
FIRST SUPPLEMENTAL INDENTURE

between

SAN DIEGO COUNTY REGIONAL TRANSPORTATION COMMISSION

and

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

Dated as of March 1, 2008

Relating to

SAN DIEGO COUNTY REGIONAL TRANSPORTATION COMMISSION
SALES TAX REVENUE BONDS
(LIMITED TAX BONDS)
2008 SERIES A, 2008 SERIES B, 2008 SERIES C, AND 2008 SERIES D

(Supplementing the Indenture
Dated as of March 1, 2008)

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FIRST SUPPLEMENTAL INDENTURE

THIS FIRST SUPPLEMENTAL INDENTURE, dated as of March 1, 2008 (this "First Supplemental Indenture"), between the SAN DIEGO COUNTY REGIONAL TRANSPORTATION COMMISSION, a public entity duly established and existing under the laws of the State of California (the "Commission") and U.S. BANK NATIONAL ASSOCIATION, a national banking association duly organized and existing under and by virtue of the laws of the United States of America, as trustee (the "Trustee"):

WITNESSETH:

WHEREAS, this First Supplemental Indenture is supplemental to the Indenture, dated as of March 1, 2008 (as supplemented and amended from time to time pursuant to its terms, the "Indenture"), between the Commission and the Trustee;

WHEREAS, the Indenture provides that the Commission may issue Bonds from time to time as authorized by a Supplemental Indenture, which Bonds are to be payable from Revenues and from such other sources as may be specified with respect to a particular Series of Bonds in the Supplemental Indenture authorizing such Series; and

WHEREAS, the Commission desires to provide at this time for the issuance of (i) a Series of Bonds to be designated "San Diego County Regional Transportation Commission Sales Tax Revenue Bonds (Limited Tax Bonds), 2008 Series A" (the "2008 Series A Bonds"), (ii) a Series of Bonds to be designated "San Diego County Regional Transportation Commission Sales Tax Revenue Bonds (Limited Tax Bonds), 2008 Series B" (the "2008 Series B Bonds"), (iii) a Series of Bonds to be designated "San Diego County Regional Transportation Commission Sales Tax Revenue Bonds (Limited Tax Bonds), 2008 Series C" (the "2008 Series C Bonds"), and (iv) a Series of Bonds to be designated "San Diego County Regional Transportation Commission Sales Tax Revenue Bonds (Limited Tax Bonds), 2008 Series D" (the "2008 Series D Bonds" and, together with the 2008 Series A Bonds, the 2008 Series B Bonds, and the 2008 Series C Bonds, the "2008 Bonds"), all for the purpose of providing funds to pay for the Costs of the Project and all as provided in this First Supplemental Indenture;

NOW, THEREFORE, the parties hereto hereby agree as follows:

ARTICLE XII DEFINITIONS

Section 12.01. Definitions.

(a) Definitions. Unless the context otherwise requires, or as otherwise provided in subsection (b) of this Section or in Appendix A to this First Supplemental Indenture, all terms which are defined in Section 1.02 of the Indenture shall have the same meanings in this First Supplemental Indenture.

(b) Additional Definitions. Unless the context otherwise requires, the following terms shall, for all purposes of this First Supplemental Indenture, have the following meanings:

"**Applicable Spread**" has the meaning specified in Section 14.05(a)(vi)(B).

"**ARS Conversion Date**" has the meaning set forth in Appendix A hereto.

"**Auction**" has the meaning set forth in Appendix A hereto.

"**Auction Agreement**" has the meaning set forth in Appendix A hereto.

"**Auction Period**" has the meaning set forth in Appendix A hereto.

"**Auction Period Rate**" has the meaning set forth in Appendix A hereto.

"**Auction Rate Period**" means any period during which the 2008 Bonds bear interest at the Initial Period Rate or an Auction Period Rate, as applicable.

"**Authorized Denominations**" means, with respect to 2008 Bonds: (i) during a Daily Rate Period, Weekly Rate Period or Commercial Paper Rate Period, \$100,000 and any integral multiple of \$5,000 in excess thereof, (ii) during an Auction Period, \$25,000 and any integral multiple thereof and (iii) during a Term Rate Period, an Index Rate Period or the Fixed Rate Period, \$5,000 and any integral multiple thereof; provided, however, that if as a result of a Conversion of a Series of 2008 Bonds from a Term Rate Period to another Interest Rate Determination Method, it is not possible to deliver all the Bonds of a Series required or permitted to be Outstanding in a denomination permitted above, 2008 Bonds of a Series may be delivered, to the extent necessary, in different denominations.

