
MASTER TRUST INDENTURE

Dated as of November 1, 2012

by and between

CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK

and

TREASURER OF THE STATE OF CALIFORNIA, as Trustee

respecting

**California Infrastructure and Economic Development Bank
Clean Water State Revolving Fund Revenue Bonds**

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THIS MASTER TRUST INDENTURE, dated as of November 1, 2012 (together with any amendments or supplements hereto, the "Master Trust Indenture"), by and between CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK (the "I-Bank"), duly organized and validly existing pursuant to the Bergeson-Peace Infrastructure and Economic Development Bank Act, constituting Division 1 of Title 6.7 of the California Government Code (commencing at Section 63000 thereof), as amended (the "Act"), and the Treasurer of the State of California, as trustee (the "Trustee").

WITNESSETH THAT:

WHEREAS, the United States of America, pursuant to Title VI of the Federal Water Pollution Control Act, as amended by the Clean Water Act of 1987 (33 U.S.C.A. §1251 *et seq.*) (together with the rules and regulations promulgated thereunder, the "Clean Water Act"), requires each state to establish a revolving fund to be administered by an instrumentality of the state as a condition to receipt of Capitalization Grants (as defined herein) under the Clean Water Act; and

WHEREAS, the State of California (the "State") has, pursuant to Chapter 6.5 of Division 7 (commencing with Section 13475) of the California Water Code, as amended (the "CWSRF Act"), established a water pollution control revolving fund (the "CWSRF") to be used for purposes of the Clean Water Act; and

WHEREAS, the State Water Resources Control Board (the "Board") is established and existing under and by virtue of the laws of the State, has the responsibility to administer the CWSRF and to provide financial assistance to eligible recipients, including but not limited to funding Project Obligations (as defined herein), for the construction of Eligible Projects (as defined herein); and

WHEREAS, the I-Bank, pursuant to Chapter 1078, Statutes of 2000 (SB 1571), codified as Article 6 (commencing with Section 63048) to Chapter 2 of the Act, is authorized to issue revenue bonds from time to time, the proceeds of which are to be deposited into the CWSRF; and

WHEREAS, pursuant to this Master Trust Indenture, the I-Bank will issue revenue bonds from time to time to finance and refinance the CWSRF program under the CWSRF Act for the purpose of making financial assistance available to Recipients (as defined herein); and

WHEREAS, the Bonds (as defined herein) shall be valid and binding limited obligations of the I-Bank payable solely from Pledged Revenues and such other assets as are pledged therefor in accordance with this Master Trust Indenture; and

WHEREAS, the Board will pledge Project Obligations (as defined herein) to provide payment and security for the Bonds pursuant to a Master Payment and Pledge Agreement (as defined herein); and

WHEREAS, all acts, conditions and things necessary or required by the Constitution and statutes of the State or otherwise, to exist, happen, and be performed as prerequisites to the execution and delivery of this Master Trust Indenture, and to constitute this Master Trust Indenture a valid and binding agreement for the uses and purposes herein set forth, in accordance with its terms, do exist, have happened, and have been performed, and the execution and delivery of this Master Trust Indenture have been in all respects duly authorized by the I-Bank and the Trustee; and

WHEREAS, in consideration of the mutual covenants contained herein, the parties hereto hereby agree as follows:

ARTICLE I

DEFINITIONS; RULES OF CONSTRUCTION

Section 1.01. Definitions. The terms defined in this Section 1.01 shall for all purposes of this Master Trust Indenture have the meanings herein specified, unless the context clearly otherwise requires:

Act means the Bergeson-Peace Infrastructure and Economic Development Bank Act, constituting Division 1 of Title 6.7 of the California Government Code (commencing at Section 63000 thereof), as amended.

Additional Bonds Test means, as of any date of calculation, (A) Pledged Revenues are not less than 105% of Debt Service for each Bond Year in which the Bonds are scheduled to be Outstanding, and (B) the Debt Service Reserve Fund Requirement is satisfied.

Additional Payments means all payments made by a Recipient under a Pledged Project Obligation except Pledged Revenues and Prepayments thereof.

Administrative Costs means costs of the Board incurred in the general administration of the CWSRF, including overhead costs of the Board.

Amount Payable means the portion of principal of or interest on a Series due on the next succeeding Bond Payment Date when either interest or principal and interest is due pursuant to Section 6.09 hereof for payment on a Board Payment Date.

Authorized I-Bank Officer means, the Chair, the designee of the Chair, the Executive Director, or any other officer of the I-Bank designated to act as an Authorized I-Bank Officer under this Master Trust Indenture.

Authorized Board Officer means the Deputy Director, Division of Financial Assistance of the Board or his or her designee or any other officer of the Board designated to act as an Authorized Board Officer under this Master Trust Indenture.

Authorized Recipient Representative means a person or persons authorized by resolution of a Recipient to act on behalf of such Recipient.

Beneficial Owner means with respect to any book-entry bond, the beneficial Owner of such Bond as determined in accordance with the applicable rules of the Securities Depository for the Bonds.

Board means the State Water Resources Control Board, a State agency existing under the laws of the State.

Board Officer Certificate means a certificate signed by an Authorized Board Officer.

Board Payment Date means March 15, June 15, September 15 and December 15 of each year or, if such date is not a Business Day, the next succeeding Business Day, or such other date as may be set forth in the Related Series Indenture.

Board Reserved Rights means rights of the Board to Additional Payments, notices, opinions and indemnification under a Pledged Project Obligation.

Bond or Bonds means any or all, as the context may require, bond or bonds or note or notes of all Series of the I-Bank executed, authenticated and delivered under this Master Trust Indenture.

Bond Counsel means Hawkins Delafield & Wood LLP or other counsel selected by the I-Bank that is nationally recognized as experts in matters relating to bonds issued by states and their political subdivisions and in matters pertaining to the tax-exempt nature of interest on obligations issued by states and their political subdivisions.

Bond Expenses means any and all such amounts as are necessary to pay or reimburse a Party for any on-going fees and costs or expenses directly related to one or more Series, provided that Bond Expenses shall not include Administrative Costs.

Bond Funded Project Obligation means a Project Obligation financed in whole or in part from the proceeds of any Series.

Bond Payment Date means each date the principal of, redemption price of or interest on any Series is due, whether by regular scheduled payment or earlier redemption.

Bond Proceeds Fund means each Bond Proceeds Fund established pursuant to Section 6.01 hereof and pursuant to the Related Series Indenture.

Bond Register means the bond register specified in Section 2.05 hereof.

Bond Year means the period of twelve consecutive months ending on October 1 in any year in which the Bonds are Outstanding, except that with respect to each Series of Bonds the first Bond Year shall commence on the date of issuance and delivery of such Series of Bonds and end on the following October 1.

Business Day means any day other than (a) a Saturday or Sunday, (b) a day on which the Board, the I-Bank or State offices are required by law to close, (c) a day on which banks located in the city of the principal office of the Trustee is located are required by law to close or (d) the New York Stock Exchange is closed.

Capitalization Grant means an amount provided to the Board under one or more agreements between the Board and the United States of America acting by and through the United States Environmental Protection Agency to be applied in accordance with the Clean Water Act.

Clean Water Act means Title VI of the Federal Water Pollution Control Act, as amended by the Clean Water Act of 1987 (33 U.S.C.A. §1251 et seq.), and the rules and regulations promulgated thereunder.

Code means the Internal Revenue Code of 1986, as amended, and the rules and regulations promulgated thereunder.

Costs of Issuance means any and all items of expense payable or reimbursable directly or indirectly by the I-Bank and related to the authorization, sale and issuance of Bonds, which items of expense shall include but not be limited to printing costs, costs of reproducing documents, filing and recording fees, initial fees and charges of the Trustee, the costs of any Credit Provider, legal fees and costs, professional consultants' fees, fees of the Board, fees of verification agents, costs of credit ratings, fees and costs for execution, transportation and safekeeping of Bonds, underwriter discount or placement fees, costs and expenses of refunding any Bonds being refunded, and other costs, charges and fees in connection with the

original issuance of Bonds and any costs incurred by the Board in connection with the administration of the CWSRF to be paid with the proceeds of a Series.

Costs of Issuance Account means each Costs of Issuance Account established pursuant to Section 6.01 hereof.

Costs of Issuance Fund means the Costs of Issuance Fund established pursuant to Section 6.01 hereof.

Coverage Test means, as of any date of calculation, (A) Pledged Assets are not less than 105% of Debt Service for each Bond Year in which the Bonds are scheduled to be Outstanding, and (B) the Debt Service Reserve Fund Requirement is satisfied.

Credit Facility means a letter of credit, revolving credit agreement, standby purchase agreement, surety bond, insurance policy or similar obligation, arrangement or instrument issued by a Credit Provider which provides for payment for all or a portion of the principal, redemption price or purchase price of and interest on any Series.

Credit Provider means the bank, insurance company or other financial institution which provides a Credit Facility.

CWSRF means the water pollution control revolving fund established by the State pursuant to the CWSRF Act, which fund is to be used for purposes of the Clean Water Act.

CWSRF Act means Chapter 6.5 of Division 7 (commencing with Section 13475) of the California Water Code, as amended.

Debt Service means, as of any date, with respect to the Bonds then Outstanding and, in the case of the Additional Bonds Test and the Coverage Test, to be Outstanding, the aggregate amount of principal and interest scheduled to become due (either at maturity or by mandatory redemption), as calculated by the Board in accordance with this definition. For purposes of calculating Debt Service, the following assumptions are to be used to calculate the principal and interest becoming due in any Bond Year:

- (i) in determining the principal amount due in each Bond Year, payment shall (unless a different subsection of this definition applies for purposes of determining principal maturities or amortization) be assumed to be made in accordance with any amortization schedule established for such principal, including any minimum sinking fund account payments;
- (ii) if 20% or more of the principal of a Series is not due until the final stated maturity of such Bonds, principal and interest on such Series may, at the option of the Board and the I-Bank, be treated as if such principal and interest were due based upon an amortization of such principal and interest as provided in the respective Series Indenture;
- (iii) if a Series is supported by a Credit Facility in the form of a line of credit or a letter of credit, principal may, at the option of the Board and the I-Bank, be treated as if it were due based upon an amortization of such principal as provided in the respective Series Indenture;

- (iv) if a Series is variable interest rate Bonds and is not subject to a Swap Agreement, the interest rate on such variable interest rate Bonds shall be assumed to be (i) if such variable interest rate Bonds have been or are to be issued as obligations exempt from federal income taxation, the monthly average Municipal Index during the 3 years (i.e. most recent 36 complete months) preceding the date of such calculation, or (ii) if such variable interest rate Bonds have been or are to be issued as obligations subject to federal income taxation, the monthly average LIBOR during the 3 years (36 complete months) preceding the date of such calculation;
- (v) if a Series is variable interest rate Bonds and a is subject to a Swap Agreement, the interest on such variable interest rate Bonds shall be assumed to be the fixed swap rate or cap "strike rate," as appropriate, if the I-Bank's variable rate liability on all or a portion of any variable interest rate Bonds has been swapped to a fixed rate liability or capped pursuant to an interest rate cap agreement or similar agreement, and if a Series are fixed rate Bonds with respect to which all or a portion of any Bonds has been swapped to a variable rate liability, interest on such Bonds shall be assumed to be as provided in (iv) above; and
- (vi) principal and interest payments on Bonds shall be excluded to the extent such payments are to be paid from amounts then currently on deposit with the Trustee or other fiduciary in escrow specifically therefor and restricted to Defeasance Obligations and interest payments shall be excluded to the extent that such interest payments are to be paid from the proceeds of Bonds held by the Trustee or other fiduciary as capitalized interest specifically to pay such interest by the Trustee or other fiduciary.

Debt Service Fund means the Debt Service Fund established pursuant to Section 6.01 hereof.

Debt Service Reserve Fund means the Debt Service Reserve Fund established pursuant to Section 6.01 hereof.

Debt Service Reserve Fund Deficiency as of any date means the amount, if any, by which the Debt Service Reserve Fund Requirement is greater than the amount held in the Debt Service Reserve Fund.

Debt Service Reserve Fund Requirement means the Debt Service Reserve Fund Requirement established pursuant to a Series Indenture.

Defeasance Obligations means (i) non-callable obligations of, or obligations guaranteed as to principal and interest by, the United States or any agency or instrumentality thereof, when such obligations are backed by the full faith and credit of the United States, including, but not limited to, all direct or fully guaranteed U.S. Treasury obligations, Farmers Home Administration Certificates of beneficial ownership, General Services Administration Participation certificates, U.S. Maritime Administration Guaranteed Title XI financing, Small Business Administration - Guaranteed participation certificates and Guaranteed pool certificates, Government National Mortgage Association ("GNMA") - GNMA guaranteed mortgage-backed securities and GNMA guaranteed participation certificates, U. S. Department of Housing and Urban Development Local authority bonds, Washington Metropolitan Area Transit Authority Guaranteed transit bonds, and State and Local Government Series; (ii) non-callable obligations of government-sponsored agencies that are not backed by the full faith and credit of the U. S. Government, including, but not limited to, Federal Home Loan Mortgage Corp. ("FHLMC") Debt Obligations, Farm Credit System (formerly Federal Land Banks, Intermediate Credit Banks, and Banks for Cooperatives) Consolidated Systemwide bonds and notes,

Federal Home Loan Banks ("FHL Banks") Consolidated debt obligations, Federal National Mortgage Association ("FNMA") Debt Obligations, and Resolution Funding Corp. ("REFCORP") Debt obligations; (iii) certain stripped securities where the principal-only and interest-only strips are derived from non-callable obligations issued by the U. S. Treasury and REFCORP securities stripped by the Federal Reserve Bank of New York, excluding custodial receipts, i.e., CATs, TIGERS, unit investment trusts and mutual funds; and (iv) tax exempt obligations of a state or political subdivision thereof which have been defeased under irrevocable escrow instructions by the deposit of cash or U.S. Treasury obligations and which are then rated in the highest rating category by each Rating Agency.

DTC means The Depository Trust Company and its successors and assigns.

DTC Participants means those broker-dealers, banks and other financial institutions from time to time for which DTC holds Bonds as Securities Depository.

Eligible Project means a project eligible for financing pursuant to the Clean Water Act and the CWSRF Act.

Event of Default means any event of default specified in Section 9.01 hereof.

Excluded Pledged Project Obligations means each Pledged Project Obligation which has been released from the lien of this Master Trust Indenture pursuant to Section 8.06 hereof.

Fitch means Fitch Ratings and its successors and assigns and, if such entity shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "Fitch" shall be deemed to refer to any other nationally recognized securities rating agency designated by the I-Bank by notice to the Trustee.

I-Bank means the California Infrastructure and Economic Development Bank, a public instrumentality and political subdivision of the State, duly organized and validly existing pursuant to the Act.

I-Bank Officer Certificate means a certificate signed by an Authorized I-Bank Officer.

I-Bank Reserved Rights means the rights of the I-Bank to Bond Expenses, notices, opinions and indemnification under the Master Payment and Pledge Agreement.

Indenture means, collectively, this Master Trust Indenture, each Series Indenture and any Supplemental Indenture.

Interest Payment Date means the date on which any installment of interest on a Series is due other than by reason of redemption.

Investment Obligations means, as and to the extent permitted by law:

- (i) bonds or interest-bearing notes or obligations of the United States, or those for which the faith and credit of the United States are pledged for the payment of principal and interest;
- (ii) bonds or interest-bearing notes or obligations that are guaranteed as to principal and interest by a federal agency of the United States;
- (iii) bonds of the State or bonds for which the faith and credit of the State are pledged for the payment of principal and interest;

(iv) bonds or warrants, including but not limited to revenue warrants, of any county, city, metropolitan water district, State water district, State water storage district, irrigation district in the State, municipal utility district or school district of the State which are rated within the two highest rating categories by a Rating Agency;

(v) bonds, consolidated bonds, collateral trust debentures, consolidated debentures or other obligations issued by general land banks or federal intermediate credit banks established under the Federal Farm Loan Act, as amended, debentures and consolidated debentures issued by the Central Bank for Cooperatives and banks for cooperatives established under the Farm Credit Act of 1933, as amended, bonds or debentures of the Federal Home Loan Bank Board established under the Federal Home Loan Bank Act, stocks, bonds, debentures and other obligations of the Federal National Mortgage Association established under the National Housing Act, as amended, and the bonds of any federal home loan bank established under said act, obligations of the Federal Home Loan Mortgage Corporation, and bonds, notes and other obligations issued by the Tennessee Valley Authority under the Tennessee Valley Authority Act, as amended;

(vi) commercial paper rated in the highest rating category by a Rating Agency that is issued by corporations (1) organized and operating within the United States, (2) having total assets in excess of \$500,000,000 and (3) approved by the Pooled Money Investment Board; provided however, that eligible commercial paper may not exceed 180 days' maturity, represent more than 10 percent of the outstanding paper of an issuing corporation nor exceed 30 percent of the resources of an investment program, and if requested by the State Treasurer, such investment shall be additionally secured by depositing with the State Treasurer securities authorized by Section 53651 of the California Government Code of a market value of at least 10 percent in excess of the amount of the investment;

(vii) bills of exchange or time drafts drawn on and accepted by a commercial bank the general obligations of which are rated within the two highest rating categories by a Rating Agency, otherwise known as banker 's acceptances, which are eligible for purchase by the Federal Reserve System;

(viii) negotiable certificates of deposit issued by a nationally or state- chartered bank including the Trustee and its affiliates or savings and loan association or by a state-licensed branch of a foreign bank which, to the extent they are not insured by federal deposit insurance, are issued by an institution the general obligations of which are rated in one of the two highest rating categories by a Rating Agency;

(ix) bonds, debentures and notes issued by corporations organized and operating within the United States which securities are rated in one of the highest two rating categories by a Rating Agency;

(x) deposits in the Surplus Money Investment Fund referred to in Section 16471 of the California Government Code;

(xi) repurchase agreements or reverse repurchase agreements, as such terms are defined in and pursuant to the terms of Section 16480.4 of the California Government Code, which are secured by a perfected security interest in any one or more of the securities described in clauses (i) or (ii) hereof and which have an aggregate market value (determined at least weekly) at least equal to the amount invested;

(xii) collateralized or uncollateralized investment agreements or other contractual arrangements with corporations, financial institutions or national associations within the United States, provided that the senior long-term debt of such corporations, institutions or associations is rated within the top two rating categories by each Rating Agency that has assigned a rating to such long-term debt;

(xiii) forward purchase agreements collateralized with obligations described in (i) through (vi) above with corporations, financial institutions or national associations within the United States, provided that the senior long term debt of such corporations, institutions or associations is rated within the highest two rating categories by a Rating Agency;

(xiv) money market funds that (a) invest solely in obligations described in clauses (i), (ii), (iii), (iv) or (xi), or any combination thereof, of this definition, including funds for which the Trustee, its parent holding company, if any, or any affiliates or subsidiaries of the Trustee or such holding company provide investment advisory or other management services or (b) are rated in the highest rating category by each Rating Agency; or

(xv) such other investments as may be authorized by a Supplemental Indenture or Series Indenture, provided that each Rating Agency then rating the Bonds has confirmed that the use of such additional investments will not result in the reduction or withdrawal of any rating on any Outstanding Bonds.

Leveraged Portion means that portion of a Series of Bonds designated as such in the Related Series Indenture.

Master Payment and Pledge Agreement means the Master Payment and Pledge Agreement dated as of November 1, 2012 by and between the Board and the I-Bank, as amended and supplemented in accordance with the provisions thereof.

Master Payment and Pledge Agreement Default means an event of default under the Master Payment and Pledge Agreement.

Master Trust Indenture means this Master Trust Indenture, as from time to time amended or supplemented in accordance with the terms hereof by a Supplemental Indenture.

Moody's means Moody's Investors Service, Inc. and its successors and assigns and, if such entity shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "Moody's" shall be deemed to refer to any other nationally recognized securities rating agency designated by the I-Bank by notice to the Trustee.

