 Remarketing Agreement and the Series 2008-2 Remarketing Agreement, or either of the above, as applicable.

"Required Stated Amount" means, with respect to the Credit Facility and the Liquidity Facility, as applicable, at any time of calculation, an amount equal to the aggregate principal amount of all Bonds of a Series then Outstanding for which the Credit Facility (or Liquidity Facility) provides credit or liquidity support, together with interest accruing thereon, which, with respect to the Credit Facility and the Liquidity Facility, if applicable, shall be calculated based on the actual interest rate on a Series of Fixed Rate Bonds and, with respect to a Series of Variable Rate Bonds, on an annual rate of interest equal to the Maximum Interest Rate for the number of days required by each Rating Agency in order to obtain the rating on a Series of Bonds normally obtained with respect to bonds and other obligations supported by such Credit Provider's or Liquidity Provider's Credit Facility or Liquidity Facility.

"Requisition" means a written requisition signed in the name of the Corporation or the City signed by an Authorized Representative of the Corporation or the City, as applicable.

"Reserve Fund" means the fund by that name established with the Trustee pursuant to the Indenture.

"Reserve Fund Credit Facility" means any letter of credit, line of credit, insurance policy, surety bond or other credit source deposited with the Trustee pursuant to the Indenture. Any Reserve Fund Credit Facility in the form of a letter of credit or line of credit shall be provided by any entity which, at the time of issuance of the letter of credit or line of credit, maintains a rating of A1 or better from Moody's and a rating of A+ or better from S&P and Fitch, and any Reserve Fund Credit Facility in the form of an insurance policy, surety bond or other credit source shall be provided by an entity which, at the time of issuance of the letter of credit or line of credit, maintains a rating of Aa or better from Moody's and AA or better from S&P and Fitch.

"Reserve Requirement" means, during any Variable Rate Period, \$0, and on and after a Fixed Rate Conversion Date with respect to one or more Series, as of any date of calculation, an amount which shall be equal to the least of (i) Maximum Annual Debt Service with respect to all Series of Bonds bearing interest at a Fixed Rate, (ii) 125% of average Annual Debt Service on all Series of Bonds bearing interest at a Fixed Rate or (iii) 10% of the then Outstanding principal amount of all Series of Bonds bearing interest at a Fixed Rate.

"Revenue Fund" means the fund by that name established with the Trustee pursuant to the Indenture.

"Revenues" means: (a) Base Rental and all amounts derived from or with respect to the Project Lease, including prepayments and Net Proceeds and amounts received pursuant to the Corporation's or the Trustee's exercise of remedies under the Project Lease after a default thereunder by the City, other than Additional Rental; (b) investment income with respect to any

moneys held by the Trustee in the funds and accounts established under the Indenture; and (c) any other investment income received under the Indenture.

"S&P" means Standard & Poor's Ratings Services - a division of the McGraw-Hill Companies, a corporation duly organized and existing under and by virtue of the laws of the State of New York, and its successors and assigns, except that if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term "S&P" shall be deemed to refer to any other nationally recognized securities rating agency selected by the City.

"Securities Depositories" means DTC; and, in accordance with then current guidelines of the Securities and Exchange Commission, such other addresses and/or such other securities depositories as the Corporation may designate in a Certificate of the Corporation delivered to the Trustee.

"Semiannual Rate" means an interest rate that is determined for a Series of Variable Rate Bonds on a semiannual basis pursuant to the Indenture.

"Semiannual Rate Conversion Date" means the day on which interest on a Series of Variable Rate Bonds begins to accrue at a Semiannual Rate following conversion from a different Variable Rate pursuant to the Indenture.

"Semiannual Rate Period" means each period during which interest on a Series of Variable Rate Bonds is payable or is accrued at a Semiannual Rate.

"Series" means the Series 2008-1 Bonds or the Series 2008-2 Bonds, as applicable.

"Series 2000 Bonds" means, collectively, the Series 2000-1 Bonds, the Series 2000-2 Bonds and the Series 2000-3 Bonds.

"Series 2000 Bonds Refunding Instructions" means the Irrevocable Refunding Instructions regarding the redemption of the Series 2000 Bonds given by the Corporation and the City to the Series 2000 Bonds Trustee.

"Series 2000 Bonds Trustee" means Wells Fargo Bank, National Association, as trustee for the Series 2000 Bonds.

"Series 2000-1 Bonds" means the City and County of San Francisco Finance Corporation Lease Revenue Bonds, Series 2000-1 (Moscone Center Expansion Project) initially issued in the amount of \$52,500,000.

"Series 2000-2 Bonds" means the City and County of San Francisco Finance Corporation Lease Revenue Bonds, Series 2000-2 (Moscone Center Expansion Project) initially issued in the amount of \$52,500,000.

"Series 2000-3 Bonds" means the City and County of San Francisco Finance Corporation Lease Revenue Bonds, Series 2000-3 (Moscone Center Expansion Project) initially issued in the amount of \$52,500,000.

"Series 2008-1 Bonds" means the City and County of San Francisco Finance Corporation Lease Revenue Refunding Bonds, Series 2008-1 (Moscone Center Expansion Project) initially issued in the amount of \$72,500,000.

"Series 2008-2 Bonds" means the City and County of San Francisco Finance Corporation Lease Revenue Refunding Bonds, Series 2008-2 (Moscone Center Expansion Project) initially issued in the amount of \$72,500,000.

"Series 2008-1 Credit Agreement" means initially, the Reimbursement Agreement dated as of September 1, 2008 by and among the City, the Corporation and Bank of America, N.A., and any similar agreement with respect to any Alternate Credit Facility and, if applicable, a standby bond purchase agreement relating to a separate Liquidity Facility, in each case as such agreement is originally executed or as it may from time to time be supplemented, modified or amended in accordance with its terms.

"Series 2008-2 Credit Agreement" means initially, the Reimbursement Agreement dated as of September 1, 2008 by and among the City, the Corporation and State Street Bank and Trust Company, and any similar agreement with respect to any Alternate Credit Facility and, if applicable, a standby bond purchase agreement relating to a separate Liquidity Facility, in each case as such agreement is originally executed or as it may from time to time be supplemented, modified or amended in accordance with its terms.

"Series 2008-1 Credit Facility" means, initially, the irrevocable direct-pay letter of credit, dated the Closing Date and provided with respect to the Series 2008-1 Bonds by Bank of America, N.A. (which letter of credit also constitutes a Liquidity Facility), or any Alternate Credit Facility provided with respect to the Series 2008-1 Bonds. There may also be at any one time a Series 2008-1 Credit Facility providing credit support of the Series 2008-1 Bonds and a separate Series 2008-1 Credit Facility providing liquidity for the Series 2008-1 Bonds (i.e., a Liquidity Facility). Further, there may be, at the times and upon the circumstances provided in the Indenture, only a Liquidity Facility in effect with respect to the Series 2008-1 Bonds or no Series 2008-1 Credit Facility or Liquidity Facility with respect to the Series 2008-1 Bonds in effect.

"Series 2008-2 Credit Facility" means, initially, the irrevocable direct-pay letter of credit, dated the Closing Date and provided with respect to the Series 2008-2 Bonds by State Street Bank and Trust Company (which letter of credit also constitutes a Liquidity Facility), or any Alternate Credit Facility provided with respect to the Series 2008-2 Bonds. There may also be at any one time a Series 2008-2 Credit Facility providing credit support of the Series 2008-2 Bonds and a separate Series 2008-2 Credit Facility providing liquidity for the Series 2008-2 Bonds (i.e., a Liquidity Facility). Further, there may be, at the times and upon the circumstances provided in the Indenture, only a Liquidity Facility in effect with respect to the Series 2008-2 Bonds or no Series 2008-2 Credit Facility or Liquidity Facility with respect to the Series 2008-2 Bonds in effect.

"Series 2008-1 Credit Provider" means (i) initially, Bank of America, N.A., and (ii) any other financial institution or institutions issuing an Alternate Credit Facility for the Series 2008-1 Bonds then in effect. All references to the Series 2008-1 Credit Provider in the Indenture and the Series 2008-1 Credit Provider in the Project Lease shall be of no force and effect whatsoever during any period of time during which (a) the Series 2008-1 Credit Facility shall have expired in accordance with its terms and been returned to the Series 2008-1 Credit Provider for cancellation, or the Trustee shall have otherwise released the Series 2008-1 Credit

Provider from liability thereunder and all of the reimbursement obligations of the Corporation to the Series 2008-1 Credit Provider shall have been paid, or (b) the Series 2008-1 Credit Provider shall have wrongfully dishonored a draw on the Series 2008-1 Credit Facility.

"Series 2008-2 Credit Provider" means (i) initially, State Street Bank and Trust Company, and (ii) any other financial institution or institutions issuing an Alternate Credit Facility for the Series 2008-2 Bonds then in effect. All references to the Series 2008-2 Credit Provider in the Indenture and the Series 2008-2 Credit Provider in the Project Lease shall be of no force and effect whatsoever during any period of time during which (a) the Series 2008-2 Credit Facility shall have expired in accordance with its terms and been returned to the Series 2008-2 Credit Provider for cancellation, or the Trustee shall have otherwise released the Series 2008-2 Credit Provider from liability thereunder and all of the reimbursement obligations of the Corporation to the Series 2008-2 Credit Provider shall have been paid, or (b) the Series 2008-2 Credit Provider shall have wrongfully dishonored a draw on the Series 2008-2 Credit Facility.

"Series 2008-1 Remarketing Agent" means E.J. De La Rosa & Co., Inc. or its successors or assigns pursuant to the Indenture.

"Series 2008-2 Remarketing Agent" means Banc of America Securities LLC or its successors or assigns as pursuant to the Indenture.

"Series 2008-1 Remarketing Agreement" means the Remarketing Agreement dated as of September 1, 2008, between the Corporation and the Series 2008-1 Remarketing Agent with respect to the Series 2008-1 Bonds, as such agreement may from time to time be supplemented, modified or amended and any other similar agreement or agreements entered into with any successor Series 2008-1 Remarketing Agent. No such supplement, modification or amendment or similar agreement shall alter the rights or obligations of the Owners or Beneficial Owners of the Series 2008-1 Bonds to deliver their Series 2008-1 Bonds for purchase as provided in the Indenture.

"Series 2008-2 Remarketing Agreement" means the Remarketing Agreement dated as of September 1, 2008, between the Corporation and the Series 2008-2 Remarketing Agent with respect to the Series 2008-2 Bonds, as such agreement may from time to time be supplemented, modified or amended and any other similar agreement or agreements entered into with any successor Series 2008-2 Remarketing Agent. No such supplement, modification or amendment or similar agreement shall alter the rights or obligations of the Owners or Beneficial Owners of the Series 2008-2 Bonds to deliver their Series 2008-2 Bonds for purchase as provided in the Indenture.

"Site" means the parcels of land described in Exhibit A to the Project Lease, as such Exhibit A may be amended or revised from time to time as provided in the Project Lease.

"Site Lease" means the Site and Facilities Lease, dated as of September 1, 2008, by and between the City, as lessor, and the Corporation, as lessee, as originally executed or as it may from time to time be supplemented, modified or amended.

"Special Record Date" means the date established by the Trustee pursuant to the Indenture as a record date for the payment of defaulted interest on the Bonds, if any.

"State" means the State of California.

"Stated Expiration Date" means the date, if any, upon which the Credit Facility or the Liquidity Facility then in effect is scheduled to expire (taking into account any extensions of such Stated Expiration Date) in accordance with its respective terms without regard to any early termination thereof.

"Substitution" means the release of the Project or any portion thereof from the leasehold interest created by the Project Lease and the lease of a Substitute Project as provided in the Project Lease.

"Supplemental Indenture" means any supplemental indenture of trust hereafter duly authorized and entered into between the Corporation and the Trustee, supplementing, modifying or amending the Indenture; but only if and to the extent that such Supplemental Indenture is specifically authorized under the Indenture.

"Tax Certificate" means, collectively, the Certificate as to Arbitrage and the Certificate Regarding Use of Proceeds, both dated as of the Closing Date and executed by the Corporation and the City.

"Tender Agent" means Wells Fargo Bank, National Association, acting on its own behalf or through an agent, and any successor appointed pursuant to the Indenture.

"Term Bond Redemption Date" means with respect to the Series 2008-1 Bonds, each April 1, commencing April 1, 2009 and ending on April 1, 2030, and with respect to the Series 2008-2 Bonds, each April 1 commencing April 1, 2009 and ending on April 1, 2030.

"Term Bonds" means the Series 2008-1 Bonds maturing on April 1, 2030 and the Series 2008-2 Bonds maturing on April 1, 2030.

"Termination Date" means, while a Series of Bonds is supported by a Liquidity Facility, (i) the date specified in a notice of termination given by the Liquidity Provider to the Trustee specifying the date on which such Liquidity Provider will no longer be obligated to purchase such Series of Bonds (or otherwise advance funds for the purchase of such tendered Series of Bonds) pursuant to the Liquidity Facility, which date shall be at least 10 Business Days after the date of receipt of such notice by the Trustee and (ii) the Stated Expiration Date of the Liquidity Facility if no Substitute Liquidity Facility is delivered prior to such date. "Termination Date" does not include the date of termination of the Liquidity Facility upon the occurrence of an Event of Termination.

"Trustee" means Wells Fargo Bank, National Association, a national banking association organized and existing under the laws of the United States of America, or its successor, as Trustee under the Indenture as provided in the Indenture.

"Untendered Bond" means any Bond which is subject to optional or mandatory tender pursuant to the Indenture but which is not tendered for purchase on or before the applicable Optional Tender Date or Mandatory Tender Date, as the case may be.

"Value" means the value of any investment as of any time of determination, calculated as the greater of cost or accreted value.

"Variable Rate" means, as the context requires, a Daily Rate, Weekly Rate, Monthly Rate, Flexible Rate, Semiannual Rate or Long Rate.

"Variable Rate Bonds" means a Series of Bonds bearing interest at a Variable Rate in accordance with the terms of the Indenture.

"Variable Rate Conversion Date" means (i) the day on which interest with respect to a Series of Bonds begins to accrue at a Variable Rate other than the Variable Rate previously borne by such Bonds following conversion from such previous Variable Rate (e.g., the Interest Payment Date on which the Bonds begin to bear interest at a Daily Rate following a Weekly Rate Period), other than the commencement of the Weekly Rate Period following the Initial Period; and (ii) with respect to a Flexible Rate Period, a Semiannual Rate Period or a Long Rate Period, the first day that a particular Flexible Rate, Semiannual Rate or Long Rate becomes effective.

"Variable Rate Period" means each period during which interest on a Series of Bonds is payable at a specific Variable Rate.

"Weekly Rate" means an interest rate that is determined for a Series of Variable Rate Bonds on a weekly basis pursuant to the Indenture.

"Weekly Rate Conversion Date" means the day on which interest on a Series of Variable Rate Bonds begins to accrue at a Weekly Rate following conversion from a different Variable Rate pursuant to the Indenture.

"Weekly Rate Period" means the period during which interest on a Series of Variable Rate the Bonds is payable or is accrued at a Weekly Rate.

"Working Capital Fund" means the fund by that name established with the Trustee pursuant to the Indenture.

"Written Certificate" and "Written Request" of the Corporation or the City mean, respectively, a written certificate or written request signed in the name of the Corporation by its Authorized Representative or in the name of the City by its Authorized Representative. Any such certificate or request may, but need not, be combined in a single instrument with any other instrument, opinion or representation, and the two or more so combined shall be read and construed as a single instrument. If and to the extent required by the Indenture, each such certificate or request shall include the statements provided for in the Indenture

"Yield" means that yield which, when used in computing the present worth of all payments of principal and interest (or other payments in the case of Nonpurpose Obligations which require payments in a form not characterized as principal and interest) on a Nonpurpose Obligation or on the Bonds produces an amount equal to the Purchase Price of such Nonpurpose Obligation or the Bonds, all computed as prescribed in applicable Regulations.

THE INDENTURE

Pledge and Assignment; Revenue Fund

Subject only to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in the Indenture, all of the Revenues and any other amounts (including proceeds of the sale of the Bonds) held in any fund or account established pursuant to the Indenture (other than the Purchase Fund and the Rebate Fund) and all of the right, title and interest of the Corporation in the Project Lease and the Site Lease are pledged by the Corporation to secure (or reimburse any Credit provider that makes) the payment of the principal of, premium, if any, and interest on the Bonds in accordance with their terms and the provisions of the Indenture. To the extent permitted by law, said pledge shall constitute a lien on and security interest in such assets and shall attach, be perfected and be valid and binding from and after delivery of the Bonds by the Trustee without the need for any physical delivery, recordation, filing or further action.

The Corporation, under the Indenture, transfers in trust and assigns to the Trustee, for the benefit of the Owners from time to time of the Bonds, and the Credit Provider and the Liquidity Provider, all of the Revenues and all of the right, title and interest of the Corporation in the Site Lease and the Project Lease other than the Corporation's right to indemnification under the Project Lease and its right to receive Additional Rental (except as described in the Project Lease).. The Corporation also transfers and assigns to the Liquidity Providers and the Credit Providers its right to receive Additional Rental under the Project Lease. The Trustee shall be entitled to and shall collect and receive all of the Revenues, and any Revenues collected or received by the Corporation shall be deemed to be held, and to have been collected or received, by the Trustee and shall forthwith be paid by the Corporation to the Trustee. The Trustee also shall be entitled to and shall, subject to the provisions of the Indenture, take all steps, actions and proceedings reasonably necessary in its judgment to enforce, either jointly with the Corporation or separately, all of the rights of the Corporation and all of the obligations of the City under and with respect to the Project Lease.