"**Broker-Dealer**" has the meaning set forth in Appendix A hereto.

"**Broker-Dealer Agreement**" has the meaning set forth in Appendix A hereto.

"**Calendar Week**" means the period of seven (7) days from and including Thursday of any week to and including Wednesday of the next following week.

"**Commercial Paper Rate**" means the interest rate established from time to time pursuant to Section 14.05(a)(iii).

"**Commercial Paper Rate Period**" means each period during which 2008 Bonds bear interest at a Commercial Paper Rate determined pursuant to Section 14.05(a)(iii).

"**Commercial Paper Tender Bonds**" shall have the meaning set forth in Section 15.09(a).

"**Conversion**" means any conversion of the 2008 Bonds from one Interest Rate Determination Method to another, which may be made from time to time in accordance with the terms of Section 14.05(b).

"**Conversion Date**" means the date any Conversion of 2008 Bonds becomes effective in accordance with Section 14.05(b) (or, with respect to notices, time periods and requirements in

connection with the proceedings for such Conversion, the day on which it is proposed that such Conversion occur).

"Conversion Notice" shall have the meaning set forth in Section 14.05(b).

"Daily Put Bonds" shall have the meaning set forth in Section 15.09(a).

"Daily Rate" means the interest rate established from time to time pursuant to Section 14.05(a)(i).

"Daily Rate Index" means, on any Business Day, the SIFMA Swap Index or, if the SIFMA Swap Index is no longer published, an index or rate agreed upon by the Commission and the Remarketing Agent; provided, however, that if the Remarketing Agent Advises the Trustee and the Commission that the use of such index would not result or no longer results in a market rate of interest on the Bonds, "Daily Rate Index" shall mean, subject to a Favorable Opinion of Bond Counsel, an index agreed to by the Commission and the Remarketing Agent that would result in a market rate of interest on the Bonds, which Daily Index Rate shall in no event exceed the Maximum Interest Rate.

"Daily Rate Period" means any period during which a Series of 2008 Bonds bears interest at the Daily Rate.

"Eligible Account" means an account that is either (a) maintained with a federal or state-chartered depository institution or trust company that has a Standard & Poor's short-term debt rating of at least 'A-2' (or, if no short-term debt rating, a long-term debt rating of 'BBB+'); or (b) maintained with the corporate trust department of a federal depository institution or state-chartered depository institution subject to regulations regarding fiduciary funds on deposit similar to Title 12 of the U.S. Code of Federal Regulation Section 9.10(b), which, in either case, has corporate trust powers and is acting in its fiduciary capacity.

"Expiration" (and other forms of "expire") means, when used with respect to a 2008 Liquidity Facility or Credit Enhancement, the expiration of such 2008 Liquidity Facility or Credit Enhancement in accordance with its terms.

"Favorable Opinion of Bond Counsel" means, with respect to any action requiring such an opinion, an Opinion of Bond Counsel to the effect that such action will not, in and of itself, adversely affect the Tax-Exempt status of interest on the Bonds or such portion thereof as shall be affected thereby.

"First Supplemental Indenture" means this First Supplemental Indenture, between the Commission and the Trustee, as amended and supplemented from time to time.

"Fixed Rate" means the fixed rate borne by any Series of 2008 Bonds from the Fixed Rate Conversion Date for such Series of Bonds, which rate shall be established in accordance with Section 14.05(a)(v).

"Fixed Rate Computation Date" means any Business Day during the period from and including the date of receipt of a Conversion Notice relating to a Fixed Rate Conversion to and including the Business Day next preceding the proposed Conversion Date.

"Fixed Rate Conversion Date" means the Conversion Date on which the interest rate on any Series of 2008 Bonds shall be converted to a Fixed Rate.

"Fixed Rate Period" means the period from and including the Fixed Rate Conversion Date of any Series of 2008 Bonds converted to a Fixed Rate to and including their maturity date or earlier date of redemption.

"Flexible Auction Period" has the meaning set forth in Appendix A hereto.

"Index Agent" means the Trustee or such other Person acceptable to the Trustee as may be designated by the Commission to act as the Index Agent for the Trustee.

"Index Bonds" means 2008 Bonds bearing interest at the Index Rate.