Municipal Index means the SIFMA Municipal Swap Index or successor index announced by Municipal Market Data and based upon the weekly interest rate resets of tax-exempt variable rate issues included in a database maintained by Municipal Market Data, Inc. which meet specified criteria established by the Securities Industry and Financial Markets Association. The SIFMA Municipal Swap Index shall be based upon current yields of high-quality weekly adjustable variable rate demand bonds which are subject to tender upon seven days' notice, the interest on which under the Code, is excludable from gross income for federal income tax purposes. The SIFMA Municipal Swap Index shall not include any bonds the interest on which is subject to any personal "alternative minimum tax" or similar tax unless all tax exempt bonds are subject to such tax. In the event the SIFMA Municipal Swap Index or a successor index is no longer produced by Municipal Market Data, Inc. or its successor, "Municipal Index" shall mean such other reasonably comparable index selected by the Board.

Nominee means Cede & Co., as nominee of DTC, the initial Securities Depository for the Bonds, and any successor nominee of DTC and, if another Securities Depository replaces DTC as Securities Depository hereunder, any nominee of such substitute Securities Depository.

One Month USD LIBOR Rate means the British Banker's Association average of interbank offered rates in the London market for dollar deposits for a one month period as reported in the Wall Street Journal or, if not reported in such newspaper, as reported in such other source as may be selected by the I-Bank.

Outstanding, when used with reference to Series, means, as of any particular date, the aggregate of all Bonds of such Series authenticated and delivered under this Master Trust Indenture, except:

- (a) Bonds cancelled by the Trustee or delivered to the Trustee for cancellation at or prior to such date;
- (b) Bonds for the payment or redemption of which money in the necessary amount has been theretofore deposited with the Trustee or any Paying Agent in trust for the Owners of such Bonds, provided that if such Bonds are to be redeemed, notice of such redemption has been duly given pursuant to this Master Trust Indenture or provision therefor satisfactory to the Trustee has been made;
- (c) Bonds paid or Bonds deemed to be paid as provided in Section 12.01 hereof; and
- (d) Bonds in lieu of or in substitution for which other Bonds shall have been authenticated and delivered pursuant to this Master Trust Indenture.

Owner means a person or persons in whose name or names a particular Bond shall be registered on the Bond Register.

Parity Reimbursement Obligation means a Reimbursement Obligation the payment of which is secured by a pledge of and a lien on collateral and revenues securing a Series.

Participant means each DTC Participant and if there is a Securities Depository for the Bonds other than DTC, each broker-dealer, bank and other financial institution from time to time for which such other Securities Depository holds Bonds as securities depository.

Party means the I-Bank, the Board or the Trustee, as applicable.

Paying Agent means the Trustee and/or any other bank or trust company designated by the I-Bank as paying agent for the Bonds.

Person means an individual, a corporation, a partnership, an association, a joint stock company, a trust, any unincorporated organization or a government or political subdivision thereof.

Pledged Assets means all of I-Bank's right, title and interest in and to the Master Payment and Pledge Agreement (other than Board Reserved Rights and I-Bank Reserved Rights), the Pledged Revenues, and the funds and accounts established under this Master Trust Indenture (except amounts on deposit in the Rebate Fund).

Pledged Project Obligation means a Project Obligation which is assigned and pledged as security for the benefit of the Bonds.

Pledged Revenues means (i) repayments of principal of and interest on Pledged Project Obligations and Prepayments thereon, (ii) the principal and investment earnings on Investment Obligations, (iii) payments received from the United States or the State related to Bonds issued under this Master Trust Indenture and as designated in a Series Indenture, and (iv) and any other amounts held under this Master Trust Indenture and designated as Pledged Revenues.

Pooled Money Investment Board means the State entity created pursuant to Government Code Section 16480.1.

Prepayment means any payment of principal on a Pledged Project Obligation in advance of its stated due date as designated by a Recipient on a Pledged Project Obligation.

Prepayment Fund means the Prepayment Fund established pursuant to Section 6.01 hereof.

Principal Payment Date means the date on which any principal on a Series is due other than by reason of redemption.

Project Obligation means any loan contract, installment sale agreement and any and all other agreements, resolutions and other related documents entered into by a Recipient evidencing amounts owed to the Board in connection with the financing of an Eligible Project.

Qualified Swap Agreement means a contract or agreement wherein the payments required thereunder (other than payments of fees and expenses and termination payments which shall in all cases be payable on a subordinate basis) are payable from Pledged Revenues on a parity with the payment of a Series, including, without limitation, any interest rate swap agreement, currency swap agreement, forward payment conversion agreement or futures contract, any contract providing for payments based on levels of, or changes in, interest rates, currency exchange rates, stock or other indices, any contract to exchange cash flows or a series of payments, or any contract, including, without limitation, an interest rate floor or cap, or an option, put or call, to hedge payment, currency, rate, spread or similar exposure, between the I-Bank and the counterparty to the Qualified Swap Agreement, provided that in each case (i) the notional amount of the Qualified Swap Agreement shall not exceed the principal amount of the related Series or portion thereof or the amount of such investments, as applicable, and (ii) the I-Bank shall have received a Rating Confirmation with respect to the Bonds.

Rating Agency means, each or collectively, Fitch, Moody's and S&P.

Rating Confirmation means written evidence from each rating agency then rating a Series to the effect that, following the event which requires the Rating Confirmation, the then current rating for such Series will not be lowered or withdrawn solely as a result of the occurrence of such event.

Rebate Account means each Rebate Account in the Rebate Fund established pursuant to Section 6.01 hereof.

Rebate Fund means the Rebate Fund established pursuant to Section 6.01(d) hereof.

Recipient means each municipality (as defined in the Clean Water Act and the CWSRF Act) which may receive financial assistance under a Project Obligation.

Refunding Bonds means any Bonds issued under this Master Trust Indenture, the proceeds of which are to be used to pay the principal of, premium, if any, or interest on any Outstanding Bonds.

Reimbursement Obligation means an obligation of the I-Bank described as such in Section 2.15(b) hereof to reimburse directly the Credit Provider for amounts paid pursuant to a Credit Facility.

Related, as the context may require, means (i) when used with respect to any Costs of Issuance Fund, Bond Proceeds Fund, Rebate Fund, or any account within any such fund, the fund, account or subaccount so designated and established by the Series Indenture authorizing a particular Series, (ii) when used with respect to a Series Indenture, the Series Indenture authorizing a particular Series, (iii) when used with respect to a Series, the Series issued under the Related Series Indenture, (iv) when used with respect to a Credit Provider, Credit Facility or Parity Reimbursement Obligation, the Credit Provider providing the Credit Facility for a particular Series, the Credit Facility securing or supporting such Series and the Parity Reimbursement Obligation entered into in connection therewith, respectively, and (viii) when used with respect to a Tax Certificate, the Tax Certificate entered into in connection with a particular Series.

Representation Letter has the meaning specified in Section 2.06 hereof.

Restricted Assets Fund means the Restricted Assets Fund established pursuant to Section 6.01 hereof.

S&P means Standard & Poor's Credit Markets Services and its successors and their assigns, and, if such entity shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "S&P" shall be deemed to refer to any other nationally recognized securities rating agency designated by the I-Bank by notice to the Trustee.

Securities Depositories means The Depository Trust Company, 55 Water Street, 50th Floor, New York, N.Y. 10041-0099 Attn. Call Notification Department, Fax (212) 855-7232, or, in accordance with then-current guidelines of the Securities and Exchange Commission, such other addresses and/or such other securities depositories, or no such depositories, as designated in a I-Bank Officer Certificate.

Series means all of the Bonds of a particular series authenticated and delivered pursuant to a Series Indenture, and any Bonds of such Series thereafter authenticated and delivered in lieu of or in substitution for such Bonds pursuant to Article II hereof.

Series Indenture means a series indenture providing for the issuance of a Series, as amended and supplemented in accordance with the terms hereof by a Supplemental Indenture.

State means the State of California.

State Match Portion means that portion of a Series of Bonds which are to be used to provide amounts necessary to fund a State Matching Grant designated as such in the Related Series Indenture.

State Matching Grant means the matching grant required pursuant to any Capitalization Grant.

State Treasurer means the Treasurer of the State of California and his or her duly authorized representative.

Supplemental Indenture means any indenture supplementary to or amendatory of this Master Trust Indenture or a Series Indenture executed and delivered pursuant to Article XI hereof.

Swap means any interest rate swap agreement, currency swap agreement, forward payment conversion agreement or futures contract, any contract providing for payments based on levels of, or changes in, interest rates, currency exchange rates, stock or other indices, any contract to exchange cash flows or a

series of payments, or any contract, including, without limitation, an interest rate floor or cap, or an option, put or call, to hedge payment, currency, rate, spread or similar exposure, between the I-Bank and the counterparty to the Swap, which is not a Qualified Swap Agreement.

Taxable Bonds means Bonds the interest on which is intended on their date of issuance to be includable in gross income of the Owners thereof for federal income tax purposes and designated as such in the Related Series Indenture.

Tax Certificate means the tax certificate or other similar document setting forth provisions to assure compliance by the I-Bank and the Board with requirements of the Code as conditions to the exclusion of interest on any Tax-Exempt Bonds, as the same may be amended or supplemented, all as may be more particularly described in the Related Series Indenture.

Tax-Exempt Bonds means Bonds the interest on which is intended on their date of issuance to be excludable from gross income of the Owners thereof for federal income tax purposes and designated as such in the Related Series Indenture.

Trust Office means the office of the Trustee at which at any particular time its trust business shall be principally administered, which office at the date hereof is located in Sacramento, California, except that with respect to presentation of Bonds for payment or for registration of transfer and exchange such term shall mean the office or agency of the Trustee at which, at any particular time, its trust agency business shall be conducted.

Trustee means, in its capacity as trustee under this Master Trust Indenture, the State Treasurer, any agent of the State Treasurer as provided in Section 10.01 hereof, or any successor Trustee hereunder as provided in Article X hereof.

Section 1.02. Rules of Construction. Unless the context clearly indicates to the contrary, the following rules shall apply to the construction of this Master Trust Indenture:

- (a) Words importing the singular number shall include the plural number and vice versa.
- (b) Words importing the feminine, masculine and neuter genders shall each include correlative words of the other genders.
- (c) All approvals, consents and acceptances required to be given or made by any person or party hereunder shall be at the sole discretion of the person or party whose approval, consent or acceptance is required.
- (d) All references herein to particular articles or sections are references to articles or Sections of this Master Trust Indenture.
- (e) The captions and headings and table of contents herein are solely for convenience of reference and shall not constitute a part of this Master Trust Indenture nor shall they affect its meaning, construction or effect.
- (f) References to any document, agreement, certificate or other instrument shall refer to the provisions of such instrument, as the same may be amended and supplemented from time to time.
- (g) Words permitting discretion means that the Person having such discretion may take such action but is not obligated to do so.

ARTICLE II

THE BONDS

Section 2.01. Issuance of Bonds in One or More Series; Designation of Bonds, Provisions of Bonds. The Bonds may be issued in one or more Series and, except as hereinafter provided, shall be designated generally as "California Infrastructure and Economic Development Bank Clean Water State Revolving Fund Revenue Bonds," with such further or different appropriate particular designations added to or incorporated in such title for the Bonds of any particular Series as the I-Bank may determine pursuant to a Series Indenture. Each Bond shall bear upon the face thereof its Series designation.

Each Series shall be issued in accordance with Section 2.14 and shall be issued pursuant to a Series Indenture. Each Series Indenture may specify that the Series authorized thereby shall be governed by the terms of this Master Trust Indenture, except as expressly amended or supplemented thereby.

Subject to the terms of a Series Indenture, the Bonds of each Series:

(a) shall be dated, numbered, be in such form and bear interest at such rates or determined by such methods and accruing from such dates and payable to the Owners on such record dates, payable and mature by their terms at such time or times, as may be provided in, or determined pursuant to such method or formula as may be established by, the Related Series Indenture;

(b) shall be payable, both as to principal and premium, if any, and interest at such place or places as the I-Bank may determine in any coin or currency of the United States of America which, at the time of payment, is legal tender for the payment of public and private debts;

(c) shall identify the portion of the Series as a Leveraged Portion or a State Match Portion;

(d) shall be limited as to the maximum principal amount thereof which may be authenticated by the Trustee and delivered or which may be at any time Outstanding;

(e) may contain provisions for the redemption thereof at such redemption price or prices, at such time or times, upon such notice, in such manner and upon such other terms and conditions as may be determined by the I-Bank and permitted by applicable law;

(f) may contain provisions for the optional or mandatory tender of such Bonds by the Owners thereof at such prices and upon such terms and conditions as the I-Bank may determine;

(g) may contain such provisions with respect to Taxable Bonds and Tax-Exempt Bonds and, if applicable, such covenants, elections or determinations as are deemed necessary or appropriate to assure the tax exemption of interest on Bonds that are Tax-Exempt Bonds; and

(h) may contain such provisions relating to a Credit Facility as may be determined by the I-Bank.

Section 2.02. Mutilated, Lost, Stolen or Destroyed Bonds. In the event any Outstanding Bond, whether temporary or definitive, is mutilated, lost, stolen or destroyed, the I-Bank may execute and, upon its request, the Trustee shall authenticate a new Bond of the same Series, principal amount and maturity and of like tenor as the mutilated, lost, stolen or destroyed Bond bearing a number not contemporaneously Outstanding; provided that, in the case of any mutilated Bond, such mutilated Bond shall first be surrendered

to the Trustee, and in the case of any lost, stolen or destroyed Bond, there shall be first furnished to the I-Bank and the Trustee evidence of the ownership thereof and of such loss, theft or destruction in form satisfactory to the Trustee, together with an indemnity satisfactory to it. In the event any such Bond shall have matured, or be about to mature, instead of issuing a substitute Bond the I-Bank may authorize the payment of the same. The I-Bank and the Trustee may charge the Owner or Owners of such Bond with their reasonable fees and expenses in this connection. Any Bond issued under the provisions of this Section in lieu of any Bond alleged to be destroyed, lost or stolen shall constitute an original additional contractual obligation on the part of the I-Bank, whether or not the Bond so alleged to be destroyed, lost or stolen be at any time enforceable by anyone, and shall be equally and proportionately entitled to the benefits of this Master Trust Indenture with all other Bonds issued hereunder to the same extent as the Bonds in substitution for which such Bonds were issued.

Section 2.03. Temporary Bonds. Until Bonds of any Series in definitive form are ready for delivery, the I-Bank may execute, and upon the I-Bank's request in writing, the Trustee shall authenticate and deliver in lieu thereof, and subject to the same provisions, limitations, and conditions, one or more printed, lithographed or typewritten Bonds of such Series in temporary form, substantially of the tenor of the Bonds herein before described and with appropriate omissions, variations and insertions. Bonds in temporary form will be for such principal amounts as the I-Bank shall determine. Until exchanged for Bonds in definitive form, such Bonds in temporary form shall be entitled to the security and benefit of this Master Trust Indenture. The I-Bank shall, without unreasonable delay, prepare, execute and deliver to the Trustee, and thereupon, upon the presentation and surrender of the Bond or Bonds in temporary form to the Trustee at its Trust Office, the Trustee shall authenticate and deliver, in exchange therefor, a Bond or Bonds of the same Series and maturity, in definitive form in the authorized denomination, and for the same principal amount, as the Bond or Bonds in temporary form surrendered. Such exchange shall be made without making any charge therefor.

Section 2.04. Execution of Bonds; Effect of Change of Officers. All Bonds shall from time to time be executed on behalf of the I-Bank by, or bear the facsimile signature of, an Authorized I-Bank Officer.

If any of the officers who shall have signed any of the Bonds or whose facsimile signature shall be upon the Bonds shall cease to be such officer of the I-Bank before the Bonds so signed shall have been actually authenticated by the Trustee or delivered by the I-Bank, such Bonds nevertheless may be authenticated, issued and delivered with the same force and effect as though the person or persons who signed such Bonds or whose facsimile signature shall be upon the Bonds had not ceased to be such officer or officers of the I-Bank; and also any such Bond may be signed on behalf of the I-Bank by those persons who at the actual date of the execution of such Bond shall be the proper officers of the I-Bank, although at the date of the authentication of such Bond any such person shall not have been such officer of the I-Bank. As used in this paragraph, officers include the duly authorized designees of officers.

Section 2.05. Registration of Bonds; Transfers; Securities Depository. (a) All the Bonds issued under this Master Trust Indenture shall be negotiable, subject to the provisions for registration and transfer contained in this Master Trust Indenture. The Trustee shall be the bond registrar and shall maintain and keep at its Trust Office a Bond Register for the registration and transfer of Bonds. Upon presentation thereof for such purpose at said office, the Trustee shall register or cause to be registered therein, and permit to be transferred thereon, under such reasonable regulations as it may prescribe, any Bond.

(b) Each Bond shall be transferable only upon the Bond Register at its Trust Office, at the written request of the Owner thereof or his representative duly authorized in writing, upon surrender thereof, together with a written instrument of transfer satisfactory to the Trustee duly executed by the Owner or representative duly authorized in writing. Upon the transfer of any Bond, the I-Bank shall issue in the name of

the transferee, in authorized denominations, one or more Bonds of the same aggregate principal amount, Series, maturity and interest rate as the surrendered Bonds.

(c) Notwithstanding any other provision of this Master Trust Indenture, the I-Bank may employ a book-entry-only system of bond registration with respect to any Series, all as more fully set forth in this subsection and Subsections 2.05(d) through (g) and as may be modified in any Series Indenture. Any provisions of this Master Trust Indenture inconsistent with book-entry-only Bonds shall not be applicable to such book-entry-only Bonds.

Any Series issued as book-entry-only Bonds shall be initially issued in the form of a separate single authenticated fully registered Bond in the amount of each separately stated maturity of such Series. Upon initial issuance, the Ownership of such Bond may be registered in the registry books kept by the Trustee in the name of the nominee of a Securities Depository or in the name of the Securities Depository. With respect to Bonds registered in the Bond Register kept by the Trustee in the name of a nominee of a Securities Depository or in the name of the Securities Depository, the I-Bank and the Trustee shall have no responsibility or obligation to any Securities Depository Participant or to any Beneficial Owner. Without limiting the immediately preceding sentence, the I-Bank and the Trustee shall have no responsibility or obligation with respect to (i) the accuracy of the records of the Securities Depository, its nominee or any Participant with respect to any ownership interest in the Bonds of any Series, (ii) the delivery to any Participant, any Beneficial Owner or any other person, other than the nominee or Securities Depository, of any notice with respect to any Series, including any notice of redemption, or (iii) the payment to any Participant, any Beneficial Owner or any other person, other than the nominee or Securities Depository, of any amounts with respect to the principal of or premium, if any, or interest on any Series. The I-Bank and the Trustee may treat as, and deem the nominee or Securities Depository to be, the absolute Owner of each Bond issued as a book-entry-only Bond for the purpose of payment of the principal of and premium, if any, and interest on such Bond, for the purpose of giving notices of redemption and other matters with respect to such Bond, for the purpose of registering transfers with respect to such Bond, and for all other purposes whatsoever. The Trustee shall pay all principal of and premium, if any, and interest on book-entry Bonds only to or upon the order of the nominee or Securities Depository, and all such payments shall be valid and effective to satisfy and discharge fully the I-Bank's obligation with respect to the principal of and premium, if any, and interest on such Bonds to the extent of the sum or sums so paid. No person other than the nominee or Securities Depository shall receive an authenticated Bond of any Series issued as book-entry-only Bonds evidencing the obligation of the I-Bank to make payments of principal of and premium, if any, and interest pursuant to this Master Trust Indenture. Upon delivery by the nominee or Securities Depository to the Trustee of written notice to the effect that the Securities Depository has determined to substitute a new nominee in place of the existing nominee, the Trustee shall issue a new registered Bond to the new nominee in exchange for each Bond surrendered which was registered in the name of the old nominee to such new nominee of the Securities Depository.