All Revenues shall be promptly deposited by the Trustee upon receipt thereof in a special fund designated as the "Revenue Fund" which the Trustee shall establish, maintain and hold in trust; except that (i) any moneys received by the Trustee and required under the Indenture or under the Project Lease to be deposited in the Insurance and Condemnation Fund shall be promptly deposited in such Fund, and (ii) all interest, profits and other income of the Reserve Fund shall be deposited as provided in the Indenture. All Revenues deposited with the Trustee shall be held, disbursed, allocated and applied by the Trustee only as provided in the Indenture.

All amounts held by the Trustee or the Tender Agent under the Indenture shall be held in accounts maintained with a corporate trust department of a federal depository institution or state chartered depository institution which, in either case, has corporate trust powers and is acting in its fiduciary capacity.

Allocation of Revenues

On or before each Interest Payment Date, the Trustee shall apply all moneys in the Revenue Fund as described below either to pay debt service on the Bonds, to reimburse the Credit Provider for drawings under the Credit Facility used to pay the principal of or interest on the Bonds, to purchase Bonds in lieu of the redemption thereof, or to make a deposit in the

Reserve Fund. Such Revenues shall be so applied in the order of priority set forth below, each such requirement to be satisfied before any payment subsequent in priority. In the event that Revenues are insufficient to make the deposits described under "Interest Payments" and "Principal Payments" below in full, any insufficiency shall be allocated among each Series of Bonds on a proportionate basis. In the event the Credit Facility is a direct-pay letter of credit and the Credit Provider does not honor a draw on the Credit Facility to pay the principal of and interest on the Bonds, when due, the Trustee shall apply the Revenues on deposit in the Revenue Fund to make such payment of principal and interest. In the event that there are insufficient amounts on deposit in the Revenue Fund to make such payments, the Trustee shall notify the City and the Corporation and request that the City make all Base Rental payments currently due under the Project Lease in order to provide sufficient amounts for such payment.

Interest Payments. The Trustee, on or prior to each Interest Payment Date or each date set for the optional or extraordinary redemption of Bonds will first apply amounts on deposit in the Revenue Fund, to (i) reimburse the Credit Provider for drawings under the Credit Facility (including interest accrued on any such drawings) used to pay interest on the Bonds, (ii) pay the aggregate amount of interest becoming due and payable on the Outstanding Bonds on the next succeeding Interest Payment Date or redemption date, or (iii) to pay accrued interest on any Bonds purchased by the Trustee or Corporation pursuant to the Indenture.

Principal Payments. The Trustee, on or prior to each Interest Payment Date on which principal of the Bonds is payable (including by mandatory sinking fund redemption or optional or extraordinary mandatory redemption), after making the interest payments required on such date as set forth above (or setting aside the amounts required to make such payments), shall next apply amounts on deposit in the Revenue Fund to (i) to reimburse the Credit Provider for drawings on the Credit Facility used to pay principal (including pursuant to any redemption) on the Bonds, (ii) pay the principal of the Bonds then due or required to be paid on such Interest Payment Date or redemption date, or (iii) at the Written Request of the Corporation, filed with the Trustee to purchase Bonds in lieu of the redemption thereof.

Reserve Fund. On each Interest Payment Date after a Fixed Rate Conversion Date, after making all payments described above, the Trustee shall deposit in the Reserve Fund such amounts as may be necessary to maintain on deposit in the Reserve Fund an amount equal to the Reserve Fund Requirement; provided, however, that following issuance of the Bonds, failure to so maintain such amounts on deposit in the Reserve Fund (because such amounts have been used for the purpose for which the Reserve Fund has been established) shall not constitute an Event of Default under the Indenture, but only if and to the extent Revenues are not available for such purpose.

All moneys in the Revenue Fund may be used at any time for reimbursement to the City for Base Rental paid by the City under the Project Lease during any Lease Year during which the payment of rental under the Project Lease is abated as provided in the Project Lease and for which no other moneys are available.

Application of Funds Other Than the Revenue Fund

Costs of Issuance Fund. Pursuant to the Indenture, the Trustee shall establish, maintain and hold in trust a separate fund designated as the "Costs of Issuance Fund." The Trustee shall deposit a portion of the proceeds of the sale of the Bonds in the Costs of Issuance Fund as provided in the Indenture.. The moneys in the Costs of Issuance Fund shall be used and withdrawn by the Trustee to pay Costs of Issuance upon submission of Requisitions of the City

in substantially the form attached to the Indenture stating the Person to whom payment is to be made, the amount to be paid, the purpose for which the obligation was incurred and that such payment is a proper charge against the Costs of Issuance Fund. On March 1, 2009, or upon the earlier Written Request of City, amounts, if any, remaining in the Costs of Issuance Fund shall be transferred by the Trustee to the Revenue Fund; provided that the Trustee shall notify the Corporation, in writing, of its intention to transfer such remaining amounts to the Project Fund no more than 60 days but no less than 30 days prior to making such transfer. Thereafter, the Costs of Issuance Fund shall be closed.

Working Capital Fund. Pursuant to the Indenture, the Trustee shall establish, maintain and hold in trust so long as any of the Bonds are Outstanding a special fund designated as the "Working Capital Fund." The Trustee shall deposit in the Working Capital Fund all amounts received from the City as Additional Rental under the Project Lease. The moneys in the Working Capital Fund shall be disbursed by the Trustee upon the Written Request of the City for the payment of Additional Rental due under the Project Lease, including taxes and assessments and administrative costs of the Corporation, including salaries, wages, all expenses, compensation and indemnification of the Trustee payable by the Corporation under the Indenture, fees of auditors, accountants, attorneys or engineers, insurance premiums, fees, charges and expenses payable with respect to any Credit Facility, and all other necessary administrative costs of the Corporation or charges required to be paid by it in order to maintain its existence or to comply with the terms of the Bonds or of the Indenture. Moneys in the Working Capital Fund shall be used and withdrawn by the Trustee for the foregoing purposes; provided, however, that amounts in the Working Capital Fund may be withdrawn or applied to the payment of principal of or interest on the Bonds on any Interest Payment Date upon receipt by the Trustee of a written request of the City to the effect that as of the date of such request, the amounts to be transferred or withdrawn are no longer necessary to be retained in the Working Capital Fund for the purposes for which it was established. Prior to making any disbursement from the Working Capital Fund, the Trustee shall verify that the signatory of the Written Request is an Authorized Representative of the City.

Reserve Fund. Pursuant to the Indenture, the Trustee shall, maintain and hold in trust under the Indenture a separate fund to be known as the "Reserve Fund." None of the proceeds of the Bonds shall be deposited in the Reserve Fund, and, prior to the Fixed Rate Conversion Date, the Reserve Requirement shall be \$0. After the Fixed Rate Conversion Date with respect to a Series of Bonds, amounts required to be deposited as described above under the caption "Allocation of Revenues" shall be deposited therein. All amounts in the Reserve Fund shall be used and withdrawn by the Trustee solely for the purpose of (i) paying principal of or interest on the Bonds, including the principal amount of any Term Bonds subject to Sinking Fund Redemption, when due and payable to the extent that moneys deposited in the Revenue Fund are not sufficient for such purpose, and (ii) making the final payments of principal of and interest on the Bonds. Notwithstanding any other provision of the Indenture, amounts on deposit in the Reserve Fund shall be available to pay debt service on only Fixed Rate Bonds.

In lieu of depositing and maintaining cash in the Reserve Fund, the Corporation may deposit with the Trustee a letter of credit, (i) which is issued by a bank with a credit rating at the time of deposit of such letter of credit into the Reserve Fund of at least A1 or better from Moody's and a rating of A+ or better from S&P and Fitch, (ii) the repayment obligation with respect to which is not secured by a lien on assets of the Corporation senior to any lien which secures the Bonds and (iii) which has a term of at least five years from the date of issuance thereof. If the credit rating of the bank issuing such letter of credit falls below investment grade, the Corporation shall, within twelve months of such downgrading, either (1) substitute a new

letter of credit satisfying the requirements of this paragraph, (2) fund the Reserve Fund through the deposit of cash or an irrevocable surety bond policy satisfying the requirements of the immediately succeeding paragraph or (3) fund the Reserve Fund through a combination of (1) and (2). At least six months prior to the expiration date of a letter of credit on deposit in the Reserve Fund, the Corporation shall either (x) substitute a new letter of credit satisfying the requirements of this paragraph, (y) fund the Reserve Fund through the deposit of cash or an irrevocable surety bond policy satisfying the requirements of the immediately succeeding paragraph or (z) fund the Reserve Fund through a combination of (x) and (y). Any such letter of credit shall permit the Trustee to draw amounts thereunder for deposit in the Reserve Fund which, together with any moneys on deposit in, or surety bond policy available to fund, the Reserve Fund, are not less than the Reserve Requirement and which may be applied to any purpose for which moneys in the Reserve Fund may be applied. The Trustee shall make a drawing on such letter of credit (i) whenever moneys are required for the purposes for which Reserve Fund moneys may be applied, and (ii) prior to any expiration or termination thereof; provided, however, that no such drawing need be made if other moneys or an irrevocable surety bond are available in the Reserve Fund in the amount of the Reserve Requirement.

In lieu of depositing and maintaining cash in the Reserve Fund, the Corporation also may maintain in effect an irrevocable surety bond policy, (i) which is issued by a bond insurance company with a claims-paying ability rating at the time of deposit of such surety bond policy into the Reserve Fund of at least Aa or better from Moody's and AA or better from S&P and Fitch, (ii) the repayment obligation with respect to which is not secured by a lien on assets of the Corporation senior to any lien which secures the Bonds and (iii) has a term of at least five years from the date of issuance thereof. If the credit rating of the bond insurance company issuing such surety bond policy falls below investment grade, the Corporation shall, within twelve months of such downgrading, either (i) substitute a new surety bond policy satisfying the requirements of this paragraph, (ii) fund the Reserve Fund through the deposit of cash or a letter of credit satisfying the requirements of the immediately preceding paragraph or (iii) fund the Reserve Fund through a combination of (i) and (ii). At least six months prior to the expiration date of a surety bond policy on deposit in the Reserve Fund, the Corporation shall either (i) substitute a new surety bond policy satisfying the requirements of this paragraph, (ii) fund the Reserve Fund through the deposit of cash or a letter of credit satisfying the requirements of the immediately preceding paragraph or (iii) fund the Reserve Fund through a combination of (i) and (ii). Any such surety bond policy shall permit the Trustee to obtain amounts thereunder for deposit in the Reserve Fund which, together with any moneys on deposit in, or letter of credit available to fund, the Reserve Fund, are not less than the Reserve Requirement and which may be applied to any purpose for which moneys in the Reserve may be applied. The Trustee shall make a drawing on such surety bond policy (i) whenever moneys are required for the purposes for which Reserve Fund moneys may be applied, and (ii) prior to any expiration or termination thereof; provided, however, that no such drawing need be made if other moneys or a letter of credit are available in the Reserve Fund in the amount of the Reserve Requirement.

Any moneys in excess of the Reserve Requirement in the Reserve Fund shall, on or after any April 1 and October 1 occurring while any Bonds are Outstanding, be transferred to the Revenue Fund, unless otherwise directed by the Chief Financial Officer of the Corporation or his or her designee. For purposes of determining the amount or existence of any such excess, the Trustee shall cause the investments in the Reserve Fund to be valued at their Value as of the Business Day immediately preceding the applicable April 1 or October 1. To the extent that amounts are held in the Reserve Fund at the time of the final payment of debt service due on the Bonds, such amounts may be used to pay, in whole or in part, such final payment.

Insurance and Condemnation Fund. Upon the receipt pursuant to the Project Lease of any Net Proceeds of insurance or condemnation with respect to any portion of the Project, as shall be certified by the City to the Trustee, the Trustee shall establish and maintain a separate Insurance and Condemnation Fund, to be held and applied as hereinafter described.

Any Net Proceeds of insurance against accident to or destruction of any structure constituting any part of the Project collected by the City in the event of any such accident or destruction shall be paid to the Trustee by the City pursuant to the Project Lease and deposited by the Trustee promptly upon receipt thereof in the Insurance and Condemnation Fund, provided that the City shall be entitled to retain any such proceeds if the City shall have advanced the cost of repairing, restoring, modifying or improving the damaged or destroyed portions of the Project upon delivering a Written Certificate of the City to the Trustee certifying as to the nature of such advanced costs and that such advanced costs have not been the basis of any previous withdrawal from the Insurance and Condemnation Fund. The City shall notify the Trustee within 180 days of the receipt of such Net Proceeds whether the City shall apply such amounts to replace, repair, restore, modify or improve the Project or to prepay Base Rental and redeem Bonds. If the City determines to apply such Net Proceeds to prepay Base Rental and redeem Bonds, or if the City fails to determine and notify the Trustee in writing of its determination, within 180 days following the date of such deposit, to replace, repair, restore, modify or improve the Project, then such proceeds shall be promptly transferred by the Trustee to the Revenue Fund and applied to the redemption of Bonds. Notwithstanding the foregoing sentence, however, in the event of damage or destruction in full of any structure constituting any part of the Project, the proceeds of such insurance shall be used to rebuild or replace such portion of the Project if such proceeds are not sufficient to redeem a principal amount of the Bonds equal to the aggregate principal amount thereof allocable to such portion of the Project. All proceeds deposited in the Insurance and Condemnation Fund and not so transferred to the Revenue Fund shall be applied to the prompt replacement, repair, restoration, modification or improvement of the damaged or destroyed portions of the Project by the City, upon receipt of Written Certificates of the City stating with respect to each payment to be made (i) the Certificate number, (ii) the name and address of the person to whom payment is due, (iii) the amount to be paid and (iv) that each obligation mentioned therein has been properly incurred, is a proper charge against the Insurance and Condemnation Fund, has not been the basis of any previous withdrawal; and specifying in reasonable detail the nature of the obligation. Any balance of the proceeds remaining after such work has been completed shall be paid to the City or used to prepay Base Rental and to redeem Bonds, as provided below.

If all or any part of the Project shall be taken by eminent domain proceedings (or sold to a government threatening to exercise the power of eminent domain) the Net Proceeds therefrom shall be deposited with the Trustee in the Insurance and Condemnation Fund and shall be applied and disbursed by the Trustee as follows:

(i) The City shall notify the Trustee within 180 days of the receipt of such Net Proceeds whether the City shall apply such amounts to replace, repair, restore, modify or improve the Project or to prepay Base Rental and redeem Bonds. If the City determines to apply such Net Proceeds to prepay Base Rental and redeem Bonds, or if the City has not given written notice to the Trustee, within 180 days following the date on which such proceeds are deposited with the Trustee, of its determination that such proceeds are needed for the repair, rehabilitation or replacement of the Project or such portion thereof, the Trustee shall transfer such proceeds to the Revenue Fund to be applied towards the redemption of the Bonds.

(ii) If the City has given written notice to the Trustee, within 180 days following the date on which such proceeds are deposited with the Trustee, of its determination that such proceeds are needed for repair, rehabilitation or replacement of the Project or such portion thereof, the Trustee shall pay to the City, or to its order, from said proceeds such amounts as the City may expend for such repair or rehabilitation, upon the filing of Written Certificates of the City in the form and containing the provisions set forth above regarding repair of the Project after accident to or destruction of the Project.

In the event there are Net Proceeds remaining after the replacement, repair, rehabilitation, restoration or improvement, if any, to or of the Project, and if the City delivers to the Trustee a Certificate of the City to the effect that after such replacement, repair, rehabilitation, restoration or improvement, if any, the annual fair rental value is at least equal to the maximum amount of Base Rental and Additional Rental becoming due under the Project Lease in the then current Lease Year or any subsequent Lease Year, such remaining Net Proceeds shall be paid to the City to be used for any lawful purpose. If the City cannot deliver the Certificate of the City described in the preceding sentence, then such amounts shall be used to prepay Base Rental and to redeem Bonds.

In the event of insurable damage to or destruction of the Project or in the event of a taking by eminent domain or the sale of the Project upon the threat thereof, if the City and the Corporation agree to substitute a Substitute Project in lieu of redeeming Bonds, the proceeds of such insurance or eminent domain proceedings shall be transferred by the Trustee to the City for use on any capital project of the City, provided that the City shall have first obtained an Opinion of Bond Counsel to the effect that such use of proceeds will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Bonds.

Proceeds of any policy of title insurance received by the Trustee in respect of the Project or any portion thereof shall be deposited by the Trustee in the Insurance and Condemnation Fund and disbursed by the Trustee as follows:

(i) If the City determines that the title defect giving rise to such proceeds has not materially affected the City's right to the use and possession of the Project and will not result in an abatement of Base Rental payable by the City under the Project Lease, such proceeds shall be deposited into the Reserve Fund to the extent that the amount therein is less than the Reserve Fund Requirement. Amounts not required to be so deposited shall, if there is first delivered to the Trustee a Certificate of the City to the effect that the annual fair rental value of the Project, notwithstanding the title defect for which the payment was made, is at least equal to the maximum amount of Base Rental and Additional Rental becoming due under the Project Lease in the then current Lease Year or any subsequent Lease Year, be paid by to the City to be used for any lawful purpose. If the City cannot deliver the certificate described in the preceding sentence, then such amounts shall be used to redeem Bonds.

(ii) If any portion of the Project has been affected by such title defect, and if the City determines that such title defect will result in an abatement of Base Rental payable by the City under the Project Lease, then either (1) the Corporation or the City shall use the insurance proceeds to remove the title defect provided that any Net Proceeds in excess of the amount required for the removal of the defect shall be paid to the City to be used for any lawful purposes, or (2) the Trustee shall, if not notified in writing by the City within 180 days of the receipt by the Trustee of the insurance proceeds that the Corporation or the City will use the proceeds to remove the title defect, apply such proceeds to the redemption of Bonds.

