

Supplement to the Limited Offering Memorandum dated November 16, 2017

Relating to

**UP TO \$100,000,000
CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY
SOLID WASTE DISPOSAL REVENUE BONDS
(REPUBLIC SERVICES, INC. PROJECT)
SERIES 2017**

The Limited Offering Memorandum, dated November 16, 2017 (the “*Limited Offering Memorandum*”), for Up to \$100,000,000 California Pollution Control Financing Authority Solid Waste Disposal Revenue Bonds (Republic Services, Inc. Project) Series 2017, is supplemented as follows:

The first paragraph under the caption “NOTICE TO INVESTORS” is hereby replaced to read as follows:

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

This Supplement is dated January 5, 2018.

New Issue - Book Entry Only

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

UP TO \$100,000,000
CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY
SOLID WASTE DISPOSAL REVENUE BONDS
(REPUBLIC SERVICES, INC. PROJECT)
SERIES 2017

Dated: Issuance Date **Initial Bonds: \$50,000,000, Series 2017 A-1** **Due: November 1, 2042** **CUSIP* 130536 RC1**

The Bonds are being issued from time to time by the California Pollution Control Financing Authority (the "Authority"), pursuant to an Indenture, dated as of November 1, 2017 (the "Indenture"), by and between the Authority and Deutsche Bank Trust Company Americas, as trustee (the "Trustee"). Initially, \$50,000,000 in principal amount of the Authority's Solid Waste Disposal Revenue Bonds (Republic Services, Inc. Project) Series 2017 A-1 (the "Initial Bonds") will be issued under the Indenture. The Indenture permits the delivery from time to time of additional Bonds thereunder in one or more subseries, and bearing interest at a Term Interest Rate or a Variable Interest Rate (the "Additional Bonds" and together with the Initial Bonds, the "Bonds") to finance costs of the Project (as defined herein) for Republic Services, Inc. (the "Company"). See "ADDITIONAL BONDS" herein for a description of the conditions that must be satisfied prior to the delivery by the Authority of any Additional Bonds under the Indenture. All Bonds issued from time to time under the Indenture will have the same final maturity and will be equally and ratably secured by and payable from the receipts and revenues derived from the Agreement described below. The Indenture provides that the aggregate principal amount of Bonds issued from time to time thereunder cannot exceed \$100,000,000, all of which have been approved for issuance by the Authority subject to compliance with the provisions of the Indenture.

The Initial Bonds are initially issuable as fully registered bonds in the denomination of \$250,000 or any multiple of \$5,000 in excess thereof, and when issued will be registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York ("DTC"). Beneficial owners of the Bonds will not receive physical certificates representing the Bonds purchased, but will receive a credit balance on the books of the nominee of such beneficial owners. So long as Cede & Co. is the registered owner of the Bonds, principal and purchase price of, and interest due on the Bonds will be paid by the Trustee, directly to DTC, which will in turn remit such principal, purchase price, and interest to its participants for subsequent disbursement to the beneficial owners of the Bonds as described herein. See "BOOK-ENTRY ONLY SYSTEM" in Appendix D of this Limited Offering Memorandum.

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

On their date of issuance, the Initial Bonds will bear interest at an initial Term Interest Rate to be determined by Merrill Lynch, Pierce, Fenner & Smith Incorporated, as Remarketing Agent, for an initial Term Interest Rate Period from November 21, 2017, to January 15, 2018. The Initial Bonds will be subject to mandatory tender for purchase on January 16, 2018. Thereafter, the Initial Bonds will continue to bear interest at a Term Interest Rate during successive three-month Term Interest Rate Periods until such time, if any, that the Initial Bonds are converted to bear interest during a Term Interest Rate Period of a different duration or a different Interest Rate Period as described herein under "THE BONDS - General." While the Initial Bonds bear interest at a Term Interest Rate for a Term Interest Rate Period of six months or less, interest on the Initial Bonds is payable on each Conversion Date (as defined herein), commencing January 16, 2018. The interest rate on the Initial Bonds will not exceed 12%. Interest on the Initial Bonds will be payable as described herein under "THE BONDS - General." As described herein under "THE BONDS - Mandatory Tender for Purchase," during a Term Interest Rate Period, the Initial Bonds will be subject to mandatory tender for purchase on the Conversion Date, which is the Business Day following the last day of each Term Interest Rate Period. **THIS LIMITED OFFERING MEMORANDUM DOES NOT PROVIDE INFORMATION REGARDING THE BONDS AFTER THE DATE, IF ANY, ON WHICH THE INITIAL BONDS ARE CONVERTED TO BEAR INTEREST AT A RATE OTHER THAN THE TERM INTEREST RATE.**

The Bonds will be subject to redemption and mandatory tender for purchase prior to maturity as provided in the Indenture and as described herein.

There is no initial or planned guaranty or third-party credit or liquidity facility supporting the purchase or payment of principal or interest on the Initial Bonds in the initial Term Interest Rate Period. This Limited Offering Memorandum does not provide information regarding the terms of the Bonds or the Indenture during the time when any credit or liquidity facility is in effect.

The Bonds are limited obligations of the Authority payable solely from, and separately secured by a pledge of and lien on, certain revenues, consisting of loan repayments made by the Company under a Loan Agreement dated as of November 1, 2017 (the "Agreement").



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

Price: 100%

Honorable John Chiang
Treasurer of the State of California

The Bonds are offered when, as and if issued by the Authority, subject to the approval of legality by Orrick, Herrington & Sutcliffe LLP, San Francisco, California, Bond Counsel, and certain other conditions. Certain legal matters will be passed upon for the Company by Ballard Spahr LLP, Philadelphia, Pennsylvania; for the Authority by the Honorable Xavier Becerra, Attorney General of the State of California, Sacramento, California; and for the Underwriter and the Remarketing Agent by Chapman and Cutler LLP, Chicago, Illinois. It is anticipated that the Initial Bonds in definitive form will be available for delivery through the facilities of DTC against payment therefor in New York, New York on or about November 21, 2017.

BofA Merrill Lynch

Dated: November 16, 2017

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

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

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

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

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

Deutsche Bank Trust Company Americas, as trustee, assumes no responsibility for this Limited Offering Memorandum and has not reviewed or undertaken to verify any information contained herein.

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

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

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

NOTICE TO INVESTORS

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

The Initial Bonds are issued in authorized denominations of \$250,000 or any integral multiple of \$5,000 above this amount (“*Authorized Denominations*”).

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

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

- (i) Each purchaser from the Underwriter, based upon the knowledge of the Underwriter (but otherwise without independent investigation), is an institutional purchaser that is a Qualified Institutional Buyer;
- (ii) Each purchaser from the Underwriter, to the best knowledge of the Underwriter but without independent investigation, is acquiring the Initial Bonds in a minimum amount of not less than Authorized Denominations; and
- (iii) Each purchaser from the Underwriter has been provided with access to such financial and other information as it has requested in connection with its decision to purchase any Initial Bonds.

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LIMITED OFFERING MEMORANDUM

UP TO \$100,000,000

**CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY
SOLID WASTE DISPOSAL REVENUE BONDS
(REPUBLIC SERVICES, INC. PROJECT)
SERIES 2017**

INITIAL BONDS: \$50,000,000, SERIES 2017 A-1

INTRODUCTION

GENERAL

This Limited Offering Memorandum (including the cover page, the table of contents and the appendices hereto and documents incorporated herein and therein by reference, collectively, the “*Limited Offering Memorandum*”), is provided to furnish certain information in connection with the issuance by the California Pollution Control Financing Authority (the “*Authority*”), of up to \$100,000,000 aggregate principal amount of Solid Waste Disposal Revenue Bonds (Republic Services, Inc. Project) Series 2017 for the purpose of financing solid waste disposal facilities described below under “THE PROJECT AND THE APPLICATION OF BOND PROCEEDS” (collectively, the “*Project*”), which are owned and/or operated by Republic Services, Inc. (the “*Company*”) or its subsidiaries, as more fully described herein under “THE PROJECT AND THE APPLICATION OF BOND PROCEEDS.”

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

\$50,000,000 principal amount of the Authority’s Solid Waste Disposal Revenue Bonds Series 2017 A-1 (the “*Initial Bonds*”) will be issued pursuant to an Indenture, to be dated as of November 1, 2017 (as originally executed or as it may from time to time be supplemented, modified or amended by any supplemental indenture, the “*Indenture*”), between the Authority and Deutsche Bank Trust Company Americas, as trustee (the “*Trustee*”). The Indenture permits the delivery by the Authority from time to time of additional Bonds thereunder in one or more subseries, and bearing interest at a Term Interest Rate or Variable Interest Rate (the “*Additional Bonds*” and together with the Initial Bonds, the “*Bonds*”) to finance costs of the Project for the benefit of the Company. See “ADDITIONAL BONDS” herein for a description of the conditions that must be satisfied prior to the delivery by the Authority of any Additional Bonds under the Indenture. All Bonds issued from time to time under the Indenture will have the same final maturity, and will be equally and ratably secured by and payable from the receipts and revenues derived from the Agreement, which receipts and revenues have been pledged and assigned to the Trustee to secure payment thereof, from certain funds held under the Indenture. The Indenture provides that the aggregate principal amount of all Bonds issued from time to time thereunder cannot exceed \$100,000,000. The Authority has approved the issuance of up to \$100,000,000 aggregate principal amount of Bonds, subject to compliance with the requirements of the Indenture. Principal of and interest on the Bonds will be payable from loan repayments received

by the Authority and the Trustee from the Company, pursuant to a Loan Agreement, to be dated as of November 1, 2017 (as originally executed and as it may from time to time be supplemented, modified or amended in accordance with the terms thereof, the “*Agreement*”), between the Company and the Authority. Pursuant to the Indenture, the Authority will assign its rights to receive payments under the Agreement (except for Unassigned Authority Rights) to the Trustee as security for the payment of the principal and Purchase Price (as hereinafter defined) of, and interest on, the Bonds.

The Bonds will not be secured by a mortgage of, or security interest in, any property of the Company, including the Project.

The Authority, at the request of the Company, will appoint Merrill Lynch, Pierce, Fenner & Smith Incorporated, as remarketing agent (the “*Remarketing Agent*”) under the Indenture. The principal office of the Remarketing Agent is located at One Bryant Park, Ninth Floor, New York, New York 10036. The Remarketing Agent may be removed or replaced at any time, subject to the terms and conditions of the Indenture and the Remarketing Agreement, to be dated as of November 1, 2017 (as originally executed and as it may from time to time be supplemented, modified, amended or restated in accordance with the terms thereof, the “*Remarketing Agreement*”).

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

The Initial Bonds will bear interest at a Term Interest Rate to be set by the Remarketing Agent. The initial Term Interest Rate Period will be from November 21, 2017, to January 15, 2018. While the Initial Bonds bear interest at a Term Interest Rate for a Term Interest Rate Period of six months or less, interest on the Initial Bonds will be payable on each Conversion Date (as defined herein), commencing January 16, 2018. Interest will be computed on the basis of a 365-day or 366-day year, as applicable, for the number of days actually elapsed. As described herein under “THE BONDS - Mandatory Tender for Purchase,” during a Term Interest Rate Period, the Initial Bonds will be subject to mandatory tender for purchase on each Conversion Date, which is the Business Day following the last day of each Term Interest Rate Period. The Initial Bonds will initially be subject to mandatory tender for purchase on January 16, 2018. Payments required to purchase Bonds tendered by the Holders thereof (the “*Purchase Price Payments*”) as described herein under “THE BONDS - Mandatory Tender for Purchase” and “- Redemption - Purchase in Lieu of Optional Redemption,” will be made from proceeds of remarketing of the Bonds or by the Company pursuant to the Agreement.

THIS LIMITED OFFERING MEMORANDUM DOES NOT PROVIDE INFORMATION REGARDING THE INITIAL BONDS AFTER THE DATE, IF ANY, ON WHICH THE INITIAL BONDS ARE CONVERTED TO BEAR INTEREST AT A RATE OTHER THAN THE TERM INTEREST RATE AND DOES NOT PROVIDE INFORMATION REGARDING THE INITIAL BONDS OR THE INDENTURE DURING A TIME WHEN A CREDIT OR LIQUIDITY FACILITY IS IN EFFECT.

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

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

Neither the Authority nor its independent contractors have furnished, reviewed, investigated or verified the information contained in this Limited Offering Memorandum other than the information contained in the sections entitled "THE AUTHORITY" and "LITIGATION - Authority." The Authority does not and will not in the future monitor the financial condition of the Company or otherwise monitor payment of the Bonds or compliance with the documents relating thereto. Any commitment or obligation for continuing disclosure with respect to the Bonds or the Company will be undertaken solely by the Company. See "CONTINUING DISCLOSURE."

THE AUTHORITY

The Authority is a political subdivision and public instrumentality of the State of California created pursuant to Division 27 of the Health and Safety Code of the State of California, commencing at Section 44500 (the "*Act*"), for the purpose of providing industry within the State with an alternative method of financing in providing, enlarging, and establishing pollution control facilities to the mutual benefit of the people of the State and to protect their health and welfare. In furtherance of such purposes, the Authority is authorized to issue revenue bonds and to construct, replace, lease, enter into contracts for the sale of pollution control facilities and make loans to lend financial assistance in the acquisition, construction or installation of pollution control facilities. The Authority consists of three public officials who hold office ex officio: the State Treasurer, the State Controller, and the State Director of Finance. Pursuant to the Act, the Authority authorized the issuance of the Bonds, the loan of the proceeds of the Bonds to the Company pursuant to the Agreement and the securing of the Bonds by a pledge and assignment to the Trustee of Revenues pursuant to the Indenture. The Authority's principal offices are located at 801 Capitol Mall, 2nd Floor, Sacramento, California 95814.

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

THE PROJECT AND THE APPLICATION OF BOND PROCEEDS

The proceeds of the sale of the Bonds will be loaned by the Authority to the Company pursuant to the terms of the Agreement. Such proceeds will be used for the purpose of financing improvements to existing landfill facilities including (i) construction of new disposal cells and liners within currently permitted acreage, (ii) additions and improvements to the leachate collection and treatment system, including leachate trenching, (iii) additions and improvements to the methane gas systems, (iv) installation of new liners for intermittent and final closure of completed sections of the landfill facilities, (v) site improvements, (vi) acquisition of equipment to be used at the landfill facilities, and (vii) acquisition of other equipment and assets necessary to support the foregoing improvements and to place them into service (collectively, the “*Project*”) at solid waste disposal facilities (the “*Facilities*”) located in the Counties of Alameda, Sonoma, Imperial, San Joaquin, Contra Costa, San Mateo, San Diego, Los Angeles and Santa Clara in the State. Upon delivery of the Bonds, proceeds received by the Authority will be deposited with the Trustee, who will deposit a portion of such proceeds (in an amount not to exceed two percent of the principal amount of such Bonds) into the Costs of Issuance Fund, as defined in the Indenture, and the balance of the Bond proceeds will be deposited into the Project Fund, as defined in the Indenture.

SECURITY FOR THE BONDS

GENERAL

Payment of principal of and interest on the Bonds will be paid from Revenues, which consist of all amounts received by the Authority or the Trustee from the Company pursuant to the Agreement (other than certain fees due to the Authority and the Trustee). In addition, Purchase Price Payments will be made first, from proceeds from the remarketing of the Bonds and second, by the Company pursuant to the Agreement, in an amount (the “*Purchase Price*”) equal to 100% of the principal amount of any Bond tendered for purchase as described herein under “THE BONDS - Mandatory Tender for Purchase” and “- Redemption - Purchase in Lieu of Optional Redemption,” plus accrued and unpaid interest thereon to but not including the date on which such Bonds are required to be purchased (the “*Purchase Date*”). See “THE BONDS - Purchase and Remarketing of Bonds - Purchase of Bonds.” The Bonds will also be payable from income (if any) derived from the investment of moneys held in the Bond Fund under the Indenture under the circumstances set forth in the Indenture. The Bonds are also secured by any amounts held in the Bond Fund, the Project Fund and the Costs of Issuance Fund.

The Authority will assign to the Trustee, as security for the Bonds, its entire interest in the Agreement (except for Unassigned Authority Rights), including its rights to the amounts payable under the Agreement required from time to time to be deposited in the Bond Fund established under the Indenture. The Company will be obligated under the Agreement to make payments which will be sufficient to pay when due the principal and the Purchase Price of, and

premium, if any, and interest on, the Bonds. The Company's obligations to make such payments pursuant to the Agreement will be absolute and unconditional and are not subject to any defense or any right of set-off, recoupment or counterclaim it might otherwise have against the Authority. Neither the Trustee nor the Holders will have any lien or security interest in the Project or any other property of the Company.