(d) Upon receipt by the I-Bank and the Trustee of written notice from the Securities Depository to the effect that the Securities Depository is unable or unwilling to discharge its responsibilities and no substitute depository willing to undertake the functions of the Securities Depository hereunder with respect to any Series can be found which is willing and able to undertake such functions upon reasonable and customary terms, then the Bonds of such Series shall no longer be restricted to being registered in the Bond Register in the name of the nominee or the Securities Depository, but may be registered in whatever name or names the Owners transferring or exchanging Bonds shall designate, in accordance with the provisions of this Master Trust Indenture.

(e) In the event the I-Bank, following consultation with the Board, determines that it is in the best interests of the Beneficial Owners of any Series that they be able to obtain Bond certificates, the I-Bank may notify the Securities Depository and the Trustee, whereupon the nominee or Securities Depository

will notify the Participants, of the availability through the nominee or Securities Depository of Bond certificates. In such event, the Trustee, at the Board's expense, shall issue, transfer and exchange Bond certificates as requested to the Securities Depository and any other Owners in appropriate amounts, and whenever the Securities Depository requests the I-Bank and the Trustee to do so, the Trustee at the Board's expense and the I-Bank will cooperate with the by taking appropriate action after reasonable notice (i) to make available one or more separate certificates evidencing the Bond to any nominee or Participant having Bonds credited to its Securities Depository account or (ii) to arrange for another Securities Depository to maintain custody of certificates evidencing the Bonds.

(f) Notwithstanding any other provision of this Master Trust Indenture to the contrary, so long as any Bond is registered in the name of a nominee or the Securities Depository, all payments with respect to the principal of and premium, if any, and interest on such Bond and all notices with respect to such Bond shall be made and given, respectively, to the nominee or the Securities Depository.

(g) In connection with any notice or other communication to be provided to Owners pursuant to this Master Trust Indenture by the I-Bank or the Trustee with respect to any consent or other action to be taken by Owners, the I-Bank or the Trustee, as the case may be, shall establish a record date for such consent or other action and give the nominee or Securities Depository notice of such record date not less than fifteen (15) calendar days in advance of such record date, to the extent possible.

Section 2.06. Book-Entry System. (a) The Bonds shall initially be issued in the form of one certificated fully registered bond for the aggregate principal amount of the Bonds of each maturity, registered in the name of Cede & Co., as nominee of DTC, the initial Securities Depository for the Bonds. Except as provided in subsection (d) below, all of the Outstanding Bonds shall be so registered in the Bond Register, and the provisions of subsection (e) of this Section shall apply thereto.

(b) The I-Bank, the Board and the Trustee shall have no responsibility or obligation to any Participant or to any Beneficial Owner, except as otherwise expressly provided herein. Without limiting the immediately preceding sentence, the I-Bank, the Board and the Trustee shall have no responsibility or obligation with respect to (1) the accuracy of the records of DTC or any other Securities Depository, any Nominee or any Participant with respect to any Owner's interest in the Bonds, (2) the delivery to any Participant or any other person, other than an Owner as shown in the Bond Register, of any notice with respect to the Bonds, including any notice of redemption or (3) the payment to any Participant or any other person, other than an Owner as shown in the Bond Register, of any amount with respect to principal of, premium, if any, or interest on the Bonds. The Trustee shall pay all principal of, premium, if any, and interest on the Bonds only to or upon the order of the respective Owners, as shown on the applicable record date in the Bond Register, or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the I-Bank's obligations with respect to payment of principal of, premium, if any, and interest on the Bonds to the extent of the sum or sums so paid. The I-Bank, the Board and the Trustee may treat and consider the person in whose name each Bond is registered in the Bond Register as the Owner and absolute Owner of such Bond for the purpose of payment of principal, premium and interest with respect to such Bond, for the purpose of giving notices of redemption and other matters with respect to such Bond, for the purpose of registering transfers with respect to such Bond, and for all other purposes whatsoever.

(c) No person other than an Owner, as shown in the Bond Register, shall receive a certificated Bond evidencing the obligation of the I-Bank to make payments of principal, premium, if any, and interest pursuant to this Master Trust Indenture.

(d) The I-Bank shall, if not previously on file, execute and deliver to DTC and each substitute Securities Depository a letter of representation in customary form with respect to the Bonds (the "Representation Letter"), but such Representation Letter shall not in any way limit the provisions of subsection (b) of this Section or in any other way impose upon the I-Bank or the Trustee any obligation whatsoever with respect to persons having interests in the Bonds other than the Owners, as shown in the Bond Register. The Trustee shall take all action necessary for all representations of such party in the Representation Letter with respect to the Trustee to be complied with at all times.

(e) The I-Bank may terminate the services of the Securities Depository then acting as securities depository for the Bonds. The Securities Depository then acting as securities depository for the Bonds may determine to discontinue providing such services with respect to the Bonds at any time by giving written notice and all known information on the Participants and the Beneficial Owners having an interest in the Bonds to the I-Bank, the Board and the Trustee and discharging its responsibilities with respect thereto under applicable law. Upon the discontinuance or termination of the services of a Securities Depository with respect to the Bonds, unless a substitute Securities Depository is appointed by the I-Bank to undertake the functions of securities depository for the Bonds hereunder, the I-Bank at the expense of the Board is obligated to deliver bond certificates for the Bonds as provided in this Master Trust Indenture to or upon the order of the Beneficial Owners of such Bonds identified by the former Securities Depository or its Participants, and such Bonds shall no longer be restricted to being registered in the Bond Register in the name of the Securities Depository or its Nominee, but may be registered in whatever name or names Owners transferring or exchanging such Bonds shall designate, in accordance with the provisions of this Master Trust Indenture. If a substitute Securities Depository is appointed for the Bonds in accordance with this subsection (e), the Bonds shall be registered in the Bond Register in the name of such substitute Securities Depository or its Nominee.

So long as any Bond is registered in the name of a Securities Depository or its Nominee, all payments with respect to principal, premium, if any, and interest on such Bond and all notices with respect to such Bond shall be made and given, respectively, in the manner provided in the Representation Letter. Owners shall have no lien or security interest in any rebate or refund paid by a Securities Depository to the Trustee which arises from the payment by the Trustee of principal of, premium, if any, or interest on the Bonds in immediately available funds to such Securities Depository or its Nominee.

Section 2.07. Inspection of Bond Register. At reasonable times and under reasonable requirements that shall have been established by the Trustee, the Bond Register for any Series may be inspected and copied by the I-Bank, the Board or by the Owners (or a designated representative thereof) of twenty-five percent (25%) or more in principal amount of Bonds of such Series then Outstanding, such Ownership and the authority of any such designated representative to be evidenced to the satisfaction of the Trustee.

Section 2.08. Exchange of Bonds. So long as any of the Bonds remain Outstanding, the I-Bank shall make all necessary provisions to permit the exchange of Bonds at the Trust Office. Bonds, upon surrender thereof at the Trust Office with a written instrument of transfer satisfactory to the Trustee duly executed by the Owner or his representative duly authorized in writing may, at the option of the Owner thereof, be exchanged for an equal aggregate principal amount of Bonds of the same Series, maturity and interest rate of any other authorized denominations.

Section 2.09. Payment for and Limitations on Exchanges and Transfers. In all cases in which the privilege of exchanging or transferring the Bonds is exercised, the I-Bank shall execute and the Trustee shall authenticate and deliver Bonds in accordance with the provisions hereof. The Bonds of any Series in changed denominations shall be exchanged for the surrendered Bonds of such Series, and such Bonds in changed denominations shall be of the same Series, bear interest at the same rate or rates and mature on the

same date or dates as the Bonds for which they are exchanged. All Bonds surrendered in any such exchanges or transfers shall forthwith be surrendered to the Trustee for cancellation and cancelled by the Trustee. For every such exchange or transfer of Bonds, the Trustee may make a charge to the Owner sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer. The cost of preparing each new Bond upon each exchange or transfer, and any other expenses (except any applicable tax, fee or other governmental charge) of the I-Bank or the Trustee incurred in connection with such exchange or transfer shall be paid by the Board. Neither the I-Bank nor the Trustee shall be required (a) to transfer or exchange Bonds of any Series for a period of fifteen (15) days next preceding any selection of Bonds of such Series to be redeemed or thereafter until after the mailing of notice of redemption of Bonds of such Series, or for a period of fifteen (15) days next preceding an interest payment date for Bonds of such Series; or (b) to transfer or exchange any Bond called for redemption as a whole or in part.

Section 2.10. Endorsement of Certificate of Authentication on Bonds. No Bond shall be secured hereby or entitled to the benefit of this Master Trust Indenture or shall be valid or obligatory for any purpose unless there shall be endorsed on such Bond a certificate of authentication executed by the Trustee; and such certificate on any Bond issued by the I-Bank shall be conclusive evidence and the only competent evidence that such Bond has been duly authenticated and delivered hereunder. The Trustee's certificate of authentication on any Bond shall be deemed to have been executed by it if signed by an authorized signatory of the Trustee, but it shall not be necessary that the same signatory sign the certificate of authentication on all of the Bonds issued hereunder or under a Series Indenture.

Section 2.11. Cancellation of Bonds. Upon the surrender to the Trustee of any temporary or mutilated Bonds, or Bonds transferred or exchanged for other Bonds, or Bonds acquired, redeemed or received by the Trustee as a credit to reduce any sinking fund redemption obligation or paid at maturity or otherwise delivered to the Trustee for cancellation, or Bonds purchased by the Trustee pursuant to Section 4.06 hereof, the same shall forthwith be cancelled and may be destroyed by the Trustee in such manner as it deems appropriate and the Trustee shall, if such Bonds are so destroyed, deliver its certificate as to such disposition to the I-Bank.

Section 2.12. Persons Treated as Owners. The I-Bank, the Trustee, and any Paying Agent may, for all purposes, deem and treat the Owner of any Bond as the absolute Owner of such Bond, whether or not such Bond is overdue, and neither the I-Bank nor the Trustee nor any Paying Agent shall be affected by any notice to the contrary. Payment made to the Owner of any Bond for the purpose of such payment in accordance with the provisions of this Section 2.12 shall be valid and effectual, to the extent of the sum or sums so paid, to satisfy and discharge the liability upon such Bond in respect of which such payment was made.

Section 2.13. Execution of Instruments; Proof of Ownership of Bonds. Any request, direction, consent, or other instrument in writing required or permitted by this Master Trust Indenture to be signed or executed by Owners may be in any number of concurrent instruments of similar tenor and shall be signed or executed by such Owners in person or by agent appointed by an instrument in writing. Proof of the execution of any such instrument and of the Ownership of Bonds shall be sufficient for any purpose of this Master Trust Indenture and shall be conclusive in favor of the Trustee with regard to any action taken by it under such instrument if made in the following manner.

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

- (b) The ownership of Bonds shall be proved by the Bond Register.

Nothing contained in this Section 2.13 shall be construed as limiting the Trustee to such proof, it being intended that the Trustee may accept any other evidence of the matters herein stated which to it may seem sufficient. Any request or consent of the Owner of any Bond shall bind every future Owner of the same Bond, or any Bond issued in exchange or substitution therefor or on registration of transfer thereof, in respect of anything done by the Trustee in pursuance of such request or consent.

Section 2.14. Issuance of a Series. A Series may be issued from time to time for the purpose of providing financial assistance to Recipients, providing proceeds to pay Outstanding Bonds or any other lawful purpose in the CWSRF. The Series shall be executed by the I-Bank and delivered to the Trustee for authentication and thereupon such Series shall be authenticated by the Trustee and shall be delivered pursuant to a I-Bank Officer Certificate, but only upon the receipt by the Trustee of all of the proceeds (including accrued interest, if any) of sale of such Series, which will be deposited in accordance with a I-Bank Officer Certificate. Prior to, or simultaneously with, the authentication and delivery of the Bonds of each Series, the Trustee shall also receive the following:

(a) A copy of the resolution adopted by the I-Bank authorizing the issuance, sale and delivery of the Series, and the execution and delivery by the I-Bank of the Related Series Indenture and any Related Parity Reimbursement Obligation, each certified by the Secretary of the I-Bank to have been duly adopted by the I-Bank and to be in full force and effect on the date of such certification;

(b) A copy of the resolution adopted by the Board approving the issuance, sale and delivery of the Related Series and the execution and delivery by the Board of any Related Parity Reimbursement Obligation, certified by the Clerk to the Board to have been duly adopted by the Board and to be in full force and effect on the date of such certification;

(c) An original executed counterpart or a certified copy of the Related Tax Certificate, the Related Series Indenture, any Related Credit Facility and any Related Parity Reimbursement Obligation;

(d) Except with respect to the issuance of Refunding Bonds which results in aggregate lower Debt Service on the Outstanding Bonds to be refunded, a certificate which demonstrates compliance with the Additional Bonds Test;

(e) An opinion of Bond Counsel addressed to the I-Bank, to the effect that the Bonds of such Series are valid and legally binding special obligations of the I-Bank, secured by this Master Trust Indenture to the extent provided herein, and are payable as to principal, premium, if any, and interest from, and are secured by a valid lien on and pledge of, the Pledged Project Obligations and the payments by the Recipients of amounts due on the Pledged Project Obligations pursuant to the Master Payment and Pledge Agreement and other moneys held by the Trustee under this Master Trust Indenture and pledged and available therefor under the terms of this Master Trust Indenture, all in the manner provided in this Master Trust Indenture, and if such Series are Tax-Exempt Bonds, an opinion of Bond Counsel to the effect that interest on such Bonds is excluded from gross income for federal income tax purposes, together with a letter to the effect that the Trustee may rely on such opinion as if it were addressed to it; and

(f) An I-Bank Officer Certificate authorizing and directing the Trustee to authenticate and deliver such Series to or upon the order of the purchaser or purchasers therein identified upon payment to the Trustee of the purchase price (including accrued interest, if any) of such Series.

Section 2.15. Credit Provider. (a) In connection with the issuance of any Series hereunder, the Board may obtain or cause to be obtained one or more Credit Facilities providing for payment of all or a

portion of the principal of and interest due or to become due on such Series, providing for the purchase of such Series by the Credit Provider from the Related Credit Facility or providing funds for the purchase of such Series by the I-Bank. Any such Credit Facility shall be for the benefit of and secure such Series or portion thereof as specified in the Related Series Indenture.

(b) The Board may secure such Credit Facilities by an agreement providing for the purchase by the Credit Provider of the Series secured thereby. The Board may also agree to directly reimburse such Credit Provider for amounts paid under the terms of such Credit Facility together with interest thereon in accordance with such terms as the Board may determine; provided, however, that no Reimbursement Obligation, including any Parity Reimbursement Obligation, shall be created, for purposes of this Master Trust Indenture, until the related principal or interest payments on the Bonds are made by such Credit Provider under the Related Credit Facility. Any Parity Reimbursement Obligation shall be deemed to be a part of the Related Series.

(c) So long as the Credit Facility is in full force and effect, and payment on the Credit Facility is not in default, the Credit Provider shall be deemed to be the Owner of the Outstanding Bonds of such Series when the approval, consent or action of the Owners for such Series is required or may be exercised under this Master Trust Indenture and following an Event of Default under the Master Trust Indenture.

(d) In the event that the principal of and interest on any Series Outstanding shall be paid under the provisions of a Related Credit Facility, all covenants, agreements and other obligations of the Board, the I-Bank and the Trustee to the Owners of the Related Series shall continue to exist.

ARTICLE III

SECURITY FOR BONDS; LIMITED LIABILITY UNDER BONDS

Section 3.01. Pledge and Assignment Effected by Master Trust Indenture. (a) All Bonds of each and every Series issued and to be issued hereunder are, and are to be, to the extent provided in this Master Trust Indenture, equally and ratably secured by this Master Trust Indenture without preference, priority or distinction on account of the actual time or times of the authentication or delivery or maturity or redemption of the Bonds of such Series or any of them, so that all Bonds and any Related Parity Reimbursement Obligation at any time Outstanding hereunder shall have the same right, lien and preference under and by virtue of this Master Trust Indenture and shall be equally and ratably secured hereby with like effect as if they had all been executed, authenticated and delivered simultaneously on the date hereof; provided that moneys representing the repayment of principal of Pledged Project Obligations shall not be pledged to or used for the payments of the State Match Portion of Bonds; and provided further, that Bonds may be issued as subordinated debt, as designated as such under a Series Indenture. The aggregate principal amount of Bonds which may be executed and delivered by the I-Bank and authenticated by the Trustee and secured by this Master Trust Indenture is not limited except as is or may hereafter be provided in this Master Trust Indenture or as may be limited by law.

(b) In consideration of the purchase and acceptance of any and all of the Bonds authorized to be issued hereunder by those who shall hold or own the same from time to time, this Master Trust Indenture and each Series Indenture shall be deemed to be and shall constitute a contract among the I-Bank, the Trustee, the Owners from time to time of the Bonds and the beneficiaries of any Parity Reimbursement Obligations, and the pledge and assignment made herein and the covenants and agreements set forth to be performed by or on behalf of the I-Bank shall be for the equal and ratable benefit, protection and security of the Owners of any and all of the Bonds and the beneficiaries of any Parity Reimbursement Obligations, all of which, regardless of the time or times of their issue or maturity, shall be of equal rank without preference, priority or distinction of any Bonds over any other Bonds, except as expressly provided herein or permitted hereby or by a Series Indenture.

(c) Subject only to the provisions of this Master Trust Indenture permitting the application thereof for the purposes and on the terms and conditions set forth herein and, subject to the rights of the Owners, there are hereby pledged to secure the payment of the principal of and premium, if any, and interest on the Bonds in accordance with their terms and the provisions of this Master Trust Indenture, the Pledged Assets, subject to the provisions of Section 8.06 hereof. Said pledge shall constitute a lien on and security interest in the Pledged Assets and shall attach, be perfected and be valid and binding from and after delivery of the Bonds, without any physical delivery thereof or further act.

Section 3.02. Limited Liability Under Bonds. The Bonds do not constitute a debt or liability of the State or any political subdivision thereof, but instead are limited obligations of the I-Bank and the Board that are payable solely from the funds provided therefor by the Board from the Pledged Assets. Neither the State, the I-Bank nor the Board shall be obligated to pay the principal of, or interest on, the Bonds, except from the funds provided therefor under the Master Payment and Pledge Agreement and this Master Trust Indenture, and neither the faith and credit nor the taxing power of the State, the I-Bank, the Board or of any political subdivision thereof is pledged to the payment of the principal of, or interest on, the Bonds. The issuance of the Bonds shall not directly, indirectly or contingently obligate the State or any political subdivision thereof to levy or to pledge any form of taxation. Neither the I-Bank nor the Board has any taxing power.

ARTICLE IV

REDEMPTION OF BONDS

Section 4.01. Bonds to be Redeemed Only In Manner Provided in Article IV. Any redemption of all or any part of a Series which are subject to redemption, including any redemption in accordance with any sinking fund provisions of this Master Trust Indenture, shall be made in the manner provided in this Article IV.

Bonds of any maturity which are subject to redemption at the option of the I-Bank at the direction of the Board set forth in a Board Officer Certificate shall be called by the Trustee for redemption in the manner provided in this Article IV upon receipt by the Trustee, at least forty-five (45) days prior to the redemption date, of an I-Bank Officer Certificate providing for such redemption. Such written direction shall specify the Series, the redemption date and the principal amount of Bonds or portions thereof and their maturities to be redeemed, the applicable redemption price or prices and the provision or provisions of this Master Trust Indenture, as the case may be, pursuant to which such Bonds are to be called for redemption. The foregoing provisions of this paragraph shall not apply in the case of any redemption of any Series in accordance with any sinking fund provisions of the Related Series Indenture and such Bonds shall be called by the Trustee for redemption pursuant to such sinking fund provisions without the necessity of any action by the I-Bank.

The moneys necessary for any redemption of Bonds shall be paid to or deposited with the Trustee on or prior to the redemption date. All Bonds called for redemption will cease to bear interest on the specified redemption date, provided funds sufficient for the redemption of such Bonds in accordance with this Master Trust Indenture are on deposit with the Trustee. If such moneys are not available on the redemption date, the Bonds or portions thereof will continue to bear interest until paid at the same rate as they would have borne had they not been called for redemption.