Draws Under Credit Facility; Credit Facility Bond Payment Fund. the Trustee shall draw on the Credit Facility in an amount and at such times (as such times shall be set forth in the Credit Facility) as shall be required to pay in full the principal of and interest on the Bonds (excluding any Bank Bonds registered in the name of the Credit Provider or its designee (unless such Bank Bonds remain in book-entry form and have not been assigned a separate CUSIP number) or Bonds registered in the name of the Corporation or the City). If the Credit Facility is a direct-pay letter of credit, the Trustee shall make such draw at such time as is required to receive amounts needed on each Interest Payment Date, maturity date, Term Bond Redemption Date, other redemption date and the date (if any) on which the Bonds are declared due and payable due to the occurrence of an Event of Default under the Indenture. If the Credit Facility is an insurance policy, the Trustee shall make such draw in accordance with the terms of such insurance policy to pay the principal of and interest on the Bonds following non-payment thereof from Revenues on any Interest Payment Date, maturity date, Term Bond Redemption Date or, with the consent of the Credit Provider, other redemption date and following a recovery of payments of principal of and interest on the Bonds pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with the final, nonappealable order of a court having competent jurisdiction. Except as otherwise provided in the Indenture, if the Credit Facility is a direct pay letter of credit, the Trustee shall pay the principal of and interest on the Bonds (excluding any Outstanding Bank Bonds registered in the name of the Credit Provider or its designee) when due and payable solely from moneys drawn under the Credit Facility. The Trustee shall also draw moneys under the Liquidity Facility pursuant to the Indenture for the purpose of paying the Purchase Price of any Bonds (excluding any Outstanding Bank Bonds registered in the name of the Liquidity Provider or its designee) to the extent required by the Indenture. Pending application as aforesaid, except as required in connection with paying the Purchase Price of Bonds, all moneys drawn under the Credit Facility shall be deposited in a special fund designated the "Credit Facility Bond Payment Fund". The Credit Facility Bond Payment Fund shall be established and maintained by the Trustee and held in trust apart from all other moneys and securities held under the Indenture or otherwise, and the Trustee shall have the exclusive and sole right of withdrawal from the Credit Facility Bond Payment Fund for the exclusive benefit of the Owners of the Bonds with respect to which such drawing was made. Moneys deposited in the Credit Facility Bond Payment Fund for the payment of debt service on the Series 2008-1 Bonds shall be used only to pay debt service on the Series 2008-1 Bonds, and moneys deposited in the Credit Facility Bond Payment Fund for the payment of debt service on the Series 2008-2 Bonds shall be used only to pay debt service on the Series 2008-2 Bonds. Moneys in the Credit Facility Bond Payment Fund shall be held in cash and shall not be invested. Any amounts remaining on deposit in the Credit Facility Bond Payment Fund and not required for the purpose for which drawn shall be promptly repaid to the Credit Provider.

Draws on the Credit Facility relating to the Series 2008-1 Bonds shall be used to pay only the debt service on the Series 2008-1 Bonds. Draws on the Credit Facility relating to the Series 2008-2 Bonds shall be used to pay only the debt service on the Series 2008-2 Bonds.

Notwithstanding any other provision of the Indenture, moneys on deposit in the Credit Facility Bond Payment Fund shall be held uninvested and shall not be commingled with any other funds held under the Indenture or otherwise.

Investment of Moneys in Funds

Any moneys in any of the funds established by the Trustee pursuant to the Indenture, upon the Written Request of the City, shall be invested in Permitted Investments (subject in each case to the limitations as to maturities hereinafter described). The Trustee shall notify the City not less than two (2) Business Days prior to the date moneys held under the Indenture will be available for investment requesting that the City deliver to the Trustee a Request of the City specifying the Permitted Investments to be acquired by the Trustee with such moneys. The City, in issuing such Written Request, shall comply with the restrictions and instructions set forth in the Tax Certificate.

Moneys in the Revenue Fund may be invested in obligations which will, as nearly as practicable, mature on or before the respective Interest Payment Dates on which such moneys will be needed for the payment of interest or the retirement of Bonds. Moneys in the Reserve Fund may be invested in Permitted Investments having an average aggregate weighted term to maturity of not greater than five years, unless such moneys will be needed sooner for the payment of principal of or interest on the Bonds; provided, that if the Corporation, the City or the Trustee has entered into a contract with a financial institution rated Aaa by Moody's or AAA by S&P (or guaranteed by a financial institution so rated) obligating such financial institution to purchase a Permitted Investment described in clause (i) of the definition thereof on deposit in the Reserve Fund on any Interest Payment Date at a price resulting in a yield to the Trustee, the Corporation or the City, at the time of such purchase, equal to the yield to maturity of such Permitted Investment at the time of its original purchase by the Trustee, the Corporation or the City, and such contract provides for the posting of collateral sufficient in amount and at such times as would be necessary for the Bonds to obtain or maintain a rating of Aaa from Moody's and AAA from S&P (regardless of the actual rating on the Bonds or the existence of any Credit Facility), such Permitted Investment may have any maturity. Moneys in all other funds which may be invested as in this paragraph provided may be invested in obligations which will, as nearly as practicable, mature on or before the date on which the invested moneys are estimated by the Corporation or the City to be required for expenditure.

If an Authorized Representative of the City shall fail to provide the Trustee with written direction with respect to any moneys subject to investment, the Trustee shall, nevertheless, invest such moneys in the Permitted Investments listed in clause (a) which would mature on the day prior to the next Interest Payment Date or in clause (d) of the definition of Permitted Investments, whichever yield is greater on the date of such investment; provided, however, that with respect to funds on deposit in the Reserve Fund, absent written direction to the Trustee, the Trustee shall, nevertheless, invest such moneys in Permitted Investments listed in clauses (a), (d) or (h) which (x) would mature on the day prior to the next Interest Payment Date and (y) is invested in one of the foregoing investments whichever bears the highest net yield.

The Trustee understands and acknowledges that any investment and reinvestments shall be made after giving full consideration to the time at which funds are required to be available under the Indenture and to the highest yield practicably obtainable giving due regard to the safety of such funds and the date upon which such funds will be required for the uses and purposes required by the Indenture. The Trustee may act as agent in the making or disposing of any investment. The Trustee shall not invest any moneys held under the Indenture in Permitted Investments held by the Trustee or its affiliates unless (1) the Trustee determines such investment is consistent with the investment restrictions or instructions contained in the Indenture, (2) all fees charged are reasonable, and (3) the City expressly consents in writing to the investment of the funds in such Permitted Investment. The foregoing consent must be

received for each specific investment; blanket consents shall have no effect. All consents must be express and in writing and signed by an Authorized Representative of the City.

The Trustee may sell or present for redemption any obligations so purchased whenever it shall be necessary in order to provide moneys to meet any payment, and the Trustee shall not be liable or responsible for any loss resulting from such sale or redemption.

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

Except as otherwise described in the following sentence, the Corporation and the City covenant that all investments of amounts deposited in any fund or account created by or pursuant to the Indenture, or otherwise containing gross proceeds of the Bonds (within the meaning of Section 148 of the Code) shall be acquired, disposed of, and valued (as of the date that valuation is required by the Indenture or the Code) at Fair Market Value. Investments in funds or accounts (or portions thereof) under the Indenture that are subject to a yield restriction under applicable provisions of the Code and (unless valuation is undertaken at least annually) investments in the Reserve Fund, if any, shall be valued at their present value (within the meaning of Section 148 of the Code).

Credit Facility

The Trustee shall hold and maintain the Credit Facility for the benefit of the Bondowners until the Credit Facility terminates in accordance with its terms. The Trustee shall, subject to the provisions of the Indenture, diligently enforce all terms, covenants and conditions of the Credit Facility, including payment when due of any draws on the Credit Facility, and will not consent to or agree to or permit any amendment or modification of either thereof which would materially adversely affect the rights or security of the Owners of the Bonds. If at any time during the term of the Credit Facility any successor Trustee shall be appointed and qualified under the Indenture, the resigning or removed Trustee shall request that the Credit Provider transfer the Credit Facility, if required, by the Credit Facility, to the successor Trustee. If the resigning or removed Trustee fails to make this request, the successor Trustee shall do so before accepting appointment. Upon the occurrence of one of the following events, the Trustee shall immediately surrender the Credit Facility (or, if applicable, the Liquidity Facility), if required by the Credit Facility (or, if applicable, the Liquidity Facility), to the Credit Provider (or, if applicable, the Liquidity Provider) for cancellation: (i) the Stated Expiration Date, (ii) the date that there are no longer any Bonds Outstanding under the Indenture, (iii) five (5) days after the Fixed Rate Conversion Date (unless the Credit Facility is to remain in effect with respect to any Bonds), (iv) the day after the date of issuance of an Alternate Credit Facility (or, if applicable, the substitute Liquidity Facility) (unless the Credit Facility (or, if applicable, the Liquidity Facility) is to remain in effect with respect to any Bonds), or (v) the date that all of the Bonds are defeased and the Indenture is discharged in accordance with its terms.

Notwithstanding anything contained in the Indenture to the contrary, all provisions of the Indenture regarding consents, approvals, directions, waivers, appointments, requests or other actions by the Credit Provider shall be deemed not to require or permit such consents, approvals, directions, waivers, appointments, requests or other actions and shall be read as if the Credit Provider were not mentioned therein (A) during any period during which there is a payment default under the Credit Facility, or (B) after the Credit Facility shall at any time for any reason cease to be valid and binding on the Credit Provider, or shall be declared to be null and void by final non-appealable judgment of a court of competent jurisdiction; provided, however,

that the payment of amounts due to the Credit Provider pursuant to the terms of the Indenture shall continue in full force and effect. The foregoing shall not affect any other rights of the Credit Provider.

All provisions in the Indenture relating to the rights of the Credit Provider shall be of no force and effect if there is no Credit Facility in effect and there are no Bank Bonds Outstanding and all amounts owing to the Credit Provider under the Indenture and to the Liquidity Provider under the Indenture and under the Standby Purchase Agreement have been paid. In such event, all references to the Credit Provider shall have no force or effect.

Alternate Credit Facility

The Corporation may, at its option, provide for the delivery to the Trustee of an Alternate Credit Facility in substitution for all or a portion of the Credit Facility or Liquidity Facility then in effect (a) on any Conversion Date, (b) on any Interest Payment Date with respect to any Bonds bearing interest at a Monthly Rate and (c) on any date on which all Bonds bearing interest at a Long Rate are permitted to be optionally redeemed. The Corporation shall give written notice of its intention to exercise such option to the Trustee, the Liquidity Provider and the Credit Provider at least 45 days before the proposed effective date of such Alternate Credit Facility. On or before the date of the delivery of an Alternate Credit Facility to the Trustee, the Corporation shall furnish to the Trustee (i) an Opinion of Bond Counsel substantially to the effect that the delivery of such Alternate Credit Facility to the Trustee is authorized under the Indenture and complies with the terms of the Indenture and will not, in and of itself, result in the inclusion of interest on the Bonds in gross income for federal income tax purposes, (ii) an Opinion of Counsel addressed to the Trustee stating that the delivery of such Alternate Credit Facility will not adversely affect the exemption of the Bonds from registration under the Securities Act of 1933, as amended, or that the Bonds have been so registered; (iii) an Opinion of Counsel addressed to the Trustee to substantially the same effect as the opinion delivered by counsel to the Credit Provider or Liquidity Facility in connection with the delivery of the Credit Facility or Liquidity Facility being replaced; and (iv) the written consent of the provider of the Liquidity Facility or the Credit Facility, as the case may be, not being replaced if the Alternate Credit Facility will not be in substitution for both the Liquidity Facility and the Credit Facility. Such substitution may be made only if the existing Liquidity Facility may be drawn upon to pay the Purchase Price of the Bonds that will be tendered, and the draw to pay the Purchase Price of the Bonds being tendered shall be made on such existing Liquidity Facility. Not fewer than 10 days prior to the proposed mandatory tender date, the Trustee shall mail (by first class mail) a written notice thereof to the Owners of the Bonds at their addresses as they appear on the registration books of the Trustee on the day on which notice is received by the Trustee from the Corporation as provided above. Such notice shall set forth the information required by the Indenture.

Liquidity Facility

The Corporation agrees that, so long as any Variable Rate Bonds are Outstanding, it will maintain the Liquidity Facility (either as a separate instrument or instruments or as a part of a Credit Facility providing credit support for such Bonds) in an amount equal to the Required Stated Amount with respect to all Variable Rate Bonds then Outstanding (other than Bank Bonds). If Variable Rate Bonds are then Outstanding, the Corporation covenants that it will not voluntarily terminate the Liquidity Facility without at least 30 days' written notice to the Trustee and the Credit Provider or the provider of any Alternate Credit Facility (if such provider is providing only credit support for the Bonds) and without providing for a substitute Liquidity

Facility prior to the effective date of the termination. If the Variable Rate Bonds are then Outstanding, the Trustee shall not release the applicable Liquidity Facility until it has received the substitute Liquidity Facility and any amounts drawn on such applicable existing Liquidity Facility with respect to the mandatory tender of Bonds due to the delivery of the substitute Liquidity Facility.

The Corporation shall give written notice of its intention to exercise such option to provide a substitute Liquidity Facility to the Trustee, the applicable Remarketing Agent and the Credit Provider at least 45 days before the proposed effective date of such substitute Liquidity Facility, and the Trustee shall mail notice of such intention not less than 20 days before such proposed effective date to the Owners of the Bonds to which such Substitute Liquidity Facility relates. The Corporation shall provide notice of any expiration, termination, extension or substitution of the Liquidity Facility to the Rating Agencies.

Notwithstanding anything else in the Indenture, funds drawn on a Liquidity Facility relating to a Series of Bonds shall be used only to purchase such Series of Bonds or returned to the Liquidity Provider. The obligation of the Liquidity Provider to purchase Variable Rate Bonds (or to otherwise advance funds for the purchase of tendered Bonds) shall terminate upon the Termination Date.

If an Event of Termination occurs or if the Liquidity Provider suspends its purchase obligations in accordance with the Liquidity Facility, in each case with respect to the Bonds of a Series, the Trustee shall immediately notify the Owners of all Variable Rate Bonds of such Series- then Outstanding that (i) the Liquidity Facility has been terminated or suspended (as the case may be), (ii) the Tender Agent, or the Trustee, as the case may be, will no longer be able to purchase Variable Rate Bonds with moneys drawn on the Liquidity Facility, (iii) the right of Bondowners of such Series to tender Variable Rate Bonds for purchase has been terminated or suspended (as the case may be), and (iv) the Liquidity Provider will be under no obligation to purchase Variable Rate Bonds (or to otherwise advance funds for the purchase of tendered Bonds) unless, in the case of a suspension, the event of default giving rise to such suspension is cured.

Promptly after receipt from the Liquidity Provider of a notice of the establishment of a Termination Date pursuant to the provisions of the Liquidity Facility, the Trustee shall give notice to the Owners of all Variable Rate Bonds of the applicable Series of the Termination Date and, if applicable, also notify the Owners of such Variable Rate Bonds that such Bonds are subject to mandatory tender.

The Corporation has covenanted in the Indenture that, unless it has obtained a commitment regarding the delivery of a substitute Liquidity Facility that complies with the terms of the Indenture, it will request the Liquidity Provider of any existing Liquidity Facility for an extension or renewal of such existing Liquidity Facility not less than 75 days (or such shorter maximum number of days permitted under the terms of such existing Liquidity Facility) prior to the expiration thereof. The Corporation will, promptly upon receiving a response from the existing Liquidity Provider regarding such requested extension or renewal, notify the Credit Provider (if different) of such response.

Notwithstanding anything contained in the Indenture to the contrary, all provisions of the Indenture regarding consents, approvals, directions, waivers, appointments, requests or other actions by the Liquidity Provider shall be deemed not to require or permit such consents, approvals, directions, waivers, appointments, requests or other actions and shall be read as if

the Liquidity Provider were not mentioned therein (A) during any period during which there is a payment default under the Liquidity Facility, or (B) after the Liquidity Facility shall at any time for any reason cease to be valid and binding on the Liquidity Provider, or shall be declared to be null and void by final non-appealable judgment of a court of competent jurisdiction; provided, however, that the payment of amounts due to the Liquidity Provider pursuant to the terms of the Indenture shall continue in full force and effect. The foregoing shall not affect any other rights of the Liquidity Provider.

All provisions in the Indenture relating to the rights of the Liquidity Provider shall be of no force and effect if there is no Liquidity Facility in effect and there are no Bank Bonds and all amounts owing to the Liquidity Provider under the Indenture and under the Credit Agreement have been paid. In such event, all references to the Liquidity Provider shall have no force or effect.

Covenants

Punctual Payment. The Corporation shall punctually pay or cause to be paid the principal, premium, if any, and interest to become due in respect of all the Bonds, in strict conformity with the terms of the Bonds and of the Indenture, according to the true intent and meaning thereof, but only out of Revenues and other assets pledged for such payment as provided in the Indenture and received by the Corporation or the Trustee.

Extension of Payment of Bonds. The Corporation shall not directly or indirectly extend or assent to the extension of the maturity of any of the Bonds or the time of payment of any claims for interest on the Bonds. Nothing in the Indenture shall be deemed to limit the right of the Corporation to issue Bonds for the purpose of refunding any Outstanding Bonds, and such issuance shall not be deemed to constitute an extension of maturity of the Bonds.

Against Encumbrances. The Corporation shall not create, or permit the creation of, any pledge, lien, charge or other encumbrance upon the Revenues and other assets pledged or assigned under the Indenture while any of the Bonds are Outstanding, except the pledge and assignment created by the Indenture. Subject to this limitation, the Corporation expressly reserves the right to enter into one or more other indentures for any of its corporate purposes, and reserves the right to issue other obligations for such purposes. The Corporation has covenanted that no additional bonds, notes or other indebtedness shall be issued or incurred which are payable out of the Revenues in whole or in part.