The Bonds will not be secured by a mortgage, security interest or other lien on the Project or any other properties of the Company. The Agreement will contain no restrictions on the ability of the Company to incur debt or, except as described under "SUMMARY OF PRINCIPAL LEGAL DOCUMENTS - THE LOAN AGREEMENT - Special Covenants and Agreements" in Appendix B, to sell, dissolve or otherwise dispose of all or substantially all of its assets.

The Bonds will not initially be supported by any guaranty or letter of credit or other credit or liquidity enhancement and it is possible that no letter of credit or other credit or liquidity enhancement will support the Bonds at any point in the future. Further, although the Company maintains a revolving credit facility and other short-term financing arrangements for general corporate purposes, the Company has no obligation to draw on the revolving credit facility to make payments with respect to the Bonds, and the Trustee and the Bondholders will have no right to draw under any line of credit or other financing arrangement maintained by the Company. Prior to the effective date of a letter of credit (if any) or other credit or liquidity enhancement issued to support the Bonds pursuant to the Indenture, the Bonds will be subject to mandatory tender for purchase.

There will be no debt service reserve fund for the Bonds under the Indenture.

THE AUTHORITY WILL NOT BE REQUIRED TO ADVANCE ANY MONEYS DERIVED FROM ANY SOURCE OTHER THAN THE REVENUES AND OTHER ASSETS PLEDGED UNDER THE INDENTURE FOR ANY OF THE PURPOSES MENTIONED IN THE INDENTURE, WHETHER FOR THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THE BONDS OR FOR ANY OTHER PURPOSE OF THE INDENTURE. THE BONDS ARE LIMITED OBLIGATIONS OF THE AUTHORITY PAYABLE SOLELY FROM CERTAIN REVENUES AND OTHER INCOME PLEDGED UNDER THE INDENTURE. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION THEREOF OR ANY LOCAL AGENCY IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THE BONDS. THE AUTHORITY HAS NO TAXING POWER. THE AUTHORITY WILL NOT BE LIABLE FOR ANY COSTS, EXPENSES, LOSSES, DAMAGES, CLAIMS OR ACTIONS, OF ANY CONCEIVABLE KIND ON ANY CONCEIVABLE THEORY, UNDER OR BY REASON OF OR IN CONNECTION WITH THE AGREEMENT, THE BONDS OR THE INDENTURE, EXCEPT ONLY TO THE EXTENT AMOUNTS ARE RECEIVED FOR THE PAYMENT THEREOF FROM THE COMPANY UNDER THE AGREEMENT.

THE AGREEMENT

Until the principal of and interest on the Bonds have been fully paid or provision for such payment has been made as provided in the Indenture, on each date upon which any amounts payable with respect to the Bonds becomes due, whether on an Interest Payment Date (as hereinafter defined), upon redemption, acceleration, maturity or otherwise (a "*Bond Payment*

Date”), the Company will agree to pay to the Trustee as a repayment on the loan of the proceeds of the sale of the Bonds to the Company under the Agreement a sum equal to the amount payable on such Bond Payment Date as principal of and interest on the Bonds as provided in the Indenture (a “*Loan Payment*”).

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

The Company will also covenant in the Agreement to make Purchase Price Payments as described herein under “THE BONDS - Mandatory Tender for Purchase” and “- Redemption - Purchase in Lieu of Optional Redemption” at the Purchase Price.

The obligations of the Company to make the Loan Payments and Purchase Price Payments pursuant to the Agreement and to perform and observe the other agreements on its part contained therein will be absolute and unconditional, irrespective of any defense or any rights of set-off, recoupment or counterclaim it might otherwise have against the Authority, and during the term of the Agreement, the Company will agree to pay all payments required to be made under the Agreement free of any deductions and without abatement, diminution or set-off. Until such time as the principal of and interest on the Bonds has been fully paid, or provision for the payment thereof has been made as required by the Indenture, the Company: (i) will not suspend or discontinue any payments provided for in the Agreement; (ii) will perform and observe all of its other covenants contained in the Agreement; and (iii) except as provided therein, will not terminate the Agreement for any cause.

A more complete description of the Agreement is set forth in Appendix B attached to this Limited Offering Memorandum.

THE BONDS

The following is a summary, which does not purport to be complete, of certain provisions of the Initial Bonds. Reference is made to the Indenture and the form of Initial Bonds included therein for the detailed provisions of the Initial Bonds.

This Limited Offering Memorandum does not provide any information regarding the Initial Bonds after the date, if any, on which the Initial Bonds (or any portion thereof) convert to bear interest, as permitted by the Indenture, at interest rates other than a Term

Interest Rate. The Initial Bonds (or relevant portions thereof) will be subject to mandatory tender for purchase in the event of any such conversion. Following the initial Term Interest Rate Period from November 21, 2017, to January 15, 2018, the Initial Bonds will be subject to mandatory tender on January 16, 2018. See “- Mandatory Tender for Purchase.” Further, this Limited Offering Memorandum does not provide information regarding the Initial Bonds or the Indenture during any time in which a credit or liquidity facility is in effect.

GENERAL

The Bonds will be dated their date of issuance, will mature, subject to optional and mandatory redemption, on November 1, 2042 (the “*Principal Payment Date*”), and will initially bear interest on the unpaid principal amount thereof at a Term Interest Rate for a Term Interest Rate Period as described herein under “- Determination of Term Interest Rate.” The Initial Bonds will be subject to mandatory tender for purchase on the initial Conversion Date, which will be January 16, 2018, for the initial Term Interest Rate Period. Each Business Day following the last day of the successive Term Interest Rate Periods will be a Conversion Date. During a Term Interest Rate Period of less than six months, interest on the Bonds will be computed upon the basis of a 365-day or 366-day year, as applicable, for the number of days actually elapsed. During any Term Interest Rate Period of six months or more, interest on the Bonds will be computed upon the basis of a 360-day year, consisting of twelve 30-day months.

The Bonds will be issuable in Authorized Denominations. “*Authorized Denominations*” means, from the period from the Issuance Date until such time, if any, that the Authority agrees to terminate certain restrictions pursuant to the Indenture, \$250,000 or any multiple of \$5,000 in excess thereof. After the elimination of such restrictions, “*Authorized Denominations*” means, during a Term Interest Rate Period of less than one year, \$100,000 or any multiple of \$5,000 in excess thereof, and during a Term Interest Rate Period of one year or more, \$5,000 or any multiple thereof. See APPENDIX B - SUMMARY OF PRINCIPAL LEGAL DOCUMENTS - DEFINITIONS. The Bonds will be transferable and exchangeable as set forth in the Indenture, and will be initially registered in the name of Cede & Co., as nominee of The Depository Trust Company (“*DTC*”). DTC will act as securities depository for the Bonds. Ownership interests in the Bonds may be purchased in book-entry form only in Authorized Denominations. See “*BOOK-ENTRY ONLY SYSTEM*” in Appendix D of this Limited Offering Memorandum.

Principal of the Bonds will be payable at final maturity, acceleration or redemption in lawful money of the United States of America upon surrender thereof at the Corporate Trust Office of the Trustee in New York, New York. Payment of the interest on any Bond will be made to the person appearing on the bond registration books of the Trustee, acting as bond registrar (the “*Bond Registrar*”), as the Holder thereof on the Record Date, such interest to be paid to such Holder (1) while the Bonds are in the book-entry system, by wire transfer to DTC, and (2) otherwise (a) by check mailed on the Interest Payment Date, to such Holder’s address as it appears on the registration books or at such other address as has been furnished to the Bond Registrar in writing by such Holder not later than the Record Date, or (b) upon written request at least three Business Days prior to the applicable Record Date of the Holder of Bonds aggregating not less than \$1,000,000 in principal amount, by wire transfer in immediately available funds at an account maintained in the United States at such wire address as such Holder specifies in its

written request (any such written request to remain in effect until rescinded in writing by such Holder) (except in cases of default).

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

“*Interest Payment Date*” means the first Interest Payment Date, which is January 16, 2018, and thereafter (1) each Conversion Date, (2) during a Term Interest Rate Period of more than six months, semiannually, commencing with the first day of the calendar month that is six months after the commencement of such Term Interest Rate Period and the first day of each sixth month thereafter until the end of such Term Interest Rate Period, (3) during a Term Interest Rate Period of six months or less, the Conversion Date that is the Business Day immediately following the last day of such Term Interest Rate Period, and (4) the Principal Payment Date; provided that, if any Interest Payment Date is not a Business Day, then interest shall be paid on the next succeeding Business Day thereafter with the same effect as if made on the Interest Payment Date.

“*Interest Period*” means the period from and including any Interest Payment Date to and including the day immediately preceding the next following Interest Payment Date, except that the first Interest Period will be the period from and including the date of the first authentication and delivery of the Bonds to and including the day immediately preceding the first Interest Payment Date for the Bonds, which for the Initial Bonds is January 15, 2018.

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

“*Record Date*” means (1) for a Term Interest Rate Period of six months or less, the Business Day immediately preceding the applicable Interest Payment Date and (2) for any Term Interest Rate Period of more than six months, the 15th day of the month prior to an Interest Payment Date, whether or not a Business Day.

As provided in the Indenture, the interest rate on all or part of the Bonds may be converted, at the option of the Company, from the Term Interest Rate to a Daily Interest Rate, a Weekly Interest Rate, an Index Interest Rate or to another Term Interest Rate for a Term Interest Period of a different duration, as described herein under “- Determination of Term Interest Rate - Conversion to Term Interest Rate Period of a Different Duration.” Upon a change in the Interest Rate Period, the Bonds will be subject to mandatory tender for purchase as described under “- Mandatory Tender for Purchase” herein.

The Remarketing Agent will determine the Term Interest Rate on the Bonds. See “SUMMARY OF PRINCIPAL LEGAL DOCUMENTS - INDENTURE – Appointment and Duties of Remarketing Agent” in Appendix B to this Limited Offering Memorandum.

If any payment is to be made under the Indenture or any action is to be taken under the Indenture on any date that is not a Business Day, such payment or action otherwise required to be made or taken on such date will be made or taken on the immediately succeeding Business Day with the same force and effect as if made or taken on such scheduled date.

DETERMINATION OF TERM INTEREST RATE

During each Term Interest Rate Period, the Bonds (or portions thereof) will bear interest at the Term Interest Rate, which will be determined by the Remarketing Agent not later than 4:00 p.m. (New York City time) on the Business Day preceding the first day of such Term Interest Rate Period. The Term Interest Rate will be the rate determined by the Remarketing Agent (on the basis of examination of obligations comparable to the Bonds known to the Remarketing Agent to have been priced or traded under then prevailing market conditions) to be the minimum interest rate which, if borne by the Bonds, would enable the Remarketing Agent to sell the Bonds on the first day of such Term Interest Rate Period at a price equal to the principal amount thereof; *provided, however*, that if for any reason the Term Interest Rate cannot be determined for any Term Interest Rate Period, the interest rate on the Bonds will convert to a Weekly Interest Rate.

Conversion to a Term Interest Rate Period of a Different Duration. The Company, by written direction to the Trustee, the Authority and the Remarketing Agent, may elect that the Term Interest Rate Period for all or a portion of the Bonds will be a Term Interest Rate Period of a different duration. Such direction (a) will specify the Conversion Date on which the Bonds will be purchased pursuant to the Indenture, which date will be the Business Day next succeeding the last day of the then-current Term Interest Rate Period and not less than 20 days following the date of receipt by the Trustee of such direction; (b) will state if a Letter of Credit shall secure the Bonds during the Term Interest Rate Period and the name of the Credit Provider; (c) will include the procedures for mandatory purchase set forth in the Indenture; and (d) will state that the Company will provide an Approving Opinion prior to the proposed Conversion Date. No later than the second Business Day prior to the proposed Conversion Date or at any earlier time as the Remarketing Agent or the Trustee may request from the Company, the Company shall provide to the Trustee and the Remarketing Agent an Approving Opinion and, by written direction to the Trustee and the Remarketing Agent, will determine the duration of the Term Interest Rate Period (which may be (i) any period of (a) three months or (b) any multiple of three months, except that the duration of any such period may be adjusted to allow any subsequent Term Interest Rate Period to commence or terminate on a Business Day, commence on the first day of a calendar month or terminate on the last day of a calendar month or (ii) the period of time remaining to the Principal Payment Date). If, at least 20 days prior to the last day of any Term Interest Rate Period, the Company has not made an election with respect to the next succeeding Interest Rate Period, the next succeeding Interest Rate Period will be a Term Interest Rate Period of the same duration as the Term Interest Rate Period currently in effect, or, if less, until the Principal Payment Date.

Notice of Conversion to Term Interest Rate Period of a Different Duration. The Trustee will give notice by mail of each Term Interest Rate Period of a different duration to the Holders, the Credit Provider, if any, the Remarketing Agent, the Authority and the Company not less than 15 days prior to the Conversion Date to such Term Interest Rate Period. Such notice will state (i) that the interest rate on the Bonds (or portions thereof) will be converted to a Term Interest Rate Period of a different duration, (ii) the Conversion Date to such Term Interest Rate Period, (iii) that the Bonds will be purchased on such Conversion Date pursuant to the Indenture, (iv) the procedures for mandatory purchase as set forth in the Indenture, and (v) the principal amount and

the Interest Rate Period of the Bonds to be converted, including, if applicable, the CUSIP numbers or letters and designation of such Bonds.

The determination of the interest rate on the Bonds by the Remarketing Agent shall be conclusive and binding upon the Holders of the Bonds, the Company, the Authority, the Tender Agent, the Credit Provider, if any, and the Trustee. The Remarketing Agent shall furnish the interest rates that it determines to the parties and in the manner specified in the Indenture.

Partial Conversions. The Bonds may be converted in whole or in part (and, if in part, separate subseries of Bonds shall be created to reflect such conversion in part) to any Interest Rate Period subject to the terms of the Indenture. In the event the Bonds are in (or are to be converted to) more than one Interest Rate Period, the provisions in the Indenture relating to Bonds in a particular Interest Rate Period (or to be converted to a particular Interest Rate Period) shall apply only to the Bonds in (or to be converted to) such Interest Rate Period and, where necessary or appropriate, any reference in the Indenture or in this Limited Offering Memorandum to the Bonds shall be construed to mean the Bonds in (or to be converted to) such Interest Rate Period.

In the event of any partial conversion of the Bonds to a new Interest Rate Period, the amount of Bonds (or portions thereof) to be converted shall be selected by the Trustee (as directed by the Company) from the Bonds in the Interest Rate Period to be converted. The particular Bonds (or portions thereof) in the Interest Rate Period to be converted will be selected by lot by the Trustee from all the Bonds in the Interest Rate Period from which Bonds are to be converted. The principal amount of Bonds to be converted shall be determined so that all of the Bonds shall be in Authorized Denominations. Bonds (or portions thereof) shall be selected by lot in any manner that the Trustee in its sole discretion shall deem appropriate and fair and such selection shall be conclusive and binding upon any affected Bondholder, the Company, the Remarketing Agent, the Authority and the Credit Provider, if any, and the selection of the Bonds to be converted shall occur prior to the date notice of mandatory tender is sent by the Trustee to the Bondholders pursuant to the Indenture.

The provisions of the Indenture, including those relating to conversions as described in the preceding paragraphs, may be amended to permit or facilitate partial conversions of the Bonds without Bondholder consent in accordance with the Indenture, including, without limitation, the creation of a new subseries of Bonds.

This Limited Offering Memorandum does not provide any information regarding the Bonds after the date, if any, on which the Bonds (or any portions thereof) convert to bear interest, as permitted by the Indenture, at interest rates other than a Term Interest Rate. The Bonds (or relevant portions thereof) will be subject to mandatory tender for purchase in the event of any such conversion. See “- Mandatory Tender for Purchase.”

MANDATORY TENDER FOR PURCHASE

On any Conversion Date for the Bonds (or portions thereof), the Direct Participant with respect to each Bond will be required under the Indenture to tender such Bond for purchase as described below, and such Bond will be purchased or deemed purchased at a Purchase Price

equal to the principal amount thereof plus accrued and unpaid interest thereon. Payment of the Purchase Price of such Bond will be made by 3:00 p.m. (New York City time), in the same manner as payment of interest on the Bonds, to the Holders of record on the Record Date. On the Purchase Date the tendering Direct Participants will be required to transfer, on the registration books of DTC, the beneficial ownership interests in the Bonds tendered for purchase to the account of the Trustee or a Direct Participant acting on behalf of the Trustee.

Any instrument of transfer delivered to the Trustee or Tender Agent as described in the preceding paragraph will be irrevocable with respect to the mandatory purchase for which such instrument was delivered and will be binding upon any subsequent Holder or Direct Participant of the Bond to which it relates, including any Bond issued in exchange therefor or upon the registration of transfer thereof.

The Bondholder will have no right to optionally tender its bonds during a Term Interest Rate Period.

The Trustee will *not* send notice of mandatory tender for purchase to the Bondholders so long as the next succeeding Interest Rate Period will be a Term Interest Rate Period of the same duration as the Term Interest Rate Period then in effect.