The I-Bank at the direction of the Board set forth in a Board Officer Certificate may purchase or direct the Trustee to purchase Bonds of any particular Series or maturity in lieu of redemption of such Bonds. Such purchases shall be made at any time prior to the publication or mailing by the Trustee of a notice of redemption.

Section 4.02. Redemption of Less Than All Bonds of a Series. If less than all the Bonds of a Series shall be called for redemption, the I-Bank shall select the maturity or maturities so to be redeemed, and if less than all of the Bonds of any one maturity and Series shall be called for redemption, the particular Bonds or portions of Bonds of such Series of said maturity to be redeemed shall be selected by the Trustee in such manner as provided by the Related Series Indenture; provided, however, that the portion to be redeemed of any Bond of a denomination more than the minimum authorized denomination thereof shall be such minimum authorized denomination or an integral multiple thereof, and that in selecting portions of such Bonds for redemption, the Trustee shall treat each such Bond as representing that number of Bonds of such minimum authorized denomination obtained by dividing the principal amount of such Bond by such minimum authorized denomination.

Section 4.03. Notice of Redemption. In the case of any redemption, the Trustee shall give in the name of the I-Bank notice to the Owners of the Related Series, or portions thereof, so called, as provided in Section 13.07, at least thirty (30) but no more than sixty (60) days before the date fixed for redemption that Bonds of a particular Series and maturity date properly identified have been called for redemption and, in the case of Bonds to be redeemed in part only, the portion of the principal amount thereof that has been called for redemption (or if all the Bonds of an Outstanding Series are to be redeemed, so stating, in which event such identification may be omitted), that they will be due and payable on the date fixed for redemption (specifying such date) upon surrender thereof at the Trust Office or, at the option of the Owner, at the corporate trust office of the Paying Agent, if any, for such Bonds, at the applicable redemption price (specifying such price) together with accrued interest to such date, the provisions pursuant to which such Bonds are subject to redemption and that all interest on the Series, or portions thereof, so to be redeemed will cease to accrue on and after such date; provided, however, that the failure to so mail such notice with respect to any particular Bonds shall not affect the validity of such mailing for any Bonds with respect to which no such failure has occurred.

In the case of redemption of a Series at the option of the I-Bank at the direction of the Board as set forth in a Board Officer Certificate,, a notice of redemption may state (i) that it is conditioned upon the deposit of moneys, in an amount equal to the amount necessary to effect the redemption, with the Trustee no later than the redemption date, or (ii) that the I-Bank retains the right to rescind the redemption notice on or prior to the scheduled redemption date (in either case, a "Conditional Redemption"), and such notice and redemption will be of no effect if such moneys are not so deposited or if the notice is rescinded. Any Conditional Redemption may be rescinded in whole or in part at any time prior to the fifth Business Day preceding the redemption date if the I-Bank delivers a written direction to the Trustee to rescind the redemption notice. The Trustee shall give prompt notice of such rescission to the affected Owners. Any Series subject to Conditional Redemption where redemption has been rescinded shall remain Outstanding, and such rescission shall not constitute an Event of Default. The failure of the Board to make funds available in part or in whole on or before the date that is five Business Days prior to the redemption date shall not constitute an Event of Default in the case of a Conditional Redemption, and the Trustee shall give immediate notice to the affected Owners that the redemption did not occur and that the Series called for redemption and not so paid remain Outstanding.

Section 4.04. Rights of Owners of Bonds Called for Redemption Limited to Redemption Price and Accrued Interest. If notice of redemption has been given as provided in Section 4.03, the Series or portions thereof called for redemption shall be due and payable on the date fixed for redemption at the redemption price, together with accrued interest to the date fixed for redemption. Payment of the redemption price, together with accrued interest, shall be made by the Trustee upon surrender of such Bonds. If there shall be called for redemption less than the entire principal amount of a Bond, the I-Bank shall execute and deliver and the Trustee shall authenticate, upon surrender of such Bond, and without charge to the Owner thereof, Bonds of like Series and maturity date for the unredeemed portion of the principal amount of the Bond so surrendered.

Subject to the deposit of amounts necessary for the redemption of such Series as provided in Section 4.03, from and after the date fixed for redemption designated in such notice, notwithstanding that any Bonds so called for redemption in whole or in part shall not have been surrendered for cancellation, no further interest shall accrue upon the principal of any of the Series or portions thereof so called for redemption; and such Bonds or portions thereof so to be redeemed shall cease to be entitled to any lien, benefit or security under this Master Trust Indenture and the Owners thereof shall have no rights in respect of such Bonds or portions thereof except to receive payment of the redemption price thereof and unpaid interest accrued to the date fixed for redemption.

Section 4.05. Non-Presentation of Bonds. In the event any Bonds (or any portion thereof) shall not be presented for payment when the principal thereof and premium, if any, thereon becomes due, either at maturity or at the date fixed for redemption thereof or otherwise, if funds sufficient to pay such Bonds (or portions thereof) and premium, if any, shall be held by the Trustee for the benefit of the Owner or Owners thereof, all liability of the Board and the I-Bank to the Owner or Owners thereof for the payment of such Bonds (or portions thereof) and premiums, if any, as the case may be, shall forthwith cease, terminate and be completely discharged, and thereupon it shall be the duty of the Trustee to hold such funds, without liability for interest thereon, for the benefit of the Owner or Owners of such Bonds who shall thereafter be restricted exclusively to such funds for any claim of whatever nature on his or their part under this Master Trust Indenture or on, or with respect to, such Bonds; provided, however, that in the event such non-presentation continues for a period of two (2) years, the Trustee shall pay such funds to the Board and thereafter the Owner or Owners of such Bonds shall have no recourse for such funds.

Section 4.06. Purchase of Bonds. The Trustee, acting on behalf of the I-Bank, as the I-Bank's agent, and with the I-Bank's funds, shall, if and to the extent practicable, purchase Bonds of any Series upon the receipt of a I-Bank Officer Certificate at such time, in such manner and at such price as may be specified in such certificate. The Trustee may so purchase Bonds of any Series with any moneys then held by it and available for the redemption or purchase of Bonds of such Series, provided that subsequent to the giving of notice of redemption of any Bonds, moneys held for the redemption of such Bonds may not be applied to any such purchase; and provided further, that moneys held pursuant to Section 12.01 shall not be deemed to be held and available for the redemption or purchase of Bonds. All Bonds so purchased shall be cancelled by the Trustee in accordance with Section 2.11.

ARTICLE V

APPLICATION OF BOND PROCEEDS

Section 5.01. Proceeds of Series. The net proceeds of the sale and delivery of each Series shall be applied simultaneously with the receipt thereof by the Trustee as provided in the Related Series Indenture.

ARTICLE VI

FUNDS AND ACCOUNTS

Section 6.01. Creation and Custody of Funds and Accounts.

(a) Initially, and as long as the State Treasurer is the Trustee, all such funds and Related accounts that may be established for each Related Series shall be within the State Treasury.

(b) There shall be established, maintained and held in trust the following funds.

- (1) Costs of Issuance Fund;
- (2) Bond Proceeds Fund;
- (3) Restricted Assets Fund;
- (4) Debt Service Fund;
- (5) Debt Service Reserve Fund; and
- (6) Prepayment Fund.

There may be established, maintained and held in trust for each Series a Related Account in the Cost of Issuance Fund and the Bond Proceeds Fund and in each other fund as may be further provided for pursuant to this Master Trust Indenture and the Related Series Indenture. The I-Bank, the State Treasurer, as Trustee, and the Board may, by Series Indenture, by I-Bank Officer Certificate or Board Officer Certificate, as applicable, establish one or more additional funds, accounts or subaccounts as may be determined to be necessary or useful in administering the funds and accounts established hereunder.

(c) The Trustee shall control the Costs of Issuance Fund, the Debt Service Fund and the Debt Service Reserve Fund, each of which shall be disbursed and applied as provided herein and in each Related Series Indenture. The Board shall control the Bond Proceeds Fund, the Restricted Assets Fund and the Prepayment Fund, each of which shall be disbursed and applied as provided herein and as may be provided in a Series Indenture.

(d) At such time as the Board shall determine that amounts are required to be deposited into a rebate fund in accordance with a Tax Certificate, it shall notify the Trustee and the Trustee shall establish and maintain or cause to be established and maintained in trust a Rebate Fund. The Trustee shall control the Rebate Fund.

(e) For purposes of compliance with the Clean Water Act or the CWSRF Act or regulations and policies promulgated thereunder restricting the use of moneys within the CWSRF, moneys in each of the funds and accounts established hereunder shall be deemed to be within the CWSRF (except the Costs of Issuance Fund, which shall be segregated from the other funds and accounts hereunder).

(f) After all of the Bonds and any other amounts owing under this Master Trust Indenture have been paid in full, then all of the funds and accounts created hereunder shall be closed by the Trustee and the Board, as applicable, and any amounts remaining on deposit in such closed funds and accounts shall be applied by the Trustee in accordance with a Board Officer Certificate.

Section 6.02. Bond Proceeds Accounts. (a) There shall be deposited into the Related Bond Proceeds Account (i) the proceeds of a Series as provided in the Related Series Indenture, (ii) amounts transferred from a Related Costs of Issuance Account, and (iii) any other amounts deposited therein by the Board.

(b) Amounts deposited in a Bond Proceeds Account shall be applied by the Board to (i) fund Bond Funded Project Obligations, (ii) to refund bonds and other obligations, (iii) pay Debt Service on a Series, (iv) pay Bond Expenses, (v) satisfy the Related Rebate Requirement (as provided in the Related Tax Certificate), and (vi) such other purpose as provided for a Series of Bonds, each as may be provided in the Related Series Indenture. Upon receipt of a Board Officer Certificate that no further amounts are to be expended from the Bond Proceeds Account, the Trustee shall transfer amounts remaining on deposit therein to

the Board for deposit to the Debt Service Fund. Investment earnings on amounts in the Bond Proceeds Account shall be transferred when received to the Debt Service Fund.

Section 6.03. Costs of Issuance Accounts. (a) There shall be deposited into the Related Costs of Issuance Account the proceeds of a Series and any other amounts deposited therein by the Board as may be provided in the Related Series Indenture.

(b) Amounts held in a Costs of Issuance Account shall be applied to the payment of Costs of Issuance upon receipt by the Trustee of an I-Bank Officer Certificate in the form set forth in Exhibit A. Upon receipt of an I-Bank Officer Certificate that no further Costs of Issuance are to be paid from the Related Costs of Issuance Account, the Trustee shall transfer any other amounts remaining on deposit therein as directed by the Board in a Board Officer Certificate either to the Debt Service Fund or the Related Bond Proceeds Account. Investment earnings on amounts in a Costs of Issuance Account shall be transferred when received to the Debt Service Fund.

Section 6.04. Restricted Assets Fund. (a) There shall be deposited into the Restricted Assets Fund all amounts received as principal of or interest on the Pledged Project Obligations, any Prepayments transferred from the Prepayment Fund pursuant to Section 6.05 hereof to the Restricted Assets Fund and any amounts directed to be deposited therein by the Board. Investment earnings on amounts in the Restricted Assets Fund shall be transferred when received to the Debt Service Fund.

(b) Amounts deposited into the Restricted Assets Fund shall be applied to pay or reimburse the Board and the I-Bank for any Bond Expenses reasonably incurred in connection with an Event of Default, and thereafter shall be transferred to the funds and accounts established hereunder to pay amounts due from the Board in accordance with Section 6.09 hereof. After the transfers to the Trustee of the amounts required to be paid pursuant to Section 6.09 hereof and the receipt by the Trustee of all amounts due from the Board in accordance therewith, amounts held by the Board in the Restricted Assets Fund may be applied at the discretion of the Board as follows: (i) to pay for Administrative Costs, (ii) to acquire a Pledged Project Obligation, (iii) to the redemption or purchase of Bonds as provided in Article IV hereof and a Related Series Indenture, (iv) to make payments required under Section 4.02 of the Master Payment and Pledge Agreement or (v) subject to the payment of any amounts necessary to satisfy the Related Rebate Requirement (as provided in the Related Tax Certificate) and, upon the filing of a Board Officer Certificate with the Trustee and the I-Bank which demonstrates that the Coverage Test is satisfied in each Bond Year the Bonds are scheduled to be Outstanding, released from the lien of this Master Trust Indenture and the Master Payment and Pledge Agreement and transferred to the CWSRF free and clear of the such liens and applied by the Board for any lawful purpose.

Section 6.05. Prepayment Fund. There shall be deposited into the Prepayment Fund Prepayments received on Pledged Project Obligations. Amounts in the Prepayment Fund shall be transferred to the Restricted Assets Fund at any time but in no event not less than once each calendar year upon direction of the Board. Investment earnings on amounts in the Prepayment Fund shall be transferred when received to the Debt Service Fund.

Section 6.06. Debt Service Fund. (a) There shall be deposited into the Debt Service Fund the amounts due on each Related Board Payment Date and investment earnings on amounts in the Bond Proceeds Accounts pursuant to Section 6.02(a), the Restricted Assets Fund pursuant to Section 6.04(a) and the Prepayment Fund pursuant to Section 6.05. Interest earnings on amounts held in a Debt Service Fund shall be credited and held in the Debt Service Fund. Amounts to be deposited into the Debt Service Fund shall be transferred in the following priorities from the funds and accounts established under this Master Trust Indenture; provided, however, that if an Event of Default shall have occurred and be continuing, prior to any

transfers by the Board of amounts into the Debt Service Fund as provided in this Section 6.06, the Board may first retain from amounts in the Restricted Assets Fund such amounts as are necessary to pay or reimburse the Board and the I-Bank for any Bond Expenses reasonably incurred in connection with such Event of Default; and provided further, that the State Match Portion of a Series of Bonds may not be paid from principal repayments received on Pledged Project Obligations in accordance with the Related Series Indenture:

- (i) Amounts designated to be used from proceeds of a Series and transferred pursuant to Section 6.02(b)(iii) to pay Debt Service on the Series, each as provided in the Related Series Indenture;
- (ii) Amounts transferred from the Debt Service Reserve Fund pursuant to Section 6.07(d);
- (iii) Investment on amounts held in the Debt Service Reserve Fund transferred pursuant to Section 6.07(b);
- (iv) Amounts transferred from the Prepayment Fund pursuant to Section 6.05;
- (v) Amounts transferred from the Restricted Assets Fund pursuant to Section 6.04(b) as provided in Sections 6.09(a)(i) and 6.09(a)(ii);
- (vi) Amounts transferred from the Restricted Assets Fund pursuant to Section 6.04(b) as provided in Section 6.09(a)(iii);
- (vii) Amounts transferred from the Debt Service Reserve Fund pursuant to Section 6.07(c); and
- (viii) Any other amounts deposited therein by the Board.

(b) Amounts held in the Debt Service Fund shall be applied by the Trustee on each Related Bond Payment Date to pay Debt Service on the Bonds. Thereafter, any amounts in excess of the amounts required to pay interest on a Series on the next succeeding Bond Payment Date when interest is due and payable and principal on a Series on the next succeeding Bond Payment Date when principal is due and payable in the Debt Service Fund may be applied to pay Bond Expenses or, at the direction of the Board set forth in a Board Officer Certificate, released from the lien of this Master Trust Indenture, the Related Series Indenture and the Master Payment and Pledge Agreement and applied by the Board for any lawful purpose.

Section 6.07. Debt Service Reserve Fund. (a) There shall be deposited into the Debt Service Reserve Fund (i) amounts deposited from proceeds of a Series as provided in the Related Series Indenture and (ii) amounts transferred by the Board from available money, including draws on Capitalization Grants and State Matching Grants identified to the Trustee.

(b) On or after each Related Bond Payment Date, investment earnings shall be transferred from the Debt Service Reserve Fund to the Debt Service Fund.

(c) Amounts on deposit in a Debt Service Reserve Fund shall be applied by the Trustee in accordance with Section 6.06(a)(vii) to the extent that amounts available in accordance with Section 6.06(a)(i) through (vi) are insufficient therefor.

(d) On the Business Day following each Related Bond Payment Date on which principal of a Series is due and payable, the Trustee shall transfer from the Debt Service Reserve Fund, at the direction

of the Board pursuant to a Board Officer Certificate, amounts in excess of the Debt Service Reserve Fund Requirement to a Rebate Account at the direction of the Board an amount equal to any Rebate Requirement (as provided in each Tax Certificate). Thereafter, any amounts in excess of the Debt Service Reserve Fund Requirement shall, to the extent such Debt Service Reserve Fund was initially funded with proceeds of a Series be transferred to the Debt Service Fund and applied to pay Debt Service on the Bonds, and otherwise may be applied at the direction of the Board as set forth in a Board Officer Certificate to pay Bond Expenses or released from the lien of this Master Trust Indenture and the Master Payment and Pledge Agreement and applied by the Board for any lawful purpose.

Section 6.08. Rebate Accounts. (a) There shall be deposited into a Rebate Account such amounts as are required pursuant to the Related Tax Certificate.

(b) Amounts in a Related Rebate Account shall be applied as set forth in the Related Tax Certificate. The Trustee may rely conclusively upon the Board's determinations, calculations and certifications required by the Tax Certificate. The Trustee shall have no responsibility to independently make any calculation or determination or to review the Board's calculations made pursuant to the Related Tax Certificate.

Section 6.09. Payment Requirements

(a) The amount due and payable on a Board Payment Date shall be determined as follows and in the following order:

- (i) The amount necessary to pay the interest portion of the Amount Payable due on a Series on the next succeeding Related Bond Payment Date on which interest is due (less amounts to be used to pay interest on the Related Series as provided in Section 6.06(a)(i)), provided that the Board may include in its calculation of the amounts paid to the Trustee any investment earnings transferred from the Debt Service Reserve Fund to the Debt Service Fund pursuant to Section 6.07(b) and interest earnings on deposit in the Debt Service Fund);
- (ii) The amount necessary to pay the principal portion of the Amount Payable due on a Series on the next succeeding Related Bond Payment Date on which principal is due;
- (iii) The amount necessary to pay any other amounts that remain due and unpaid;
- (iv) The amount necessary to pay any Rebate Requirement as provided in any Tax Certificate at the direction of the Board; and
- (v) The amount necessary to pay for Bond Expenses as directed by the Board and the I-Bank.

(b) In the event that 30 days prior to each Board Payment Date there are insufficient funds available to pay all the amounts set forth above due on the next Board Payment Date, the Trustee shall deliver to the Board an invoice setting forth by Series any unpaid amounts due and owing on such Board Payment Date.

ARTICLE VII

SECURITY FOR AND INVESTMENT OF MONEYS

Section 7.01. Moneys Held by the Trustee. All moneys from time to time received by the Trustee and held in any fund created pursuant to this Master Trust Indenture, except amounts held in a Rebate Fund, shall be held in trust by the Trustee for the benefit of the Owners from time to time of the Bonds entitled to be paid therefrom. Moneys held by the Trustee in trust under this Master Trust Indenture need not be segregated from other funds except to the extent required by law and except that the Rebate Fund shall be segregated from all other funds.

Section 7.02. Moneys Held by the Board. All moneys from time to time received by the Board and held in any fund created pursuant to this Master Trust Indenture or a Series Indenture, except as otherwise provided in this Master Trust Indenture, shall be held by the Board for the benefit of the Owners from time to time of the Bonds entitled to be paid therefrom. Moneys held by the Board for the benefit of the Owners of the Bonds and subject to the pledge of Section 3.01 hereunder need not be segregated from other funds except to the extent required by law.

Section 7.03. Investment of, and Payment of Interest on, Moneys; Valuation of Investments.