Power to Issue Bonds and Make Pledge and Assignment. The Corporation is duly authorized pursuant to law to issue the Bonds and to enter into the Indenture and to pledge and assign the Revenues, the Project Lease and other assets purported to be pledged and assigned, respectively, under the Indenture in the manner and to the extent provided in the Indenture. The Bonds and the provisions of the Indenture are and will be the legal, valid and binding special obligations of the Corporation in accordance with their terms, and the Corporation and the Trustee, (subject to the provisions of the Indenture regarding the responsibilities and duties of the Trustee) shall at all times, to the extent permitted by law, defend, preserve and protect said pledge and assignment of Revenues and other assets and all the rights of the Bond Owners under the Indenture against all claims and demands of all Persons whomsoever.

Accounting Records and Financial Statements. The Trustee shall at all times keep, or cause to be kept, proper books of record and account, prepared in accordance with industry practice, in which complete and accurate entries shall be made of all transactions made by it relating to the Bond proceeds, the Revenues, the Project Lease and all funds and accounts established pursuant to the Indenture. Such books of record and account shall be available for inspection by the Corporation and the City, during regular business hours and upon reasonable notice and under reasonable circumstances as agreed to by the Trustee.

Waiver of Laws. The Corporation shall not at any time insist upon or plead in any manner whatsoever, or claim or take the benefit or advantage of, any stay or extension law now or at any time hereafter in force that may affect the covenants and agreements contained in the Indenture or in the Bonds, and all benefit or advantage of any such law or laws is expressly waived by the Corporation to the extent permitted by law.

Collection of Revenues Under Project Lease. The Trustee shall collect and cause to be paid to it all Revenues payable with respect to the Project Lease promptly as such Revenues become due and payable, and shall vigorously enforce and cause to be enforced all rights of the Trustee under and with respect to the Project Lease subject to the provisions of the Indenture.

Disposition of Project Lease. Neither the Corporation nor the Trustee shall sell or otherwise dispose of the Project Lease (except for the assignment thereof by the Corporation to the Trustee pursuant to the Indenture), or any interest therein, unless there shall have occurred and be continuing an Event of Default under the Indenture or a default under the Project Lease.

Compliance with Indenture. The Corporation will observe and perform all the covenants, conditions and requirements of the Indenture faithfully, and will not suffer or permit any default to occur under the Indenture, nor do or permit to be done in, upon or about the Project, or any part thereof, anything that might in any way weaken, diminish or impair the security intended to be given pursuant to the Indenture.

Compliance with and Modification of the Project Lease and Site Lease. Without allowance for any days of grace which may or might exist or be allowed by law or granted pursuant to any terms or conditions of the Project Lease or the Site Lease, the Corporation and the Trustee will keep, perform and comply promptly and faithfully in all respects with all the terms, provisions, covenants, conditions and agreements of the Project Lease and the Site Lease to be kept, performed and complied with by the Corporation. Neither the Corporation nor the Trustee will 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 be a ground for declaring a forfeiture of the Project Lease or the Site Lease, or would or might be a ground for cancellation or termination of the Project Lease or the Site Lease by the lessee thereunder. Upon request of the Trustee, the Corporation will deposit promptly with the Trustee (to be held by the Trustee until the title and rights of the Trustee under the Indenture shall be released or reconveyed) any and all documentary evidence received by it showing compliance with the provisions of the Project Lease and the Site Lease to be performed by it. The Corporation, immediately upon its receiving or giving any notice, communication or other document in any way relating to or affecting the Project Lease or the Site Lease, or the leasehold estate thereby created, which may or can in any manner materially affect the estate of the lessor or of the Corporation in or under the Project Lease or the Site Lease, will deliver the same, or a copy thereof, to the Trustee.

In the event that any amendment or modification to the Project Lease or the Site Lease prior to the Fixed Rate Conversion Date shall have the effect of materially adversely affecting the interests of the Bond Owners, such amendment shall not become effective until the first Optional Tender Date which is at least thirty (30) days following the mailing by the Trustee of notice of such amendment to the Owners of all Outstanding Bonds at their addresses shown on the registration books (which notice shall advise the Owners of their right to tender Bonds for purchase as provided in the Indenture. Following the Fixed Rate Conversion Date, the Project Lease and the Site Lease may be amended or modified only if (i) in the Opinion of Bond Counsel filed with the Trustee, such amendment, modification or termination will not materially adversely affect the interests of the Bondowners or result in any material impairment of the security given in the Indenture for the payment of the Bonds, (ii) the amendment or modification relates to the substitution, removal or addition to the Project pursuant to Article XII of the Project Lease or (iii) the Trustee first obtains the written consent of the Owners of a majority in aggregate principal amount of the Bonds then Outstanding to such amendment, modification or termination, provided that no such amendment, modification or termination shall reduce the amount of Revenues, or extend the time for making such payments, without the written consent of all of the Owners of the Bonds then Outstanding.

Payment of Taxes. The Corporation will pay or cause to be paid all taxes, assessments and other governmental charges, if any, that may be levied, assessed or charged upon the Project or any part thereof, or upon the Revenues or any part thereof, promptly as and when the same shall become due and payable; and the Corporation will keep the Trustee advised of such payments, upon request of the Trustee, from time to time. The Corporation will not suffer the Project, or any part thereof, to be sold for any taxes, assessments or other charges whatsoever, or to be forfeited therefor.

Observance of Laws and Regulations. To the extent material to the issuance of and security for the Bonds, the Corporation will keep, observe and perform all valid and lawful obligations or regulations now or hereafter imposed on it by contract, or prescribed by any law of the United States, or of the State of California, or by any officer, board or commission having jurisdiction or control, as a condition of the continued enjoyment of any and every right, privilege or franchise now owned or hereafter acquired by the authority, including its right to exist and carry on business as public body, corporate and politic, to the end that such rights, privileges and franchises shall be maintained and preserved, and shall not become abandoned, forfeited or in any manner impaired.

Maintenance and Repair of Project. The Corporation shall maintain or cause to be maintained in good condition and keep in good repair the Project and all buildings, facilities and equipment now or hereafter constituting any part of the same, and shall not commit or allow any waste with respect to the Project.

Liens. The Corporation shall keep or cause to be kept the Project and all parts thereof free from judgments, from mechanics' and materialmen's liens (except those arising from the construction of additions or improvements to the project) and free from all liens, claims, demands and encumbrances of whatever nature or character (except those referred to in the Project Lease) to the end that the security provided pursuant to the Indenture may at all times be maintained and preserved, and the Corporation shall keep the Project free from any claim or liability which might prevent the Corporation from conducting its business or operating the Project. The Trustee at its option (after first giving the Corporation ten days' written notice to comply therewith and failure of the Corporation to so comply within said ten day period) may defend against any and all actions or proceedings in which the validity of the Indenture is or

might be questioned, or may pay or compromise any claim or demand asserted in any such actions or proceedings; provided, however, that, in defending against 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 Corporation from liability for or on account of any of its covenants and warranties contained in the Indenture, or from its liability under the Indenture to defend the validity of the Indenture and the pledge made in the Indenture and to perform such covenants and warranties.

Compliance with Contracts. The Corporation shall comply or cause the compliance with the terms, covenants and provisions, express or implied, of all contracts for the use of the Project to which it is a party, or any part thereof, by the Corporation, and all other contracts and agreements materially affecting or involving the Project.

Prosecution and Defense of Suits. The Corporation shall promptly, upon request of the Trustee or any Bondowner, from time to time, take or cause the City to take, such action as may be necessary or proper to remedy or cure any defect in or cloud upon the title to the Project, whether now existing or hereafter developing and shall prosecute all such suits, actions and other proceedings as may be appropriate for such purpose and shall indemnify and save the Trustee and every Bondowner harmless from all loss, cost, damage and expense, including attorneys' fees, which they or any of them may incur by reason of any such defect, cloud, suit, action or proceeding.

Recordation and Filing. The Corporation shall record and file the Project Lease, the Site Lease and all such documents as may be required by law (together with whatever else may be necessary or be reasonably required by the Trustee), all in such manner, at such times and in such places as may be required by law in order fully to preserve, protect and perfect the security of the Bondowners.

Budgets. The Corporation shall supply to the Trustee, prior to the beginning of each Fiscal Year, a Certificate of the City to the effect that the City has made adequate provision in its proposed annual budget for the payment of debt service on the Bonds of the Fiscal Year covered by such budget. The Corporation shall cause such Certificate of the City to be given as soon as practicable after the proposed budget of the City for the then ensuing Fiscal Year is included as an agenda item for a meeting of the Board of Supervisors of the City, and shall be made, in any event, and not later than the date the proposed budget is first considered by the Board of Supervisors of the City. The Certificate of the City given to the Trustee shall be that the amounts so budgeted are fully adequate for the payment of all debt service on the Bonds due in the then ensuing Fiscal Year. If the amounts so budgeted are not adequate for the payment of debt service on the Bonds, the Corporation will use its best efforts to cause the City to have such annual budget amended, corrected or augmented so as to include therein the amounts required to be raised by the City in the then ensuing Fiscal Year for the payment of debt service on the Bonds and will notify the Trustee of the proceedings then taken or proposed to be taken by the City. The Corporation will keep the Trustee advised of all proceedings thereafter taken by the City.

Further Assurances. The Corporation will make, execute and deliver any and all such further indentures, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of the Indenture and for the better assuring and confirming unto the Owners of the Bonds all of the rights and benefits provided in the Indenture.

Tax Covenants: Rebate Fund. In addition to the accounts created as described above, the Trustee shall establish and maintain a fund separate from any other fund or account established and maintained under the Indenture designated as the "Rebate Fund." There shall be deposited in the Rebate Fund such amounts as are required to be deposited therein pursuant to instructions received from the Corporation. The Corporation's instructions regarding the Rebate Fund will be consistent with the Tax Certificate. All money at any time deposited in the Rebate Fund shall be held by the Trustee in trust for payment to the United States of America. Notwithstanding any other provisions of the Indenture relating to the pledge of Revenues, the allocation of money in the Revenue Fund, the investments of money in any fund or account, and the defeasance of Outstanding Bonds, all amounts required to be deposited into or on deposit in the Rebate Fund shall be governed exclusively by the applicable provisions of the Indenture and the Tax Certificate (which is incorporated in the Indenture by reference). The Trustee shall invest all amounts held in the Rebate Fund in Nonpurpose Investments, as directed by the Corporation pursuant to the Tax Certificate.

The Corporation will pay or cause to be paid to the United States Department of the Treasury the Excess Investment Earnings, if any, required by Section 148(f) of the Code and any Regulations promulgated thereunder at the times required thereby. The Trustee shall disburse the amounts on deposit in the Rebate Fund in accordance with the written direction of the Corporation.

The Corporation shall not use or permit the use of any proceeds of the Bonds or any funds of the Corporation, directly or indirectly, in any manner, and shall not take or omit to take any action that would cause any of the Bonds to be treated as an obligation not described in Section 103(a) of the Code. In furtherance of this covenant, the Corporation shall at all times comply with the provisions of the Tax Certificate.

The Corporation shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

The Corporation shall assure that the proceeds of the Bonds are not so used as to cause the Bonds to satisfy the private business tests of Section 141(b) of the Code or the private loan financing test of Section 141(c) of the Code.

The Corporation shall take all actions necessary to assure the exclusion of interest on the Bonds from the gross income of the Owners of the Bonds to the same extent as such interest is permitted to be excluded from gross income under the Code as in effect on the date of issuance of the Bonds.

In the event that at any time the Corporation is of the opinion that it is necessary to restrict or to limit the yield on the investment of any moneys held by the Trustee under the Indenture, the Corporation shall so instruct the Trustee under the Indenture by written notice containing instructions as to the yield or yields to which such investments must be restricted. The Trustee shall take such action as may be necessary in accordance with such instructions.

In order to provide for the administration of the provisions described in relating to rebate and arbitrage, the Corporation may provide for the employment of independent attorneys, accountants and consultants, who shall be selected by the Corporation with reasonable care and compensated on such reasonable basis as the Corporation may deem appropriate, and the

Trustee may rely conclusively upon the opinions, calculations, determinations and advice of such attorneys, accountants and consultants employed under the Indenture.

Notwithstanding any provisions described in the Indenture, if the Corporation shall provide to the Trustee an Opinion of Bond Counsel that any specified action required under the provisions described in the Indenture is no longer required or that some further or different action is required to maintain the exclusion from federal income tax of interest with respect to the Bonds, the Trustee and the Corporation may conclusively rely on such opinion in complying with the requirements of this provision, and the covenants under the Indenture shall be deemed to be modified to that extent.

Notwithstanding any other provisions of the Indenture the obligation to remit Excess Investment Earnings to the United States of America and to comply with all other requirements of the provisions of the Indenture relating to federal tax matters and the Tax Certificate shall survive the defeasance or payment in full of the Bonds.

The Trustee shall be deemed conclusively to have complied with the provisions of the Indenture regarding rebate and arbitrage if it follows the directions of the Corporation with respect thereto, and shall have no liability or responsibility to enforce compliance by the Corporation with the terms and provisions of the Tax Certificate.

Events of Defaults and Remedies

Events of Default. The following events shall be Events of Default:

(a) if default shall be made in the due and punctual payment of the principal or Purchase Price of any Bonds when and as the same shall become due and payable, whether at maturity as therein expressed, by proceedings for tender or redemption, by acceleration, or otherwise;

(b) if default shall be made in the due and punctual payment of any installment of interest on any Bond when and as the same shall become due and payable;

(c) if default shall be made by the Corporation in the observance of any of the other covenants, agreements or conditions on its part in the Indenture or in the Bonds contained, if such default shall have continued for a period of sixty (60) days after written notice thereof, specifying such default and requiring the same to be remedied, shall have been given to the City and the Corporation by the Trustee or the Owners of not less than twenty-five percent (25%) in aggregate principal amount of the Bonds at the time Outstanding; provided, however, if the failure stated in the notice can be corrected, but not within the applicable period, the Trustee and such Owners shall not unreasonably withhold their consent to an extension of such time if corrective action is instituted by the Corporation or the City within the applicable period and diligently pursued until the default is corrected; and

(d) the occurrence of an Event of Bankruptcy with respect to the Corporation; and

(e) the City fails to pay, when due, any Base Rental under the Project Lease.

Acceleration of Maturities. If an Event of Default shall occur, then, and in each and every such case during the continuance of such Event of Default, with the consent of the Credit Provider, the Trustee may, and upon the written direction of the Owners of a majority in aggregate principal amount of Bonds Outstanding, shall, upon notice in writing to the Corporation, the Credit Provider, if any, and the City, declare the principal of the Bonds, and the interest accrued thereon, to be due and payable immediately, and upon any such declaration the same shall become and shall be immediately due and payable, anything in the Indenture or in the Bonds contained to the contrary notwithstanding. Upon such declaration the Trustee shall, if so permitted by the terms of the Credit Facility and otherwise with the consent of the Credit Provider, draw on the Credit Facility to pay the principal of and interest on the Bonds backed by such Credit Facility. Upon any such declaration of acceleration, interest shall cease to accrue on such Bonds.

Any such declaration, however, is subject to the condition that if, at any time after such declaration and before any judgment or decree for the payment of the moneys due shall have been obtained or entered, there shall be deposited with the Trustee a sum sufficient to pay all the principal or redemption price of and installments of interest on the Bonds payment of which is overdue, with interest on such overdue principal at the rates borne by the respective Bonds, and the reasonable charges and expenses of the Trustee, and any and all other defaults known to the Trustee (other than in the payment of principal of and interest on the Bonds due and payable solely by reason of such declaration) shall have been made good or cured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall have been made therefor, then, and in every such case, the Owners of not less than a majority in aggregate principal amount of Bonds Outstanding, by written notice to the Corporation, the City, the Credit Provider, if any, and the Trustee, rescind and annul such declaration and its consequences and waive such default; but no such rescission and annulment shall extend to or shall affect any subsequent default, or shall impair or exhaust any right or power consequent thereon and any such rescission and annulment shall occur only if the Credit Facility, if it has been drawn on in connection with the related acceleration, has been reinstated to the Required Stated Amount.

Notwithstanding the foregoing, no acceleration of the payment of the Bonds shall be permitted under the Indenture if an Event of Default occurs resulting solely from the failure of the Corporation and the Liquidity Provider to pay the purchase price of the Bonds upon the optional or mandatory tender thereof. Further, a failure by the Credit Provider to honor a draw on the Credit Facility to pay the principal of and interest on the Bonds when due shall not cause an Event of Default under the Indenture if the Corporation provides moneys as provided in the Indenture.

Application of Revenues and Other Funds After Default. If an Event of Default shall occur and be continuing, all Revenues and any other funds then held or thereafter received by the Trustee under any of the provisions of the Indenture (excluding the Project Fund, the Rebate Fund and the Purchase Fund and subject to moneys held for particular Bonds) shall be applied by the Trustee as follows and in the following order:

(a) To the payment of any expenses (including extraordinary expenses) necessary in the opinion of the Trustee to protect the interests of the Owners of the Bonds and payment of reasonable fees, charges and expenses of the Trustee (including reasonable fees and disbursements of its counsel) incurred in and about the performance of its powers and duties under the Indenture (provided that amounts derived from draws on the Credit Facility or the Liquidity Facility shall not be used for any such purpose);

(b) To the payment of the principal or redemption price of and interest then due on the Bonds (upon presentation of the Bonds to be paid, and stamping thereon of the payment if only partially paid, or surrender thereof if fully paid) subject to the provisions of the Indenture, as follows:

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

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

Second: To the payment to the persons entitled thereto of the unpaid principal or redemption price of any Bonds which shall have become due and payable, whether at maturity or by call for redemption, in the order of their due dates, with interest on the overdue principal at the rate borne by the respective Bonds from the respective dates upon which such Bonds became due and payable, and, if the amount available shall not be sufficient to pay in full all the principal or redemption price of the Bonds due on any date, together with such interest, then to the payment first of such interest, ratably, according to the amount of interest due on such date, and then to the payment of such principal or redemption price, ratably, according to the amounts of principal or redemption price due on such date to the persons entitled thereto, without any discrimination or preference, except as to any difference in the respective rates of interest specified in the Bonds;

Third: To the payment of the interest on and the principal or redemption price of the Bonds, the purchase and retirement of the Bonds and to the redemption of the Bonds, all in accordance with the provisions of the Indenture; and

Fourth: To the Credit Provider for any amounts owed under the Credit Agreement.