REDEMPTION

The Bonds will be subject to redemption if and to the extent the Company is entitled to make, or is required to make, a prepayment pursuant to the Agreement. The Authority shall not call the Bonds for optional redemption, and the Trustee shall not give notice of any such redemption, unless the Company has so directed in writing. The Bonds are subject to redemption upon the following terms:

Mandatory Redemption Upon Invalidity or a Determination of Taxability. If the Agreement is determined to be invalid or a Determination of Taxability occurs, then all Bonds Outstanding on the date of the determination of invalidity or the occurrence of such Determination of Taxability will be redeemed in whole (or in part if the Company delivers an Approving Opinion to the Trustee and the Authority) at any time within 60 days thereafter, at a redemption price of 100% of the principal amount to be redeemed, without premium, plus accrued interest to (but not including) the date of redemption.

Optional Redemption Upon Occurrence of Extraordinary Events. During any Term Interest Rate Period, the Bonds may be redeemed in whole or in part on any date (in such amounts and on such dates as shall be specified by the Company), from insurance and condemnation proceeds or other amounts that are deposited by the Company in the Redemption Account, at a redemption price equal to the principal amount to be redeemed, without premium, plus accrued interest to (but not including) the date of redemption, upon receipt by the Trustee of a written notice from the Company stating that any of the following events has occurred:

- (i) all of the Project Facilities or a portion thereof is damaged, destroyed, condemned or taken by eminent domain to such extent that, in the opinion of the Company evidenced by a certificate provided to the Authority and the Trustee, which certificate may be conclusively relied upon by the Trustee and the Authority, (1) it is not

practicable or desirable to rebuild, repair or restore the Project Facilities or portion thereof within a period of six consecutive months following such damage, destruction or condemnation, and the Company is or will be thereby prevented from carrying on its normal operations at the Project Facilities or portion thereof for a period of at least six consecutive months, or (2) the cost of restoration of the Project Facilities or portion thereof would substantially exceed the Net Proceeds of insurance carried thereon;

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

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

Optional Redemption on any Conversion Date. On any Conversion Date, the Bonds may be redeemed by the Trustee, at the option of the Company as provided in the Agreement, in whole or in part, at a redemption price of 100% of the principal amount thereof, without premium, plus accrued interest to (but not including) the date of redemption.

Optional Redemption during Term Interest Rate Period. During any Term Interest Rate Period, the Bonds will also be subject to redemption in whole or from time to time in part, at the option of the Company as provided in the Agreement, at the times (measured from the first day of the applicable Term Interest Rate Period) on the Business Day next succeeding the last day of the then current Term Interest Rate Period and as set forth below, at a redemption price of 100% of the principal amount thereof without premium, plus accrued interest, if any, to (but not including) the redemption date:

<u>Length of Term Interest Rate Period</u>	<u>Redemption Dates</u>
Greater than 10 years	On any date on or after the 10th anniversary of the effective date of such Interest Rate Period

Notwithstanding the optional redemption schedule set forth above, on or prior to the effective date of the Term Interest Rate Period, the Company can provide an alternate optional redemption schedule if it obtains an Approving Opinion addressed to the Authority and the Trustee.

Selection of Bonds for Redemption. Whenever provision is made in the Indenture for the redemption of less than all of the Bonds, the Trustee will select the Bonds to be redeemed from all Bonds or such given portion thereof not previously called for redemption by lot in any manner which the Trustee in its sole discretion deems appropriate and fair. Redemption will be

effected so that no Bond remains Outstanding in an amount that is not an Authorized Denomination.

Notice of Redemption. Notice of redemption will be mailed by first class mail not less than 30 days (15 days in the case of a redemption described above under “- Optional Redemption on any Conversion Date”) nor more than 60 days before such redemption date, to the respective Holders of any Bonds designated for redemption at their addresses on the registration books maintained by the Bond Registrar. Each notice of redemption will state the redemption date, the place or places of redemption, if less than all of the Bonds are to be redeemed, the distinctive number(s) of the Bonds to be redeemed, and in the case of Bonds to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed. Subject to the second succeeding sentence, each such notice will also state that on such date there will become due and payable on each of such Bonds the principal thereof or of such specified portion of the principal thereof in the case of a Bond to be redeemed in part only, and that from and after such redemption date interest thereon will cease to accrue, and will require that such Bonds be then surrendered. Neither failure to receive such notice nor any defect therein will affect the sufficiency of such redemption. With respect to any notice of optional redemption of Bonds at the written direction of the Company, unless upon the giving of such notice Bonds will be deemed to have been paid within the meaning of the Indenture, such notice may state (if so directed by the Company in writing to the Trustee) that such redemption will be conditional upon the receipt by the Trustee on or prior to the date fixed for such redemption of moneys sufficient to pay the principal of and interest on, such Bonds to be redeemed, and that if such moneys will not have been so received such notice will be of no further force and effect and the Authority will not be required to redeem such Bonds. In the event that such notice of redemption contains such a condition and such moneys are not so received, the redemption will not be made and the Trustee will promptly thereafter give notice to such Holders, in the manner in which the notice of redemption was given, that such moneys were not so received.

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

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

Purchase in Lieu of Optional Redemption. The Company will have the option to cause the Bonds to be purchased in lieu of optional redemption during a Term Interest Rate Period. (See “- Optional Redemption Upon Occurrence of Extraordinary Events,” “- Optional

Redemption on any Conversion Date” and “- Optional Redemption during Term Interest Rate Period.”) Such option may be exercised by the Company (with notice to the Authority) by delivering to the Trustee on or prior to the Business Day preceding the redemption date a written direction of the Company specifying that the Bonds will not be redeemed, but instead will be subject to purchase pursuant to the applicable section of the Indenture. Upon delivery of such notice, the Bonds will not be redeemed but will instead be subject to mandatory tender for purchase at a Purchase Price equal to the redemption price at which the Bonds would have been redeemed on a Purchase Date (the date that would have been the redemption date); *provided* that funds in an amount equal to the Purchase Price will be made available to the Trustee on or prior to the Purchase Date.

PURCHASE AND REMARKETING OF BONDS

Purchase of Bonds. The Trustee will purchase, but only from the sources listed below, Bonds required to be purchased in accordance with the provisions of the Indenture in connection with mandatory tenders of the Bonds for purchase (as described above under “- Mandatory Tender for Purchase”), and in connection with a purchase of the Bonds in lieu of optional redemption (as described above under “- Redemption - Purchase in Lieu of Optional Redemption”), from the Holders thereof by 3:00 p.m. (New York City time) on the date such Bonds are required to be purchased at the applicable Purchase Price set forth in the Indenture. Funds for the payment of such Purchase Price will be derived from the following sources in the order of priority indicated:

(i) the proceeds of the sale of Bonds (but only such remarketing proceeds as are received from purchasers of the Bonds pursuant to a remarketing of such Bonds in accordance with the Indenture) furnished to the Trustee, which will have received such funds from the Remarketing Agent; and

(ii) only if the source described in subparagraph (i) above is insufficient, from Purchase Price Payments furnished by the Company to the Trustee.

Remarketing of the Bonds. The Remarketing Agent will be required, pursuant to and subject to the Remarketing Agreement and the Indenture, to use its best efforts to sell any Bonds tendered for purchase to new purchasers, and will arrange for the Purchase Price of remarketed Bonds to be deposited with the Trustee. The Remarketing Agent shall seek to remarket any Bonds purchased with moneys provided by the Company as Purchase Price Payments (“*Company Bonds*”) prior to remarketing any other Bonds tendered for purchase.

If any Bond is tendered after a notice of redemption for such Bond has been given, the Remarketing Agent will give the redemption notice to DTC, and the Direct Participant will be required to acknowledge receipt of such redemption notice as a condition to such remarketing.

Delivery of Proceeds of Sale and Remarketed Bonds. Upon receipt, the proceeds of the remarketing by the Remarketing Agent of any Bonds will be immediately applied by the Trustee to the payment of the Purchase Price of Bonds to the Holders (or Beneficial Owners) thereof pursuant to the Indenture or to the reimbursement of the Company for such payment pursuant to the Indenture. The Trustee will make the Bonds available for delivery to the Remarketing Agent

and will register such Bonds pursuant to the instructions of the Remarketing Agent or will direct the transfer on the registration books of DTC pursuant to the instructions of the Remarketing Agent.

Unclaimed Moneys. At the end of the fifth Business Day after a Purchase Date, all funds held by the Trustee by virtue of the fact that the Bonds deemed tendered on such date were not presented for purchase to the Trustee will be held by the Trustee in trust in a segregated account for the benefit of the Bondholders, for the payment of the Purchase Price thereof to the former Holders of such Bonds. The Trustee will pay such Purchase Price from such amounts by check or draft of the Trustee made payable to the party entitled to such payment as soon as practicable after such party surrenders the Bond or Bonds so deemed purchased to the Trustee. Any such moneys so held in trust by the Trustee will be held uninvested until paid to the person entitled thereto or disposed of as provided by law.

No Remarketing During Default. Notwithstanding any other provision of the Indenture, there will be no remarketing of Bonds during the continuation of an Event of Default under the Indenture.

ADDITIONAL BONDS

Conditioned upon the receipt by the Trustee of the documents and other items listed below, the Authority shall deliver Additional Bonds from time to time to finance Costs of the Project and Costs of Issuance (to the extent permitted by the Indenture and the Tax Agreement) to the extent the Initial Bonds are insufficient for the payment of same. Each subseries of Additional Bonds shall be delivered pursuant to and evidenced by a completed and executed Designation of Bond, in substantially the form attached to the Indenture, and will be on a parity and equally and ratably secured by and payable from the receipts and revenues derived from the Agreement with the Initial Bonds and any other Additional Bonds previously delivered, without preference, priority or distinction of any Bonds over any other Bonds. All such Additional Bonds will be subject to the interest rate, tender and Interest Rate Period set forth in the Designation of Bond and will be in substantially the same form as the Initial Bonds. Moneys received by the Trustee from Additional Bonds will be deposited in the Project Fund and the Costs of Issuance Fund to be requisitioned by the Company for Costs of the Project and Costs of Issuance (to the extent permitted by the Indenture and the Tax Agreement). Absent an Approving Opinion, Additional Bonds shall be initially delivered in a Term Interest Rate Period no longer than three months. Additional Bonds shall be delivered as a separate subseries of Bonds in order to differentiate such Additional Bonds from other Outstanding Bonds and properly reflect the specific terms and details of the initial Term Interest Rate Period no longer than three months relating thereto. In the event that the Bonds are subsequently in more than one Interest Rate Period, the provisions herein relating to Bonds in a particular Interest Rate Period shall apply only to the Bonds in such Interest Rate Period and, where necessary or appropriate, any reference herein to the Bonds shall be construed to mean the Bonds in such Interest Rate Period. The Trustee will authenticate and deliver such Additional Bonds, but only upon receipt by the Trustee of the following:

1. The purchase price for such Bonds set forth in the Designation of Bond for the account of the Authority;

2. An original executed counterpart of Designation of Bond;
3. An amended and restated Remarketing Agreement or an amendment or supplement to the Remarketing Agreement;
4. A new bond with an appropriate subseries designation in an amount equal to the principal amount of such subseries of Additional Bonds (as evidenced by the applicable Designation of Bond) then being delivered;
5. An Opinion of Counsel to the Authority to the effect that the Designation of Bond has been duly authorized, executed and delivered by the Authority and is enforceable against the Authority, subject to customary equity and bankruptcy exceptions;
6. An Approving Opinion; and
7. Such other items or documents as reasonably requested or required by the Authority, Bond Counsel and the Trustee.

Notwithstanding anything to the contrary contained in the Indenture, as a condition precedent to the delivery of Additional Bonds, there shall be prepared and delivered to the Authority (at the expense of the Company), prior to its public dissemination, a limited offering memorandum or other disclosure document which shall contain language (i) restricting the sale and subsequent transfer of the Additional Bonds to Qualified Institutional Buyers in Authorized Denominations (as provided in the Indenture) and (ii) otherwise relating to suitability for investment.

SPECIAL CONSIDERATIONS CONCERNING REMARKETING OF THE BONDS

THE REMARKETING AGENT IS PAID BY THE COMPANY

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

THE REMARKETING AGENT ROUTINELY PURCHASES BONDS FOR ITS OWN ACCOUNT

The Remarketing Agent will act as remarketing agent for a variety of variable rate demand obligations and obligations similar to the Bonds and, in its sole discretion, routinely purchases such obligations for its own account in order to achieve a successful remarketing of the obligations (*i.e.*, because there are otherwise not enough buyers to purchase the obligations) or for other reasons. The Remarketing Agent will be permitted, but not obligated, to purchase tendered Bonds for its own account and, if it does so, it may cease doing so at any time without notice. The Remarketing Agent may also make a market in the Bonds by routinely purchasing

and selling Bonds other than in connection with a mandatory tender and remarketing. Such purchases and sales may be at or below par. However, the Remarketing Agent will not be required to make a market in the Bonds. The Remarketing Agent may also sell any Bonds it has purchased to one or more affiliated investment vehicles for collective ownership or enter into derivative arrangements with affiliates or others in order to reduce its exposure to the Bonds. The purchase of Bonds by the Remarketing Agent in connection with a mandatory tender or otherwise may create the appearance that there is greater third party demand for the Bonds in the market than is actually the case.

BONDS MAY BE OFFERED AT DIFFERENT PRICES ON ANY DATE INCLUDING A DATE ON WHICH AN INTEREST RATE IS DETERMINED

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

THE ABILITY TO SELL THE BONDS OTHER THAN THROUGH TENDER PROCESS MAY BE LIMITED

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

UNDER CERTAIN CIRCUMSTANCES, THE REMARKETING AGENT MAY RESIGN OR SUSPEND REMARKETING THE BONDS WITHOUT A SUCCESSOR BEING NAMED

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

CONTINUING DISCLOSURE

In order to assist the Underwriter in complying with certain provisions of Rule 15c2-12 of the Securities and Exchange Commission (the “*Rule*”) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (the “*Exchange Act*”), the Company has agreed in a Continuing Disclosure Undertaking (the “*Undertaking*”) to provide certain annual financial information and operating data and notices of certain events. The proposed form of the Undertaking is included as Appendix E to this Limited Offering Memorandum.

In the previous five years, there have been certain failures by the Company in connection with its continuing disclosure filings:

- The Company failed to timely file its audited financial statements and certain financial information for the year ended December 31, 2015 within the time period specified in its various continuing disclosure undertakings. Such failure to file was due to an administrative oversight which resulted in the inadvertent filing of the prior year’s information. The correct audited financial statements and financial information for the year ended December 31, 2015 were timely filed as the Company’s Annual Report on Form 10-K with the Securities and Exchange Commission’s EDGAR system. Such audited financial statements and certain financial information for the year ended December 31, 2015 were filed with EMMA on July 27, 2017.
- In December 2013 S&P raised its long-term corporate credit rating on the Company to “BBB+” from “BBB”. This rating change was reported on EMMA by S&P at that time and by the Company on EMMA on April 28, 2014.

A failure by the Company to comply with the Undertaking will not constitute a default under the Indenture or the Agreement, and the beneficial owners of the Bonds are limited to the remedies described in the Undertaking. A failure by the Company to comply with the Undertaking must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. Consequently, such failure may adversely affect the transferability and liquidity of the Bonds and their market price.

TAX MATTERS

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

of the federal individual or corporate alternative minimum taxes. As discussed further below, legislation has been introduced which, if enacted, would repeal the alternative minimum tax for tax years beginning after December 31, 2017. Bond Counsel is also of the opinion that interest on the Bonds is exempt from State of California personal income taxes. A complete copy of the proposed form of opinion of Bond Counsel is set forth in Appendix C hereto.

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

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

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

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Bonds to be subject, directly or indirectly, in whole or in part, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. Legislation has been introduced in Congress which, if enacted, would significantly change the income tax rates for individuals and corporations and would repeal the alternative minimum tax for tax years beginning after December 31, 2017. The introduction or enactment of any such legislative proposals or clarification of the Code or court decisions may also affect,

perhaps significantly, the market price for, or marketability of, the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding the potential impact of any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel is expected to express no opinion.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service ("*IRS*") or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the Authority or the Company, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The Authority and the Company have covenanted, however, to comply with the requirements of the Code.

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

LITIGATION

AUTHORITY

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

COMPANY

Except as described in the documents filed by the Company under the Exchange Act that are incorporated by reference herein in Appendix A under the caption "Information Incorporated by Reference," there is no controversy of any nature now pending against the Company, or to the knowledge of its officers threatened, which, if successful, would in the view of the Company materially adversely affect the operation or financial condition of the Company or materially adversely affect the operation of the Project.