(a) Moneys on deposit in each fund and account created and maintained under this Master Trust Indenture and any Series Indenture by the Trustee shall, pursuant to a Board Officer Certificate, be invested by the Trustee in Investment Obligations. Absent instructions from the Board, the Trustee shall invest in Investment Obligations of the type described in paragraph (xiv) of the definition thereof, except when the State Treasurer is the Trustee, investments shall, absent instructions from the Board, be only of the type described in paragraph (x) of the definition thereof. Moneys on deposit in each fund and account created and maintained under this Master Trust Indenture and any Series Indenture by the Board shall be invested by the Board in Investment Obligations of the type described in paragraph (x) of the definition thereof. Investments of moneys on deposit in any fund or account established under this Master Trust Indenture or a Series Indenture shall have maturity dates, or shall be subject to redemption or tender at the option of the Trustee or the Board, as applicable, which dates shall be on or prior to the respective dates on which the moneys invested therein are payable for the purposes of such funds. The securities purchased with the moneys in each such fund shall be held by or under the control of the Trustee or the Board, as applicable, and shall be deemed a part of such fund. The interest, including any realized increment on securities purchased at a discount, received on all such securities in any fund shall be deposited to the credit of such funds and accounts as provided in Article VI hereof. Losses, if any, realized on securities held in any fund or account shall be debited to such fund or account. The Trustee shall not be liable or responsible for any loss resulting from any such investment or resulting from the redemption, sale or maturity of any such investment as herein authorized. If at any time it shall become necessary that some or all of the securities purchased with the moneys in any such fund or account be redeemed or sold in order to raise the moneys necessary to comply with the provisions of this Master Trust Indenture or Series Indenture, the Trustee shall effect such redemption or sale, employing in the case of a sale any commercially reasonable method of effecting such sale.

Unless otherwise specified in a Series Indenture, for the purpose of determining the amount in any such fund or account, all Investment Obligations credited to any fund or account established hereunder shall be valued at cost.

Section 7.04. Disposition of Amounts After Payment of Bonds. The Trustee shall deliver to the Board pursuant to a certificate of an Authorized Board Officer any amounts remaining in any fund or account created under this Master Trust Indenture or a Series Indenture after payment in full of principal of, premium, if any, and interest on the Bonds, or provisions for payment thereof having been made in accordance

with the provisions of this Master Trust Indenture and any Series Indenture, and payment of all the fees, charges and expenses of the I-Bank, the Trustee and any Paying Agent, provided that no Event of Default shall have occurred and be continuing and there shall not be any Debt Service Reserve Fund Deficiency.

ARTICLE VIII

PARTICULAR COVENANTS

Section 8.01. Payment of Principal of and Interest and Premium on Bonds.

(a) The I-Bank will promptly pay, but solely from the Pledged Revenues and other funds held by the Trustee and available therefor, the principal of, and the interest on, every Bond issued under and secured by this Master Trust Indenture and any sinking fund payments provided in this Master Trust Indenture and any premium required to be paid for the retirement of said Bonds by redemption, at the places, on the dates and in the manner specified in any Series Indenture and in said Bonds according to the true intent and meaning thereof.

(b) The I-Bank shall not create a pledge, lien or charge upon the Pledged Assets other than as provided in this Master Trust Indenture; provided however that, a pledge, lien or charge subject and subordinate to the pledge and lien created pursuant to this Master Trust Indenture may be created with the prior written consent of the Board.

Section 8.02. Performance of Covenants. The I-Bank will faithfully perform at all times all covenants, undertakings, stipulations and provisions contained in this Master Trust Indenture, in any Bond.

Section 8.03. Further Instruments. The I-Bank will from time to time execute and deliver such further instruments and take such further action as may be reasonably required to carry out the purpose of this Master Trust Indenture.

Section 8.04. No Extension of Time for Payment of Interest. The I-Bank will not directly or indirectly extend or assent to the extension of the maturity of any of the Bonds or of the time for payment of any claims for interest on any of the Bonds. In case any such claim for interest shall be extended in violation hereof, such claim for interest shall not be entitled, in case of any Event of Default hereunder, to the benefit or security of this Master Trust Indenture, except subject to the prior payment in full of the principal of and premium, if any, on all Bonds issued and Outstanding hereunder, and of all claims for interest which shall not have been so extended or funded.

Section 8.05. Tax Covenants. (a) To the extent within its control, the I-Bank shall not use or permit the use of any proceeds of the Bonds to acquire any securities or obligations that would cause the interest on Tax-Exempt Bonds to become subject to federal income taxation, and, to the extent within its control, shall not take or permit to be taken any other action or actions, which would cause any such Bond to be an "arbitrage bond" within the meaning of Section 148 of the Code or "federally guaranteed" within the meaning of Section 149(b) of the Code and any such applicable regulations promulgated from time to time thereunder. The I-Bank covenants to comply with the provisions and procedures of each Tax Certificate.

(b) Notwithstanding any provisions of this Section 8.05 or any Tax Certificate, if the I-Bank shall provide to the Trustee an opinion of Bond Counsel to the effect that any specified action required under this Section 8.05 is no longer required or that some further or different action is required to maintain the exclusion from gross income for federal income tax purposes of interest on any Tax-Exempt Bonds, the Trustee may conclusively rely on such opinion in complying with the requirements of this Section 8.05, and,

notwithstanding any other provision of this Master Trust Indenture or any Tax Certificate, the covenants hereunder shall be deemed to be modified to that extent.

Section 8.06. Release of Pledged Project Obligations From the Lien of this Master Trust Indenture; Pledge of Additional Pledged Project Obligations.

(a) The Board may release Pledged Project Obligations from the lien of the Master Payment and Pledge Agreement so as to become Excluded Pledged Project Obligations or substitute and add Project Obligations to the lien of the Master Payment and Pledge Agreement by providing and filing with the Trustee, the I-Bank and each Rating Agency then rating the Bonds a Board Officer Certificate which provides for (1) a revised Schedule I to the Master Payment and Pledge Agreement, describing the Pledged Project Obligations to be released and, if applicable, substituted therefor or added thereto, and (2) a Board Officer Certificate which demonstrates that the Coverage Test is satisfied in each year the Bonds are scheduled to be Outstanding.

(b) The I-Bank and the Trustee shall execute a release and such other instruments as the Board or the I-Bank may reasonably request in order to evidence the release from the lien of this Master Trust Indenture and the Master Pledge and Payment Agreement of the Excluded Pledged Project Obligations and related rights of payment thereon.

Section 8.07. State Match Portion Not Payable from Principal Repayments Received on Pledged Project Obligations.

The State Match Portion of the Bonds may not be payable from principal repayments received on Pledged Project Obligations.

ARTICLE IX

DEFAULTS AND REMEDIES

Section 9.01. Events of Default. The occurrence and continuances of one or more of the following events shall constitute an Event of Default for purposes of this Master Trust Indenture:

(a) default in the payment of any installment of interest in respect of any Bond as the same shall become due and payable;

(b) default in the payment of the principal of or premium, if any, in respect of any Bond as the same shall become due and payable either at maturity, upon redemption, by declaration or otherwise;

(c) default in the payment of any sinking fund installment in respect of any Bond as the same shall become due and payable;

(d) default in the observance or performance of any other covenant or agreement of the I-Bank or the Board contained in this Master Trust Indenture and the continuance thereof for a period of sixty (60) days after written notice thereof to the I-Bank and the Board given by the Trustee; or

(e) any Master Payment and Pledge Agreement Default on the part of the Board under the Master Payment and Pledge Agreement shall occur and be continuing for a period of sixty (60) days after written notice thereof to the I-Bank and the Board given by the Trustee.

Section 9.02. Judicial Proceedings by Trustee. Upon the happening and continuance of any Event of Default, then and in every such case the Trustee in its discretion may, and upon the written request of

the Owners of at least twenty-five percent (25%) in aggregate principal amount of the Bonds then Outstanding shall and, upon receipt of indemnity reasonably satisfactory to it:

(a) by suit, action or special proceeding, enforce all rights of the Owners of the Bonds and require the Board or the I-Bank to perform its duties and enforce its rights under the Act, the CWSRF Act, a Series Indenture, the Pledged Project Obligations and the Master Payment and Pledge Agreement (except for the rights of the Board to Board Reserved Rights and the I-Bank to I-Bank Reserved Rights);

(b) bring suit pursuant to the Bonds in default;

(c) by action or suit in equity require the Board to account as if it were the trustee of an express trust for the Owners of the Bonds;

(d) by action or suit in equity enjoin any acts or things which may be unlawful or in violation of the rights of the Owners of the Bonds; or

(e) to the extent permitted by law, transfer all amounts then held and thereafter to be held in Restricted Assets Fund, the Prepayment Fund or the Bond Proceeds Fund to the Trustee to be held for the benefit of the Owners of the Bonds and applied as provided in this Master Trust Indenture.

Section 9.03. Effect of Discontinuance or Abandonment of Proceedings. In case the Trustee shall have proceeded to enforce any right under this Master Trust Indenture and such proceedings shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Trustee, then and in every such case the I-Bank, the Board, the Trustee and the Owners of the Bonds shall be restored respectively to their former positions and rights hereunder, respectively, and all rights, remedies and powers of the I-Bank, the Board, the Trustee and such Owners, respectively, shall continue as though no such proceedings had been taken.

Section 9.04. Power of Owners to Direct Proceedings. Anything in this Master Trust Indenture to the contrary notwithstanding, the Owners of a majority in aggregate principal amount of the Bonds then Outstanding hereunder shall have the right, by an instrument in writing executed and delivered to the Trustee, to direct the method and place of conducting all remedial proceedings to be taken by the Trustee hereunder, subject, however, to the provisions of Section 9.05, and provided, however, such direction shall not be in conflict with any rule of law or with any provision of this Master Trust Indenture and shall not unduly prejudice the rights of the Owners who are not in such majority and shall not involve the Trustee in liabilities for which it does not receive indemnity or reasonably expect reimbursement. 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 a majority in aggregate principal amount of the Bonds.

Section 9.05. Limitation on Actions by Owners. No Owner of any of the Bonds shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement of any trust hereunder, or any other remedy hereunder or under the Bonds unless such Owner previously shall have given to the Trustee written notice of an Event of Default as hereinabove provided and unless also the Owners of not less than twenty-five percent (25%) in aggregate principal amount of the Bonds then Outstanding shall have made written request of the Trustee so to do, after the right to exercise such powers or rights of action, as the case may be, shall have accrued, and shall have afforded the Trustee a reasonable opportunity either to proceed to exercise the powers hereinabove granted, or to institute such action, suit or proceeding in its or their name; nor unless there also shall have been offered to the Trustee security and indemnity satisfactory to it against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee shall not have complied with such request within a reasonable time; and such notification, request and offer of indemnity are hereby declared

in every such case, at the option of the Trustee, to be conditions precedent to the execution of the trusts of this Master Trust Indenture or for any other remedy hereunder; it being understood and intended that no one or more Owners of the Bonds of any Series hereby secured shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security of this Master Trust Indenture, or to enforce any right hereunder or under the Bonds of any Series, except in the manner herein provided, and that all proceedings at law or in equity shall be instituted, had and maintained in the manner herein provided and for the equal benefit of all Owners of Outstanding Bonds. Nothing in this Master Trust Indenture or in the Bonds of any Series contained shall affect or impair the right of action, which is also absolute and unconditional, of any Owner of any Bond to enforce payment of the principal of and premium, if any, and interest on his Bond at the respective dates of maturity of each of the foregoing and at the places therein expressed.

Section 9.06. Trustee's Right to Enforce Rights in Respect of Bonds in Own Name and Without Possession of Bonds. All rights of action under this Master Trust Indenture or under any of the Bonds which are enforceable by the Trustee may be enforced by it without the possession of any of the Bonds or the production thereof on the trial or other proceedings relative thereto, and any such suit, action or proceeding instituted by the Trustee shall be brought in its name, as trustee, for the equal and ratable benefit of the Owners of the Bonds, subject to the provisions of this Master Trust Indenture.

Section 9.07. No Remedy Exclusive. No remedy herein conferred upon or reserved to the Trustee or to the Owners of the Bonds of any Series is intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative, and shall be in addition to every other remedy given hereunder.

Section 9.08. No Delay or Omission to be Deemed Waiver of Default. No delay or omission of the Trustee or of any Owner of the Bonds of any Series to exercise any right or power accruing upon any Event of Default shall impair any such right or power or shall be construed to be a waiver of any such default, or an acquiescence therein; and every power and remedy given by this Article IX to the Trustee and to the Owners of the Bonds, respectively, may be exercised from time to time as often as may be deemed expedient.

Section 9.09. Application of Moneys Received by Trustee Pursuant to Article IX. Any moneys received by the Trustee or by any receiver pursuant to this Article IX in respect of any Bonds, shall, after payment of the costs and expenses of the proceedings resulting in the collection of such moneys and of any fees, charges, expenses and indemnities owed first, to the Trustee and Paying Agent, and thereafter to the I-Bank or their agents in connection with services rendered under this Master Trust Indenture, be applied, together with any other moneys held by the Trustee under this Master Trust Indenture, first, to the payment to the persons entitled thereto of all installments of interest then due on the Bonds, in the order of the maturity of the installments of such interest including (to the extent permitted by law) interest on overdue installments of interest at the rate borne by the Bonds on which such interest shall then be due, and, if the amount available shall not be sufficient to pay in full any particular installment or installments, then to the payment ratably, according to the amounts due on such installment or installments, to the Persons entitled thereto, without any discrimination or preference, provided that, State Match Portion of a Series of Bonds may only be paid as provided in Section 8.07 hereof, and second, to the payment to the Persons entitled thereto of the unpaid principal of and premium, if any, on any of the Bonds which shall have become due (other than Bonds called for redemption or purchase for the payment of which moneys are held pursuant to the provisions of this Master Trust Indenture) in the order of their due dates, with interest on such Bonds from the respective dates, upon which they become due and, if the amount available shall not be sufficient to pay in full Bonds due on any particular date, together with such interest, then to the payment ratably, according to the amount of principal due on such date, to the persons entitled thereto without any discrimination or preference.

Whenever the Trustee shall apply such funds, it shall fix the date (which shall be an interest payment date unless it shall deem another date more suitable) upon which such application is to be made and upon such date any interest on the amounts of principal or interest to be paid on such dates shall cease to accrue. The Trustee shall give notice to the I-Bank, the Board and all Owners of the Bonds, in the manner required by Section 13.07 of the deposit with it of any such moneys and of the fixing of any such date, and shall not be required to make payment to the Owner of any Bond until such Bond shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

ARTICLE X

CONCERNING THE TRUSTEE AND PAYING AGENT

Section 10.01. Appointment of Trustee. The State Treasurer is hereby appointed as Trustee. The Trustee hereby accepts the duties and obligations of the Trustee created by this Master Trust Indenture. The Trustee undertakes to perform such duties as are specifically set forth in this Master Trust Indenture and no implied covenants or obligations shall be read into this Master Trust Indenture against the Trustee.

Section 10.02. Trustee's and Paying Agent's Fees, Charges, Expenses and Indemnification. The Board shall (1) pay to the Trustee from time to time reasonable compensation for all services rendered by each hereunder; (2) except as otherwise expressly provided herein, reimburse the Trustee and any Paying Agent upon their respective request for all reasonable expenses, disbursements and advances incurred or made by the Trustee and any Paying Agent in accordance with any provision of this Master Trust Indenture (including the reasonable compensation and the expenses and disbursements of its agents and counsel), except any such expense, disbursement or advance as may be attributable to its negligence or willful misconduct; and (3) to indemnify the Trustee and any Paying Agent for, and to hold each of them harmless against, any loss, liability or expense incurred without negligence or willful misconduct on its part, arising directly out of or in connection with acts or omissions by the Board, including the finally sustained costs and expenses of defending itself against any claim or liability in connection with the exercise or performance of any of its powers or duties hereunder; provided, however, that the obligations of the Board to make such payments and reimbursements and to indemnify the Trustee in such manner shall be limited to any amounts held and available under this Master Trust Indenture or any Series Indenture permitted to be used for such purpose.

Section 10.03. No Responsibility for Default of Agents Selected with Reasonable Care, nor for Own Acts Save Willful Misconduct or Negligence. The Trustee may execute such of the trusts or powers required of it hereunder and perform the duties required of it hereunder as may be reasonably necessary by or through attorneys, agents or receivers and the Trustee shall not be answerable for the default or misconduct of any such attorney, agent or receiver selected by it with reasonable care. The Trustee may in all cases pay such reasonable compensation to and receive reimbursement for all such attorneys, agents, receivers, and employees as may reasonably be employed in connection with the trusts hereof. The Trustee may act upon the opinion or advice of any attorney selected by the Trustee in the exercise of reasonable care. The Trustee shall not be responsible for any loss or damage resulting from any action or non-action in good faith in reliance upon such opinion or advice. The Trustee shall not be liable for the exercise of any discretion or power under this Master Trust Indenture or for anything whatever in connection with the trusts herein created, except only for its own willful misconduct or negligence.

Section 10.04. Right to Rely. The Trustee shall be protected and shall incur no liability in acting or proceeding in good faith upon any resolution, notice, fax, request, consent, waiver, certificate, statement, legal opinion, affidavit, voucher, bond, requisition or other paper or document which it shall in good faith believe to be genuine and to have been authorized or signed by the proper Person or to have been prepared and furnished pursuant to any of the provisions of this Master Trust Indenture, and the Trustee shall

be under no duty to make any investigation or inquiry as to any statements contained or matters referred to in any such instrument but may accept and rely upon the same as conclusive evidence of the truth and accuracy of such statements. Any action taken by the Trustee upon the request or consent of any Person who at the time of making such request or giving such consent is the Owner of any Bond shall be conclusive and binding upon all subsequent Owners of such Bond or any Bond issued on registration of transfer thereof.

Section 10.05. Right to Own and Deal in Bonds and Engage in Other Transactions with Recipients, Board and I-Bank. The Trustee may in good faith buy, sell, own, hold and deal in any of the Bonds issued hereunder and secured by this Master Trust Indenture, 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 this Master Trust Indenture. The Trustee, either as principal or agent, may also engage in or be interested in any financial or other transaction with the I-Bank, the Board or any Recipient, and may act as depository, trustee, or agent for any committee or body of Owners of the Bonds secured hereby or other obligations of the I-Bank, the Board or any Recipient as freely as if it were not Trustee hereunder.

Section 10.06. Resignation by Trustee. The Trustee may at any time and for any reason resign and be discharged of the trusts created by this Master Trust Indenture by filing a written instrument resigning such trusts and specifying the date when such resignation shall take effect with the Board and the I-Bank not less than ninety (90) days before the date specified in such instrument when such resignation shall take effect, and by giving notice of such resignation to Owners by mail in the manner provided in Section 13.07 not less than twenty-one (21) days prior to the date specified in such notice when such resignation shall take effect, provided however, that no such resignation shall become effective until the acceptance of appointment by a successor Trustee in accordance with Section 10.11.

Section 10.07. Removal of Trustee. The Trustee at any time and for any reason may be removed from the trusts created by this Master Trust Indenture by an instrument in writing, appointing a successor, filed with the Trustee so removed and executed by the Owners of a majority in aggregate principal amount of the Bonds then Outstanding; provided, however, that no such removal shall become effective until the acceptance of appointment by a successor Trustee in accordance with Section 10.11, and provided further, that no such removal shall apply to the State Treasurer in its capacity as Trustee under this Master Trust Indenture.

The Trustee at any time other than during the continuance of an Event of Default and for any reason may be removed from the trusts created by this Master Trust Indenture by an I-Bank Officer Certificate, appointing a successor, filed with the Trustee so removed; provided, however, that no such removal shall become effective until the acceptance of appointment by a successor Trustee in accordance with Section 10.11, and provided further, that no such removal shall apply to the State Treasurer in its capacity as Trustee under this Master Trust Indenture.

Section 10.08. Appointment of Successor Trustee by Owners or I-Bank. In case at any time the Trustee shall resign, or shall be removed, or be dissolved, or if its property or affairs shall be taken under the control of any state or Federal court or administrative body because of insolvency or bankruptcy, or for any other reason, a vacancy shall forthwith and ipso facto exist in the office of the Trustee, then, upon approval by the State Treasurer, a successor may be appointed by either the I-Bank with the approval of the Board or the Owners of a majority in aggregate principal amount of the Bonds then Outstanding, by an instrument or instruments in writing filed with the I-Bank, signed by such Owners or by their attorneys-in-fact duly authorized.