(2) If the principal of all of the Bonds shall have become or have been declared due and payable,

First: To the payment of the principal and interest then due and unpaid upon the Bonds, with interest on the overdue principal at the rate borne by the respective Bonds, and, if the amount available shall not be sufficient to pay in full the whole amount so due and unpaid, then to the payment thereof ratably, without preference or priority of principal over interest, or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or

preference, except as to any difference in the respective rates of interest specified in the Bonds.

Second: To the Credit Provider for any amounts owed under the Credit Agreement.

Trustee to Represent Bond Owners. Subject to the right of the Credit Provider to direct proceedings as described below, the Trustee is irrevocably appointed (and the successive respective Owners of the Bonds, by taking and holding the same, shall be conclusively deemed to have so appointed the Trustee) as trustee and true and lawful attorney-in-fact of the Owners of the Bonds for the purpose of exercising and prosecuting on their behalf such rights and remedies as may be available to such Owners under the provisions of the Bonds, the Indenture, the Project Lease, and applicable provisions of any law. Subject to the right of the Credit Provider to direct proceedings as described below, upon the occurrence and continuance of an Event of Default or other occasion giving rise to a right in the Trustee to represent the Owners of the Bonds, the Trustee in its discretion may, and upon the written request of the Owners of not less than 25% in aggregate principal amount of the Bonds then Outstanding, and upon being indemnified to its satisfaction therefor, shall, proceed to protect or enforce its rights or the rights of such Owners by such appropriate action, suit, mandamus or other proceedings as it shall deem most effectual to protect and enforce any such right, at law or in equity, either for the specific performance of any covenant or agreement contained in the Indenture, or in aid of the execution of any power in the Indenture granted, or for the enforcement of any other appropriate legal or equitable right or remedy vested in the Trustee or in such Owners under the Indenture, the Project Lease, or any law; and upon instituting such proceeding, the Trustee shall be entitled, as a matter of right, to the appointment of a receiver of the Revenues and other assets pledged under the Indenture or the Bonds, pending such proceedings. Subject to the right of the Credit Provider to direct proceedings as described below, if more than one such request is received by the Trustee from the Owners of the Bonds, the Trustee shall follow the written request executed by the Owners of the greater percentage of Bonds then Outstanding in excess of 25%. All rights of action under the Indenture or the Bonds or otherwise may be prosecuted and enforced by the Trustee without the possession of any of the Bonds or the production thereof in any proceeding relating thereto, and any such suit, action or proceeding instituted by the Trustee shall be brought in the name of the Trustee for the benefit and protection of all the Owners of such Bonds, subject to the provisions of the Indenture.

Bond Owners' Direction of Proceedings. Subject to the right of the Credit Provider to direct proceedings as described below, the Owners of a majority in aggregate principal amount of the Bonds then Outstanding shall have the right, by an instrument or concurrent instruments in writing executed and delivered to the Trustee, and upon indemnifying the Trustee to its satisfaction therefor, to direct the method of conducting all remedial proceedings taken by the Trustee under the Indenture, provided that such direction shall not be otherwise than in accordance with law and the provisions of the Indenture, and that the Trustee shall have the right to decline to follow any such direction which in the opinion of the Trustee would be unjustly prejudicial to the Owners of the Bonds not parties to such direction.

Limitation on Owner's Right to Sue. Subject to the right of the Credit Provider to direct proceedings as described below, no Owner of any Bond shall have the right to institute any suit, action or proceeding at law or in equity, for the protection or enforcement of any right or remedy under the Indenture, the Project Lease, or any applicable law with respect to such Bond, unless (1) such Owner shall have given to the Trustee written notice of the occurrence of an Event of Default; (2) the Owners of not less than 25% in aggregate principal amount of the Bonds then

Outstanding shall have made written request upon the Trustee to exercise the powers granted in the Indenture or to institute such suit, action or proceeding in its own name; provided, however, that if more than one such request is received by the Trustee from the Owners, the Trustee shall follow the written request executed by the Owners of the greater percentage of Bonds then Outstanding in excess of 25%; (3) such Owner or said Owners shall have tendered to the Trustee indemnity satisfactory to it against the costs, expenses and liabilities to be incurred in compliance with such request; and (4) the Trustee shall have refused or omitted to comply with such request for a period of 60 days after such written request shall have been received by, and said tender of indemnity shall have been made to, the Trustee.

Such notification, request, tender of indemnity and refusal or omission are declared, in every case, to be conditions precedent to the exercise by any Owner of Bonds of any remedy under the Indenture or under law; it being understood and intended that no one or more Owners of Bonds shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security of the Indenture or the rights of any other Owners of Bonds, or to enforce any right under the Indenture, the Project Lease, or applicable law with respect to the Bonds, except in the manner in the Indenture provided, and that all proceedings at law or in equity to enforce any such right shall be instituted, had and maintained in the manner in the Indenture provided and for the benefit and protection of all Owners of the Outstanding Bonds, subject to the provisions of the Indenture.

Absolute Obligation of Corporation. Nothing in any provision of the Indenture, or in the Bonds, contained shall affect or impair the obligation of the Corporation, which is absolute and unconditional, to pay the principal or redemption price of and interest on the Bonds to the respective Owners of the Bonds at their respective dates of maturity, or upon call for redemption, as in the Indenture provided, but only out of the Revenues and other assets pledged therefor under the Indenture, and not otherwise, or affect or impair the right of such Owners, which is also absolute and unconditional, to enforce such payment by virtue of the contract embodied in the Bonds.

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

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

No Waiver of Default. No delay or omission of the Trustee, the Credit Provider or of any Owner of the Bonds to exercise any right or power arising upon the occurrence of 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 the Indenture to the Trustee,

the Credit Provider or to the Owners of the Bonds may be exercised from time to time and as often as may be deemed expedient.

Credit Provider Deemed Owner; Reorganization of Corporation. Upon the occurrence of an Event of Default, the Credit Provider shall be deemed to be the Owner of each Bond that is supported by its Credit Facility, and shall have all rights with respect to each such Bond in connection with the consents, directions and other actions that may be taken by the Owners of the Bonds with respects to Events of Default. Additionally, any reorganization or liquidation plan with respect to the Corporation must be acceptable to the Credit Provider and, in the event of any such reorganization or any liquidation, the Credit Provider shall have the right to vote on behalf of all Bondowners.

The Trustee

Duties of Trustee Generally. The Trustee shall, prior to an Event of Default, and after the curing of all Events of Default which may have occurred, perform such duties and only such duties as are expressly and specifically set forth in the Indenture. The Trustee shall, during the existence of any Event of Default which has not been cured, exercise such of the rights and powers vested in it by the Indenture, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs.

Removal of Trustee. The Corporation may remove the Trustee at any time unless an Event of Default shall have occurred and then be continuing, and shall remove the Trustee if at any time requested to do so by an instrument or concurrent instruments in writing signed by the Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding (or their attorneys duly authorized in writing) or if at any time the Trustee shall cease to be eligible as described below, or shall become incapable of acting, or shall be adjudged bankrupt or insolvent, or a receiver of the Trustee or its property shall be appointed, or any public officer shall take control or charge of the Trustee or of its property or any substantial portion thereof or affairs for the purpose of rehabilitation, conservation or liquidation, in each case by giving written notice of such removal to the Trustee and thereupon shall appoint a successor Trustee by an instrument in writing.

Resignation of Trustee. The Trustee may at any time resign by giving written notice of such resignation by first class mail, postage prepaid, to the Corporation, the City and to the Owners. Upon receiving such notice of resignation, the Corporation shall appoint a successor Trustee by an instrument in writing. The Trustee shall not be relieved of its duties until such successor Trustee has accepted appointment, other than pursuant to court order.

Appointment of Successor Trustee. Any removal or resignation of the Trustee and appointment of a successor Trustee shall become effective upon the acceptance of appointment by the successor Trustee; provided, however, that under any circumstances the successor Trustee shall be qualified as provided in the Indenture as described below. If no qualified successor Trustee shall have been appointed and have accepted appointment within sixty (60) days following the giving of notice of removal or notice of resignation as aforesaid, the resigning Trustee or any Owner (on behalf of itself and all other Owners) may petition any court of competent jurisdiction for the appointment of a successor Trustee, and such court may thereupon, after such notice (if any) as it may deem proper, appoint such successor Trustee. Any successor Trustee appointed under the Indenture shall signify its acceptance of such appointment by executing and delivering to the Corporation and the City and its predecessor

Trustee a written acceptance thereof, and to the predecessor Trustee an instrument indemnifying the predecessor Trustee for any costs or claims arising during the time the successor Trustee serves as Trustee under the Indenture, and such successor Trustee, without any further act, deed or conveyance, shall become vested with all the moneys, estates, properties, rights, powers, trusts, duties and obligations of such predecessor Trustee, with like effect as if originally named Trustee in the Indenture; but, nevertheless at the written request of the Corporation and the City or the request of the successor Trustee, such predecessor Trustee shall execute and deliver any and all instruments of conveyance, including a quitclaim deed, and further assurance and do such other things as may reasonably be required for more fully and certainly vesting in and confirming to such successor Trustee all the right, title and interest of such predecessor Trustee in and to any property held by it under the Indenture and shall pay over, transfer, assign and deliver to the successor Trustee any money or other property subject to the trust and conditions set forth in the Indenture. Upon request of the successor Trustee, the Corporation and the City shall execute and deliver any and all instruments as may be reasonably required for more fully and certainly vesting in and confirming to such successor Trustee moneys, estates, properties, rights, powers, trusts, duties and obligations. Upon acceptance of appointment by a successor Trustee as provided in the Indenture, the Corporation shall mail or cause the successor Trustee to mail, by first class mail, postage prepaid, a notice of the succession of such Trustee to the trusts under the Indenture to the Owners at the addresses shown on the registration books. If the Corporation fails to mail such notice within 15 days after acceptance of appointment by the successor Trustee, the successor Trustee shall cause such notice to be mailed at the expense of the Corporation.

Trustee Qualifications. There shall at all times be a trustee under the Indenture, which shall be a corporation, banking association or trust company doing business and having a principal corporate trust office in California and shall (A) either (i) have a combined capital and surplus of at least One Hundred Million Dollars (\$100,000,000) and be subject to supervision or examination by federal or state authority or (ii) be a wholly-owned subsidiary of a bank, trust company or bank holding company meeting on an aggregate basis the tests set out in clause (i) and (B) be able to comply with the terms and conditions of the Indenture. If such corporation, banking association, or trust company publishes reports of conditions at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then the combined capital and surplus of such corporation, banking association or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. In case at any time the Trustee shall cease to be eligible in accordance with the provisions of the Indenture, the Trustee shall resign immediately in the manner and with the effect described above.

Merger or Consolidation. Any bank or trust company into which the Trustee may be merged or converted or with which it may be consolidated or any bank or trust company resulting from any merger, conversion or consolidation to which it shall be a party or any bank or trust company with trust powers to which the Trustee may sell or transfer all or substantially all of its corporate trust business shall assume the duties of trustee under the Indenture without the execution or filing of any paper or any further act, anything in the Indenture to the contrary notwithstanding, provided that such bank or trust company must be eligible under the Indenture to be the successor to the Trustee.

Liability of Trustee. The Trustee shall be responsible for its representations contained in its certificate of authentication on the Bonds. The Trustee shall not be responsible for the sufficiency of the Project Lease or of the title to or value of the Project. The Trustee shall be under no responsibility or duty with respect to: (i) the issuance of the Bonds for value; or (ii) the

application of the proceeds thereof except to the extent that such proceeds are received by it in its capacity as Trustee. The Trustee shall not be liable in connection with the performance of its duties under the Indenture except only for its own negligence, willful misconduct or breach of an obligation under the Indenture. The Trustee may buy, sell, own, hold and deal in any of the Bonds and may join in any action which any Owner may be entitled to take with like effect as if the Trustee were not a party to the Indenture.

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

Except with respect to Events of Default with respect to the nonpayment of the Bonds, the Trustee shall not be deemed to have knowledge of any Event of Default unless and until the Trustee shall have actual knowledge thereof or the Trustee shall have received written notice thereof at the Corporate Trust Office.

The Trustee (i) may execute any of the trusts or powers set forth in the Indenture and perform the duties required of it under the Indenture by or through attorneys, agents, or receivers and (ii) shall be entitled to the advice of counsel and to rely conclusively on such advice.

The Trustee shall not be liable for any error of judgment made in good faith by a responsible officer, director or employee unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts.

No provision of the Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties under the Indenture, or in the exercise of its rights or powers.

The Trustee shall have no responsibility, opinion or liability with respect to any information, statement or recital found in any official statement or other disclosure material, prepared or distributed with respect to the execution and delivery of the Bonds, except for information provided by the Trustee.

Preservation and Inspection of Documents. All documents received by the Trustee under the provisions of the Indenture shall be retained in its possession and shall be subject during business hours and upon reasonable notice to the inspection of the Corporation, the City, the Owners and their agents and representatives duly authorized in writing.

Compensation of the Trustee. The Corporation shall from time to time, subject to any agreement then in effect with the Trustee, pay the Trustee compensation for its services and reimburse the Trustee for all its advances and expenditures under the Indenture, including but not limited to advances to and fees and expenses of accountants, agents, appraisers, consultants, counsel or other experts employed by it in the exercise and performance of its rights and obligations under the Indenture. All fees, charges and rates that the Trustee may charge as Trustee under the Indenture are attached as Exhibit C to the Indenture. So long as any Bond remains Outstanding, the Trustee shall not increase any of the fees and charges set forth on said Exhibit C without the prior written consent of the Corporation and the City.

Modification or Amendment of the Indenture

Amendments Permitted. The Indenture and the rights and obligations of the Corporation and of the Owners of the Bonds and of the Trustee may be modified or amended from time to time and at any time by an indenture or indentures supplemental to the Indenture, which the Corporation and the Trustee may enter into with the written consent of the Owners of a majority in aggregate principal amount of all Bonds then Outstanding, which shall have been filed with the Trustee. No such modification or amendment shall (i) extend the fixed maturity of any Bonds, or reduce the amount of principal thereof, or reduce the rate of interest thereon, or extend the time of payment of interest thereon, or reduce any premium payable upon the redemption thereof, without the consent of the Owner of each Bond so affected, or (ii) reduce the aforesaid percentage of Bonds the consent of the Owners of which is required to effect any such modification or amendment, or (iii) permit the creation of any lien on the Revenues and other assets pledged under the Indenture prior to or on a parity with the lien created by the Indenture or deprive the Owners of the Bonds of the lien created by the Indenture on such Revenues and other assets (except as expressly provided in the Indenture), without the consent of the Owners of all of the Bonds then Outstanding. It shall not be necessary for the consent of the Bond Owners to approve the particular form of any supplemental indenture, but it shall be sufficient if such consent shall approve the substance thereof. Promptly after the execution by the Corporation and the Trustee of any supplemental indenture, the Trustee shall mail a notice (the form of which shall be furnished to the Trustee by the Corporation), by first class mail postage prepaid, setting forth in general terms the substance of such supplemental indenture, to the Owners of the Bonds at the respective addresses shown on the Registration Books. Any failure to give such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such supplemental indenture.

The Indenture and the rights and obligations of the Corporation, of the Trustee and the Owners of the Bonds may also be modified or amended from time to time and at any time by an indenture or indentures supplemental to the Indenture, which the Corporation and the Trustee may enter into without the consent of any Bond Owners for any one or more of the following purposes:

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

(ii) to make such provisions for the purpose of curing any ambiguity, inconsistency or omission, or of curing or correcting any defective provision contained in the Indenture, or as to any other provisions of the Indenture as the Corporation may deem necessary or desirable, in any case which do not materially adversely affect the security for the Bonds granted under the Indenture;

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

(iv) to obtain or to maintain a rating on the Bonds;

(v) to comply with the requirements of a provider of a Reserve Fund Credit Facility, provided that such modifications shall not have a material adverse effect on the interests of the Owners of the Bonds;

(vi) to comply with the requirements of a provider of an Alternate Credit Facility (including a Liquidity Facility), provided that such modifications shall not have a material adverse effect on the interests of the Owners of the Bonds;

(vii) for any purpose relating to the Variable Rate Bonds, but only if such modification, alteration, amendment or supplement is approved in writing by the Credit Provider and the Liquidity Provider and if the Owners of such Variable Rate Bonds are given at least 30 days' notice of the applicable Supplemental Indenture and have the right or the obligation to tender their Bonds for purchase pursuant to the Indenture prior to the effectiveness of such Supplemental Indenture; or

(viii) to modify, amend or supplement the Indenture in any other way which receives the written consent of each Credit Provider if its Credit Facility provides credit support for a Series of Bonds; or

(ix) to modify, alter, amend or supplement the Indenture in any manner, if such amendment will take effect on a Conversion Date.

In executing any supplemental indenture permitted by the Indenture, the Trustee shall be entitled to receive and to rely upon an Opinion of Bond Counsel to the effect that (i) the execution of such supplemental indenture is authorized and permitted pursuant to the Indenture and (ii) the execution and delivery of such Supplemental Indenture will not, in and of itself, adversely affect the exclusion from gross income for federal income purposes of interest on the Bonds.