UNDERWRITING

Under the terms of an Underwriting Agreement with the Authority, the Treasurer of the State of California and the Company, the Underwriter will agree, subject to the approval of certain legal matters by counsel and to certain other conditions, to purchase the Initial Bonds at the offering price set forth on the cover page of this Limited Offering Memorandum. As compensation for such agreement to purchase the Initial Bonds, the Company will agree to pay to the Underwriter a fee of \$200,000, exclusive of out of pocket expenses. The Underwriter will agree to purchase all of the Initial Bonds if any of the Initial Bonds are purchased. The Company will agree to indemnify the Authority and the Underwriter against certain liabilities or to contribute to any payments required to be made by the Underwriter relating to such liabilities, including certain liabilities under federal securities laws relating to the Bonds.

The Underwriter and its affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. Under certain circumstances, the Underwriter and its affiliates may have certain creditor and/or other rights against the Company and its affiliates in connection with such activities. In the various course of their various business activities, the Underwriter and its affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the Authority or the Company (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the Authority or the Company. The Underwriter and its affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

THE REMARKETING AGENT

Subject to certain conditions, the Remarketing Agent will agree to determine the rate of interest on the Bonds and use its best efforts to remarket all tendered Bonds. See “SPECIAL CONSIDERATIONS CONCERNING REMARKETING OF THE BONDS” above for additional information regarding the Remarketing Agent.

Pursuant to the Remarketing Agreement, the Remarketing Agent will suspend its remarketing efforts upon the receipt of notice of the occurrence of an Event of Default under the Indenture, which suspension will continue for so long as such Event of Default shall continue (the Remarketing Agent being under no obligation to determine when such Event of Default shall cease). The Remarketing Agent may suspend its remarketing efforts immediately upon the occurrence of certain adverse events set forth in the Remarketing Agreement, which suspension will continue so long as the situation continues to exist.

If the Remarketing Agent consolidates with, merges or converts into, or transfers all or substantially all of its underwriting business to, another entity, the resulting, surviving or transferee entity without any further act shall, if otherwise eligible to serve under the Indenture, be the successor Remarketing Agent. The Remarketing Agent will provide written notice to the Trustee and the Company and an accompanying certificate reflecting such eligibility and such merger.

The Remarketing Agent may at any time resign by giving 30 days' notice to the Authority, the Trustee, the Tender Agent, the Company and the Credit Provider, if any. The Company may remove the Remarketing Agent at any time on 15 days' notice at its own discretion and appoint a successor by notifying the Remarketing Agent, the Authority, the Trustee and the Credit Provider, if any. No removal of the Remarketing Agent by the Company will become effective unless a successor Remarketing Agent has been appointed.

Every successor Remarketing Agent appointed under the Indenture must be on the State Treasurer's list of underwriters approved for negotiated offerings pursuant to California Government Code Section 5703 and (i) a member of the Financial Industry Regulatory Authority, having a capitalization of at least \$15,000,000 as shown in the most recent annual report of the Remarketing Agent or its parent or (ii) a commercial bank or trust company having a capitalization of at least \$100,000,000 as shown in its most recent published annual report, organized and doing business under the laws of the United States or any state or the District of Columbia. The Remarketing Agent or its parent shall have a rating from S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("*S&P*") of at least "BBB-" if the Bonds are then rated by S&P, or if the Bonds are rated by Moody's Investors Service, Inc. ("*Moody's*"), a rating of at least "Baa3," or be approved by each rating agency then rating the Bonds.

RATINGS

The Bonds have received from S&P both a long-term rating of "BBB+" and a short-term rating of "A-2". Such ratings express only the views of S&P. An explanation of the significance and status of S&P's ratings may be obtained from such agency. The ratings are not "market" ratings nor a recommendation to buy, sell or hold the Bonds, and the ratings and the Bonds should be evaluated independently. There is no assurance that such ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by S&P, if in its judgment, circumstances so warrant. Any such downward revision or withdrawal of such credit ratings by S&P may have an adverse effect on the market price or marketability of the Bonds. Except as required under the Continuing Disclosure Undertaking, the Company undertakes no responsibility either to bring to the attention of the owners of the Bonds any proposed change in or withdrawal of such ratings or to oppose any such revision or withdrawal.

LEGAL MATTERS

Certain legal matters incident to the authorization, issuance and sale of Bonds will be subject to the approving opinion of Orrick, Herrington & Sutcliffe LLP, San Francisco, California, Bond Counsel. A complete copy of the proposed form of the opinion of Bond Counsel for the Bonds is set forth as Appendix C of this Limited Offering Memorandum.

Certain legal matters will be passed upon for the Authority by the Office of Honorable Xavier Becerra, Attorney General of the State of California, Sacramento, California; for the Company by Ballard Spahr LLP, Philadelphia, Pennsylvania; and for the Underwriter and the Remarketing Agent by Chapman and Cutler LLP, Chicago, Illinois. Underwriter's Counsel, Remarketing Agent's Counsel, Authority's Counsel and Bond Counsel undertake no responsibility for the accuracy, completeness or fairness of this Limited Offering Memorandum.

MISCELLANEOUS

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

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

**CALIFORNIA POLLUTION CONTROL
FINANCING AUTHORITY**

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

APPROVED:

REPUBLIC SERVICES, INC.

By: /s/ Marsha A. Lacy
Name: Marsha A. Lacy
Title: Treasurer

APPENDIX A

REPUBLIC SERVICES, INC.

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APPENDIX A

REPUBLIC SERVICES, INC.

The information contained in this APPENDIX A to this Limited Offering Memorandum relates to, and has been supplied by, the Company. The delivery of this Limited Offering Memorandum does not create any implication that there has been no change in the affairs of the Company since the date hereof, or that the information contained or referred to in this APPENDIX A is correct as of any time subsequent to its date. Neither the Authority nor the Underwriter makes any representation or warranty as to the accuracy or completeness of the information contained in this APPENDIX A.

Republic Services, Inc. (the “*Company*”) is the second largest provider of services in the domestic non-hazardous solid waste industry, as measured by revenue. As of September 30, 2017, the Company, through its subsidiaries, operated facilities in 39 states and Puerto Rico through 341 collection operations, 203 transfer stations, 193 active landfills, 64 recycling centers, 7 treatment, recovery and disposal facilities, and 11 salt water disposal wells. The Company also operated 70 landfill gas and renewable energy projects and had post-closure responsibility for 124 closed landfills. The Company was incorporated as a Delaware corporation in 1996.

The Company’s principal and administrative offices are located at 18500 North Allied Way, Phoenix, Arizona 85054. Its telephone number at that location is (480) 627-2700. The Company’s web site is located at www.republicservices.com. The information on the Company’s website is not incorporated by reference into or deemed to be a part of this Limited Offering Memorandum.

AVAILABLE INFORMATION

The Company is subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the “*Exchange Act*”), and in accordance therewith files reports, proxy statements and other information with the Securities and Exchange Commission (the “*Commission*”). These filings are available to the public over the Internet at the Commission’s web site at www.sec.gov. A prospective purchaser can call the Commission at 1-800-SEC-0330 for further information on the public reference rooms and copy charges. Reports, proxy statements and other information filed by the Company can be inspected and copied at the public reference facilities maintained by the Commission at 100 F Street, N.E., Washington, D.C. 20549. Copies of such material can be obtained at prescribed rates from the Public Reference Section of the Commission, 100 F Street, N.E., Washington, D.C. 20549.

INFORMATION INCORPORATED BY REFERENCE

The following documents have heretofore been filed with the Commission pursuant to the Exchange Act and are hereby incorporated in this Limited Offering Memorandum by reference and made a part hereof.

1. The Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2016;

2. The Company's Quarterly Reports on Form 10-Q for the quarters ended March 31, 2017, June 30, 2017 and September 30, 2017; and

3. The Company's Current Reports on Form 8-K or Form 8-K/A, as applicable (other than portions thereof furnished pursuant to Item 2.02 or Item 7.01 of Form 8-K), filed on February 17, 2017, April 27, 2017, May 15, 2017, July 27, 2017, July 28, 2017, July 31, 2017, November 2, 2017 and November 13, 2017.

All documents filed by the Company with the Commission pursuant to Section 13(a), 13(c), 14 or 15(d) of the Exchange Act after the date of this Limited Offering Memorandum and prior to the termination of the offering or reoffering of the Initial Bonds (other than Current Reports on Form 8-K or portions thereof furnished under Item 2.02 or 7.01 of Form 8-K and portions of other documents, which under applicable securities laws are deemed furnished and not filed with the Commission) shall be deemed to be incorporated by reference in this APPENDIX A and to be part hereof from the respective dates of filing of such documents. Any statement contained herein or in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for purposes of this Limited Offering Memorandum to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Limited Offering Memorandum. The Company hereby undertakes to provide promptly and without charge to each person to whom this Limited Offering Memorandum has been delivered, including any Beneficial Owner of the Bonds, upon the written or oral request of any such person, a copy of any or all of the documents referred to above which have been or may be incorporated by reference in this Limited Offering Memorandum, other than certain exhibits to such documents. Requests for such copies should be directed by writing or telephoning Investor Relations, Republic Services, Inc., 18500 North Allied Way, Phoenix, Arizona 85054, telephone: (480) 627-2700.

APPENDIX B

SUMMARY OF PRINCIPAL LEGAL DOCUMENTS

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APPENDIX B

SUMMARY OF PRINCIPAL LEGAL DOCUMENTS

The following are brief summaries of certain provisions of the Indenture and the Loan Agreement, each dated as of November 1, 2017, pertaining to the issuance of the Bonds. These summaries do not purport to be comprehensive or definitive and are qualified in their entirety by reference to the full terms of the respective documents listed below. Capitalized terms not otherwise defined herein have the meaning specified in the respective document.

DEFINITIONS

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

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

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

“**Additional Bonds**” means any Bonds (including a subseries of Bonds) delivered under the Indenture.

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

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

“**Agreement**” or “**Loan Agreement**” means that certain Loan Agreement by and between the Authority and the Borrower, dated as of November 1, 2017 and as it may from time to time be supplemented, modified or amended in accordance with the terms thereof and of the Indenture.

“**Alternate Letter of Credit**” means an alternate irrevocable letter of credit, including, if applicable, a confirming letter of credit, or similar credit facility issued by a commercial bank,

savings institution or other financial institution, the terms of which will in all material respects be the same as those of the Letter of Credit then in effect, delivered to the Trustee as described herein under the caption “LOAN AGREEMENT – Special Covenants and Agreements – Letter of Credit” and any extensions, amendments or supplements thereto.

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

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

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

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

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

“**Authorized Denomination**” means (i) during the Restricted Period, \$250,000 or any multiple of \$5,000 in excess thereof, and (ii) after the Restricted Period or upon the elimination or appropriate amendment of the sale and remarketing guideline set forth in the Indenture, (a) \$100,000 or any multiple of \$5,000 in excess thereof during any Variable Interest Rate Period or any Term Interest Rate Period of less than one year, and (b) \$5,000 or any multiple thereof during any Term Interest Rate Period of at least one year.

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

the Trustee, the Borrower and the Authority, containing the specimen signature of each such person.

“Available Moneys” means (1) moneys derived from drawings under a Letter of Credit, (2) moneys provided by the Borrower held by the Trustee in funds and accounts established under the Indenture (except the Rebate Fund or the fund described in that section of the Indenture relating to unclaimed moneys) and subject to the lien of the Indenture for a period of at least 123 consecutive days and not commingled with any moneys so held for less than said period and during and prior to which period no petition in bankruptcy was filed by or against, and no receivership, insolvency, assignment for the benefit of creditors or other similar proceeding has been commenced by or against the Borrower or the Authority, (3) investment income derived from the investment of moneys described in clause (2) so long as (A) investments of such moneys are in Investment Securities rated by each Rating Agency in any of the two highest long-term rating categories without regard to modifiers or, if applicable, in the highest short-term rating category without regard to modifiers and (B) with respect to such investment earnings there has been delivered to the Trustee an opinion of nationally recognized bankruptcy counsel to the effect that the use of such amounts for such purpose would not constitute a voidable preference under Section 547 of the Bankruptcy Code should the Borrower or the Authority become the debtor in a case under the Bankruptcy Code or (4) proceeds of any refunding bonds issued to refund all or a portion of the Bonds.

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

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

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

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

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

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

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

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

“**Bonds**” means the Initial Bonds, together with any Additional Bonds, designated as provided in the Indenture, authorized and issued in an aggregate principal amount not to exceed \$100,000,000.

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

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

“**Borrower Bonds**” means Bonds purchased with moneys provided by the Borrower as Purchase Price Payments.

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

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

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

“**Certificate**,” “**Statement**,” “**Request**,” “**Requisition**” or “**Order**” of the Authority, the Credit Provider or the Borrower means, respectively, a written certificate, statement, request, requisition or order signed on behalf of the Authority by an Authorized Representative of the Authority, in the name of the Borrower by an Authorized Representative of the Borrower, or on behalf of a Credit Provider by an Authorized Representative of the Credit Provider, as applicable. Any such instrument and supporting opinions or representations, if any, may, but need not, be combined in a single instrument with any other instrument, opinion or representation, and the two or more so combined will be read and construed as a single instrument.

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

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

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

“Corporate Trust Office” means, (i) with respect to the Trustee, the Corporate Trust Office of the Trustee at 60 Wall Street, 16th Floor, MSNYC60-1630, New York, New York 10005, or such other office designated by the Trustee from time to time by notice to the Authority, the Borrower, the Credit Provider, if any, and the Remarketing Agent, if any, and (ii) with respect to the Tender Agent, if other than the Trustee, such office designated by the Tender Agent to the Borrower, the Remarketing Agent, if any, and the Credit Provider, if any, as its Corporate Trust Office.

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

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

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

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

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

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

“Designation of Bond” means the Designation of Bond, in the form attached as an exhibit to the Indenture, pursuant to which Additional Bonds may be delivered in order to provide for the payment of Costs of the Project and Costs of Issuance.

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

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

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

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

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

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

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

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

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

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

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

“**Fiscal Year**” means the period beginning on January 1 of each year and ending on the next succeeding December 31, or any other twelve-month, or fifty-two week, period hereafter selected and designated as the official fiscal year period of the Borrower.

“**Government Obligations**” means the following:

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

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

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

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

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

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

“**Initial Bonds**” means the California Pollution Control Financing Authority Solid Waste Disposal Revenue Bonds (Republic Services, Inc. Project) Series 2017 A-1, delivered in the initial principal amount of \$50,000,000.

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

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

“**Interest Period**” means the period from and including any Interest Payment Date to and including the day immediately preceding the next following Interest Payment Date, except that the first Interest Period will be the period from and including the date of the first authentication and delivery of the Bonds to and including the day immediately preceding the first Interest Payment Date for the Bonds, which for the Initial Bonds is January 15, 2018.

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

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

- (i) Government Obligations;
- (ii) bonds, notes or other obligations of any state of the United States of America or any political subdivision of any state, which at the time of their purchase are rated in either of the two highest rating categories by a nationally recognized rating service;

(iii) certificates of deposit or time or demand deposits constituting direct obligations of any bank, bank holding company, savings and loan association or trust company organized under the laws of the United States of America or any state thereof (including the Trustee or any of its affiliates), except that investments may be made only in certificates of deposit or time or demand deposits which are:

(A) insured by the Bank Insurance Fund or the Savings Association Insurance Fund of the Federal Deposit Insurance Corporation, or any other similar United States Government deposit insurance program then in existence; or

(B) continuously and fully secured by Government Obligations, which have a market value, exclusive of accrued interest, at all times at least equal to the principal amount of such certificates of deposit or time or demand deposits; or

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

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

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

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

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

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

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

“**Issuance Date**” means, with respect to the Initial Bonds, November 21, 2017, and with respect to any Additional Bonds, the date of delivery of such Additional Bonds.

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

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

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

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

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

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

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

“**Net Proceeds of Insurance**” means the proceeds from insurance with respect to the Project, less any costs reasonably expended by the Borrower to receive such proceeds.

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

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

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

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

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

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

“Principal Payment Date” means, with respect to the Bonds, November 1, 2042.

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

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

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

“Purchase Price” means that amount equal to 100% of the principal amount of any Bond purchased under the provisions of the Indenture for demand purchase of Bonds, mandatory

tender for purchase of Bonds or purchase in lieu of optional redemption of Bonds, plus accrued and unpaid interest thereon to but not including the Purchase Date.

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

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

“Qualified Newspaper” means The Wall Street Journal or The Bond Buyer or any other newspaper or journal containing financial news, printed in the English language and customarily published on each Business Day, of general circulation in New York, New York, and selected by the Trustee, whose decision will be final and conclusive.

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

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

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

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

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

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

“Reimbursement Agreement” means a reimbursement or letter of credit agreement pursuant to which a Letter of Credit is issued, together with any other documents executed pursuant thereto or in connection therewith or with the related Letter of Credit, as any of the same may be amended, supplemented, restated or replaced from time to time, or any other similar agreements entered into in connection with a Letter of Credit or the issuance of any Alternate Letter of Credit.