Until a successor Trustee shall be appointed by the Owners as herein authorized, the I-Bank with the approval of the Board, shall appoint a Trustee to fill such vacancy. After any appointment by the I-

Bank, it shall cause notice of such appointment to be mailed to each Owner in the manner provided in Section 13.07. Any new Trustee so appointed by the I-Bank shall immediately and without further act be superseded by a Trustee appointed by the Owners in the manner above provided.

Section 10.09. Qualifications of Successor Trustee. In the event that the Trustee hereunder is not the State Treasurer, any successor trustee appointed hereunder shall be a corporation organized and doing business under the laws of the United States or any state or territory thereof, authorized under such laws to exercise corporate trust powers, having a combined capital and surplus of at least \$50,000,000, if such a bank, corporation or trust company willing and able to accept the trust on customary terms can, with reasonable effort, be located.

Section 10.10. Court Appointment of Successor Trustee. In case at any time the Trustee shall resign and no appointment of a successor Trustee shall be made pursuant to the foregoing provisions of this Article X within forty-five days of the giving of notice of resignation, the Owner of any Bond or the retiring Trustee may apply to any court of competent jurisdiction to appoint a successor Trustee. Such court may thereupon, after such notice, if any, as it may deem proper appoint a successor Trustee.

Section 10.11. Acceptance of Appointment by, and Transfer of Trust Estate to, Successor Trustee. Any successor Trustee appointed hereunder shall execute, acknowledge and deliver to the I-Bank an instrument accepting such appointment hereunder, and thereupon the resignation or removal of the withdrawing Trustee shall become effective and such successor Trustee, without any further act, deed or conveyance, shall become duly vested with all the estates, property, rights, powers, trusts, duties and obligations of its predecessor in the trust hereunder, with like effect as if originally named Trustee herein and shall give notice thereof to each Recipient. Upon request of such Trustee, the Trustee ceasing to act and the I-Bank shall execute and deliver an instrument transferring to such successor Trustee all the estates, property, rights, powers and trusts hereunder of the Trustee so ceasing to act, and the Trustee so ceasing to act shall pay over to the successor Trustee all moneys and other assets.

Section 10.12. Successor Trustee by Merger or Consolidation. Any corporation into which any Trustee hereunder may be merged or with which it may be consolidated, or any corporation resulting from any merger or consolidation to which any Trustee hereunder shall be a party, or any corporation to which any Trustee hereunder may sell or transfer substantially all of its assets, shall be the successor Trustee under this Master Trust Indenture, without the execution or filing of any paper or any further act on the part of the parties hereto, anything herein to the contrary notwithstanding.

Section 10.13. Trustee May Intervene in Judicial Proceedings Involving the I-Bank or Any Recipient. In any judicial proceeding to which the I-Bank, the Board or any Recipient is a party and which in the opinion of the Trustee and its counsel has a substantial bearing on the interests of Owners, the Trustee may in its own name or as trustee of an express trust intervene on behalf of the Owners of any Related Series and shall, upon receipt of indemnity satisfactory to it, do so if requested in writing by the Owners of at least twenty-five percent (25%) in aggregate principal amount of any Related Series then Outstanding if permitted by the court having jurisdiction in the premises.

Section 10.14. Paying Agents. The I-Bank hereby appoints the Trustee as the initial Paying Agent for the Bonds. The I-Bank may at any time or from time to time appoint one or more additional or successor Paying Agents for the Bonds in the manner and subject to the conditions set forth in this Section 10.14. Each Paying Agent shall signify its acceptance of the duties and obligations imposed upon it by this Master Trust Indenture by written instrument of acceptance deposited with the I-Bank and the Trustee.

The Paying Agent shall be a bank or trust company duly organized under the laws of the United States of America or any state or territory thereof, having a capital stock and surplus aggregating at least \$25,000,000, and willing and able to accept the office on reasonable and customary terms and authorized by law to perform all the duties imposed upon it by this Master Trust Indenture.

The Paying Agent may at any time resign and be discharged of the duties and obligations created by this Master Trust Indenture by giving at least 60 days' prior written notice to the Board, the I-Bank and the Trustee. The Paying Agent may be removed at any time by an I-Bank Officer Certificate filed with the Paying Agent and the Trustee.

In the event of the resignation or removal of the Paying Agent, the Paying Agent shall pay over, assign and deliver any moneys held by it as Paying Agent to its successor, or if there be no successor, to the Trustee. In the event that for any reason there shall be a vacancy in the office of the Paying Agent, the Trustee shall act as the Paying Agent.

Section 10.15. Directions and Consents. For purposes of Sections 9.05 and 11.02 and for all other provisions under this Master Trust Indenture relating to a direction to the Trustee or a consent by the Owners, the Trustee shall, in determining whether the Owners of the required aggregate principal amount of Bonds have concurred in any such direction or consent, disregard Bonds owned by the I-Bank, the Board or by any person directly or indirectly controlling or controlled by or under direct or indirect common control with the I-Bank or the Board. Upon request of the Trustee, the I-Bank shall specify to the Trustee those Bonds disqualified pursuant to this Section and the Trustee may conclusively rely on such certificate.

Section 10.16. Liability of the Trustee. No provision of this Indenture shall be construed to relieve the Trustee from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that:

(a) prior to such an Event of Default hereunder and after the curing of all such Events of Default which may have occurred:

(1) the duties and obligations of the Trustee shall be determined by the express provisions of this Master Trust Indenture, and the Trustee shall not be liable except for the performance of such duties and obligations as are specifically set forth in this Indenture, and no implied covenants or obligations shall be read into this Indenture against the Trustee; and

(2) in the absence of bad faith on the part of the Trustee, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon any certificate or opinion furnished to the Trustee conforming to the requirements of this Master Trust Indenture; but in the case of any such certificate or opinion which by any provision hereof is specifically required to be furnished to the Trustee, the Trustee shall be under a duty to read such certificate or opinion to determine if such document states the matters required by the Indenture to be stated therein; provided, that the Trustee shall not be liable for any such determinations made in error in the absence of bad faith; and

(b) at all times, regardless of whether or not any such Event of Default shall exist:

(i) the Trustee shall not be liable for any error of judgment made in good faith by an authorized representative of the Trustee unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts; and

- (ii) 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 all the Bonds at the time Outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee under this Master Trust Indenture.

None of the provisions contained in this Master Trust Indenture shall require the Trustee to expend or risk its own funds or otherwise incur individual financial liability in the performance of any of its duties or in the exercise of any of its rights or powers.

ARTICLE XI

SUPPLEMENTAL INDENTURES

Section 11.01. Supplemental Indentures Not Requiring Consent of Owners. Subject to the conditions and restrictions herein contained, the I-Bank and the Trustee may, with the prior written consent of the Board and without the consent of or notice to the Owners, enter into one or more Supplemental Indentures:

- (a) To cure any ambiguity or to correct or supplement any provision contained herein or in any Series Indenture which may be defective or inconsistent with any other provision contained herein or in any Series Indenture, or to make such other provisions in regard to matters or questions arising under this Master Trust Indenture or any Series Indenture as the I-Bank may deem necessary or desirable and which shall not be inconsistent with the provisions of this Master Trust Indenture or any Series Indenture and which shall not impair the security of the same;
- (b) To grant to or confer upon the Trustee for the benefit of the Owners of the Bonds any additional rights, remedies, powers or authority that may lawfully be granted to or conferred upon the Owners of the Bonds or the Trustee or either of them;
- (c) To subject to the provisions of this Master Trust Indenture additional assets, revenues, properties or collateral;
- (d) To provide for the issuance of a Series;
- (e) To establish one or more additional funds, accounts or subaccounts;
- (f) To provide for any change in this Master Trust Indenture which, in the opinion of the Trustee, does not materially adversely affect or diminish the rights or interests of the Trustee or the Owners, provided that in making such determination the Trustee shall be entitled to rely on an opinion of counsel, in accordance with Section 10.04;
- (g) To add to the covenants and agreements of the I-Bank in this Master Trust Indenture contained other covenants and agreements thereafter to be observed, or to surrender any right or power reserved to or conferred upon the I-Bank or to or upon any successor;
- (h) To evidence the succession or successive successions of any other department, agency, body or corporation to the I-Bank and the assumption by such successor of the covenants, agreements and obligations of the I-Bank in the Bonds hereby secured and in this Master Trust Indenture contained or the succession removal or appointment of any trustee hereunder;

(i) To modify, eliminate and/or add to the provisions of this Master Trust Indenture to such extent as shall be necessary to effect the qualification of this Master Trust Indenture under this Master Trust Indenture Act of 1939, as then amended, or under any similar federal statute hereafter enacted, and to add to this Master Trust Indenture such other provisions as may be expressly permitted by said Master Trust Indenture Act of 1939;

(j) To provide for the enforcement, modification, or, subject to the provisions of Section 8.06, sale or other disposition of any Pledged Project Obligations held or to be pledged to the I-Bank or any investments of moneys of the Board or the Trustee which the Board or the Trustee, respectively, determines is necessary or desirable in the best interests of the Owners;

(k) To comply with any provision of the Code relating to Tax-Exempt Bonds;

(l) To amend the terms hereof in a manner applicable only to Bonds issued subsequent to such amendment and not affecting Bonds previously issued and Outstanding;

(m) To provide for Refunding Bonds, including the right to establish and administer an escrow fund and to take related action in connection therewith;

(n) To make changes or modifications necessary to provide a Credit Facility for a Series, including without limitation the creation, or modification of rights for the Related Credit Provider in accordance with this Master Trust Indenture, provided that such change or modification does not materially adversely affect or diminish the rights or interests of the Trustee or the Owners of any other Bonds, provided that in making such determination the Trustee shall be entitled to rely on an opinion of counsel, in accordance with Section 10.04;

(o) To make changes or modifications necessary to provide for the issuance of a Series of Bonds with a State Match Portion not inconsistent with the terms contained in this Master Trust Indenture;

(p) To make changes or modifications necessary to finance such additional programs from time to time of either the Board or another State agency under the Clean Water Act or the Safe Drinking Water Act of 1974 (42 U.S.C.A. § 300 *et seq.*), or any other similar State or federally supported financing program as approved by the United States Environmental Protection Agency, provided that such change or modification does not materially adversely affect or diminish the rights or interests of the Trustee or the Owners of any other Bonds, provided that in making such determination the Trustee shall be entitled to rely on an opinion of counsel in accordance with Section 10.04; and

(q) To make any other changes or modifications which do not adversely affect the existing ratings on the Bonds from each Rating Agency then rating the Bonds.

Section 11.02. Supplemental Indentures Requiring Consent of Owners. Except as otherwise provided in Section 11.01, any modification or amendment of this Master Trust Indenture may be made only with the consent of the Board and the Owners of more than fifty percent (50%) in aggregate principal amount of the Bonds then Outstanding; provided that, if in the opinion of the Trustee, any such modification or amendment does not materially adversely affect or diminish the rights or interests of the Trustee or the Owners of any Series of Bonds, such Owners of only the Series of Bonds affected by such modification or amendment shall be required to provide the required consent; and provided further, that in making the determination that such modification or amendment does not materially adversely affect or diminish the rights or interest of the Owners of a Series of Bonds, the Trustee shall be entitled to rely on an opinion of counsel in accordance with Section 10.04. No such modification or amendment shall be made which will reduce the percentages of aggregate principal amount of Bonds, the consent of the Owners of which is required for any such modification

or amendment, or permit the creation by the I-Bank of any lien prior to or on a parity with, the lien of this Master Trust Indenture upon the rights and interest pledged to the Bonds pledged hereunder, or which will affect the times, amounts and currency of payment of the principal (including sinking fund payments, if any) of premium, if any, and interest on the Bonds without the consent of the Owners of all Bonds then Outstanding and affected thereby.

If at any time the I-Bank shall request the consent of Owners to the execution of any such Supplemental Indenture for any of the purposes of this section, the Trustee shall, upon being satisfactorily indemnified with respect to expenses, cause notice of the proposed execution of such Supplemental Indenture to be given to Owners in the manner provided in section 13.07. Such notice shall briefly set forth the nature of the proposed Supplemental Indenture and shall state that copies thereof are on file at the principal office of the Trustee for inspection by all Owners. If, within 60 days or such longer period as shall be prescribed by the I-Bank following the giving of such notice, the required consent and approval of Owners is obtained, no Owner of any Bond shall have any right to object to any of the terms and provisions contained therein, or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the I-Bank or the Trustee from executing the same or restrain the I-Bank or the Trustee from taking any action pursuant to the provisions thereof. Upon the execution of any such Supplemental Indenture as in this section permitted and provided, this Master Trust Indenture shall be and be deemed to be modified and amended in accordance therewith.

ARTICLE XII

DEFEASANCE

Section 12.01. Defeasance. (a) If at any time (i) there shall have been delivered to the Trustee for cancellation any or all of a Series (other than any Bonds which have been mutilated, lost, stolen or destroyed and which shall have been replaced or paid as provided in this Master Trust Indenture), or (ii) with respect to any or all of a Series not theretofore delivered to the Trustee for cancellation, the whole amount of the principal and the interest and the premium, if any, due and payable or to become due and payable on such Bond or Bonds then Outstanding shall be paid or deemed to be paid as set forth below, and provision shall also be made for paying all other sums payable hereunder, including the I-Bank's, the Board's, the Trustee's and any Paying Agent's fees and expenses with respect to such Series, then the Trustee, in such case, on demand of the I-Bank, shall release the lien of this Master Trust Indenture with respect to such Bond or Bonds and turn over to or at the direction of the I-Bank any balances remaining in any fund created under this Master Trust Indenture, other than moneys and Defeasance Obligations retained for the redemption or payment of Bonds; otherwise, this Master Trust Indenture shall be, continue and remain in full force and effect.

(b) Bonds shall be deemed to be paid whenever there shall have been deposited with the Trustee (whether upon or prior to the maturity or the redemption date of such Bonds) either moneys in an amount which shall be sufficient, or Defeasance Obligations certified by an independent accounting firm of national reputation to be of such maturities and interest payment dates and to bear such interest as will, without the necessity of further investment or reinvestment of either the principal amount thereof or interest therefrom, provide moneys which, together with the moneys, if any, deposited with the Trustee at the same time, shall be sufficient to pay when due the principal, and premium, if any, and interest due and to become due on all such Bonds on and prior to the redemption date or maturity date thereof, as the case may be, and if redeemed prior to maturity an irrevocable instruction to mail the redemption notice as provided in Article IV has been given, and the Trustee shall have given notice to the Owners of such Bonds in the manner provided in Section 13.07 that a deposit meeting the requirements of this paragraph has been made and stating such maturity or redemption date upon which moneys are to be available for the payment of the principal of, premium, if any, and interest on, such Bonds; provided, however, that neither Defeasance Obligations nor moneys deposited

with the Trustee pursuant to this paragraph nor principal or interest payments on any Defeasance Obligations shall be withdrawn, or used for any purpose other than, and shall be held in trust for, the payment of the principal of, premium, if any, and interest on such Bonds.

(c) Any Series Indenture may provide for additional or different defeasance provisions including, but not limited to, such provisions as may be required in connection with a Credit Facility or provisions relating to variable interest rates or optional or mandatory tender provisions.

(d) Notwithstanding any provisions of this Master Trust Indenture, any moneys held by the Trustee in trust for the payment of the principal or interest on any Bonds and remaining unclaimed for two (2) years after the principal of all of the Bonds has become due and payable (whether at maturity or upon call for redemption or by acceleration as provided in this Master Trust Indenture), if such moneys were so held at such date, or one year after the date of deposit of such moneys if deposited after the date when all of the Bonds became due and payable, shall, upon receipt of a Board Officer Certificate, be repaid to the Board free and clear from the pledge and lien of this Master Trust Indenture, and all liability of the Trustee with respect to such moneys shall thereupon cease.

ARTICLE XIII

MISCELLANEOUS

Section 13.01. Parties in Interest. Except as herein otherwise specifically provided, nothing in this Master Trust Indenture expressed or implied is intended or shall be construed to confer upon any Person other than the Board, the I-Bank, the Trustee and the Owners, any right, remedy or claim under or by reason of this Master Trust Indenture, this Master Trust Indenture being intended to be for the sole and exclusive benefit of the Board, the I-Bank, the Trustee and the Owners of the Bonds issued hereunder.

Section 13.02. Successor is Deemed Included in All References to Predecessor. When the Trustee is named or referred to in this Master Trust Indenture and any Series Indenture, such reference shall be deemed to include the successors or assigns thereof, and all the covenants and agreements in this Master Trust Indenture and any Series Indenture contained by or on behalf of the Trustee shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not. If any of the powers or duties of the Trustee shall be transferred by or pursuant to any law of the State, and if such transfer shall relate to any matter or thing permitted or required to be done under this Master Trust Indenture and any Series Indenture by the Trustee, then the entity or body or official which shall succeed to such powers or duties shall act and be obligated with respect to such matter or thing in the place and stead of the Trustee as in this Master Trust Indenture and any Series Indenture provided.

Section 13.03. Severability. In case any one or more of the provisions of this Master Trust Indenture or of the Bonds issued hereunder shall, for any reason, be held to be illegal or invalid, such illegality or invalidity shall not affect any other provisions of this Master Trust Indenture or of the Bonds and this Master Trust Indenture and the Bonds shall be construed and enforced as if such illegal or invalid provisions had not been contained therein.

Section 13.04. No Individual Liability. No covenant or agreement contained in the Bonds or in this Master Trust Indenture shall be deemed to be the covenant or agreement of any director, officer, agent, or employee of the I-Bank in his or her individual capacity, and neither the directors of the I-Bank nor any official executing the Bonds shall be liable personally on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof.

Section 13.05. Delegation of Rights and Obligations under an I-Bank Officer Certificate. The I-Bank may delegate to the Board from time to time its rights and obligations in connection with an I-Bank Officer Certificate under this Master Trust Indenture, except such rights and obligations of the I-Bank relating to the issuance of Bonds and the redemption of Bonds.

Section 13.06. Payments Due on Other than a Business Day. In any case where the date of maturity of interest on or principal of the Bonds or the date fixed for redemption of any Bonds shall be on a day that is not a Business Day, then payment of interest or principal and premium, if any, need not be made on such date but may be made (without additional interest) on the next succeeding Business Day, with the same force and effect as if made on the date of maturity or the date fixed for redemption, as the case may be.

Section 13.07. Notices. All notices, certificates, requests or other communications hereunder shall be sufficiently given and shall be deemed given to the I-Bank, the Board or the Trustee, unless otherwise required by this Master Trust Indenture, when received by hand or by first class mail, postage prepaid, addressed as follows: if to the I-Bank, at P.O. Box 2830, Sacramento, California 95812-2830, or if by overnight delivery, 980 9th Street, Suite 900, Sacramento, CA 95814, Attention: Bond Manager; if to the Trustee, at 915 Capitol Mall, Room 280, Sacramento, California 95814, Attention: Office of the State Treasurer, if to the Board, at State Water Resources Control Board, Division of Financial Assistance, 1001 I Street, 16th Floor, Sacramento, California 95814, Attn: Deputy Director. A copy of any notices sent to Owners shall be sent to the I-Bank and the Board. The I-Bank and the Trustee may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates, requests or other communications shall be sent. Any notice or other communication to be mailed to Owners of the Bonds hereunder shall be deemed given unless otherwise required by this Master Trust Indenture when mailed by first class mail in a sealed envelope, postage prepaid, addressed to each such Owner as his or her address last appears on the Bond Register. In case, by reason of the suspension of or irregularities in regular mail service, it shall be impractical to mail notice to the Owners of Bonds of any event when such notice is required to be given pursuant to any provision of this Master Trust Indenture, then any manner of giving such notice as shall be satisfactory to the Trustee shall be deemed to be a sufficient giving of such notice.

Section 13.08. Governing Law. This Master Trust Indenture shall be construed in accordance with and governed by the laws of the State. This Master Trust Indenture shall be enforceable in the State, and any action arising out of this Master Trust Indenture shall be filed and maintained in Sacramento County Superior Court, Sacramento County, California unless the I-Bank waives this requirement.