Effect of Supplemental Indenture. Upon the execution of any supplemental indenture, the Indenture shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under the Indenture of the Corporation, the Trustee and an Owners of Bonds Outstanding shall thereafter be determined, exercised and enforced under the Indenture subject in all respects to such modification and amendment, and all the terms and conditions of any such supplemental indenture shall be deemed to be part of the terms and conditions of the Indenture for any and all purposes.

Endorsement of Bonds; Preparation of New Bonds. Bonds delivered after the execution of any supplemental indenture may, and if the Corporation so determines shall, bear a notation by endorsement or otherwise in form approved by the Corporation and the Trustee as to any modification or amendment provided for in such supplemental indenture, and, in that case, upon demand on the Owner of any Bonds Outstanding at the time of such execution and presentation of his or her Bonds for the purpose at the Corporate Trust Office of the Trustee a suitable notation shall be made on such Bonds. If the supplemental indenture shall so provide, new Bonds so modified as to conform, in the opinion of the Corporation and the Trustee, to any modification or amendment contained in such supplemental indenture, shall be prepared and executed by the Corporation and authenticated by the Trustee, and upon demand of the Owners of any Bonds then Outstanding shall be exchanged at the Corporate Trust Office of the Trustee, without cost to any Bond Owner, for Bonds then Outstanding, upon surrender for cancellation of such Bonds, in equal aggregate principal amount of the same interest rate and maturity.

Amendment of Particular Bonds; Amendment of Bonds on Conversion Date. The provisions relating to the amendment or modification of the Indenture shall not (A) prevent any Owner from accepting any amendment as to the particular Bonds held by it, provided that due notation thereof is made on such Bonds or (B) prevent the amendment of the form of Bonds contained in Exhibit A to the Indenture to accommodate the authentication of Variable Rate Bonds or Fixed Rate Bonds on a Conversion Date in a form approved by the Corporation and the Trustee which is consistent with the terms of the Bonds as set forth in the Indenture.

Defeasance

Discharge of Indenture. The Bonds, including a Series thereof, may be paid by the Corporation in any of the following ways, provided that the Corporation also pays or causes to be paid any other sums payable under the Indenture by the Corporation:

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

(b) following the Fixed Rate Conversion Date or during a Long Rate Period or a Semiannual Rate Period, by depositing with the Trustee, in trust (pursuant to an escrow agreement), at or before maturity, money or Defeasance Obligations in the necessary amount (as described below) to pay or redeem all Bonds, including a Series thereof, then Outstanding; provided that in the case of a Long Rate Period or a Semiannual Rate Period, such payment or redemption must occur on the earliest date on which the Bonds are subject to tender or redemption, but in no event later than the last Interest Payment Date with respect to the interest rate in effect at the time of such deposit; or

(c) by delivering to the Trustee, for cancellation by it, all of the Bonds, including a Series thereof, then Outstanding.

If the Corporation shall also pay or cause to be paid all other sums payable under the Indenture by the Corporation, including without limitation any compensation and expenses due and owing the Trustee under the Indenture, then and in that case, at the election of the Corporation (evidenced by a Written Certificate of the Corporation, filed with the Trustee, signifying the intention of the Corporation to discharge all such indebtedness and the Indenture), and notwithstanding that any Bonds shall not have been surrendered for payment, the Indenture and the pledge of Revenues and other assets made under the Indenture and all covenants, agreements and other obligations of the Corporation under the Indenture shall cease, terminate, become void and be completely discharged and satisfied. In such event, upon the Written Request of the Corporation, and upon receipt of an Opinion of Bond Counsel acceptable to the Trustee, each to the effect that all conditions precedent provided for in the Indenture relating to the discharge and satisfaction of the obligations of the Corporation have been satisfied, the Trustee shall cause an accounting for such period or periods as may be requested by the Corporation to be prepared and filed with the Corporation and shall execute and deliver to the Corporation all such instruments as may be necessary or desirable to evidence such discharge and satisfaction, and the Trustee shall pay over, transfer, assign or deliver all moneys or securities or other property held by it pursuant to the Indenture, which are not required for the payment or redemption of Bonds not theretofore surrendered for such payment or redemption, to the Corporation.

Discharge of Liability on Bonds. Upon the deposit with the Trustee, in trust, at or before maturity, of money or securities in the necessary amount to pay or redeem any Outstanding Bonds, including a Series thereof (whether upon or prior to the maturity or the redemption date of such Bonds), provided that, if such Bonds are to be redeemed prior to maturity, notice of such redemption shall have been given as provided in the Indenture or provision satisfactory to the Trustee shall have been made for the giving of such notice, then all liability of the Corporation in respect of such Bonds shall cease, terminate and be completely discharged, and the Owners thereof shall thereafter be entitled only to payment out of such money or securities deposited with the Trustee as aforesaid for their payment, subject, however, to the provisions of the Indenture relating to the payment of the Bonds after the discharge of the Indenture. The Trustee shall select by lot the Bonds of any maturity to be defeased in part.

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

Notwithstanding anything in the Indenture to the contrary, in the event that the principal or interest due on a Series of Bonds shall be paid by a Credit Provider pursuant to its Credit Facility, the Bonds shall remain Outstanding for all purposes, not be defeased or otherwise satisfied and not be considered paid by the Corporation, and the assignment and pledge of the Revenues and all covenants, agreements and other obligations of the Corporation to the Bondowners shall continue to exist and shall run to the benefit of such Credit Provider, and such Credit Provider shall be subrogated to the rights of such Bondowners.

Deposit of Money or Securities with Trustee. Whenever in the Indenture it is provided or permitted that there be deposited with or held in trust by the Trustee money or securities in the necessary amount to pay or redeem any Bonds, including all or a portion of a Series thereof,, the money or securities so to be deposited or held may include money or securities held by the Trustee in the funds and accounts established pursuant to the Indenture and shall be --

(a) Lawful money of the United States of America, in an amount equal to the principal amount of such Bonds and all unpaid interest thereon to their respective stated maturities, except that, in the case of Bonds which are to be redeemed prior to their respective stated maturities and in respect of which notice of such redemption shall have been given as provided in the Indenture or provision satisfactory to the Trustee shall have been made for the giving of such notice, the amount to be deposited or held shall be the principal amount of such Bonds, premium, if any, and all unpaid interest thereon to the redemption date; or

(b) Non-callable Defeasance Obligations, the principal of, premium, if any, and interest on which when due will provide money sufficient to pay the principal of, premium, if any, and all unpaid interest to their respective stated maturities, or to the redemption date, as the case may be, on the Bonds to be paid or redeemed, as such principal and interest become due, provided that in the case of Bonds which are to be redeemed prior to their respective stated maturities, notice of such redemption shall have been given as provided in the Indenture or provision satisfactory to the Trustee shall have been made for the giving of such notice;

provided, in each case, that the Trustee shall have been irrevocably instructed (by the terms of the Indenture or by Written Request of the Corporation) to apply such funds to the payment of such principal and interest with respect to such Bonds.

Payment of Bonds After Discharge of Indenture. Notwithstanding any provisions of the Indenture, any money held by the Trustee in trust for the payment of the principal of, or interest on, any Bonds and remaining unclaimed for two (2) years after the principal of any of the Bonds has become due and payable (whether at maturity or upon call for redemption or by acceleration as provided in the Indenture), if such moneys were so held at such date, or 2 years after the date of deposit of such moneys if deposited after said date when any of the Bonds become due and payable, shall be repaid to the Corporation free from the trusts created by the Indenture and all liability of the Trustee with respect to such moneys shall thereupon cease; provided, however, that before the repayment of such moneys to the Corporation as aforesaid, the Trustee shall (at the Written Request of the Corporation) first mail, by first class mail postage prepaid, to the Owners of Bonds which have not yet been paid, at the respective addresses shown on the Registration Books, a notice, in such form as may be deemed appropriate by the Trustee with respect to the Bonds so payable and not presented and with respect to the provisions relating to the repayment to the Corporation of the moneys held for the payment thereof.

THE PROJECT LEASE

Lease of Project

Under the Project Lease, the Corporation leases to the City, and the City leases from the Corporation, the Project on the terms and conditions hereinafter set forth. The City agrees and covenants that during the term of the Project Lease, except as otherwise provided in the Project Lease, it will use the Project for public purposes, subject to and consistent with all agreements and leases with respect to the Project Lease permitted by the Project Lease, so as to afford the public the benefits contemplated by the Project Lease and so as to permit the Corporation and the City to carry out their agreements and covenants contained in the Project Lease and in the Indenture, and the City further agrees and covenants that during the term of the Project Lease that it will not abandon or vacate the Project or any portion thereof.

Term

The term of the Project Lease shall commence on the date of issuance and delivery of the Bonds, and shall end on April 1, 2030, except as provided below.

If on April 1, 2030, the Bonds shall not have been fully paid, or provision therefor made, then the term of the Project Lease shall be extended until ten (10) days after all Bonds shall have been fully paid, or provision therefor made, or otherwise discharged, provided that in no event shall the term of the Project Lease extend beyond April 1, 2040. If prior to April 1, 2030, the Bonds shall have been fully paid, or provision therefor made, then the term of the Project Lease shall terminate ten (10) days after all the Bonds shall have been fully paid, or provision therefor made.

Title to the Project

During the term of the Project Lease, the Corporation shall hold a leasehold interest in the Project. Title to all moveable property that is placed in or about the Project by the City during the term of the Project Lease shall remain in the City during the term of the Project Lease.

The Corporation's leasehold interest in the Project shall be transferred, conveyed and assigned to and become vested in the City (upon the City's taking appropriate action) and the Project Lease shall terminate with respect thereto at the end of the term thereof, upon payment in full of all rental payments due under the Project Lease pertaining to the Project, and the Corporation will execute and deliver such conveyances, registration documents and other instruments as may be necessary to effect such vesting of record.

Rental Abatement

Except to the extent of amounts available to the City for payments under the Project Lease, including without limitation amounts under the Indenture, and except as otherwise specifically provided in the Project Lease, during any period in which by reason of material non-completion of the Project, material damage to or destruction of the Project, or condemnation of or defects in the title of the Project, there is substantial interference with the use and occupancy by the City of any portion of the Project, rental payments due under the Project Lease shall be abated proportionately, and the City waives the benefits of Civil Code Sections 1932(1), 1932(2) and 1933(4) and any and all other rights to terminate the Project Lease by virtue of any such interference and the Project Lease shall continue in full force and effect. Subject to the provisions of the Project Lease relating to the fair rental value of the Project, in the case of abatement relating to the Project, the amount of abatement shall be in that proportion which the initial cost of that portion of the Project rendered unusable bears to the initial cost of the whole of the Project, provided that at the option of the City, the City may consider the then current value of the Project in determining the amount of abatement, but only to reduce or eliminate the amount of abatement. The City shall calculate such abatement and shall provide the Corporation and the Trustee with a certificate setting forth such calculation and the basis therefor. Such abatement shall continue for the period commencing, in the case of non-completion of the Project, with the Closing Date (as defined in the Indenture) and otherwise on the date of such damage, destruction, condemnation or discovery of such title defect, and ending, in the case of non-completion of the Project, with the substantial completion of the Project, in the case of damage to or destruction of the Project, with the substantial completion of the work of repair or replacement of the Project so damaged or destroyed, or, in the case of condemnation or title defect, with the restoration of the Project to tenantable condition or the correction of the title defect; and the term of the Project Lease shall be extended by the period during which the rental is abated under the Project Lease, except that the Project Lease shall in no event extend beyond April 1, 2040.

The City acknowledges and agrees in the Project Lease that during any period of abatement with respect to all or any part of the Project, the Corporation shall use the proceeds of rental interruption insurance maintained pursuant to the Project Lease and moneys on deposit in the Reserve Fund maintained under the Indenture to make, or to reimburse the Credit Provider for draws on the Credit Facility used to make, debt service payments on the Bonds.

Notwithstanding the foregoing, (i) the City has the option, but not the obligation, to deliver a Substitute Project pursuant to the Project Lease during any period of abatement, and (ii) in the case of abatement due to a delay in the completion of the Project, the City may apply liquidated damages, if any, it has been paid due to such delay in completion and which are available to the payment of rental under the Project Lease to the payment of Base Rental and Additional Rental to the extent not otherwise paid.

Additional Rental

The City shall also pay (but only after payment of Base Rental), as Additional Rental under the Indenture such amounts as shall be required by the Corporation for the payment of the following:

(a) All taxes, assessments or governmental charges of any type or nature charged to the Corporation or affecting the Project or the respective interests or estates of the Corporation or the City therein, or affecting the amount available to the Corporation from rentals received under the Project Lease for the retirement of the Bonds (including taxes, assessments or governmental charges assessed or levied by any governmental agency or district having power to levy taxes, assessments or governmental charges).

(b) All reasonable administrative costs of the Corporation relating to the Project, the Project Lease, the Bonds and the Indenture, including, but without limiting the generality of the foregoing, all expenses and compensation of the Remarketing Agents, the Trustee and the Tender Agent payable by the Corporation under the Indenture or otherwise, fees of auditors, rebate analysts, accountants, attorneys or engineers, and all other necessary and reasonable administrative costs of the Corporation or charges required to be paid by it in order to maintain its existence or to defend the Corporation and its members, officers, agents and employees.

(c) Any amounts required to be deposited by the Corporation in the Rebate Fund under the Indenture which are not otherwise available to the Corporation under the Indenture.

(d) Insurance premiums for all insurance required pursuant to the Project Lease and not obtained by the City.

(e) Amounts required to replenish the amounts on deposit in the Reserve Fund to the Reserve Requirement, but only to the extent that the payment of such amount shall not cause the amount of Base Rental and Additional Rental paid in any Lease Year to exceed the fair rental value of the Project.

(f) All amounts owing from time to time by the Corporation under the Credit Agreement and which are not payable from Base Rental payments or other amounts available under the Indenture.

Such Additional Rental shall, if not paid directly by the City, be billed to the City by the Corporation or the Trustee from time to time, together with a statement certifying that the amount billed has been paid by the Corporation or by the Trustee on behalf of the Corporation, for one or more of the items above described, or that such amount is then payable by the Corporation or the Trustee for such items. Amounts so billed shall be paid by the City within sixty (60) days after receipt of the bill by the City. The City may, at its option, pay all or any portion of Additional Rental to the Trustee for deposit in the Working Capital Fund under the Indenture.

Replacement, Maintenance and Repairs

The City shall, at its own expense, during the term of the Project Lease maintain the Project, or cause the same to be maintained, in good order, condition and repair. The City shall, but only from Net Proceeds, replace any portion of the Project that is destroyed or damaged to such an extent that there is substantial interference with the right to the use and occupancy of the Project by the City that would result in an abatement of Base Rental or Additional Rental or any portion thereof pursuant to the Project Lease; provided, however, that the City shall not be required to repair or replace any such portion of the Project if there shall be applied to the prepayment of Outstanding Bonds Net Proceeds or other legally available funds sufficient to prepay (i) all of the Bonds Outstanding and to pay all other amounts due under the Project Lease and under the Indenture, or (ii) any portion thereof such that the resulting Base Rental and Additional Rental payments payable pursuant to the Project Lease in any Lease Year following such partial prepayment are sufficient to pay in the then current and any future Lease Year the principal and interest with respect to all Bonds to remain Outstanding and all other amounts due under the Project Lease and under the Indenture, to the extent such amounts are due and payable in such Lease Year.

The City shall provide or cause to be provided all security service, custodial service, janitorial service and other services necessary for the proper upkeep and maintenance of the Project. It is understood and agreed that in consideration of the payment by the City of the rental payments provided for in the Project Lease, the City is entitled to use and occupy the Project and the Corporation shall have no obligation to incur any expense of any kind or character in connection with the management, operation or maintenance of the Project during the term of the Project Lease. The Corporation shall not be required at any time to make any improvements, alterations, changes, additions, repairs or replacements of any nature whatsoever in or to the Project. The City expressly waives the right to make repairs or to perform maintenance of the Project at the expense of the Corporation and (to the extent permitted by law) waives the benefit of Sections 1932, 1941 and 1942 of the California Civil Code relating thereto.

Changes to the Project

Subject to the approval of the Corporation, the City shall have the right during the term of the Project Lease to make additions, alterations or improvements or to attach fixtures, structures or signs to the Project if said additions, alterations, improvements, fixtures, structures and signs are necessary or beneficial for the use of the Project by the City. The City may remove any fixture, structure or sign added by the City, but such removal shall be accomplished so as to leave the Project in substantially the same condition as it was in before the fixture, structure or sign was attached.

Insurance

Subject to the certification, requirements and self-insurance provisions set forth below, the City shall maintain, or cause to be maintained, throughout the term of the Project Lease:

(1) General liability insurance against damages occasioned by reason of the construction of improvements to, or operation of, the Project. Said policy or policies shall provide coverage in the following minimum amount: \$5,000,000 combined single limit for bodily and personal injury and property damage per occurrence. Such liability insurance may be

maintained as part of or in conjunction with any other liability insurance coverage maintained or caused to be maintained by the City.

(2) Property insurance on all structures constituting any part of the Project in an amount equal to the Outstanding principal amount of the Bonds (to the extent commercially available), but in no event less than the replacement cost of the Project. Said insurance shall, as nearly as practicable, cover loss or damage by fire, lightning, explosion, windstorm, hail, riot, civil commotion, vandalism, malicious mischief, aircraft, vehicle damage, smoke and such other hazards as are normally covered by such insurance. Such insurance shall contain a replacement cost endorsement.

(3) To the extent commercially available, earthquake insurance in an amount equal to the lesser of the Outstanding principal amount of the Bonds or the replacement cost of the Project; provided that no such earthquake insurance shall be required if the Risk Manager files a written certification annually with the Trustee (with a copy to the Credit Provider and the Liquidity Provider) that such insurance is not obtainable upon reasonable terms and conditions on the open market from reputable insurance companies.