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

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

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

“Restricted Period” means (1) the period from the Issuance Date until such time, if any, that the Authority agrees to terminate such Restricted Period pursuant to the Indenture, or (2) following any change in Interest Rate Periods when a Restricted Period applies, until such time, if any, that the Authority agrees to terminate such Restricted Period pursuant to the Indenture.

“Revenues” means all amounts received by the Authority or the Trustee for the account of the Authority pursuant or with respect to the Loan Agreement or the Letter of Credit (if applicable) including, without limiting the generality of the foregoing, Loan Payments (including both timely and delinquent payments and any late charges paid from whatever source), prepayments, insurance proceeds, condemnation proceeds, and all interest, profits or other income derived from the investment of amounts in any fund or account established pursuant to the Indenture, but not including Authority Fees, Additional Payments, Administrative Fees and Expenses and other payments to the Authority, the Trustee or other parties described in subsection (c) under the caption “LOAN AGREEMENT – Loan of Proceeds; Repayment Provision – Loan Payments and Payment of Other Amounts,” under the caption “LOAN AGREEMENT – Loan Default Events and Remedies – Agreement to Pay Attorneys’ Fees and Expenses,” and under the caption “LOAN AGREEMENT – Non-Liability of the Authority; Expenses; Indemnification”; any moneys paid for deposit into the Rebate Fund as described in subsection (c) under the caption “LOAN AGREEMENT – Loan of Proceeds; Repayment Provision – Loan Payments and Payment of Other Amounts”; Purchase Price Payments as described in subsection (b) under the caption “LOAN AGREEMENT – Loan of Proceeds; Repayment Provision – Loan Payments and Payment of Other Amounts”; or payments received under a Letter of Credit.

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

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

“SIFMA Municipal Index” means, with respect to any date on which an Index Interest Rate is set or any other relevant date of determination, The Securities Industry and Financial

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

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

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

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

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

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

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

“**Tender Agent**” means initially the Trustee, appointed as Tender Agent pursuant to the Indenture and thereafter any successor tender agent appointed pursuant to the Indenture.

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

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

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

“Trustee” means Deutsche Bank Trust Company Americas, a state banking corporation duly organized and existing under the laws of the State of New York, or its successor as Trustee under the Indenture.

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

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

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

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

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

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

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

INDENTURE

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

Interpretation

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

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

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

The Bonds

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

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

Restricted Period is in effect, the sale and remarketing guidelines as set forth in the Indenture will apply.

At any time, the Borrower may request that the Authority terminate a Restricted Period or any particular sale and remarketing guideline set forth in the Indenture. The Authority may grant such approval in its discretion, but it agrees that it will not unreasonably withhold such approval if the Borrower provides evidence that the Bonds will be rated at least “A3/A-” by Moody’s, S&P or Fitch.

Revenues; Funds and Accounts; Payment of Principal and Interest

Project Fund.

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

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

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

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

on the Bonds to become no longer Tax-exempt), and all such investment income will be deposited in the Surplus Account and expended or reinvested as provided above.

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

Costs of Issuance Fund.

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

Pledge and Assignment; Bond Fund.

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

(B) The Authority transfers in trust, and assigns to the Trustee, for the benefit of the Holders from time to time of the Bonds, and thereafter any Credit Provider, all of the Revenues and other assets pledged in the provisions described in subsection (A) of this section and all of the right, title and interest of the Authority in the Loan Agreement (except for Unassigned Authority Rights). The Trustee will be entitled to and will collect and receive all of the Revenues, and any such Revenues collected or received by the Authority will be deemed to be

held, and to have been collected or received, by the Authority as the agent of the Trustee and will forthwith be paid by the Authority to the Trustee. The Trustee also will be entitled to and will take all steps, actions and proceedings reasonably necessary in its judgment to enforce all of the rights of the Authority (except for Unassigned Authority Rights) and all of the obligations of the Borrower under the Loan Agreement.

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

(D) Any amount held by the Trustee in the Bond Fund on the due date for a Loan Payment under the Loan Agreement will be credited against the installment due on such date to the extent available for such purpose under the terms of the Indenture and the Loan Agreement.

Allocation of Revenues. On or before any date on which interest or principal (whether at maturity, or by redemption or acceleration) is due, the Trustee will transfer funds from the Bond Fund and deposit into the following respective accounts (each of which the Trustee is directed and agrees to establish and maintain within the Bond Fund), the following amounts, in the following order of priority, the requirements of each such account (including the making up of any deficiencies in any such account resulting from lack of Revenues sufficient to make any earlier required deposit) at the time of deposit to be satisfied before any transfer is made to any account subsequent in priority:

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

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

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

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

(A) Funds for the payment of the principal or redemption price of and interest on the Bonds will be derived from the following sources in the order of priority indicated in each of the accounts in the Bond Fund; provided however, that amounts in the respective accounts in the Bond Fund will be used to pay when due (whether upon redemption, purchase, acceleration,

Interest Payment Date, maturity or otherwise) the principal or redemption price of and interest on the Bonds held by Holders other than the Credit Provider or the Borrower prior to the payment of the principal and interest on the Bonds held by the Credit Provider or the Borrower:

- (1) moneys paid into the Letter of Credit Account of the Bond Fund from a draw by the Trustee under any Letter of Credit;
- (2) moneys paid into the Interest Account, if any, representing accrued interest received at the initial sale of the Bonds and proceeds from the investment thereof which will be applied to the payment of interest on such Bonds;
- (3) moneys paid into the Bond Fund as described in paragraph (B) under the caption “INDENTURE – Defeasance – Discharge of Indenture,” and proceeds from the investment thereof which, while a Letter of Credit is then in effect, constitute Available Moneys;
- (4) any other moneys (other than from draws on the Letter of Credit) paid into and deposited in the Bond Fund and proceeds from the investment thereof, which, while a Letter of Credit is then in effect, constitute Available Moneys;
- (5) any other moneys paid into and deposited in the Bond Fund by the Borrower and proceeds from the investment thereof, which are not Available Moneys; and
- (6) any other moneys paid into and deposited into the Bond Fund and proceeds from the investment thereof, which are not Available Moneys.

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

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

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

the Letter of Credit in accordance with the terms thereof to the extent necessary to make timely payments of the Purchase Price required to be made pursuant to, and in accordance with, the Indenture.

(2) Immediately after making a drawing under a Letter of Credit which has been honored, the Trustee will reimburse the Credit Provider for the amount of the drawing using moneys, if any, contained in:

- (a) the Interest Account, if the drawing was to pay interest on the Bonds;
- (b) the Principal Account, if the drawing was to pay principal on the Bonds; and
- (c) the Redemption Account, if the drawing was to redeem Bonds.

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

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

Letter of Credit. If a Letter of Credit is in effect, then the Trustee will, upon written direction of the Authority and the Borrower, hold and maintain any Letter of Credit for the benefit of the Bondholders until the Letter of Credit expires in accordance with its terms or is replaced by an Alternate Letter of Credit. The Trustee will diligently enforce all terms, covenants and conditions of any Letter of Credit, including payment when due of any draws on the Letter of Credit, and the provisions relating to the payment of draws on, and reinstatement of amounts that may be drawn under, the Letter of Credit, and will not consent to, agree to or permit any amendment or modification of the Letter of Credit which would materially adversely affect the rights or security of the Holders of the Bonds. If at any time during the term of a Letter of Credit any successor Trustee will be appointed and qualified under the Indenture, the resigning or

removed Trustee will request that the Credit Provider transfer the Letter of Credit to the successor Trustee. If the resigning or removed Trustee fails to make this request, the successor Trustee will do so before accepting appointment. When a Letter of Credit expires in accordance with its terms or is replaced by an Alternate Letter of Credit, the Trustee will immediately surrender the Letter of Credit to the Credit Provider. The Loan Agreement provides that, prior to the commencement of the first Interest Rate Period after the termination of a Letter of Credit, the Borrower will furnish an Approving Opinion addressed to the Authority and to the Trustee.

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

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

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

Except as otherwise described in this paragraph, moneys in all funds and accounts will be invested in Investment Securities maturing not later than the date on which such moneys will be required for the purposes specified in the Indenture. Notwithstanding anything else described in this section, any moneys in the Interest Account, the Principal Account or the Redemption Account held for the payment of particular Bonds (prior to the payment or redemption date thereof) will be invested at the written direction of the Borrower in direct obligations of the United States of America or bonds or other obligations guaranteed by the United States

government or for which the full faith and credit of the United States of America is pledged for the full and timely payment of principal and interest thereof (or mutual funds consisting of such obligations which are rated in the highest rating category by each Rating Agency), rated in the highest rating category applicable to such investments which mature not later than the date on which it is estimated that such moneys will be required to pay such Bonds (but in any event maturing in not more than 30 days). Investments of moneys in the Rebate Fund are also subject to the provisions of the Tax Agreement. Moneys in the Letter of Credit Account, remarketing proceeds, and moneys held for non-presented Bonds in accordance with the Indenture will be held uninvested.

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

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

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

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

Particular Covenants

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

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

Against Encumbrances. The Authority will not create, or permit the creation of, any pledge, lien, charge or other encumbrance upon the Revenues and other assets specifically pledged or assigned under the Indenture while any of the Bonds are Outstanding, except the pledge and assignment created by the Indenture. Subject to this limitation, the Authority expressly reserves the right to enter into one or more other indentures for any of its corporate purposes, and reserves the right to issue other obligations for such purposes.

Accounting Records and Reports. The Trustee will keep or cause to be kept proper books of record and account in which complete and correct entries will be made of all transactions relating to the receipt, investment, disbursement, allocation and application of the Revenues and the proceeds of the Bonds. Such records will specify the account or fund to which each investment (or portion thereof) held by the Trustee is to be allocated and will set forth, in the case of each Investment Security, (a) its purchase price, (b) identifying information, including principal amount, interest rate, and payment dates, (c) the amount received at maturity or its sale

price, as the case may be, (d) the amounts and dates of any payments made with respect thereto, and (e) to the extent provided to it, such documentation as is required to be retained by the Trustee as evidence to establish any requirements set forth in the Tax Agreement. Such records will be open to inspection by any Holder, the Borrower, the Authority and the Credit Provider at any reasonable time during regular business hours on reasonable notice.

Arbitrage Covenants.

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

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

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

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

Events of Default and Remedies of Bondholders

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

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

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

(C) failure by the Authority to comply with the provisions of the Act relating to the Bonds or the Project or with any of its covenants under the Indenture or in the Bonds, and the continuation of such failure for a period of 90 days after written notice thereof, specifying such default and requiring the same to be remedied, will have been given to the Authority, any Credit Provider, and the Borrower by the Trustee, or to the Authority, the Borrower and the Trustee by the Holders of not less than 25% in aggregate principal amount of the Bonds at the time Outstanding;

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

(E) if applicable, receipt by the Trustee of written notice from any Credit Provider stating that either (i) an Event of Default (as defined in the Reimbursement Agreement) has occurred under the Reimbursement Agreement and directing the Trustee to accelerate the Bonds or (ii) the interest component of a Letter of Credit will not be reinstated by the Credit Provider.

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

During the continuance of an Event of Default described in (A), (B), or (D) above, unless the principal of all the Bonds will have already become due and payable, the Trustee may, and upon the written request of the Holders of not less than 66 $\frac{2}{3}$ % (100% in the case of an Event of Default described in (C) above) in aggregate principal amount of the Bonds at the time Outstanding or upon the occurrence of an Event of Default described in (E) above, the Trustee will, promptly upon such occurrence, by notice in writing to the Authority, the Borrower and any Credit Provider, declare the principal of all the Bonds then Outstanding, and the interest accrued

thereon, to be due and payable immediately, and upon any such declaration the same will become and will be immediately due and payable, anything in the Indenture or in the Bonds contained to the contrary notwithstanding. Upon any such declaration, the Trustee will promptly draw upon any then existing Letter of Credit in accordance with the terms thereof and apply the amount so drawn to pay the principal of and interest on the Bonds declared to be due and payable and will take such enforcement action under the Loan Agreement as the Trustee will deem appropriate. Interest on the Bonds will cease to accrue as of the date of the declaration of acceleration. The Trustee will promptly notify the Bondholders of the date of acceleration and the cessation of accrual of interest on the Bonds in the same manner as for a notice of redemption.

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

Institution of Legal Proceedings by Trustee. Subject to the provisions described under the caption “INDENTURE – Events of Default and Remedies of Bondholders – Events of Default; Acceleration; Waiver of Default,” if one or more of the Events of Default will happen and be continuing, the Trustee in its discretion may, and upon the written request of the Holders of 66⅔% in aggregate principal amount of the Bonds then Outstanding and upon being indemnified

to its satisfaction therefor pursuant to the Indenture will, proceed to protect or enforce its rights or the rights of the Holders of Bonds under the Act or under the Indenture, the Loan Agreement or the Letter of Credit, if any, by a suit in equity or action at law, either for the specific performance of any covenant or agreement contained in the Indenture or therein, or in aid of the execution of any power in the Indenture or therein granted, or by mandamus or other appropriate proceeding for the enforcement of any other legal or equitable remedy as the Trustee will deem most effectual in support of any of its rights or duties under the Indenture or thereunder.

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

(A) To the payment of any expenses necessary to protect the interests of the Holders of the Bonds and payment of reasonable fees, charges and expenses of the Trustee and the Authority (including reasonable fees and disbursements of its legal counsel) incurred in and about the performance of its powers and duties under the Indenture; and

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

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

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

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

(2) If the principal of all of the Bonds will have become or have been declared due and payable, to the payment of the principal and interest then due and unpaid upon the Bonds, with interest on the overdue principal at the rate borne by the Bonds, and, if the amount available will not be sufficient to pay in full the whole amount so due and unpaid, then to the

payment thereof ratably, without preference or priority of principal over interest, or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or preference;

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

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

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

Trustee to Represent Bondholders. The Trustee is irrevocably appointed (and the successive respective Holders of the Bonds, by taking and holding the same, will be conclusively deemed to have so appointed the Trustee) as trustee and true and lawful attorney-in-fact of the Holders of the Bonds for the purpose of exercising and prosecuting on their behalf such rights and remedies as may be available to such Holders under the provisions of the Bonds, the Indenture, the Loan Agreement, the Letter of Credit, the Act and applicable provisions of any other law. Subject to the provisions described under the caption "INDENTURE – Events of Default and Remedies of Bondholders – Events of Default; Acceleration; Waiver of Default," upon the occurrence and continuance of an Event of Default or other occasion giving rise to a right in the Trustee to represent the Bondholders, the Trustee in its discretion may, and upon the written request of the Holders of not less than 66⅔% in aggregate principal amount of the Bonds then Outstanding, and upon being indemnified to its satisfaction, will, proceed to protect or enforce its rights or the rights of the Holders by such appropriate action, suit, mandamus or other proceedings as it will deem most effectual to protect and enforce any such right, at law or in equity, either for the specific performance of any covenant or agreement contained in the Indenture, or in aid of the execution of any power in the Indenture granted, or for the enforcement of any other appropriate legal or equitable right or remedy vested in the Trustee or in the Holders under the Indenture, the Loan Agreement, the Letter of Credit, the Act or any other law; and upon instituting such proceeding, the Trustee will be entitled, as a matter of right, to the appointment of a receiver of the Revenues and other assets pledged under the Indenture, pending such proceedings. All rights of action under the Indenture or the Bonds or otherwise may be prosecuted and enforced by the Trustee without the possession of any of the Bonds or the production thereof in any proceeding relating thereto, and any such suit, action or proceeding instituted by the Trustee will be brought in the name of the Trustee for the benefit and protection

of all the Holders of the Bonds, subject to the provisions of the Indenture (including the provisions relating to the extension of the payment of Bonds).

Bondholders' Direction of Proceedings. Anything in the Indenture to the contrary notwithstanding, but subject to the provisions described in (i) paragraph (A) under the caption "INDENTURE – The Trustee, the Paying Agent, the Bond Registrar, the Tender Agent and the Remarketing Agent – Duties, Immunities and Liabilities of Trustee and Bond Registrar," (ii) paragraphs (A) and (D) under the caption "INDENTURE – The Trustee, the Paying Agent, the Bond Registrar, the Tender Agent and the Remarketing Agent – Liability of the Trustee," (iii) paragraph (B) under the caption "INDENTURE – The Trustee, the Paying Agent, the Bond Registrar, the Tender Agent and the Remarketing Agent – Compensation and Indemnification," and (iv) the caption "INDENTURE – Miscellaneous – Rights of Credit Provider," the Holders of 25% in aggregate principal amount of the Bonds then Outstanding will have the right, by an instrument or concurrent instruments in writing executed and delivered to the Trustee, to direct the method of conducting all remedial proceedings taken by the Trustee under the Indenture, provided that such direction will not be otherwise than in accordance with law and the provisions of the Indenture, and that the Trustee will have the right to decline to follow any such direction which in the opinion of the Trustee would be unjustly prejudicial to Bondholders not parties to such direction or for which it has not been provided indemnity reasonably satisfactory to it.