Section 13.09. Effective Date; Counterparts. This Master Trust Indenture shall become effective on delivery. This Master Trust Indenture may be executed in several counterparts, all of which shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the I-Bank has caused this Master Trust Indenture to be executed by its Assistant Executive Director and attested by its Secretary, and the Trustee has caused this Master Trust Indenture to be executed by its Deputy State Treasurer, all as of the date first above written.

CALIFORNIA INFRASTRUCTURE AND
ECONOMIC DEVELOPMENT BANK

By: Roma Cristia-Plant
Roma Cristia-Plant,
Assistant Executive Director,
Assignee for Executive Director

Attest:

Diane Cummings
Diane Cummings,
Secretary of the Board of Directors

TREASURER OF THE STATE OF CALIFORNIA,
as Trustee

By: _____
Deputy State Treasurer

IN WITNESS WHEREOF, the I-Bank has caused this Master Trust Indenture to be executed by its Assistant Executive Director and attested by its Secretary, and the Trustee has caused this Master Trust Indenture to be executed by its Deputy State Treasurer, all as of the date first above written.

CALIFORNIA INFRASTRUCTURE AND
ECONOMIC DEVELOPMENT BANK

By: _____
Roma Cristia-Plant,
Assistant Executive Director,
Assignee for Executive Director

Attest:

Diane Cummings,
Secretary of the Board of Directors

TREASURER OF THE STATE OF CALIFORNIA,
as Trustee

By: Blake Fowler
Deputy State Treasurer

EXHIBIT A

FORM OF COSTS OF ISSUANCE REQUISITION

REQUISITION NO. _

TREASURER OF THE STATE OF CALIFORNIA

Office of the State Treasurer
915 Capitol Mall, Room 230
Sacramento, California 95814

RE: Disbursement from the Costs of Issuance Account established pursuant to the Master Trust Indenture, dated as of November 1, 2012, as supplemented by the Series Indenture, dated as of _____ (collectively, the "Indenture"), by and between the Treasurer of the State of California (the "Trustee") and the California Infrastructure and Economic Development Bank (the "I-Bank") relating to \$ _____ California Infrastructure and Economic Development Bank Clean Water State Revolving Fund [Refunding] Revenue Bonds [Series Designation].

Terms used in this requisition and not defined herein shall have the meaning assigned to such term in the Indenture. The undersigned hereby states and certifies:

1. That he/she is the duly appointed, qualified and acting Authorized I-Bank Officer;
2. That, pursuant to Section 6.03(c) of the Master Trust Indenture and Section 3.02(b) of the Related Series Indenture, the Trustee is hereby requested to disburse from the Costs of Issuance Account established under Section 3.02 of the Related Series Indenture to the payees designated in Schedule A attached hereto and by this reference incorporated herein, at the addresses set forth below each such payee name and in the amounts set forth opposite such designations, a bill or statement of account for each such obligation is included in Schedule A attached hereto; and

3. That each obligation set forth herein is a proper charge against the Related Costs of Issuance Account and has not been the basis of any prior disbursement.

Dated: ____, 201__

CALIFORNIA INFRASTRUCTURE
AND ECONOMIC DEVELOPMENT BANK

By: _____
Authorized I-Bank Officer

RECEIPT ACKNOWLEDGED:

TREASURER OF THE STATE OF CALIFORNIA,
as Trustee

By: _____
Deputy State Treasurer

SCHEDULE A

MASTER PAYMENT AND PLEDGE AGREEMENT

Dated as of November 1, 2012

by and between

STATE WATER RESOURCES CONTROL BOARD

and

**CALIFORNIA INFRASTRUCTURE AND
ECONOMIC DEVELOPMENT BANK**

respecting

**California Infrastructure and Economic Development Bank
Clean Water State Revolving Fund Refunding Revenue Bonds, Series 2012**

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MASTER PAYMENT AND PLEDGE AGREEMENT

THIS MASTER PAYMENT AND PLEDGE AGREEMENT, dated as of November 1, 2012 (together with any amendments or supplements hereto, this "Agreement"), is by and between the STATE WATER RESOURCES CONTROL BOARD (the "Board"), a State of California (the "State") agency organized and existing under the laws of the State, and the CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK (the "I-Bank"), a public instrumentality and political subdivision of the State of California, duly organized and validly existing pursuant to the Bergeson-Peace Infrastructure and Economic Development Bank Act, constituting Division 1 of Title 6.7 of the California Government Code (commencing at Section 63000 thereof) (the "Act").

WHEREAS, the United States of America, pursuant to Title VI of the Federal Water Pollution Control Act, as amended by the Water Quality Act of 1987 (33 U.S.C.A. §§1251 *et seq.*) (commonly known as the "Clean Water Act"), requires each state to establish a revolving fund to be administered by an instrumentality of the state as a condition to receipt of capitalization grants under the Clean Water Act; and

WHEREAS, the State has, pursuant to Chapter 6.5 of Division 7 (commencing with Section 13475) of the California Water Code (the "Statute"), established a State Clean Water Program, which includes a clean water state revolving fund (the "CWSRF"), to be used for purposes of the Clean Water Act and the Statute; and

WHEREAS, the I-Bank, pursuant to Chapter 1078, Statutes of 2000 (SB 1571), codified as Article 6 (commencing with Section 63048) to Chapter 2 of the Act, is authorized to issue revenue bonds from time to time, the proceeds of which are to be deposited into the CWSRF; and

WHEREAS, pursuant to the Master Trust Indenture dated as of November 1, 2012 by and between the I-Bank and the Treasurer of the State, as Trustee (together with any amendments or supplements thereto, the "Master Trust Indenture"), the I-Bank is authorized to issue revenue bonds (the "Bonds") from time to time to, among other things, provide additional funding for the CWSRF program under the Statute for the purpose of making financial assistance available to Recipients; and

WHEREAS, the Board has the responsibility to administer the CWSRF and to provide financial assistance from the CWSRF to eligible recipients for the construction of eligible projects and to otherwise undertake specified activities relating to the CWSRF in accordance with the Clean Water Act and the Statute, including but not limited to funding Project Obligations (as defined in the Master Trust Indenture) for the construction of Eligible Projects (as defined in the Master Trust Indenture); and

WHEREAS, pursuant to the Clean Water Act, the Statute and the Act, the parties hereto now desire to enter into this Agreement providing for the assignment of the Pledged Project Obligations (as defined herein) to the I-Bank which the I-Bank will assign to the Trustee for the benefit of the owners of the Bonds as provided in the Master Trust Indenture and in each case subject to Board Reserved Rights, and other matters in connection therewith, all in accordance with the provisions hereof and thereof;

NOW, THEREFORE, in consideration of the promises and of the mutual representations, covenants and agreements herein set forth, the Board and I-Bank, each binding itself, its successors and assigns, do mutually promise, covenant and agree as follows:

ARTICLE I

RULES OF CONSTRUCTION; DEFINITIONS

Section 1.01. Rules of Construction. Unless the context clearly indicates to the contrary, the following rules shall apply to the construction of this Agreement:

- (a) Words importing the singular number shall include the plural number and vice versa.
- (b) Words importing the feminine, masculine and neuter genders shall each include correlative words of the other genders.
- (c) All approvals, consents and acceptances required to be given or made by any person or party hereunder shall be at the sole discretion of the person or party whose approval, consent or acceptance is required.
- (d) All references herein to particular articles or sections are references to articles or sections of this Agreement.
- (e) The captions and headings and table of contents herein are solely for convenience of reference and shall not constitute a part of this Agreement nor shall they affect its meaning, construction or effect.
- (f) References to any document, agreement, certificate or other instrument shall refer to the provisions of such instrument, as the same may be amended and supplemented from time to time.
- (g) Words permitting discretion means that the Person having such discretion may take such action but is not obligated to do so.

Section 1.02. Definitions. Capitalized terms used herein but not otherwise defined shall have the meaning set forth in the Master Trust Indenture. The following terms shall have the definitions set forth below.

“Agreement” means this Master Payment and Pledge Agreement, as amended or supplemented in accordance with the terms hereof.

“Continuing Disclosure Agreement” means each Continuing Disclosure Agreement by and between the Board and the Treasurer, as dissemination agent for a Series of Bonds.

“Event of Default” means an event of default pursuant to Section 6.1 hereof.

“Master Trust Indenture” means the Master Trust Indenture, dated as of November 1, 2012, by and between the I-Bank and the Trustee, as amended and supplemented.

“Official Statement” means each Official Statement executed by the Board and distributed in connection with the issuance and sale of a Series of Bonds.

“Pledged Project Obligations” means the Project Obligations set forth on Schedule I hereto as such Schedule I may be amended from time to time in accordance with Section 8.06 of the Master Trust Indenture.

ARTICLE II

REPRESENTATIONS AND WARRANTIES

Section 2.01. Organization of the I-Bank. The I-Bank is a public instrumentality and political subdivision of the State, duly organized and validly existing pursuant to the Act. Under the provisions of the Act, the I-Bank has the power to enter into the transactions contemplated by this Agreement and the Indenture and to carry out its obligations hereunder. By proper action, the I-Bank has been duly authorized to execute, deliver and duly perform its obligations under this Agreement and the Indenture. The Agreement will constitute a legal, valid and binding obligation of the I-Bank, enforceable in accordance with its terms, except as such enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or limiting creditors' rights generally.

Section 2.02. Authorization of the I-Bank. Neither the execution and delivery of this Agreement or the Indenture, the consummation of the transactions contemplated hereby or thereby, nor the fulfillment of or compliance with the terms and conditions of this Agreement or the Indenture, conflict with or result in a material breach of any of the terms, conditions or provisions of any restriction or any agreement or instrument to which the I-Bank is now a party or by which it is bound or constitute a default under any of the foregoing or result in the creation or imposition of any prohibited lien, charge or encumbrance upon any of the property or assets of the I-Bank under the terms of any instrument or agreement, which breach, default, lien, charge or encumbrance may materially and adversely affect the transactions contemplated by this Agreement.

Section 2.03. No Litigation Involving the I-Bank. There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, public board or body, pending or, to the knowledge of the I-Bank, threatened against the I-Bank, nor is there any basis therefor (i) affecting the creation, organization or existence of the I-Bank or the title of its officers to their respective offices, (ii) seeking to prohibit, restrain or enjoin the execution of this Agreement or the Indenture, or (iii) contesting the ability of the I-Bank to enter into or perform its obligations under this Agreement or any agreement or instrument relating to the transactions contemplated by this Agreement which, if determined adversely to the I-Bank, would have a material adverse effect on the I-Bank's ability to consummate the transaction contemplated by this Agreement or the Master Trust Indenture.

Section 2.04. Organization of the Board. The Board is a public instrumentality and political subdivision of the State of California, duly organized and validly existing pursuant to Article 3 of Chapter 2 of Division 1 (commencing with Section 174) of the California Water Code. Under the provisions of the Statute, the Board has the power to enter into the transactions contemplated by this Agreement and to carry out its obligations hereunder. By proper action, the Board has been duly authorized to execute, deliver and duly perform its obligations under this Agreement and the Indenture. The Agreement will constitute a legal, valid and binding obligation of the Board, enforceable in accordance with its terms, except as such enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or limiting creditors' rights generally.

Section 2.05. Authorization of the Board. Neither the execution and delivery of this Agreement, the consummation of the transactions contemplated hereby or thereby, nor the fulfillment of or compliance with the terms and conditions of this Agreement, conflict with or result in a breach of any of the terms, conditions or provisions of any restriction or any agreement or instrument to which the Board is now a party or by which it is bound or constitute a default under any of the foregoing or result in

the creation or imposition of any prohibited lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the Board under the terms of any instrument or agreement.

Section 2.06. No Litigation Involving the Board. There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, public board or body, pending or, to the knowledge of the Board, threatened against the Board, nor is there any basis therefor (i) affecting the creation, organization or existence of the Board or the title of its officers to their respective offices, (ii) seeking to prohibit, restrain or enjoin the execution of this Agreement or the Indenture or the pledge of Pledged Project Obligations as provided herein, or (iii) contesting the ability of the Board to enter into or perform its obligations under this Agreement or any agreement or instrument relating to any of the foregoing or used or contemplated for use in the consummation of the transactions contemplated by any of the foregoing.

ARTICLE III

PLEDGE AND ASSIGNMENT

Section 3.01. Pledge and Assignment. (a) The Board hereby pledges, assigns and transfers to the I-Bank, in consideration of the receipt of the proceeds of each Series of Bonds in accordance with the provisions of the Master Trust Indenture, (i) all of the Board's right, title and interest in and to the Pledged Project Obligations, including all amounts received from time to time thereon, excluding Board Reserved Rights, and (ii) amounts held in the funds and accounts established under Master Trust Indenture controlled by Board, including without limitation the Restricted Assets Fund, the Bond Proceeds Fund and the Prepayment Fund, subject to application in accordance with Section 6.04 of the Master Trust Indenture. The I-Bank hereby accepts the above pledge, assignment and transfer.

(b) The Board may release Pledged Project Obligations from the lien of this Agreement so as to become Excluded Pledged Project Obligations and substitute and add Project Obligations to the lien of this Agreement, all to the extent provided in Section 8.06 of the Master Trust Indenture. The Master Pledge and Payment Agreement shall be deemed amended upon providing and filing with the Trustee, the I-Bank and each Rating Agency then rating the Bonds a Board Officer Certificate which provides for a revised Schedule I to the Master Payment and Pledge Agreement, in accordance with Section 8.06 of the Master Trust Indenture.

(c) As security for the payment of the Bonds, pursuant to the Master Trust Indenture the I-Bank has assigned to the Trustee the Pledged Assets for the benefit of the Owners of the Bonds. The I-Bank hereby directs the Board to make the payments required to be made hereunder directly to the Trustee as more fully set forth in the Master Trust Indenture. The Board hereby agrees to such assignment and agrees to make such payments directly to the Trustee. The payments derived from the Pledged Project Obligations shall be applied and the rights so assigned shall be exercised by the I-Bank and the Trustee as provided in the Master Trust Indenture.

(d) The I-Bank shall not create a pledge, lien or charge upon the Pledged Assets other than as provided in this Master Trust Indenture; provided that, a pledge, lien or charge subject and subordinate to the pledge and lien created pursuant to the Master Trust Indenture may be created with the prior written consent of the Board.

(e) The Board acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the Board the right to receive brokerage confirmations of security transactions as they occur in connection with investments made by the Trustee

pursuant to the Master Trust Indenture, the Board specifically waives receipt of such confirmations to the extent permitted by law.

(f) To the extent permitted by law, the Trustee in performing any duties as provided in the Master Trust Indenture and herein shall have the rights and immunities including, but not limited to, exculpations and indemnifications, of the Trustee as set forth in the Master Trust Indenture to the same extent and as fully for all intents and purposes as though such rights and immunities had been set forth herein.

ARTICLE IV

PAYMENTS

Section 4.01. Deposit of Pledged Project Obligations and Payments on Pledged Project Obligations. All amounts received as the principal of and interest on the Pledged Project Obligations and other amounts received by the Board on account of the Pledged Project Obligations (except Additional Payments) shall immediately be deposited and maintained by the Board in the Restricted Assets Fund, subject to the appropriate procedures of the Controller of the State. The Board shall promptly notify the I-Bank and the Trustee if and to the extent that any payments made on Pledged Project Obligations shall be less than the full amounts due thereunder. Any payments received by the Board under any Pledged Project Obligation which are Additional Payments shall be held by the Board free and clear of the lien of this Agreement and applied by the Board for any lawful purpose.

Section 4.02. Payments to Trustee and the I-Bank. The Board shall pay to the Trustee, as assignee of the I-Bank, solely from available amounts derived from Pledged Assets such amounts as shall be due and payable to the Trustee for amounts payable on the Bonds and as further provided in Sections 6.04(b), 6.06 and 6.09 of the Master Trust Indenture. The Board shall pay to the I-Bank amounts due to the I-Bank for its Bond Expenses when due. The I-Bank's fees shall be paid in accordance with Schedule II, which Schedule II may be amended as provided in Section 8.03 hereof.

Section 4.03. Use of Prepayments. At such time as the Board receives a Prepayment under any Pledged Project Obligations, it shall deposit such Prepayment into the Prepayment Fund, as provided in the Indenture.

Section 4.04. Unconditional Obligations. The obligations of the Board to make the payments required by Section 4.2 of this Agreement and Section 6.04 of the Master Trust Indenture and to perform and observe the other agreements contained in this Agreement and the Master Trust Indenture shall be absolute and unconditional, irrespective of any defense or any rights of set-off, recoupment or counterclaim it might otherwise have against the I-Bank or the Trustee. Until the principal of, and premium, if any, and interest on the Bonds have been fully paid, or provision for the payment thereof has been made as required by Section 12.01 of the Master Trust Indenture, the Board (a) shall make all payments required to be made by the Board, free of any deductions and without abatement, diminution or set-off, pursuant to this Agreement, (b) shall perform and observe all of its other covenants contained in this Agreement, and (c) shall not terminate this Agreement for any cause, including, without limitation, the occurrence of any act or circumstances that may constitute failure of consideration, commercial frustration of purpose, any change in the tax or other laws of the United States of America or of the State, or any political subdivision of either of these, or any failure of the I-Bank to perform and observe any covenant, whether express or implied, or any duty, liability or obligation arising out of or connected with this Agreement or the Indenture.

ARTICLE V

COVENANTS AND AGREEMENTS

Section 5.01. Financial Covenants; Annual Certifications; Additional Information.

(a) The Board covenants and agrees at all times to keep, or cause to be kept, proper books of records and accounts, prepared in accordance with generally accepted accounting principles, in which complete and accurate entries shall be made of all transactions of or in relation to the business, properties and operations of the funding of Project Obligations acquired in whole or in part with the proceeds of the Bonds, and Pledged Project Obligations pledged and assigned to the I-Bank hereunder. Such books of record and account shall be available for inspection by the I-Bank or the Trustee, and the duly authorized agents of either of them, at reasonable hours and under reasonable circumstances.

(b) The Board shall provide to the Trustee and I-Bank by no later than February 1 of each year with respect to the Board's prior fiscal year (which fiscal year as of the date hereof ends June 30), an annual financial statement with respect to the Board prepared in accordance with generally accepted accounting principles and audited by an independent certified public accountant, covering the operations of the CWSRF for the preceding fiscal year; provided however, that if the Board's fiscal year ends on a date other than June 30, the due date for delivery of the Board's annual financial statements to the Trustee and I-Bank shall be no later than 215 days after the end of such fiscal year. The Trustee shall not be responsible for reviewing such financial statements.

(c) The Board shall provide to the I-Bank and the Trustee a schedule prepared by or on behalf of the Board which calculates the Coverage Test for each Bond Year in which the Bonds are scheduled to be Outstanding. In addition, the Board shall provide to the I-Bank and the Trustee each Coverage Test schedule prepared in accordance with the Master Trust Indenture. The Trustee shall not be responsible for reviewing such schedules.

(d) The Board shall provide to the I-Bank such additional information as may be reasonably requested from time to time by the I-Bank.

Section 5.02. Tax Covenants. The Board agrees to comply with each Related Tax Certificate in order that interest on the Tax-Exempt Bonds is and remains tax-exempt. The Board shall take, and shall require each Recipient to take, the actions required for the interest on any Tax-Exempt Bonds to be and remain excluded from gross income of the Related Series of Bond Owners for federal income tax purposes and shall not take, or knowingly permit any Recipient to take, any action that would cause interest on Related Series of Bonds to be included in gross income of the Related Series of Bond Owners thereof for federal income tax purposes or would cause the Related Series of Bonds to be or become "private activity bonds" within the meaning of Section 141 of the Code. The Board shall comply with all the rebate requirements imposed under Section 148(f) of the Code that are necessary to preserve the exclusion of interest on any Tax-Exempt Bonds from gross income of the Related Series of Bond Owners thereof for federal income tax purposes, including (as applicable) the requirement to make periodic calculations of the rebate amount as provided in the Related Tax Certificate and the requirement to make all required rebate payments to the United States. The Board shall not make any investment of funds or take, or knowingly permit it or any Recipient to take, any action that would cause any Tax-Exempt Series of Bonds to become "arbitrage bonds" within the meaning of Section 148 of the Code.