(4) Rental interruption insurance in an amount not less than the aggregate Base Rental payable by the City pursuant to the Project Lease for a period of twenty-four (24) months (based on an interest rate on the Bonds of 6% or, in the case of Bonds in a Long Rate Period or a Fixed Rate Period, the actual rate on the Bonds during such period that such rate is in effect), to insure against loss of rental income from the Project caused by perils covered by the insurance required by subsections (2) and (3) above, if applicable. Such insurance shall not be subject to any deductible.

(5) Boiler and machinery insurance, comprehensive form, insuring against accidents to pressure vessels and mechanical and electrical equipment, with a property damage limit not less than \$5,000,000 per accident.

All policies of insurance required under clauses (2), (3), (4) and (5) above shall name the City, the Corporation and the Trustee as the insured parties and shall provide that all proceeds thereunder shall be payable to the Trustee pursuant to a lender's loss payable endorsement substantially in accordance with the form approved by the Insurance Services Office and the California Bankers Association, and all amounts so paid to the Trustee shall be applied as provided in the Indenture. All policies of insurance required under clauses (1), (2) and (3) may provide for a deductible amount which is commercially reasonable (as determined by the Risk Manager).

All policies of insurance required by the Project Lease shall be in a form or forms certified by the Risk Manager (as provided below) to be in compliance with the requirements of the Project Lease. The Corporation, the Trustee or the City shall pay when due the premiums for all insurance policies required by the Project Lease. All insurance under the Project Lease shall be primary to any other insurance available to the Corporation and the City, and shall apply separately to each insured against whom claim is made or suit is brought and shall provide that the Trustee shall be given 30 days' notice of cancellation (10 days if for nonpayment of premium) or intended non-renewal. All insurance required to be maintained pursuant to the Project Lease may be maintained either separately or as a part of any insurance carried by the Corporation or the City, but if maintained as part of other insurance carried by the Corporation or the City, shall specifically identify the Project as being covered by such insurance, the amount of coverage applicable to the Project, and the amount of the deductible.

applicable to the Project. All insurance must be provided by a commercial insurer rated "A-, VIII" by A.M. Best Company or in one of the three highest rating categories of either Moody's or S&P.

The City shall certify in writing to the Trustee (with a copy to the Credit Provider and the Liquidity Provider) by no later than May 15 of each year commencing May 15, 2001, that there is in effect the insurance or self-insurance required by the Project Lease. The Risk Manager will also, at that time, file the written certification described in (4) above if no earthquake insurance has been obtained by the City, and shall also certify that the insurance the City has obtained pursuant to the Project Lease is in a form or forms which are in compliance with the requirements of the Project Lease.

Notwithstanding anything in the Project Lease to the contrary, the Corporation or the City shall have the right to adopt alternative risk management programs to insure against any of the risks required to be insured against under the Project Lease, including a program of self-insurance (other than builders risk, rental interruption insurance and title insurance), in whole or in part; provided that (i) any such alternative risk management program has been approved as reasonable and appropriate risk management by the Risk Manager, and (ii) any reserves set aside for such program shall be certified at least annually on each May 15, commencing May 15, 2009, as to their adequacy by the Risk Manager in a certificate delivered to the Trustee. In addition, any of the Mayor, Controller, Director of Real Estate or Director of Public Finance of the City may, if in the best interests of the City, approve such other types of insurance, including any increases in the insurance coverage required by the Project Lease, upon the recommendation of the Risk Manager, or in connection with obtaining or maintaining a Credit Facility or any rating on the Bonds. The Trustee shall not be responsible for the adequacy, sufficiency or coverage of the insurance or self-insurance required or allowed by the Project Lease.

The City shall deliver to the Trustee, on the date of issuance and delivery of the Bonds, evidence of the commitment of a title insurance company to issue a CLTA or ALTA policy of title insurance, in an amount at least equal to the initial aggregate principal amount of the Bonds, showing fee simple title of the Site in the name of the City and a leasehold interest in the Project in the name of the City, with an endorsement insuring the value to the Corporation of the Project Lease, and naming the insured parties as the Corporation and the Trustee, for the benefit of the Owners of the Bonds. It is acknowledged and agreed that Stewart Title Guaranty Company will provide such title insurance in connection with the issuance and delivery of the Bonds.

All Net Proceeds of any insurance maintained by or for the City shall be paid to the Trustee and applied as provided in the Indenture.

Eminent Domain

If the entire Project (or portions thereof such that the remainder is not usable for public purposes by the City) shall be taken under the power of eminent domain, the term of the Project Lease shall cease as of the day that possession shall be so taken. If less than the entire Project shall be taken under the power of eminent domain and the remainder is usable for public purposes by the City at the time of such taking, then the Project Lease shall continue in full force and effect as to such remainder, and the parties waive the benefits of any law to the contrary, and in such event there shall be a partial abatement of the rental due under the Project Lease in an amount to be agreed upon by the City and the Corporation, but, subject to the abatement provisions of the Project Lease, in no event shall the rental be less than the amount

required for the retirement of the Bonds and the payment of the interest thereon as such Bonds and interest become due. So long as any of the Bonds shall be outstanding, any Net Proceeds received from any eminent domain proceedings for taking the Project or any portion thereof shall be paid to the Trustee and applied as provided in the Indenture. Any such Net Proceeds received after all of the rentals due under the Project Lease have been fully paid, or provision therefor made, shall be paid to the City.

Defaults and Remedies

Defaults and Remedies. The City shall be deemed to be in default under the Project Lease (i) if it shall (A) fail to pay any Base Rental payable under the Project Lease by the Interest Payment Date immediately succeeding the applicable Base Rental Payment Date or to pay any Additional Rental payable under the Project Lease within fifteen (15) days after the same becomes due and payable, or (B) fail to keep, observe or perform any other term, covenant or condition contained in the Project Lease to be kept or performed by the City. Further, if (1) the City's interest in the Project Lease or any part thereof be assigned or transferred, either voluntarily or by operation of law or otherwise, without the written consent of the Corporation, or (2) an Event of Bankruptcy has occurred with respect to the City; or (3) the City shall abandon or vacate any portion or portions of the Project, then the City shall be deemed to be in default under the Project Lease with respect to that portion or portions of the Project to which the default relates. The Corporation may exercise any and all remedies available pursuant to law (other than those specifically waived in the Project Lease) or granted pursuant to the Project Lease upon the occurrence of any default. The City shall not be in default in the observance or performance of any covenant, condition or agreement in the Project Lease on its part to be observed or performed, other than as referred to in clauses (i)(A) or (ii) of the preceding sentence, unless the City shall have failed, for a period of sixty (60) days or such additional time as is reasonably required, to correct any such default after notice by the Corporation or the Trustee to the City properly specifying wherein the City has failed to perform any such covenant, condition or agreement.

Upon any such default, the Corporation or the Trustee, in addition to all other rights and remedies it may have at law, shall have the option to do any of the following:

(1) To terminate the Project Lease in the manner hereinafter provided on account of default by the City, notwithstanding any re-entry or re-letting of the Project as hereinafter provided for in (2) below, and to re-enter the Project and remove all persons in possession thereof and all personal property whatsoever situated upon the Project and place such personal property in storage in any warehouse or other suitable place in the City and County of San Francisco, State of California. In the event of such termination, the City agrees to immediately surrender possession of the Project, without let or hindrance, and to pay the Corporation all damages recoverable at law (other than as specifically waived in the Project Lease) that the Corporation may incur by reason of default by the City, including, without limitation, any costs, loss or damage whatsoever arising out of, in connection with, or incident to any such re-entry upon the Project and removal and storage of such property by the Corporation or its duly authorized agents in accordance with the provisions contained in the Project Lease. Neither notice to pay rent or to deliver up possession of the Project given pursuant to law nor any entry or re-entry by the Corporation nor any proceeding in unlawful detainer, or otherwise, brought by the Corporation for the purpose of effecting such re-entry or obtaining possession of the Project nor the appointment of a receiver upon initiative of the Corporation to protect the Corporation's interest under the Project Lease shall of itself operate to terminate the Project Lease, and no termination of the Project Lease on account of default by the City shall be or become effective

by operation of law or acts of the parties to the Project Lease, or otherwise, unless and until the Corporation shall have given written notice to the City of the election on the part of the Corporation to terminate the Project Lease. The City covenants and agrees that no surrender of the Project or of the remainder of the term of the Project Lease or any termination of the Project Lease shall be valid in any manner or for any purpose whatsoever unless stated by the Corporation by such written notice.

(2) Without terminating the Project Lease, (i) to collect each installment of rent as it becomes due and enforce any other terms or provision of the Project Lease to be kept or performed by the City, and/or (ii) to exercise a right of entry or re-entry, and to re-let the Project. In the event the Corporation does not elect to terminate the Project Lease in the manner provided for in (1) above, the City shall remain liable under the Project Lease and agrees to keep or perform all covenants and conditions contained in the Project Lease to be kept or performed by the City; provided, however, that for so long as the Project is not re-let, the Corporation shall not prevent the City from using, occupying and enjoying the Project, subject only to entry or re-entry by the Corporation to perform maintenance, or make repairs or alterations, or engage in such other activities as may be desirable in furtherance of an attempt to preserve or re-let the Project. If the Project is not re-let, the City shall pay the full amount of the rent to the end of the term of the Project Lease as it becomes due, or, in the event that the Project is re-let, to pay any resulting deficiency in rent as such rent becomes due; and further agrees to pay said rent and/or rent deficiency punctually at the same time and in the same manner as hereinabove provided for the payment of rent under the Project Lease, notwithstanding the fact that the Corporation may have received in previous years or may receive thereafter in subsequent years rental in excess of the rental specified in the Project Lease, and notwithstanding any entry or re-entry by the Corporation or suit in unlawful detainer, or otherwise, brought by the Corporation for the purpose of effecting such re-entry or obtaining possession of the Project. Should the Corporation elect to re-enter as provided in the Project Lease, the City irrevocably appoints the Corporation as the agent and attorney-in-fact of the City to re-let the Project, or any part thereof, from time to time, either in the Corporation's name or otherwise, upon such terms and conditions and for such use and period (not to exceed one year, unless approved in writing by the City) as the Corporation may deem advisable and to remove all persons in possession thereof and all personal property whatsoever situated upon the Project and to place such personal property in storage in any warehouse or other suitable place in the City and County of San Francisco, State of California, for the account of and at the expense of the City, and the City exempts and agrees to hold harmless the Corporation from any costs, loss or damage whatsoever arising out of, in connection with, or incident to any such re-entry upon and re-letting of the Project and removal and storage of such property by the Corporation or its duly authorized agents in accordance with the provisions contained in the Project Lease. The City agrees that the terms of the Project Lease constitute full and sufficient notice of the right of the Corporation to re-let the Project in the event of such re-entry without effecting a surrender of the Project Lease, and further agrees that no acts of the Corporation in effecting such re-letting shall constitute a surrender or termination of the Project Lease irrespective of the use or the term (subject to the preceding sentence) for which such re-letting is made or the terms and conditions of such re-letting, or otherwise, but that, on the contrary, in the event of such default by the City the right to terminate the Project Lease shall vest in the Corporation to be effected in the sole and exclusive manner provided for in (1) above. The City further agrees, to the extent permitted by law, to pay the Corporation the cost of any alterations or additions to the Project necessary to place the Project in condition for re-letting immediately upon notice to the City of the completion and installation of such additions or alterations, to the extent such liability does not constitute a debt or an indebtedness within the meaning of Section 18 of Article XVI of the California Constitution.

The City waives any and all claims for damages caused or which may be caused by the Corporation in re-entering and taking possession of the Project as provided in the Project Lease, and all claims for damages that may result from the destruction of or injury to the Project and all claims for damages to or loss of any property belonging to the City, or any other person, that may be in or upon the Project, except for damages caused by the Corporation's or such other person's gross negligence or willful misconduct.

Notwithstanding anything to the contrary contained in the Project Lease, the Corporation shall not re-enter or re-let the Project upon an Event of Default unless the Corporation or its sublessee agrees to perform the City's obligations under any then existing sublease, license, management contract or other agreement substantially relating to the Project, unless the other party to such sublease, license, management contract or other agreement is in default thereunder.

If (1) the City's interest in the Project Lease or any part thereof be assigned or transferred, either voluntarily or by operation of law or otherwise, without the written consent of the Corporation as hereinafter provided for; or (2) an Event of Bankruptcy has occurred with respect to the City; or (3) the City shall abandon or vacate any portion or portions of the Project, then the City shall be deemed to be in default under the Project Lease with respect to that portion or portions of the Project to which the default relates.

The Corporation shall in no event be in default in the performance of any of its obligations under the Project Lease or imposed by any statute or rule of law unless and until the Corporation shall have failed to perform such obligations within thirty (30) days or such additional time as is reasonably required to correct any such default after notice by the City to the Corporation properly specifying wherein the Corporation has failed to perform any such obligation.

In addition to the other remedies described above, upon the occurrence of an event of default as described above, the Corporation and its assignee shall be entitled to proceed to protect and enforce the rights vested in the Corporation and its assignee by the Project Lease or by law except as specifically waived in the Project Lease. The provisions of the Project Lease and the duties of the City and of elected officials, officers or employees shall be enforceable by the Corporation or its assignee by mandamus or other appropriate suit, action or proceeding in any court of competent jurisdiction. Without limiting the generality of the foregoing, the Corporation and its assignee shall have the right to bring the following actions:

(1) Accounting. By action or suit in equity to require the City and its assigns to account as the trustee of an express trust.

(2) Injunction. By action or suit in equity to enjoin any acts or things which may be unlawful or in violation of the rights of the Corporation or its assignee.

(3) Mandamus. By mandamus or other suit, action or proceeding at law or in equity to enforce the Corporation's or its assignee's rights against the City and to compel the City to perform and carry out its duties and obligations under the law and the City Charter and its covenants and agreements with the City as provided in the Project Lease.

Each and all of the remedies given to the Corporation under the Project Lease or by any law now or hereafter enacted or the Charter of the City are cumulative and the single or partial exercise of any right, power or privilege under the Project Lease shall not impair the right of the Corporation to other or further exercise thereof or the exercise of any or all other rights, powers or privileges allowable under any statute or rule of law. If any statute or rule of law validly shall limit the remedies given to the Corporation under the Project Lease, the Corporation nevertheless shall be entitled to whatever remedies are allowable under any statute or rule of law, except those specifically waived in.

In the event the Corporation shall prevail in any action brought to enforce any of the terms and provisions of the Project Lease, the City agrees to pay a reasonable amount as and for attorney's fees incurred by the Corporation in attempting to enforce any of the remedies available to the Corporation under the Project Lease.

For purposes of the above described provisions, the term "re-let" or "re-letting" shall include, but not be limited to, re-letting by means of the operation by the Corporation of the Project.

Waiver. Failure of the Corporation to take advantage of any default on the part of the City shall not be, or be construed as, a waiver thereof, nor shall any custom or practice which may grow up between the parties in the course of administering this instrument be construed to waive or to lessen the right of the Corporation to insist upon performance by the City of any term, covenant or condition of the Project Lease, or to exercise any rights given the Corporation on account of such default. A waiver of a particular default shall not be deemed to be a waiver of the same or any subsequent default. The acceptance of rent under the Project Lease shall not be, or be construed to be, a waiver of any term, covenant or condition of the Project Lease.

The Corporation specifically waives its rights under Section 1951.2 of the California Civil Code to accelerate payment of rent in the event of default by the City.

Covenants

Right of Entry. The Corporation and its assignees shall have the right to enter the Project during reasonable business hours and upon reasonable notice (and in emergencies at all times) (a) to inspect the same, (b) for any purpose connected with the Corporation's rights or obligations under the Project Lease, and (c) for all other lawful purposes.

Liens. In the event the City shall at any time during the term of the Project Lease cause any changes, alterations, additions, improvements, or other work to be done or performed or materials to be supplied, in or upon the Project, the City shall pay, when due, all sums of money that may become due for, or purporting to be for, any labor, services, materials, supplies or equipment furnished or alleged to have been furnished to or for the City in, upon or about the Project and which may be secured by a mechanics', materialmen's or other lien against the Project or the Corporation's interest therein, and will cause each such lien (other than a lien which is a Permitted Encumbrance) to be fully discharged and released at the time the performance of any obligation secured by any such lien matures or becomes due, except that, if the City desires, in good faith, to contest any such lien, it may do so. If any such lien shall be reduced to final judgment and such judgment or such process as may be issued for the enforcement thereof is not promptly stayed, or if so stayed and said stay thereafter expires, the City shall forthwith pay and discharge said judgment.

Quiet Enjoyment. The parties to the Project Lease mutually covenant that the City, by keeping and performing the covenants and agreements contained in the Project Lease, shall at all times during the term of the Project Lease peaceably and quietly have, hold and enjoy the Project without suit, trouble or hindrance from the Corporation.

Corporation Not Liable. The Corporation and its members, officers, agents and employees, shall not be liable to the City or to any other party whomsoever for any death, injury or damage that may result to any person or property by or from any cause whatsoever in, on or about the Project.

Prohibition Against Encumbrance or Sale. The Corporation and the City will not create or suffer to be created any mortgage, pledge, lien, charge or encumbrance upon the Project, or upon any real or personal property essential to the operation of the Project, except Permitted Encumbrances. The Corporation and the City will not sell or otherwise dispose of the Project.

Assignment. Other than provided in the Indenture, the City shall not sell, mortgage, pledge, assign or transfer any interest of the City in the Project Lease or in the Project by voluntary act or by operation of law, or otherwise; provided, however, that the City may grant concessions to others involving the use of any portion of the Project whether or not such concessions purport to convey a leasehold interest or a license to use a portion of the Project. Any concession shall specifically state that it is subject and subordinate in all respects to the Project Lease. Subject to the limitations set forth in the Project Lease, the City shall at all times remain liable for the performance of the covenants and conditions on its part to be performed under the Project Lease, notwithstanding any granting of concessions which may be made. Nothing contained in the Project Lease shall be construed to relieve the City of its primary obligation to pay rental payments as provided in the Project Lease or to relieve the City of any other obligations contained in the Project Lease. In no event shall the City sublease to or permit the use of all or any part of the Project by any person so as to cause the interest on the Bonds to be includable in gross income for federal income tax purposes or to be subject to State personal income tax.