Limitation on Bondholders' Right to Sue. Subject to the provisions described under the caption "INDENTURE – Events of Default and Remedies of Bondholders – Absolute Obligation of Authority," no Holder of any Bond will have the right to institute any suit, action or proceeding at law or in equity, for the protection or enforcement of any right or remedy under the Indenture, the Loan Agreement, any Letter of Credit, the Act or any other applicable law with respect to such Bond, unless (1) such Holder will have given to the Trustee written notice of the occurrence of an Event of Default; (2) the Holders of not less than 25% in aggregate principal amount of the Bonds then Outstanding will have made written request upon the Trustee to exercise the powers granted in the Indenture or to institute such suit, action or proceeding in its own name; (3) subject to the provisions described in (i) paragraph (A) under the caption "INDENTURE – The Trustee, the Paying Agent, the Bond Registrar, the Tender Agent and the Remarketing Agent – Duties, Immunities and Liabilities of Trustee and Bond Registrar," (ii) paragraphs (A) and (D) under the caption "INDENTURE – The Trustee, the Paying Agent, the Bond Registrar, the Tender Agent and the Remarketing Agent – Liability of Trustee" and (iii) paragraph (B) under the caption "INDENTURE – The Trustee, the Paying Agent, the Bond Registrar, the Tender Agent and the Remarketing Agent – Compensation and Indemnification," such Holder or said Holders will have tendered to the Trustee indemnity reasonably satisfactory to it against the costs, expenses and liabilities to be incurred in compliance with such request; and (4) the Trustee will have refused or omitted to comply with such request for a period of 60 days after such written request will have been received by, and said tender of indemnity will have been made to, the Trustee.

Such notification, request, tender of indemnity and refusal or omission are declared, in every case, to be conditions precedent to the exercise by any Holder of Bonds of any remedy under the Indenture or under law; it being understood and intended that no one or more Holders of Bonds will have any right in any manner whatever by such Holders' action to affect, disturb or

prejudice the security of the Indenture or the rights of any other Holders of Bonds, or to enforce any right under the Indenture, the Loan Agreement, any Letter of Credit, the Act or other applicable law with respect to the Bonds, except in the manner provided in the Indenture, and that all proceedings at law or in equity to enforce any such right will be instituted, had and maintained in the manner provided in the Indenture and for the benefit and protection of all Holders of the Outstanding Bonds, subject to the provisions of the Indenture (including the provisions of the Indenture relating to the extension of payment of Bonds).

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

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

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

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

Consent of Credit Provider to Defaults. The provisions described in this paragraph apply only if a Letter of Credit is in effect. Notwithstanding any other provision of the Indenture described under the caption “INDENTURE – Events of Default and Remedies of Bondholders,” and subject to the provisions of the Indenture described under the caption “INDENTURE – The Trustee and the Bond Registrar – Duties, Immunities and Liabilities of Trustee and Bond

Registrar,” and “Compensation and Indemnification,” so long as the Credit Provider is not continuing wrongfully to dishonor drawings under the Letter of Credit, no Event of Default will be declared pursuant to subsection (A), (B), (C) or (D) of the provisions of the Indenture described under the caption “INDENTURE – Events of Default and Remedies of Bondholders – Events of Default; Acceleration; Waiver of Default,” (except in a case resulting from the failure of the Borrower to pay the Trustee’s and the Authority’s fees and expenses or to indemnify the Trustee and the Authority), nor any remedies exercised with respect to any Event of Default (other than acceleration as described under the caption “INDENTURE – Events of Default and Remedies of Bondholders – Events of Default; Acceleration; Waiver of Default,” upon an Event of Default under subsection (E) as described under the caption “INDENTURE – Events of Default and Remedies of Bondholders – Events of Default; Acceleration; Waiver of Default,”) by the Trustee or by the Bondholders (except in a case resulting from the failure of the Borrower to pay the Trustee’s fees and expenses or to indemnify the Trustee) and no Event of Default under the Indenture will be waived by the Trustee or the Bondholders to the extent it may otherwise be permitted hereunder, without, in any case, the prior written consent of the Credit Provider and, in the case of waiver of an Event of Default under subsection (E) as described under the caption “INDENTURE – Events of Default and Remedies of Bondholders – Events of Default; Acceleration; Waiver of Default,” rescission in writing by the Credit Provider of any notice of an event of default under the Reimbursement Agreement and (if applicable) reinstatement of the interest component of the Letter of Credit. No Event of Default can be waived, in any circumstance, unless the Trustee has received written notice from the Credit Provider that the Letter of Credit, if any, has been fully reinstated and is in full force and effect.

The Trustee, the Paying Agent, the Bond Registrar, the Tender Agent and the Remarketing Agent

Duties, Immunities and Liabilities of Trustee and Bond Registrar.

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

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

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

(a) the duties and obligations of the Trustee and the Bond Registrar, as the case may be, will be determined solely by the express provisions of the Indenture, the Trustee

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

(b) in the absence of bad faith, the Trustee or the Bond Registrar, as the case may be, may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon any certificate or opinion furnished to the Trustee or the Bond Registrar, as the case may be, conforming to the requirements of the Indenture; but in the case of any such certificate or opinion which by any provision of the Indenture is specifically required to be furnished to the Trustee or the Bond Registrar, as the case may be, the Trustee or the Bond Registrar, as the case may be, will be under a duty to examine the same to determine whether or not it conforms to the requirements of the Indenture; and

(2) [Reserved.]

None of the provisions contained in the Indenture will require the Trustee or the Bond Registrar to expend or risk its own funds or otherwise incur individual financial liability in the performance of any of its duties or in the exercise of any of its rights or powers other than to notify the Authority in writing that it intends to take no particular action or to notify the Bondholders that it will take no action, if it has reasonable grounds for believing that repayment of such funds or indemnity satisfactory to it against such risk or liability is not reasonably assured to it. All indemnifications and releases from liability granted in the Indenture to the Trustee or the Bond Registrar will extend to the directors, officers, employees and agents of the Trustee or the Bond Registrar.

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

(C) The Trustee may at any time resign by giving 30 days written notice of such resignation to the Borrower and the Authority. Upon receiving such notice of resignation, the Authority will promptly appoint, at the direction of the Borrower (provided there is no Loan Default Event existing under the Loan Agreement), a successor Trustee by an instrument in writing. The successor Trustee will provide the Bondholders notice of the Trustee's resignation by mail at the address shown on the registration books maintained by DTC. If the Trustee has

given such notice of resignation the Trustee may petition any court of competent jurisdiction for the appointment of a temporary successor Trustee to serve as Trustee until a successor Trustee has been duly appointed. The Trustee will not be relieved of its duties until such successor Trustee has accepted appointment. The Trustee's right to indemnification and reimbursement of outstanding fees and expenses survive the Trustee's resignation.

(D) Any removal or resignation of the Trustee pursuant to (B) or (C) above and appointment of a successor Trustee will become effective only upon acceptance of appointment by the successor Trustee and the transfer to such successor Trustee of the Letter of Credit, if any, then in effect with respect to the Bonds or any portion thereof. If no successor Trustee will have been appointed and have accepted appointment within 45 days of giving notice of removal or notice of resignation as aforesaid, the resigning Trustee or any Bondholder (on behalf of itself and all other Bondholders) may, at the expense of the Borrower, petition any court of competent jurisdiction for the appointment of a successor Trustee, and such court may thereupon, after such notice (if any) as it may deem proper, appoint such successor Trustee. Any successor Trustee appointed under the Indenture will signify its acceptance of such appointment by executing and delivering to the Borrower, the Authority and to its predecessor Trustee a written acceptance thereof, and thereupon such successor Trustee, without any further act, deed or conveyance, will become vested with all the moneys, estates, properties, rights, powers, trusts, duties and obligations of such predecessor Trustee, with like effect as if originally named Trustee under the Indenture; but, nevertheless at the written request of the Authority, the Borrower or the successor Trustee, such predecessor Trustee will execute and deliver any and all instruments of conveyance or further assurance and do such other things as may reasonably be required for more fully and certainly vesting in and confirming to such successor Trustee all the right, title and interest of such predecessor Trustee in and to any property held by it under the Indenture and will pay over, transfer, assign and deliver to the successor Trustee any money or other property subject to the trusts and conditions in the Indenture set forth upon payment of the predecessor Trustee's fees and expenses (including its counsel fees and expenses). Upon the written request of the Borrower or the successor Trustee, the Authority will execute and deliver any and all instruments as may be reasonably required for more fully and certainly vesting in and confirming to such successor Trustee all such moneys, estates, properties, rights, powers, trusts, duties and obligations. Upon acceptance of appointment by a successor Trustee as described in this subsection, such successor Trustee will mail a notice of the succession of such Trustee to the trusts under the Indenture to each Rating Agency which is then rating the Bonds, to the Bondholders at the addresses shown on the registration books maintained by the Trustee, and to any Credit Provider.

(E) Any Trustee appointed as described in this section in succession to the Trustee will be a trust company, bank or corporation having the powers of a trust company which either (i) has a combined capital and surplus of at least \$50,000,000, and is subject to supervision or examination by federal or state authority or (ii) is a wholly owned subsidiary of a bank, trust company or bank holding company meeting, on an aggregate basis, the tests set out in clause (i). If such bank, trust company or corporation publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purpose of this subsection the combined capital and surplus of such bank, trust company or corporation will be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. The Trustee or the bank, trust company or bank

holding company of which the Trustee is a wholly owned subsidiary will have a short-term credit rating from Moody's of at least "P-3" (or if the entity does not have a short term credit rating, a long term credit rating of at least "Baa") or from S&P a short term credit rating of at least A-2 (or if the entity does not have a short term credit rating, a long term credit rating of BBB+) or otherwise be acceptable to each Rating Agency then rating the Bonds. In case at any time the Trustee will cease to be eligible in accordance with the provisions described in this subsection (E), the Trustee will resign immediately in the manner and with the effect described in this section and a successor Trustee will be appointed and accept such appointment within 30 days.

(F) The Trustee is not responsible for effecting, maintaining or renewing any policies of insurance or for any representations regarding the sufficiency of any policy of insurance.

(G) [Reserved].

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

(I) The Trustee will not be responsible for monitoring or reviewing the Borrower's insurance or be obligated to file claims or proofs of loss in the case of insurance, or to pay taxes or assessments.

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

Liability of Trustee.

(A) The recitals of facts in the Indenture and in the Bonds contained will be taken as statements of the Authority, and the Trustee will assume no responsibility for the correctness of the same, or make any representations of the validity or sufficiency of the Indenture or of the Bonds or any financing statement filed in connection therewith. In addition, the Trustee will assume no responsibility with respect to the Indenture or the Bonds other than in connection with the duties or obligations assigned to or imposed upon the Trustee in the Indenture or in the Bonds. The Trustee will, however, be responsible for its representations contained in its certificate of authentication on the Bonds. The Trustee will not be liable in connection with the performance of its duties under the Indenture, except for its own negligence or willful

misconduct. The Trustee may become the Holder of Bonds with the same rights it would have if it were not Trustee and, to the extent permitted by law, may act as depositary for and permit any of their officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Bondholders, whether or not such committee will represent the Holders of a majority in aggregate principal amount of the Bonds then Outstanding.

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

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

(C) The Trustee will not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the written direction of the Holders of not less than 25% in aggregate principal amount of the Bonds at the time Outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee under the Indenture.

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

(E) The Trustee will not be liable for any action taken by it in good faith and believed by it to be authorized or within the discretion or rights or powers conferred upon it by the Indenture.

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

(G) The Trustee will have no responsibility, opinion or liability with respect to any information statement or recital found in any official statement or other disclosure material,

prepared or distributed with respect to the issuance of the Bonds, except for information provided by the Trustee.

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

(I) It is the purpose of the provisions described in this subsection (I) that there will be no violation of any law of any jurisdiction (including particularly the law of the State) denying or restricting the right of banking corporations or associations to transact business as Trustee in such jurisdiction. It is recognized that in case of litigation under the Indenture or the Loan Agreement, and in particular in case of the enforcement thereof in an Event of Default, or in case the Trustee deems that by reason of any present or future law of any jurisdiction it may not exercise or hold any of the powers, rights, remedies, duties, obligations, claims, demands, causes of action, immunities, estates, titles, interests, or liens in the Indenture or therein granted to or vested in the Trustee or hold title to the properties, in trust, as granted in the Indenture, or take any other action which may be desirable or necessary in connection therewith (collectively, the “**powers, duties, and interests of the Trustee**”), the Trustee may appoint, with the consent of the Authority, an additional institution as a separate or co-Trustee, in which event all of such powers, duties, and interests expressed or intended by the Indenture or the Loan Agreement to be exercised by or vested in or conveyed to the Trustee with respect thereto will be exercisable by and vest in such separate or co-Trustee, but only the extent necessary to enable such separate or co-Trustee to exercise such powers, duties, and interests and every covenant and obligation necessary to the exercise thereof by such separate or co-Trustee will run to and be enforceable by either of them.

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

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

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

Compensation and Indemnification.

(A) The Trustee, the Tender Agent, the Calculation Agent, the Paying Agent and the Bond Registrar will be entitled to compensation as agreed to in writing from time to time between the Trustee (or the Tender Agent, the Calculation Agent, the Paying Agent or the Bond Registrar, as the case may be) and the Borrower for all services rendered by them in the execution of the trusts created and in the exercise and performance of any of the powers and duties under the Indenture of the Trustee, the Tender Agent, the Paying Agent or the Bond Registrar, as the case may be, which compensation will not be limited by any provision of law in regard to the compensation of a trustee of an express trust, and the Borrower will pay or reimburse the Trustee, the Tender Agent, the Calculation Agent, the Paying Agent or the Bond Registrar, as the case may be, upon its request for reasonable out-of-pocket expenses, disbursements and advances incurred or made by the Trustee, the Tender Agent, the Calculation Agent, the Paying Agent or the Bond Registrar, as the case may be, in accordance with any of the provisions of the Indenture (including the reasonable compensation and the expenses and disbursements of its counsel and of all persons not regularly in its employ) except any such expense, disbursement or advance as may arise from its negligence or willful misconduct. If any property, other than cash, will at any time be held by the Trustee, the Tender Agent, the Calculation Agent, the Paying Agent or the Bond Registrar, as the case may be, subject to the Indenture, or any Supplemental Indenture, as security for the Bonds, the Trustee, the Tender Agent, the Paying Agent or the Bond Registrar, as the case may be, if and to the extent authorized by a receivership, bankruptcy or other court of competent jurisdiction or by the instrument subjecting such property to the provisions of the Indenture as such security for the Bonds will be entitled to make advances for the purpose of preserving such property or of discharging tax liens or other prior liens or encumbrances thereon. The Borrower has also agreed to indemnify the Trustee, the Tender Agent, the Calculation Agent, the Paying Agent or the Bond Registrar, as the case may be, for, and to hold it harmless against, any loss, liability, expense or advance incurred or made without negligence or willful misconduct on the part of the Trustee, the Tender Agent, the Calculation Agent, the Paying Agent or the Bond Registrar, as the case may be, arising out of or in connection with the acceptance or administration of the trust of the Indenture, including the costs and expenses of defending itself against any claim of liability (including reasonable attorneys' fees and expenses). Notwithstanding the foregoing, the Trustee will make timely payments of principal of and interest on the Bonds with moneys on deposit in the Bond Fund as provided in the Indenture, will make timely draws on a Letter of Credit as provided in the Indenture and will accelerate the payment of principal on the Bonds when required by the Indenture without seeking any prior indemnification from the Borrower or any Bondholder. The rights of the Trustee, the Tender Agent, the Calculation Agent, the Paying

Agent and the Bond Registrar to compensation for their services and to payment or reimbursement for expenses, disbursements, liabilities and advances will have priority over the Bonds in respect of all property and funds held or collected by the Trustee as such, except for moneys held in the Rebate Fund, proceeds of a drawing under the Letter of Credit or held in the Letter of Credit Account, Available Moneys, moneys being aged to become Available Moneys, remarketing proceeds, and other funds held in trust by the Trustee or the Tender Agent, as the case may be, for the benefit of the Holders of particular Bonds, including, without limitation, (i) moneys or securities held pursuant to the Indenture as described herein under the caption “INDENTURE – Defeasance”; and (ii) moneys or securities held for the payment of Bonds upon maturity or redemption and prior to the presentation of such Bonds.