Section 5.03. Continuing Disclosure Agreement. The Board hereby covenants and agrees to comply with the continuing disclosure requirements with respect to the Bonds as set forth in a Continuing Disclosure Agreement for each Series of Bonds and to provide to the I-Bank each report or

notice provided by the Board under a Continuing Disclosure Agreement. Notwithstanding any other provision of this Agreement, failure of the Board to comply with the provisions of this Section shall not be considered an Event of Default; provided, however, the Trustee or any Owner may take such actions as may be necessary and appropriate, as specified in such Continuing Disclosure Agreement.

Section 5.04. Enforcement of the Pledged Project Obligations. The Board agrees to monitor each Recipient's performance under the Pledged Project Obligations and to exercise all rights and remedies under any statute, rule, or agreement to ensure the timely performance by the Recipient and the timely payment of all amounts due under the Pledged Project Obligations. The Board shall promptly notify the I-Bank and the Trustee if and to the extent that any payment due on Pledged Project Obligations is either delinquent or less than the full amounts due thereunder. The Board shall diligently enforce, and take all reasonable steps, actions and proceedings necessary for the enforcement of, all terms, covenants and conditions of all Pledged Project Obligations. In furtherance of the pledge hereby granted by the Board of the Pledged Project Obligations, the Board agrees to provide access to the I-Bank and the Trustee to the Pledged Project Obligations upon reasonable notice at the office of the Board during normal business hours.

Section 5.05. Performance of Obligations Under the Indenture. The Board agrees to perform the obligations imposed on it under the Indenture.

Section 5.06. Amendment of Pledged Project Obligations. The Board shall not amend a Pledged Project Obligation in a manner which would materially adversely affect the payment obligations of the Board hereunder.

Section 5.07. Termination of Agreement. After (a) payment in full of the principal of, premium, if any, and interest on, the Bonds, or provision for such payment, shall have been made as provided in the Indenture, (b) payment, or provision for payment satisfactory to the Trustee and the I-Bank, of the fees, charges and expenses of the Trustee and the I-Bank in accordance with the Indenture, and (c) payment, or provision for payment satisfactory to the affected parties, of all other amounts required to be paid under this Agreement and the Indenture by the Board, this Agreement and the pledge and assignment of the Pledged Project Obligations contained herein shall terminate.

ARTICLE VI

DEFAULT AND REMEDIES

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

- (i) the pledge and assignment created by this Agreement shall at any time and for any reason cease to be or fail to constitute a valid pledge hereunder;
- (ii) this Agreement shall at any time after its execution and delivery and for any reason cease to be in full force and effect, or shall be declared to be null and void;
- (iii) a failure by the Board to make any of the payments, to the extent that amounts are available in the Restricted Assets Fund established under the Master Trust Indenture to make such payments when due as required pursuant to Section 4.3 hereof; or
- (iv) a failure by the Board to observe and perform any covenant, condition, agreement or provision contained in this Agreement on the part of the Board to be observed or performed,

which failure shall continue for a period of 60 days after written notice, specifying such failure and requesting that it be remedied, shall have been given to the Board by the Trustee or the I-Bank.

Section 6.02. Remedies. Upon the happening and continuance of any Event of Default, the I-Bank and the Trustee, as assignee, may enforce payment or other performance by the Board by mandamus or other appropriate proceeding for the enforcement of any other legal or equitable remedy as the I-Bank or the Trustee, respectively, shall deem effectual in support of its rights or duties hereunder, including to direct transfer of all amounts then and thereafter to be held in the Restricted Assets Fund to the Trustee to be held for the benefit of the Owners of the Bonds and applied as provided in this Master Trust Indenture and any Series Indenture. No delay or omission of the I-Bank or the Trustee to exercise any right or power arising from any default or acquiescence therein, and every power and remedy given by this Section 6.2 may be exercised from time to time and as often as shall be deemed expedient.

Section 6.03. Agreement to Pay Attorneys' Fees and Expenses. In the event the Board should default under any of the provisions of this Agreement, whether or not such default constitutes an Event of Default hereunder, and the I-Bank or the Trustee should employ attorneys, including, in the case of the I-Bank, the State Attorney General's Office and its internal counsel, or incur other expenses for the collection of the payments due under this Agreement or the enforcement of performance or observance of any obligation or agreement on the part of the Board herein contained, the Board agrees to pay to the I-Bank and the Trustee the reasonable fees and expenses of such attorneys and such other reasonable expenses so incurred by the I-Bank or the Trustee.

Section 6.04. Effect of Discontinuance or Abandonment. In case any proceeding taken by the I-Bank or the Trustee on account of any Event of Default shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the I-Bank or the Trustee, as applicable, then and in every such case the I-Bank and the Trustee shall be restored to their former positions and rights under the Indenture and this Agreement, and all rights, remedies and powers of the Trustee, the Owners of the Bonds and the I-Bank shall continue as though no such proceeding had been taken.

Section 6.05. The I-Bank's and Trustee's Right to Enforce Rights in Respect of Bonds in Own Name and Without Possession of Bonds. All rights of action under this Agreement which are enforceable by the I-Bank or the Trustee in respect of the Bonds may be enforced by it without the possession of any of the Bonds or the production thereof at the trial or other proceedings relative thereto, and any such suit, action or proceeding instituted by the I-Bank or the Trustee shall be brought in its name, as trustee, for the equal and ratable benefit of the Owners of the Bonds, subject to the provisions of the Master Trust Indenture.

Section 6.06. No Remedy Exclusive. No remedy herein conferred upon or reserved to the Trustee, the I-Bank or to the Owners of the Bonds is intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative, and shall be in addition to every other remedy given hereunder.

Section 6.07. No Delay or Omission to be Deemed Waiver of Default. No delay or omission by the Trustee, the I-Bank or of any Owner of the Bonds to exercise any right or power accruing upon any Event of Default shall impair any such right or power or shall be construed to be a waiver of any such Event of Default, or an acquiescence therein; and every power and remedy given to the I-Bank or the Trustee and to the Owners of the Bonds, respectively, may be exercised from time to time as often as may be deemed expedient.

ARTICLE VII

EXPENSES; INDEMNIFICATION

Section 7.01. Expenses. The Board covenants and agrees to pay, and to indemnify the I-Bank and the Trustee against, all costs and charges, including reasonable fees and disbursements of attorneys, accountants, consultants and other experts, incurred in good faith in connection with this Agreement, the Bonds and the Master Trust Indenture.

Section 7.02. Indemnification. To the extent permitted by law, the Board releases the I-Bank and the Trustee from, and covenants and agrees that neither the I-Bank nor the Trustee shall be liable for, and covenants and agrees to indemnify and hold harmless the I-Bank and the Trustee and their members, past, present and future directors, officers, employees and agents and each person, if any, who controls (as such term is defined in Section 15 of the Securities Act of 1933, as amended (the "Securities Act")) (collectively, the "Indemnified Parties") from and against any and all judgments, losses, claims, damages, liabilities, joint or several, or expenses, of every conceivable kind, character and nature whatsoever arising out of, resulting from, or in any way connected with:

(a) a Pledged Project Obligation, or the conditions, occupancy, use, possession, conduct or management of, or work done in or about, or from the planning, design, acquisition, installation or construction of, a Pledged Project Obligation or any part thereof;

(b) the issuance of the Bonds or any certifications or representations made in connection therewith by the Board and the carrying out of any of the transactions contemplated by the Bonds, the Master Trust Indenture or this Agreement;

(c) the Trustee's acceptance or administration of the trusts under the Master Trust Indenture, or the exercise or performance of any of its powers or duties under the Indenture; or

(d) any untrue statement or alleged untrue statement of a material fact contained in an Official Statement (except for any information provided by the I-Bank or the underwriters for such Series of Bonds) or that arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading with respect to the information contained therein (except as aforesaid) utilized by any underwriter in connection with the sale or offering of such Series of Bonds; provided that in each case such indemnity shall not be required for damages that result from the willful misconduct or negligence on the part of the party seeking such indemnity; and, provided, further that, the Board shall not be liable to any Indemnified Person in any such case to the extent that any such loss, claim, damage or liability arises out of, or is based upon, any information furnished by such Indemnified Person specifically for inclusion in the Official Statement, subject to the Board's acknowledgement that none of the I-Bank, its officers, agents or employees has provided any information for the Official Statement except as aforesaid and none of the Treasurer, its officers, agents or employees has provided any information for the Official Statement.

The Board further covenants and agrees to pay or to reimburse the Indemnified Parties for any and all costs, attorneys' fees, liabilities or expenses reasonably incurred in connection with investigating, defending or preparing to defend against or otherwise in connection with investigating, any such losses, claims, damages, liabilities, expenses or actions, except to the extent that the same arise out of the willful misconduct or negligence of the party claiming such payment or reimbursement. The provisions of this Section shall survive the payment and retirement of the Bonds, the termination of this Agreement and the resignation or removal of the Trustee.

Promptly after receipt by an Indemnified Person of notice of the assertion of any claim or the commencement of any action, such Indemnified Person shall, if a claim in respect thereof is to be made against the Board, notify the Board in writing of the assertion or commencement thereof; provided, however, that the failure to provide such notice shall not affect the obligation to indemnify hereunder. In case any such action shall be brought against any Indemnified Person, and such Indemnified Person shall notify the Board of the commencement thereof, the Board shall be entitled to participate in and, to the extent that either wishes, to assume the defense thereof, with counsel reasonably satisfactory to such Indemnified Person, and after notice from the Board to such Indemnified Person of its election so to assume the defense thereof, the Board shall not be liable to such Indemnified Person under this Section 7.02 hereof for any legal or other expenses subsequently incurred by such Indemnified Person in connection with the defense thereof; provided, however, that if (a) the named parties to any such action (including any impleaded parties) include the Indemnified Person and the Board, and the Indemnified Person reasonably concludes that there may be one or more legal defenses available to it which are different from or additional to those available to the Board, or (b) the office of the Attorney General of the State of California notifies the Board that it will assume the defense of the I-Bank and/or the Treasurer, then the Indemnified Person in either such case shall have the right to select separate counsel to assume such legal defense and to otherwise participate in the defense of such action on behalf of itself; provided further, however, that the Board shall not, in connection with any one such action or separate but substantially similar or related actions arising out of the same general allegations or circumstances, be liable for the fees and expenses of more than one separate firm of attorneys at any point in time for any such Indemnified Person.

No Indemnified Person shall, without the prior written consent of the Board, settle or compromise or consent to the entry of any judgment with respect to any pending or threatened claim, action, suit or proceeding in respect of which indemnification or contribution may be sought hereunder (whether or not the Indemnified Person is an actual or potential party to such claim or action) unless (i) such settlement, compromise or consent includes an unconditional release of the Board from all liability arising out of such claim, action, suit or proceeding and (ii) does not include any statement as to or any admission of fault, culpability or a failure to act by or on behalf of the Board.

The Board shall not, without the prior written consent of the Indemnified Persons, settle or compromise or consent to the entry of any judgment with respect to any pending or threatened claim, action, suit or proceeding in respect of which indemnification or contribution may be sought hereunder (whether or not the Board is an actual or potential party to such claim or action) unless (x) such settlement, compromise or consent includes an unconditional release of the Indemnified Persons from all liability arising out of such claim, action, suit or proceeding and (y) does not include any statement as to or any admission of fault, culpability or a failure to act by or on behalf of any Indemnified Person.

ARTICLE VIII

MISCELLANEOUS

Section 8.01. No Additional Rights or Duties. This Agreement shall not confer any rights nor impose any duties, obligations or responsibilities upon the I-Bank or the Trustee beyond those expressly provided in the Indenture and hereunder. This Agreement shall not impose any duties, obligations or responsibilities upon the Board beyond those expressly provided in this Agreement.

Section 8.02. Limited Obligation of the Board. The Board shall not be obligated to pay any amounts hereunder except from Pledged Assets and neither the faith and credit nor the taxing power of the State, or of any political subdivision thereof, is pledged to the payment of amounts due by

the Board hereunder. The Bonds are payable only out of funds pledged under this Agreement and the Master Trust Indenture. The Board has no taxing power.

Section 8.03. Amendments. This Agreement may be amended and any provision hereunder may be waived by the Board and the I-Bank without the consent of the Owners of any Bonds, except that no amendment or waiver of any provision of this Agreement shall be effective if the same shall have a material adverse effect, as determined by the I-Bank, on the interest of the Owners of any Bonds, unless such amendment or waiver shall be approved by 60% of the affected Owners and then such amendment or waiver shall be effective only in the specific instance and for the specific purpose for which it was made. No amendment or waiver of any provision of this Agreement shall be effective unless the same shall be in writing and signed by the parties hereto.

Section 8.04. Term of Agreement. The term of this Agreement shall commence as of the date first above written and shall continue in effect until terminated in accordance with Section 5.8 hereof.

Section 8.05. No Waiver; Remedies. No failure on the part of any party to exercise, and no delay in exercising any right under this Agreement shall operate as a waiver of such right and no single or partial exercise of any right under this Agreement shall preclude any further exercise of such right or the exercise of any other right. The remedies provided in this Agreement shall be cumulative and not exclusive of any other remedies provided by law.

Section 8.06. Severability. If any one or more of the terms, provisions, promises, covenants or conditions of this Agreement shall to any extent be adjudged invalid, unenforceable, void or voidable for any reason whatsoever by a court of competent jurisdiction, then each and all of the remaining terms, provisions, promises, covenants and conditions of this Agreement shall not be affected and shall be valid and enforceable to the fullest extent permitted by law.

Section 8.07. Further Assurances. The Board will make, execute and deliver any and all such further resolutions, instruments and assurances to the I-Bank as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of this Agreement, and to further assure and confirm the rights and benefits intended to be conveyed pursuant hereto.

Section 8.08. Governing Law. This Agreement shall be construed in accordance with and governed by the laws of the State. This Agreement shall be enforceable in the State, and any action arising out of this Agreement shall be filed and maintained in Sacramento County Superior Court, Sacramento County, California.

Section 8.09. Notices. All notices, certificates or other communications hereunder shall be sufficiently given, and shall be deemed given, when delivered in writing to the address of the identified party or parties set forth below:

Board:

State Water Resources Control Board
Division of Financial Assistance
1001 I Street, 16th Floor
Sacramento, California 95814
Attn: Deputy Director

I-Bank:

P.O. Box 2830
Sacramento, CA 95812-2830
Attention: Bond Manager

Or if by overnight delivery:

980 9th Street, Suite 900
Sacramento, California 95814
Attn: Bond Manager

Trustee:

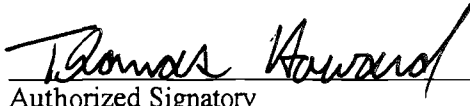
Office of the State Treasurer
915 Capitol Mall, Room 280
Sacramento, California 95814

Any of the foregoing parties may designate any further or different addresses to which subsequent written notices, certificates or other communications shall be sent, by notice in writing given to the other parties hereto.

Section 8.10. Execution. This Agreement may be executed in any number of counterparts, each of which when so executed shall be deemed to be an original, and all together shall constitute one and the same Agreement.

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed and delivered by their duly authorized representatives as of the date first written above.

STATE WATER RESOURCES CONTROL BOARD

By: 
Authorized Signatory

CALIFORNIA INFRASTRUCTURE AND
ECONOMIC DEVELOPMENT BANK

By: _____
Roma Cristia-Plant,
Assistant Executive Director,
Assignee for Executive Director

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed and delivered by their duly authorized representatives as of the date first written above.

STATE WATER RESOURCES CONTROL BOARD

By: _____
Authorized Signatory

CALIFORNIA INFRASTRUCTURE AND
ECONOMIC DEVELOPMENT BANK

By: Roma Cristia-Plant
Roma Cristia-Plant,
Assistant Executive Director,
Assignee for Executive Director

SCHEDULE I

PLEGDED PROJECT OBLIGATIONS

Borrower	Outstanding Balance as of November 1, 2012	Percentage of Total Pledged Project Obligations	Final Maturity
1. Chico, City of	\$ 38,252,723	9.69%	December 2029
2. Corona, City of	22,738,768	5.76	September 2025
3. Delta Diablo Sanitation District	6,011,415	1.52	December 2030
4. Fontana, City of	8,035,850	2.04	March 2028
5. Fontana, City of	3,624,005	0.92	August 2028
6. Fontana, City of	4,310,419	1.09	June 2028
7. Hayward, City of	46,369,623	11.75	September 2028
8. Inland Empire Utilities Agency	12,498,470	3.17	June 2028
9. Inland Empire Utilities Agency	5,314,559	1.35	March 2029
10. Inland Empire Utilities Agency	4,958,068	1.26	August 2030
11. Inland Empire Utilities Agency	5,006,542	1.27	August 2030
12. Laguna County Sanitation District	5,696,470	1.44	July 2023
13. Los Angeles County Sanitation District	14,031,056	3.55	March 2028
14. Los Angeles County Sanitation District	6,789,848	1.72	March 2025
15. Los Angeles County Sanitation District	5,619,739	1.42	October 2026
16. Orange County Water District	109,441,182	27.72	December 2027
17. Palo Alto, City of	7,650,000	1.94	June 2029
18. Pismo Beach, City of	8,529,632	2.16	February 2026
19. Santa Margarita Water District	6,898,047	1.75	November 2027
20. Santa Rosa, City of	8,546,389	2.16	July 2023
21. Santa Rosa, City of	10,533,901	2.67	December 2022
22. Sonoma Valley County Sanitation District	5,874,033	1.49	November 2027
23. South San Francisco, City of	7,636,918	1.93	July 2028
24. Yucaipa Valley Water District	40,420,795	10.24	September 2028
Total	<u>\$394,788,454</u>	<u>100.00%</u>	

SCHEDULE II

I-BANK SERVICES TO BE PROVIDED TO THE BOARD

Post-Bond Issuance Services

To the extent requested by the Board and agreed to by the I-Bank, the I-Bank shall perform and/or engage consultants (I-Bank Direct Advisors) to perform any of the following services following issuance of a Series of Bonds but only to the extent that costs for such services are permitted by the U.S. Environmental Protection Agency regulations applicable to the CWSRF:

The Board hereby acknowledges that by providing assistance with any of the following the I-Bank is in no way accepting the responsibilities of the Board. In such cases, the Board continues to be the obligated party under all relevant documents.

- A. Continued compliance with tax law requirements, including but not limited to, private activity issues.
- B. Use of bond proceeds analysis and compliance verification.
- C. Arbitrage/rebate analysis and reports.
- D. Compliance with special rules for pooled bond issuances, including analysis and bond redemptions.
- E. Record retention, including but not limited to analysis of allocations of bond proceeds to expenditures or records maintenance.
- F. Disclosure requirements pursuant to a Continuing Disclosure Agreement including, but not limited to, preparation and/or submittal of annual disclosure reports, audits and preparation and/or submittal of events notices.
- G. Information required to be filed or submitted with other entities such as the Trustee, rating agencies, bond insurer, credit enhancer, the State of California or other entity.
- H. Investment of bond funds.
- I. Development of or updates to bond-related policies, including but not limited to, debt management, underwriting, investment and auditor selection/retention.
- J. Training of the Board's staff on issues involving the Bonds, tax-exempt bonds, municipal credit or other bond-related subjects.
- K. Periodic demand analysis, financial modeling, pooled bond structuring and timing of issuances of a Series of Bonds.
- L. Selection, appointment or retention of Direct Advisors to the Board.
- M. Defeasance or redemption of Bonds.
- N. Other bond-related services, directions, consents and undertakings deemed necessary or appropriate.

I-Bank staff costs for the foregoing services shall be computed in accordance with the provisions of the State Administrative Manual governing the State's full cost recovery policy and central services costs then in effect. As of the date hereof, such provisions are set forth in Sections 8752 and 8752.1 of the State Administrative Manual.