Tax Covenants. The City and the Corporation will not make any use of the proceeds of the Bonds or any other funds which will cause the Bonds to be "arbitrage bonds" subject to federal income taxation by reason of Section 148 of the Internal Revenue Code of 1986, as amended (the "Code"), or "federally-guaranteed" under Section 149(b) of the Code, or "private activity bonds" as described in Section 141 of the Code. To that end, so long as any Base Rental payments under the Project Lease are unpaid, the City and the Corporation, with respect to such proceeds and such other funds, will comply with all requirements of such sections of the Code and all regulations of the United States Department of the Treasury issued thereunder to the extent that such requirements are, at the time, applicable and in effect.

The City and the Corporation shall at all times do and perform all acts and things permitted by law (including complying with the tax covenants of the Corporation set forth in the Indenture) which are necessary or desirable in order to assure that interest on the Bonds will not be included in the gross income of the owner thereof for federal income tax purposes and shall take no action that would result in such interest being so included. The provisions described above shall survive the defeasance of the Bonds.

Prepayment of Rental Payments

The City may prepay, from eminent domain proceeds or net insurance proceeds received by it, all or any portion of the Base Rental payments then unpaid, in whole on any date, or in part on any date in amounts which result in each Series of Bonds being redeemed in Authorized Denominations so that the aggregate annual amount of each Series of Bonds maturing in each year after such prepayment date shall each be in an Authorized Denomination, at a prepayment price equal to the sum of the principal components prepaid plus accrued interest thereon to the date of prepayment, without premium. Such prepayment shall be apportioned among Base Rental payments as directed by the City in a Certificate of the City, provided that at the time of such apportionment, the City shall deliver to the Trustee a Certificate of the City to the effect that the resulting Base Rental payments and Additional Rental payable during the remaining term of the Project Lease shall not exceed the fair rental value of the Project during each subsequent Lease Year and that the resulting Base Rental payments are sufficient to pay the scheduled debt service on the Bonds.

The City shall have the right, on any Base Rental Payment Date immediately preceding an Interest Payment Date on which Bonds are subject to optional redemption pursuant to the Indenture, to prepay all or any portion of the Base Rental payments from any source of Available Moneys or from the proceeds of refunding bonds of the Corporation, the City or an issuer related to either, in whole or in part in amounts which result in each Series of Bonds being redeemed in any integral multiple of an Authorized Denomination, and the Corporation agrees that the Trustee shall accept such prepayments when the same are tendered by the City; provided that if the source of Available Moneys for such prepayment and the resulting redemption of Bonds is to be a draw on the Credit Facility, then the Credit Provider must approve of such prepayment in writing prior to the City making such prepayment. The amount to be prepaid by the City shall be equal to the principal amount of Bonds to be redeemed, together with (a) accrued interest thereon to the date fixed for redemption, (b) a premium equal to the amount of premium (if any) required to be paid upon the redemption of Bonds under the Indenture, and (c) all Additional Rental then due. All such prepayments shall be deposited by the Trustee upon receipt (a) in the Revenue Fund in an amount equal to the interest, principal and premium, if any, required to be paid on such Base Rental Payment Date, and (b) as directed by the City in writing, with the parties entitled to payment of such Additional Rental. All amounts so deposited in the Revenue Fund shall be applied to reimburse the Credit Provider for unreimbursed drawings under the Credit Facility pursuant to the Indenture, and otherwise to redeem Bonds; and the Trustee shall proceed to redeem Bonds in the manner and subject to the terms and conditions set forth in the Indenture. Notwithstanding any such prepayment, as long as any Base Rental payments or any Additional Rental remain unpaid, the City shall not be relieved of its obligations under the Project Lease.

Before making any prepayment pursuant to the Project Lease, the City shall, within five (5) Business Days following the event creating such right or obligation to prepay, give written notice to the Corporation and the Trustee describing such event and specifying the amount of the prepayment and the date on which the prepayment will be made, which date shall be not less than thirty-five (35) days (twenty (20) days if the Bonds are bearing interest at a Variable Rate) from the date such notice is given.

Substitution, Release and Addition of Leased Property.

Substitution of Leased Property.

(a) Whenever the City determines that the annual fair rental value of a proposed Substitute Project is at least equal to the maximum annual Base Rental payments and Additional Rental payments yet unpaid under the Project Lease and that the Substitute Project is complete and is available for beneficial use and occupancy by the City, the City may amend Exhibits A and B and the definitions of Site and Facilities to the Project Lease to substitute such Substitute Project for all or a portion of the Project Leased under the Project Lease upon compliance with all of the conditions set forth in subsection (b), and after a Substitution, all or a portion of the Project originally leased under the Project Lease shall be released from the leasehold under the Project Lease, as appropriate. The Corporation and the City shall also make any amendments needed to be made to the Project Lease, and shall enter into any necessary site or ground leases in connection with such Substitution. The consent of Bondowners shall not be required for any such amendment. The City shall cause the Project Lease, as so amended, to be recorded in the Official Records of the City and County of San Francisco.

(b) No Substitution shall take place under the Project Lease until the City delivers to the Corporation and the Trustee the following:

(1) A certificate of an Authorized Representative of the City based (with respect to clauses (i) and (ii) below) on an appraisal (which shall be prepared by an appraiser selected by the City and who may be an employee of the City) stating that: (i) the annual fair rental value of the Substitute Project as of the date of Substitution is no less than the maximum annual Base Rental and Additional Rental remaining unpaid under the Project Lease at the time of Substitution; (ii) the City will, at the time of the Substitution, have beneficial use and occupancy of the Substitute Project, (iii) the Substitute Project will be used for a governmental purpose, and (iv) the remaining useful life of the Substitute Project is equal to or greater than that of the Project being replaced;

(2) An Opinion of Counsel to the effect that the amendment hereto has been duly authorized, executed and delivered and the Project Lease as so amended represents a valid and binding obligation of the City and the Corporation and an Opinion of Bond Counsel to the effect that the Substitution will not adversely affect the exclusion of interest on the Bonds from gross income for federal income tax purposes or the exemption of interest on the Bonds from State of California personal income tax;

(3) A CLTA or ALTA standard form policy of title insurance in substantially the same form as delivered in connection with the issuance and delivery of the Bonds in at least the amount of the aggregate principal amount of outstanding Bonds at the time of the Substitution showing a leasehold interest in the Project in the name of the City, with an endorsement thereto insuring the value to the Corporation of the Project Lease and naming the insured parties as the Corporation and the Trustee for the benefit of the Owners, and an Opinion of Counsel to the City to the effect that the exceptions, if any, contained in such

policy do not interfere with the beneficial use and occupancy of the Substitute Project by the City;

(4) The City shall cause to be recorded in the Office of the Recorder of the City and County of San Francisco a copy of the Project Lease containing such amended Exhibit A, or a memorandum of the Project Lease reflecting such amendment to Exhibit A; and

(5) The City shall cause to be recorded in the Official Records of the City and County of San Francisco the corresponding amendment to the Site Lease.

Removal of Leased Property. The City shall have, and is granted under the Project Lease, the option at any time and from time to time during the term of the Project Lease to remove from the Project Lease any portion of the Site or the Facilities; provided that the City shall satisfy the requirements described below:

(a) No event of default has occurred (taking into account any applicable grace period) and is continuing under the Project Lease;

(b) The City shall file with the Corporation and the Trustee an appraisal (which shall be prepared by an appraiser selected by the City and who may be an employee of the City) stating that the annual fair rental value of the Project, taking into consideration the removal of a portion of the Site or the Facilities, is no less than the maximum annual Base Rental and Additional Rental remaining unpaid under the Project Lease at the time of such removal;

(c) The City shall file with the Corporation and the Trustee an amended Exhibit A or Exhibit B to the Project Lease which deletes the legal description of such Site or Facilities, and shall also amend the definition of Site and Facilities, as applicable;

(d) The City shall cause to be recorded in the Office of the Recorder of the City and County of San Francisco a copy of the Project Lease containing such amended Exhibit A, or a memorandum of the Project Lease reflecting such amendment to Exhibit A; and

(e) The City shall cause to be recorded in the Official Records of the City and County of San Francisco the corresponding amendment to the Site Lease.

Addition of Leased Property. The City may, at any time it deems it necessary or advisable, amend the Project Lease, and enter into any necessary or advisable site or ground lease, to add additional property to the property originally leased under the Project Lease. No such addition shall take place under the Project Lease until the conditions described below have been satisfied:

(a) The City shall deliver to the Corporation and the Trustee the opinions required by the Project Lease provided that in such instance such opinions shall relate to the addition of leased property and not the substitution or removal of leased property;

(b) The City shall deliver to the Corporation and the Trustee the title insurance policy described by the Project Lease, provided that in such instance such

policy shall relate to the addition of leased property and not the substitution of leased property;

(c) The City shall file with the Corporation and the Trustee an amended Exhibit A to the Project Lease which adds the legal description of such additional property;

(d) The City shall cause to be recorded in the Official Records of the City and County of San Francisco a copy of the Project Lease containing such amended Exhibit A, or a memorandum of the Project Lease reflecting such amendment to Exhibit A; and

(e) The City shall cause to be recorded in the Official Records of the City and County of San Francisco the corresponding amendment to the Site Lease.

SITE LEASE

Lease of Site

Under the Site Lease, the City leases to the Corporation the Site and the Facilities, subject (i) to the terms of the Site Lease and subject to any and all covenants, reservations, exceptions and other matters which are of record and (ii) to Permitted Encumbrances. The City also grants to the Corporation such rights of ingress and egress to the Site as the Corporation may require in order to fulfill its obligations under the Site Lease and under the Project Lease.

Term

The Site Lease shall commence on the date of recordation thereof in the official records of the City and County of San Francisco and end on the earlier to occur of (i) April 1, 2030, or (ii) the termination of the Project Lease (other than a termination of the Project Lease due to an Event of Default thereunder).

Upon termination of the Site Lease, all of the Corporation's and the Trustee's interest in the Site shall vest with the City.

Assignment and Project Lease

As long as the Project Lease is in effect and there has been no event of default under the Project Lease, the Corporation shall not assign, mortgage, hypothecate or otherwise encumber the Site Lease or any rights under the Site Lease or the leasehold created by Site Lease by trust agreement, indenture or deed of trust or otherwise or sublet the Site unless first approved by the City by written instrument executed and approved in the same manner as the Site Lease, except that the City expressly approves and consents to the Project Lease.

Right of Entry

The City reserves the right for any of its duly authorized representatives to enter upon the Site at any reasonable time.

Expiration

The Corporation agrees, upon the expiration of the Site Lease, to quit and surrender the Site together with all improvements thereon (including the Facilities); it being the understanding of the parties to the Site Lease that upon termination of the Site Lease title to the Site and all improvements thereon shall vest in the City free and clear of any interest of the Corporation or any assignee of the Corporation.

Quiet Enjoyment

The Corporation at all times during the term of the Site Lease shall peaceably and quietly have, hold and enjoy all of the Site.

Eminent Domain

If the whole or any part of the Site shall be taken under the power of eminent domain, the interest of the Corporation shall be recognized and is determined to be the aggregate amount of unpaid Base Rental payments under the Project Lease through the remainder of its term (excluding any contingent or potential liabilities), and any eminent domain proceeds shall be paid to the Trustee, as assignee of the interest of the Corporation under the Site Lease, in accordance with the terms of the Project Lease and the Indenture.

Default

In the event that the Corporation or its assignee shall be in default in the performance of any obligation on its part to be performed under the terms of the Site Lease, the City may exercise any and all remedies granted by law, except that no merger of the Site Lease and of the Project Lease shall be deemed to occur as a result thereof; provided, however, that the City shall have no power to terminate the Site Lease by reason of any default on the part of the Corporation or its assignee so long as any Bonds are Outstanding. So long as any such assignee of the Corporation or any successor in interest to the Corporation shall duly perform the terms and conditions of the Site Lease, such assignee shall be deemed to be and shall become the tenant of the City under the Site Lease and shall be entitled to all of the rights and privileges granted under any such assignment.

Amendment

The Site Lease may be amended only in accordance with and as permitted by the terms of the Indenture and the Project Lease.

APPENDIX B

PROPOSED FORM OF OPINION OF CO-BOND COUNSEL

September 11, 2008

City and County of San Francisco
Finance Corporation
San Francisco, California

City and County of
San Francisco
San Francisco, California

City and County of San Francisco Finance Corporation
Lease Revenue Refunding Bonds, Series 2008-1
(Moscone Center Expansion Project)

and

City and County of San Francisco Finance Corporation
Lease Revenue Refunding Bonds, Series 2008-2
(Moscone Center Expansion Project)

Ladies and Gentlemen:

We have acted as co-bond counsel in connection with the issuance by the City and County of San Francisco Finance Corporation (the "Corporation") of its \$72,670,000 aggregate principal amount of the City and County of San Francisco Finance Corporation Lease Revenue Refunding Bonds, Series 2008-1 (Moscone Center Expansion Project) (the "Series 2008-1 Bonds"), and its \$72,670,000 aggregate principal amount of the City and County of San Francisco Finance Corporation Lease Revenue Refunding Bonds, Series 2008-2 (Moscone Center Expansion Project) (the "Series 2008-2 Bonds" and, together with the Series 2008-1 Bonds, the "Bonds"), issued pursuant to the provisions of the California Nonprofit Public Benefit Law, being Part 2 of Title 1 (commencing with Section 5110) of the California Corporations Code (the "Law"), a resolution adopted by the Corporation on July 30, 2008, and an Indenture of Trust, dated as of September 1, 2008 (the "Indenture"), entered into by and between the Corporation and Wells Fargo Bank, National Association, as trustee (the "Trustee"). The Bonds, which are dated September 11, 2008, and which mature, bear interest and are subject to optional and mandatory redemption and optional and mandatory tender as provided in the Indenture, are being issued to provide moneys (i) to refund the Series 2000 Bonds (as defined in the Indenture) and (ii) to pay costs incurred in connection with the issuance, sale and delivery of the Bonds. Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Indenture.

As to questions of fact material to our opinion, we have relied upon representations of the Corporation and the City contained in the Indenture and the Project Lease and in the certified proceedings and certifications of the Corporation, the City and others furnished to us, without undertaking to verify the same by independent investigation.

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

1. The Bonds constitute the valid and binding limited obligations of the Corporation payable solely from Revenues and certain other sources as and to the extent specified in the Indenture. The Bonds are not a lien or charge upon the funds or property of the Corporation except to the extent of the pledge set forth in the Indenture. Neither the faith and credit nor the taxing power of the City or the State of California or of any political subdivision thereof is pledged to the payment of the principal of or interest on the Bonds. The Bonds are not a debt of the City or the State of California, and said City and said State are not liable for the payment thereof.

2. The Indenture has been duly authorized, executed and delivered by, and constitute the valid and binding obligation of, the Corporation. The Indenture creates a valid pledge, to secure the payment of the principal of and interest on the Bonds, of the Revenues and other amounts held by the Trustee in the funds or accounts established pursuant to the Indenture (except the Rebate Fund and the Purchase Fund), subject to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in the Indenture.

3. The Project Lease and the Site Lease have been duly authorized, executed and delivered by, and constitute the valid and binding obligations of, the Corporation and the City.

4. Interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; it should be noted, however, that, for the purpose of computing the alternative minimum tax imposed on corporations (as defined for federal income tax purposes), such interest is taken into account in determining certain income and earnings. The opinions set forth in the preceding sentence are subject to the condition that the Corporation comply with all requirements of the Internal Revenue Code of 1986 that must be satisfied subsequent to the issuance of the Bonds in order that such interest be, or continue to be, excluded from gross income for federal income tax purposes. The Corporation has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of such interest in gross income for federal income tax purposes to be retroactive to the date of issuance of the Bonds. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

5. Interest on the Bonds is exempt from personal income taxation imposed by the State of California.

The rights and obligations under the Bonds, the Indenture, the Project Lease and the Site Lease are subject to bankruptcy, insolvency, reorganization, fraudulent conveyance, moratorium and other similar laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against governmental entities in the State of California.

Respectfully submitted,

A Professional Law Corporation

Leslie M. Lava

APPENDIX C

THE BOOK-ENTRY SYSTEM

The following description of the Depository Trust Company (“DTC”), the procedures and record keeping with respect to beneficial ownership interests in the securities described in this Official Statement (the “Bonds”), payment of principal, interest and other payments on the Bonds to DTC Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interest in the Bonds and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC. Accordingly, no representations can be made concerning these matters and neither the DTC Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters, but should instead confirm the same with DTC or the DTC Participants, as the case may be.

Neither the issuer of the Bonds (the “Issuer”) nor the trustee, fiscal agent or paying agent appointed with respect to the Bonds (the “Agent”) take any responsibility for the information contained in this Appendix.

No assurances can be given that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Bonds, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Bonds, or that they will so do on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Appendix. The current “Rules” applicable to DTC are on file with the Securities and Exchange Commission and the current “Procedures” of DTC to be followed in dealing with DTC Participants are on file with DTC.

1. The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each series of the Bonds, in the aggregate principal amount of such series, and will be deposited with DTC. If, however, the aggregate principal amount of any issue exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount and an additional certificate will be issued with respect to any remaining principal amount of such issue.

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

3. Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to

receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

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

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the security documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners, in the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.

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

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

8. Redemption proceeds, distributions, and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from Issuer or Agent on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

10. DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Bond certificates are required to be printed and delivered.

11. Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

12. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.

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FOR ADDITIONAL BOOKS: ELABRA.COM OR (888) 935-2272