(B) The Trustee will be under no obligation to institute any suit or take any remedial proceeding under the Indenture, or to enter any appearance in or in any way defend any suit in which it may be made defendant, or to take any steps in the execution of the trusts created by the Indenture or in the exercise of any rights or powers under the Indenture at the request, order or direction of any Holders of Bonds or otherwise (except declaring the principal of and interest on the Bonds to be due immediately under the Indenture, drawing on a Letter of Credit, or making payment when due on the Bonds) until it will be indemnified to its satisfaction against any and all reasonable costs and expenses, outlays, and counsel fees and other disbursements and against all liability not due to its negligence or willful misconduct, provided, however, that if the Trustee intends to seek indemnification pursuant to the provisions described in this section prior to instituting any such action it will so inform the Holders (as appropriate), the Authority and any Credit Provider in writing as soon as possible and provided further that the Borrower will not be liable for any settlement of any such action without its consent, which consent will not be unreasonably withheld.

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

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

Appointment and Duties of Remarketing Agent.

The Borrower will appoint the Remarketing Agent for the Bonds, all subject to the conditions set forth in Indenture and in the Remarketing Agreement. The Remarketing Agent will designate to the Trustee its principal office and signify its acceptance of the duties and obligations imposed on it under the Indenture by a written instrument of acceptance delivered to the Borrower, the Authority and the Trustee under which the Remarketing Agent will agree to perform the obligations of the Remarketing Agent set forth in the Indenture and under which the Remarketing Agent will agree to keep such books and records as will be consistent with prudent industry practice and to make such books and records available for inspection by the Authority, the Trustee, the Credit Provider and the Borrower at all reasonable times. The Remarketing

Agent will determine the interest rates on the Bonds and perform the other duties provided for in the Indenture and will remarket Bonds as provided in the Indenture. The Remarketing Agent will hold all moneys delivered to it in trust in non-commingled funds for the benefit of the person or entity which will have so delivered such moneys until such moneys are delivered to the Trustee as provided in the Indenture. The Remarketing Agent may for its own account or as broker or agent for others deal in Bonds and may do anything any other Holder may do to the same extent as if the Remarketing Agent were not serving as such.

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

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

Modification or Amendment of the Indenture and the Loan Agreement

Amendments Permitted.

(A) Except as provided in subsection (B), the Indenture and the rights and obligations of the Authority and of the Holders of the Bonds and of the Trustee may be modified or amended from time to time and at any time by an indenture or indentures supplemental to the Indenture, which the Authority and the Trustee may enter into when the written consent of the Credit Provider and the Holders of a majority in aggregate principal amount of all Bonds then Outstanding (or, in lieu thereof, of any Credit Provider as provided in the Indenture) and an Approving Opinion will have been filed with the Trustee. No such modification or amendment will (1) extend the fixed maturity of any Bond, or reduce the amount of principal thereof, or change the rights of optional and mandatory tender or extend the time of payment, or change the method of computing the rate of interest thereon or create a privilege or priority of any Bond over any other Bond, or extend the time of payment of interest thereon, in each case, without the consent of the Holder of each Bond so affected, or (2) reduce the aforesaid percentage of Bonds the consent of the Holders of which is required to effect any such modification or amendment, or (3) permit the creation of any lien on the Revenues and other assets pledged under the Indenture prior to or on a parity with the lien created by the Indenture, or (4) deprive the Holders of the Bonds of the lien created by the Indenture on such Revenues and other assets (except as expressly provided in the Indenture), without the consent of the Holders of all of the Bonds (or applicable subseries thereof) then Outstanding and receipt by the Trustee of an Approving Opinion. It will not be necessary for the consent of the Bondholders to approve the particular form of any Supplemental Indenture, but it will be sufficient if such consent will approve the substance thereof. Promptly after the execution by the Authority and the Trustee of any Supplemental Indenture as described in this subsection (A), the Trustee will mail a notice, setting

forth in general terms the substance of such Supplemental Indenture, to each Rating Agency then rating the Bonds, the Remarketing Agent and the Holders of the Bonds at the addresses shown on the registration books of the Trustee. Any failure to give such notice, or any defect therein, will not, however, in any way impair or affect the validity of any such Supplemental Indenture. Notwithstanding anything to the contrary contained in the Indenture, any modifications or amendments to the Indenture that require the consent of Holders of Bonds will be deemed to mean only those Holders of Bonds of one or more subseries that are affected by such modification or amendment, and the consent of the Credit Provider is only applicable to Bonds held by the Holders of Bonds supported by a Letter of Credit.

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

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

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

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

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

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

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

30 days before the effective date thereof and, on or before such effective date, such Bondholders have the right to demand purchase of their Bonds pursuant to the Indenture.

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

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

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

Amendment of Loan Agreement. Except as provided in the provisions of the Loan Agreement regarding amendments, the Authority will not amend, modify or terminate any of the terms of the Loan Agreement, or consent to any such amendment, modification or termination, without the prior written consent of the Trustee. The Trustee will give such written consent only if the Trustee first obtains either (1) an Opinion of Counsel that such amendment, modification or termination will not materially adversely affect the interests of the Bondholders affected thereby, including, without limitation, the Tax-exempt status of the Bonds; or (2) the written consent of the Holders of a majority in aggregate principal amount of the Outstanding Bonds affected thereby (or, in lieu thereof, of any Credit Provider as provided in the Indenture) to such amendment, modification or termination; or (3) such amendment, modification or termination is made in connection with the amendment of the Indenture pursuant to the provisions described in subsection (B) under the caption "INDENTURE – Modification or Amendment of the Indenture – Amendments Permitted"; provided that no such amendment, modification or termination will reduce the amount of Loan Payments or Purchase Price Payments to be made by the Borrower pursuant to the Loan Agreement, or extend the time for making such payments, without the written consent of all of the Holders of the Outstanding Bonds affected thereby. The Trustee will be entitled to request and rely upon an Opinion of Counsel that any such amendment (1) will not adversely affect the exemption from federal income taxation of interest on the Bonds and (2) is permitted by the terms of the Indenture. Notwithstanding anything to the contrary contained in the Indenture or in the Agreement, any modifications or amendments to the Agreement that require the consent of the Holders of Bonds will be deemed to mean only those Holders of Bonds of one or more subseries that are affected by such modification or amendment.

Defeasance

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

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

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

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

If the Authority will also cause to be paid all other sums payable under the Indenture by the Authority, then and in that case, at the election of the Authority (evidenced by a Certificate of the Authority, filed with the Trustee, signifying the intention of the Authority to discharge all such indebtedness and the Indenture), and notwithstanding that any Bonds will not have been surrendered for payment, the Indenture and the pledge of Revenues and other assets made under the Indenture and all covenants, agreements and other obligations of the Authority under the Indenture will cease, terminate, become void and be completely discharged and satisfied except only as provided in the provisions of the Indenture described in the next section. In such event, upon written request of the Authority, the Trustee will cause an accounting for such period or periods as may be requested by the Authority to be prepared and filed with the Authority and will execute and deliver to the Authority all such instruments as may be necessary or desirable to evidence such discharge and satisfaction (provided satisfactory indemnity is provided to it) and the Trustee will pay over, transfer, assign or deliver all moneys or securities or other property held by it pursuant to the Indenture (other than the Rebate Fund) which are not required for the payment or redemption of Bonds not theretofore surrendered for such payment or redemption and which are otherwise not amounts owed to the Trustee under the Indenture in the following order (1) first, to any Credit Provider to the extent of any amounts due to the Credit Provider pursuant to the Reimbursement Agreement with respect to the Letter of Credit and (2) second, to the Authority, to pay any Authority Fees or any other amounts due and owing to the Authority and (3) third, to the Borrower, provided, however, that the Borrower may not receive any funds derived from a draw on a Letter of Credit, remarketing proceeds, or moneys held for the payment of particular Bonds (including moneys held for non-presented Bonds).

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

however, that the provisions of the Indenture relating to the Letter of Credit and the payment of Bonds after the discharge of the Indenture will apply in all events.

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

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

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

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

provided, in each case, that the Trustee will have been irrevocably instructed (by the terms of the Indenture or by written request of the Authority) to apply such money or Investment Securities to the payment of such principal, premium, if any, and interest with respect to such Bonds and provided further that each Rating Agency then rating such Bonds and the Trustee will have received a report of an Accountant addressed to the Trustee that the moneys or Investment Securities on deposit are sufficient to pay the principal, premium, if any, and interest on the Bonds to maturity or the redemption date, and, if a Letter of Credit is then in effect, a legal opinion addressed to the Trustee from a nationally recognized firm in bankruptcy law that

payment of the Bonds from such moneys will not be a voidable preference in the event of the bankruptcy of the Borrower and provided further that the Trustee will promptly file notice of such deposit with the MSRB through its EMMA system upon written direction by the Borrower.

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

Miscellaneous

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

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

person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the Authority or the Borrower or any other obligor on the Bonds. In case of a dispute as to such right, any decision by the Trustee taken upon the advice of counsel will be full protection to the Trustee.

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

LOAN AGREEMENT

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

Issuance of the Bonds; Application of Proceeds

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

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

(b) Costs of the Project will be financed through the issuance of the Initial Bonds and Additional Bonds issued and delivered from time to time as set forth in the Indenture. The Authority will thereupon apply the proceeds received from the sale of the Initial Bonds and any Additional Bonds as provided in the Loan Agreement and in the Indenture. Upon the delivery of and in connection with any Additional Bonds, the Borrower will satisfy, or cause the satisfaction of, all requirements of the Indenture.

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

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

- (1) a Certificate of the Borrower describing in detail the proposed changes and stating that they will not have the effect of disqualifying the Project as facilities that may be financed pursuant to the Act;
- (2) a copy of the form of amended or supplemented description of the Project approved by the Authority;
- (3) an Approving Opinion with respect to such proposed changes; and
- (4) the written approval of the Credit Provider, if any.

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

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

Establishment of Completion Date; Obligation of Borrower to Complete.

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

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

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

Funding from Additional Bonds. The Borrower may request that the Authority deliver Additional Bonds from time to time to finance Costs of the Project necessary to complete the Project and Costs of Issuance, as provided in the Loan Agreement and in the Indenture:

- (i) the Borrower must contact (in writing) the Underwriter and the Authority, at least 30 days prior to the desired date of delivery to request the delivery of such Additional Bonds;
- (ii) the Borrower must deliver to the Authority a Designation of Bond (in substantially the same form as is attached to the Indenture), executed by the Borrower and the Underwriter and acknowledged and agreed to by the Authority, designating the amount of Additional Bonds to be delivered and the date of such delivery; and
- (iii) Additional Bonds may be delivered only in Authorized Denominations.

In the event that the Borrower requests that the Authority deliver Additional Bonds, and such request is made in compliance with this section, the Authority will forthwith deliver such Additional Bonds as requested by the Borrower. In order for the Trustee to authenticate and deliver Additional Bonds, the requirements of the Indenture must be satisfied. Proceeds of the sale of Additional Bonds will be deposited in the Project Fund and Costs of Issuance Fund (to the extent permitted under the Indenture and the Tax Agreement), and requisitions will be made for Costs of the Project and Costs of Issuance as set forth in the Loan Agreement.

Loan of Proceeds; Repayment Provision

Loan of Bond Proceeds; Issuance of Bonds

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

Loan Payments and Payment of Other Amounts.

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

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

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

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

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

In the event the Borrower should fail to make any of the payments required by clause (c) of this subsection, such payments will continue as obligations of the Borrower until such amounts will have been fully paid. The Borrower agrees to pay such amounts, together with interest thereon, following a delinquency of 30 days until such amount and all interest thereon have been paid in full. Interest thereon will be at the rate of twelve percent (12%) per annum or, if such rate is greater than the rate then permitted by law, at the maximum rate so permitted. Interest on overdue Loan Payments will be applied as provided in the provisions described herein under the caption “INDENTURE – Revenues; Funds and Accounts; Payment of Principal and Interest – Allocation of Revenues” and “ – Priority of Moneys in Bond Fund; Letter of Credit Account.”

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

whether express or implied, or any duty, liability or obligation arising out of or connected with the Loan Agreement or the Indenture, except to the extent permitted by the Loan Agreement.

Assignment of Authority's Rights. As security for the payment of the Bonds, the Authority will assign to the Trustee the Authority's rights under the Loan Agreement, including the right to receive Loan Payments under the Loan Agreement (except the Unassigned Authority Rights). The Authority directs the Borrower to make the Loan Payments required under the Loan Agreement directly to the Trustee for deposit as contemplated by the Indenture. The Authority directs the Borrower to make the Purchase Price Payments required under the Loan Agreement directly to the Trustee or the Tender Agent as contemplated by the Indenture. The Borrower consents to such assignment and agrees to make payments directly to the Trustee or the Tender Agent, as the case may be, without defense or set-off by reason of any dispute between the Borrower and the Authority or the Trustee.

Amounts Remaining in Funds. After payment in full of (i) the Bonds, or after provision for such payment will have been made as provided in the Indenture, (ii) the fees, charges and expenses of the Authority and the Trustee, the Tender Agent and any Paying Agents in accordance with the Indenture, (iii) all other amounts required to be paid under the Loan Agreement and the Indenture, and (iv) if applicable, payment to the Credit Provider of any amounts owed to the Credit Provider under a Reimbursement Agreement with respect to a Letter of Credit, any amounts remaining in any fund held by the Trustee under the Indenture (excepting the Rebate Fund) will be paid as provided in the provisions described herein under the caption "INDENTURE – Defeasance – Discharge of Indenture." Notwithstanding any other provision of the Loan Agreement or the Indenture, under no circumstances will proceeds of a draw on a Letter of Credit or remarketing proceeds be paid to the Authority, the Borrower or an affiliate of the Borrower.

Special Covenants and Agreements

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

The Borrower further covenants and agrees to the following:

Right of Access to the Project. During the term of the Loan Agreement, the Authority, the Trustee, the Credit Provider, if any, and the duly authorized agents of any of them will have the right at all reasonable times during normal business hours to enter upon each site where any part of the Project is located and to examine and inspect such Project; provided, however, that

reasonable notice will be given to the Borrower at least five Business Days prior to such examination or inspection.

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

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

(i) maintain its existence as a corporation;

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

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

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

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

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

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

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

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

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

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

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

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

operated in conformance with the Loan Agreement, the Act, the Tax Agreement and federal tax law;

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

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

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

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

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

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

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

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

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

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

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

Letter of Credit

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

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

(c) Prior to the commencement of the first Interest Rate Period after the termination of a Letter of Credit, the Borrower will furnish an Approving Opinion addressed to the Authority and to the Trustee.

Loan Default Events and Remedies

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

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

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

(c) Failure of the Borrower to observe and perform any covenant, condition or agreement on its part required to be observed or performed by the Loan Agreement (other than (i) the continuing disclosure covenants under the Loan Agreement, or (ii) as provided in clause (a) or (b) above), which continues for a period of 30 days after written notice delivered by the Authority or the Trustee to the Borrower and any Credit Provider, if any, which notice will specify such failure and request that it be remedied, unless the Authority and the Trustee will agree in writing to an extension of such time; provided, however, that if the failure stated in the notice cannot be corrected within such period, the Authority and the Trustee will not unreasonably withhold their consent to an extension of such time if corrective action is instituted within such period and diligently pursued in good faith until the default is corrected; or

(d) The dissolution or liquidation of the Borrower or the filing by the Borrower of a voluntary petition in bankruptcy, or failure by the Borrower promptly to cause to be lifted any execution, garnishment or attachment of such consequence as will impair the Borrower's ability to carry on its obligations under the Loan Agreement, or the entry of any order or decree granting relief in any involuntary case commenced against the Borrower under any present or future federal bankruptcy act or any similar federal or state law, or a petition for such an order or decree will be filed in any court and such petition will not be discharged or denied within ninety days after the filing thereof, or if the Borrower will admit in writing its inability to pay its debts generally as they become due, or a receiver, trustee or liquidator of the Borrower will be appointed in any proceeding brought against the Borrower and will not be discharged within ninety days after such appointment or if the Borrower will consent to or acquiesce in such appointment, or assignment by the Borrower for the benefit of its creditors, or the entry by the Borrower into an agreement of composition with its creditors, or a bankruptcy, insolvency or similar proceeding will be otherwise initiated by or against the Borrower under any applicable bankruptcy, reorganization or analogous law as now or hereafter in effect and if initiated against the Borrower will remain undismissed (subject to no further appeal) for a period of ninety days; provided, the term "dissolution or liquidation of the Borrower," as used in this subsection, will not be construed to include the cessation of the existence of the Borrower resulting either from a merger or consolidation of the Borrower into or with another entity or a dissolution or liquidation of the Borrower following a transfer of all or substantially all of its assets as an entirety or under the conditions permitting such actions contained in the provisions described under "LOAN AGREEMENT – Special Covenants and Agreements – The Borrower's Maintenance of Its Existence; Assignments; Permitted Transfers of the Project"; or

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

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

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

(a) The Trustee, by written notice to the Authority, the Borrower and the Credit Provider, if any, will declare the unpaid balance of the loan payable under the provisions

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

(b) The Trustee may have access to and may inspect, examine and make copies of the books and records of the Borrower pertaining to the Project and the Bonds.

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

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

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

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

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

In case proceedings will be pending for the bankruptcy or for the reorganization of the Borrower under the federal bankruptcy laws or any other applicable law, or in case a receiver or

trustee will have been appointed for the property of the Borrower or in the case of any other similar judicial proceedings relative to the Borrower, or the creditors or property of the Borrower, then the Trustee will be entitled and empowered, by intervention in such proceedings or otherwise, to file and prove a claim or claims for the whole amount owing and unpaid pursuant to the Loan Agreement and, in case of any judicial proceedings, to file such proofs of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Trustee allowed in such judicial proceedings relative to the Borrower, its creditors or its property, and to collect and receive any moneys or other property payable or deliverable on any such claims, and to distribute such amounts as provided in the Indenture after the deduction of its reasonable charges and expenses to the extent permitted by the Indenture. Any receiver, assignee or trustee in bankruptcy or reorganization is authorized to make such payments to the Trustee, and to pay to the Trustee and the Authority any amount due each of them for their respective reasonable compensation and expenses, including reasonable expenses and fees of counsel incurred by each of them up to the date of such distribution.

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

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

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

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

remedies as are given the Authority under the Loan Agreement will also extend to the Trustee as the assignee of the Authority.

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

Prepayment

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

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

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

Amount of Prepayment. In the case of a redemption of the Outstanding Bonds in full, the amount to be paid will be a sum sufficient, together with other funds and the yield on any securities deposited with the Trustee and available for such purpose, to pay (1) the principal of all Bonds Outstanding on the redemption date specified in the notice of redemption, plus interest accrued and to accrue to the payment or redemption date of the Bonds, plus premium, if any,

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

Non-Liability of Authority; Expenses; Indemnification

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

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

The Borrower acknowledges that the Authority's sole source of moneys to repay the Bonds will be provided by the payments made by the Borrower to the Trustee pursuant to the Loan Agreement, together with investment income on certain funds and accounts held by the Trustee under the Indenture, and agrees that if the payments to be made under the Loan Agreement will ever prove insufficient to pay all principal (or Purchase Price or redemption

price) and interest on the Bonds as the same will become due (whether by maturity, redemption, acceleration or otherwise), then upon notice from the Trustee, the Borrower will pay such amounts as are required from time to time to prevent any deficiency or default in the payment of such principal (or Purchase Price or redemption price) or interest, including, but not limited to, any deficiency caused by acts, omissions, nonfeasance or malfeasance on the part of the Trustee, the Borrower, the Authority or any third party, subject to any right of reimbursement from the Trustee, the Authority or any such third party, as the case may be, therefor.

Miscellaneous

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

APPENDIX C

PROPOSED FORM OF OPINION OF BOND COUNSEL

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APPENDIX C

FORM OF PROPOSED BOND COUNSEL OPINION

[Closing Date]

California Pollution Control
Financing Authority
Sacramento, California

Up to \$100,000,000
California Pollution Control Financing Authority
Solid Waste Disposal Revenue Bonds
(Republic Services, Inc. Project) Series 2017
(Final Opinion)

Ladies and Gentlemen:

We have acted as bond counsel to the California Pollution Control Financing Authority (the “Authority”) in connection with the issuance of up to \$100,000,000 aggregate face amount (maximum principal amount) of California Pollution Control Financing Authority Solid Waste Disposal Revenue Bonds (Republic Services, Inc. Project) Series 2017, a portion of the principal amount of which has been issued on the date hereof (the principal amount issued and remaining unrepaid from time to time in accordance with the Indenture is hereinafter referred to as the “Bonds”). The Bonds are authorized to be issued pursuant to an indenture, dated as of November 1, 2017 (the “Indenture”), between the Authority and Deutsche Bank Trust Company Americas, as trustee (the “Trustee”). The Indenture provides that the Bonds are issued for the stated purpose of making a loan of the proceeds thereof to Republic Services, Inc., a Delaware corporation (the “Borrower”), pursuant to a loan agreement, dated as of November 1, 2017 (the “Loan Agreement”), between the Authority and the Borrower. Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Indenture.

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

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any

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

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

1. The Bonds constitute the valid and binding limited obligations of the Authority.
2. The Indenture has been duly executed and delivered by, and constitutes the valid and binding obligation of, the Authority. The Indenture creates a valid pledge, to secure the payment of the principal of and interest on the Bonds, of the Revenues and any other amounts held in the Bond Fund, the Project Fund and the Cost of Issuance

Fund, subject to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in the Indenture.

3. The Loan Agreement has been duly executed and delivered by, and constitutes a valid and binding agreement of, the Authority.

4. The Bonds are not a lien or charge upon the funds or property of the Authority except to the extent of the aforementioned pledge. Neither the faith and credit nor the taxing power of the State of California or of any political subdivision thereof or any local agency is pledged to the payment of the principal of or interest on the Bonds. The Bonds are not a debt of the State of California, and said State is not liable for the payment thereof.

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

Very truly yours,

ORRICK, HERRINGTON & SUTCLIFFE LLP

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APPENDIX D

BOOK-ENTRY ONLY SYSTEM

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APPENDIX D

BOOK-ENTRY ONLY SYSTEM

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

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

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

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

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

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

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

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

payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

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

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

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

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APPENDIX E

FORM OF CONTINUING DISCLOSURE UNDERTAKING

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APPENDIX E

FORM OF CONTINUING DISCLOSURE UNDERTAKING

CONTINUING DISCLOSURE UNDERTAKING

FOR THE PURPOSE OF PROVIDING
CONTINUING DISCLOSURE INFORMATION
UNDER SECTION (b)(5) OF RULE 15c2-12

This Continuing Disclosure Undertaking (the “*Agreement*”) is executed and delivered by Republic Services, Inc. (the “*Company*”) in connection with the issuance of up to \$100,000,000 aggregate principal amount of the California Pollution Control Financing Authority Solid Waste Disposal Revenue Bonds (Republic Services, Inc. Project) Series 2017 (the “*Bonds*”) by the California Pollution Control Financing Authority (the “*Authority*”). The Bonds are being issued pursuant to an Indenture, dated as of November 1, 2017 (the “*Indenture*”), between Deutsche Bank Trust Company Americas (the “*Trustee*”) and the Authority. In connection with the issuance of the Bonds, the Company will enter into a Loan Agreement with the Authority, dated as of November 1, 2017 (the “*Loan Agreement*”).

In consideration of the issuance of the Bonds by the Authority and the purchase of such Bonds by the beneficial owners thereof, the Company covenants and agrees as follows:

1. PURPOSE OF THIS AGREEMENT. This Agreement is executed and delivered by the Company as of the date set forth below, for the benefit of the beneficial owners of the Bonds and in order to assist the Participating Underwriters in complying with the requirements of the Rule (as defined below). The Company represents that it will be the only obligated person with respect to the Bonds at the time the Bonds are delivered to the Participating Underwriters and that no other person is expected to become so committed at any time after issuance of the Bonds.

2. DEFINITIONS. The terms set forth below shall have the following meanings in this Agreement, unless the context clearly otherwise requires.

Annual Financial Information means the financial information and operating data described in *Exhibit I*.

Annual Financial Information Disclosure means the dissemination of disclosure concerning Annual Financial Information and the dissemination of the Audited Financial Statements as set forth in Section 4.

Audited Financial Statements means the audited financial statements of the Company prepared pursuant to the standards and as described in *Exhibit I*.

Commission means the Securities and Exchange Commission.

Dissemination Agent means any agent designated as such in writing by the Company and which has filed with the Company a written acceptance of such designation, and such agent’s successors and assigns.

EMMA means the MSRB through its Electronic Municipal Market Access system for municipal securities disclosure or through any other electronic format or system prescribed by the MSRB for purposes of the Rule.

Exchange Act means the Securities Exchange Act of 1934, as amended.

MSRB means the Municipal Securities Rulemaking Board.

Participating Underwriter means each broker, dealer or municipal securities dealer acting as an underwriter in the primary offering of the Bonds.

Reportable Event means the occurrence of any of the Events with respect to the Bonds set forth in *Exhibit II*.

Reportable Events Disclosure means dissemination of a notice of a Reportable Event as set forth in Section 5.

Rule means Rule 15c2-12 adopted by the Commission under the Exchange Act, as the same may be amended from time to time.

State means the State of California.

Undertaking means the obligations of the Company pursuant to Sections 4 and 5.

3. CUSIP NUMBER/FINAL LIMITED OFFERING MEMORANDUM. The CUSIP Number of the Bonds is 130536 RC1. The Final Limited Offering Memorandum relating to the Bonds is dated November 16, 2017 (the “*Final Limited Offering Memorandum*”).

4. ANNUAL FINANCIAL INFORMATION DISCLOSURE. Subject to Section 8 of this Agreement, the Company hereby covenants that it will disseminate or cause to be disseminated its Annual Financial Information and its Audited Financial Statements (in the form and by the dates set forth in *Exhibit I*) to the Commission. The Company hereby covenants that it will send a notice to EMMA on an annual basis indicating that its respective Annual Report on Form 10-K filed with the Commission in accordance with the Exchange Act constitutes its respective Annual Financial Information for that year. In the event the Company no longer files reports with the Commission under the Exchange Act, it will deliver to the MSRB via EMMA a copy of its Audited Financial Statements meeting the requirements of Regulation S-X of the Exchange Act, and the information required by Items 301 and 303 of Regulation S-K of the Exchange Act. The Company is required to deliver such information in such manner and format and accompanied by identifying information as is prescribed by the MSRB or the Commission at the time of delivery of such information and by such time so that such entities receive the information by the date specified in *Exhibit I*. MSRB Rule G-32 requires all EMMA filings to be in word-searchable PDF format. This requirement extends to all documents required to be filed with EMMA, including financial statements and other externally prepared reports.

If any part of the Annual Financial Information can no longer be generated because the operations to which it is related have been materially changed or discontinued, the Company will

disseminate a statement to such effect as part of its Annual Financial Information for the year in which such event first occurs.

If any amendment is made to this Agreement, the Annual Financial Information for the year in which such amendment or waiver is made (or in any notice or supplement provided to the MSRB) shall contain a narrative description of the reasons for such amendment and its impact on the type of information being provided.

5. **REPORTABLE EVENTS DISCLOSURE.** Subject to Section 8 of this Agreement, the Company hereby covenants that it will disseminate or cause to be disseminated in a timely manner (not in excess of ten business days after the occurrence of the Reportable Event) Reportable Events Disclosure to the MSRB via EMMA in such manner and format and accompanied by identifying information as is prescribed by the MSRB or the Commission at the time of delivery of such information. MSRB Rule G-32 requires all EMMA filings to be in word-searchable PDF format. This requirement extends to all documents required to be filed with EMMA, including financial statements and other externally prepared reports. Notwithstanding the foregoing, notice of optional or unscheduled redemption of any Bonds or defeasance of any Bonds need not be given under this Agreement any earlier than the notice (if any) of such redemption or defeasance is given to the Bondholders pursuant to the Indenture.

6. **CONSEQUENCES OF FAILURE OF THE COMPANY TO PROVIDE INFORMATION.** The Company shall give notice in a timely manner to the MSRB via EMMA of any failure to provide Annual Financial Information Disclosure when the same is due hereunder.

In the event of a failure of the Company to comply with any provision of this Agreement, the beneficial owner of any Bond may seek specific performance by court order, to cause the Company to comply with its obligations under this Agreement. A default under this Agreement shall not be deemed an Event of Default under the Indenture or the Loan Agreement or any other agreement, and the sole remedy under this Agreement in the event of any failure of the Company to comply with this Agreement shall be an action to compel performance.

7. **AMENDMENTS; WAIVER.** Notwithstanding any other provision of this Agreement, the Company may amend this Agreement, and any provision of this Agreement may be waived, if:

(a) (i) The amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements including, without limitation, pursuant to a “no-action” letter issued by the Commission, a change in law, or a change in the identity, nature, or status of the Company or type of business conducted; or

(ii) This Agreement, as amended, or the provision, as waived, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(b) The amendment or waiver does not materially impair the interests of the beneficial owners of the Bonds, as determined either by parties unaffiliated with the

Authority or the Company (such as the Trustee), or by an approving vote of Bondholders pursuant to the terms of the Indenture at the time of the amendment or waiver.

In the event that the Commission or the MSRB or other regulatory authority shall approve or require Annual Financial Information Disclosure or Reportable Events Disclosure to be made to a central post office, governmental agency or similar entity other than EMMA or in lieu of EMMA, the Company shall, if required, make such dissemination to such central post office, governmental agency or similar entity without the necessity of amending this Agreement.

8. **TERMINATION OF UNDERTAKING.** The Undertaking of the Company shall be automatically terminated hereunder when the Company shall no longer have any legal liability for any obligation on or relating to repayment of the Bonds. The Company shall give notice to the MSRB via EMMA in a timely manner if this Section is applicable.

9. **DISSEMINATION AGENT.** The Company may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

10. **ADDITIONAL INFORMATION.** Nothing in this Agreement shall be deemed to prevent the Company from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communication, or including any other information in any Annual Financial Information Disclosure or notice of occurrence of a Reportable Event, in addition to that which is required by this Agreement. If the Company chooses to include any information from any document or notice of occurrence of a Reportable Event in addition to that which is specifically required by this Agreement, the Company shall not have any obligation under this Agreement to update such information or include it in any future disclosure or notice of occurrence of a Reportable Event.

11. **BENEFICIARIES.** This Agreement has been executed in order to assist the Participating Underwriters in complying with the Rule; however, this Agreement shall inure solely to the benefit of the Company, the Dissemination Agent, if any, and the beneficial owners of the Bonds, and shall create no rights in any other person or entity.

12. **RECORDKEEPING.** The Company shall maintain records of all Annual Financial Information Disclosure and Reportable Events Disclosure, including the content of such disclosure, the names of the entities with whom such disclosure was filed and the date of filing such disclosure.

13. **ASSIGNMENT.** The Company shall not transfer its obligations under the Loan Agreement unless the transferee agrees to assume all obligations of the Company under this Agreement or to execute an Undertaking under the Rule.

14. GOVERNING LAW. This Agreement shall be governed by and construed in accordance with the laws of the State.

REPUBLIC SERVICES, INC.

By _____

Name: Marsha A. Lacy

Title: Treasurer

Address: 18500 North Allied Way
Phoenix, Arizona 85054

[Closing Date]

EXHIBIT I

ANNUAL FINANCIAL INFORMATION AND TIMING AND AUDITED FINANCIAL STATEMENTS

“*Annual Financial Information*” means annual financial information and operating data of the type contained in the Company’s Annual Report on Form 10-K filed with the Commission pursuant to the Exchange Act.

All or a portion of the Annual Financial Information and the Audited Financial Statements as set forth below may be included by reference to other documents which have been submitted to the MSRB via EMMA or filed with the Commission. If the information included by reference is contained in a Final Limited Offering Memorandum, the Final Limited Offering Memorandum must be available on EMMA; the Final Limited Offering Memorandum need not be available from the Commission. The Company shall clearly identify each such item of information included by reference.

Annual Financial Information (exclusive of Audited Financial Statements) will be submitted to EMMA no later than 120 days after the end of the Company’s fiscal year (presently, December 31). Audited Financial Statements as described below should be filed at the same time as the Annual Financial Information.

Audited Financial Statements will be prepared in accordance with generally accepted accounting principles in the United States as in effect from time to time.

In the event the Company no longer files reports with the Commission under the Exchange Act, it will deliver to EMMA a copy of its Audited Financial Statements meeting the requirements of Regulation S-X of the Exchange Act, and the information required by Items 301 and 303 of Regulation S-K of the Exchange Act no later than 120 days after the end of the Company’s fiscal year (presently December 31).

If any change is made to the Annual Financial Information as permitted by Section 4 of the Agreement, the Company will disseminate a notice of such change as required by Section 4.

EXHIBIT II

EVENTS WITH RESPECT TO THE BONDS FOR WHICH REPORTABLE EVENTS DISCLOSURE IS REQUIRED

1. Principal and interest payment delinquencies
2. Non-payment related defaults, if material*
3. Unscheduled draws on debt service reserves reflecting financial difficulties
4. Unscheduled draws on credit enhancements reflecting financial difficulties
5. Substitution of credit or liquidity providers, or their failure to perform
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material* notices or determinations with respect to the tax status of the security, or other material* events affecting the tax status of the security
7. Modifications to the rights of security holders, if material*
8. Bond calls, if material*, and tender offers
9. Defeasances
10. Release, substitution or sale of property securing repayment of the securities, if material*
11. Rating changes
12. Bankruptcy, insolvency, receivership or similar event of the Company**
13. The consummation of a merger, consolidation, or acquisition involving the Company or the sale of all or substantially all of the assets of the Company, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material*
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material*

* As materiality is interpreted under the Exchange Act.

** This event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Company in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Company, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Company.

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