"Index Rate" means the interest rate established from time to time pursuant to Section 14.05(a)(vi), provided, however, that in no event may the Index Rate exceed the Maximum Interest Rate.

"Index Rate Continuation Notice" has the meaning given to that term in Section 14.05(a)(vi)(D).

"Index Rate Determination Date" means a date that is two London Banking Days preceding the date of a Conversion to the Index Rate Period, a date that is two London Banking Days preceding each Purchase Date during the Index Rate Period, and a date that is two London Banking Days preceding each Interest Payment Date during the Index Rate Period; provided, that if the Commission obtains a Favorable Opinion of Bond Counsel, "Index Rate Determination Date" shall mean such other date as is determined by the Commission in consultation with the Remarketing Agent in accordance with Section 14.05(b)(1)(C).

"Index Rate Index" means 67% of the Three-Month LIBOR Rate or, if the Three-Month LIBOR Rate is not available, 67% of the Treasury Rate; provided, that if the Commission obtains a Favorable Opinion of Bond Counsel, "Index Rate Index" shall mean such other index as is determined by the Commission in consultation with the Remarketing Agent at the commencement of an Index Rate Period in accordance with Section 14.05(b)(1)(C).

"Index Rate Interest Accrual Period" has the meaning given to that term in Section 14.05(a)(vi)(C).

"Index Rate Period" means any period during which 2008 Bonds bear interest at the Index Rate.

"Initial Period" has the meaning set forth in Appendix A hereto.

"Initial Period Rate" has the meaning set forth in Appendix A hereto.

"Interest Payment Date" means (a) with respect to the 2008 Bonds: (i) in the Daily Rate Period or the Weekly Rate Period, the first Business Day of each calendar month; (ii) in the Commercial Paper Rate Period, the day immediately succeeding the last day of each Commercial Paper Rate Period for such 2008 Bond; (iii) each Conversion Date; (iv) in the Term Rate Period or the Fixed Rate Period, each Semi-Annual Interest Payment Date; (v) in the Index Rate Period, on the first Business Day of each January, April, July and October, or, if the Commission obtains a Favorable Opinion of Bond Counsel, on such other periodic dates as shall be selected by the Commission in accordance with Section 14.05(b)(1)(C); and (vi) in an Auction Rate Period, on such dates as set forth in Appendix A to this First Supplemental Indenture; and (b) in all events, the final maturity date, redemption date or Optional Purchase Date of each 2008 Bond.

"Interest Rate Determination Method" means any of the methods of determining the interest rate on the 2008 Bonds from time to time as described in Section 14.05(a).

"Issue Date" means, with respect to the 2008 Bonds, the date on which the 2008 Bonds are first delivered to the purchasers thereof.

"London Banking Day" means any day on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency) in the City of London, United Kingdom.

"Mandatory Tender Bonds" has the meaning specified in Section 15.09(c).

"Optional Purchase Date" means each date on which the 2008 Bonds would be subject to optional redemption and therefore are subject to purchase at the option of the Commission pursuant to Article XVI.

"Optional Purchase Price" means, with respect to the purchase of 2008 Bonds to be purchased pursuant to Article XVI on any Optional Purchase Date, the principal amount of the 2008 Bonds to be purchased on such Optional Purchase Date, plus accrued interest to such Optional Purchase Date, plus an amount equal to the premium, if any, that would be payable upon the redemption, at the option of the Commission exercised on such Optional Purchase Date, of the 2008 Bonds to be purchased.

"Par Call Date" has the meaning assigned in Section 15.01(a)(5).

"Participant" means, with respect to a Securities Depository, each participant listed in such Securities Depository's book-entry system as having an interest in the 2008 Bonds.

"Purchase Date" means any date on which any 2008 Bond is purchased pursuant to Section 15.04 or Section 15.05.

"Purchase Price" means, with respect to any 2008 Bond tendered or deemed tendered pursuant to Section 15.04 or Section 15.05, an amount equal to 100% of the principal amount of any 2008 Bond tendered or deemed tendered to the Trustee for purchase pursuant to Section 15.04 or 15.05, provided that if any 2008 Bond so tendered or deemed tendered bears interest at an Index Rate, is subject to payment of a Spread Premium and is purchased prior to its Par Call Date, then the Purchase Price shall be equal to 100% of the Spread Premium that would

have been applicable to such 2008 Bond had it been optionally redeemed on the Purchase Date. In addition, if the Purchase Date is not an Interest Payment Date, the Purchase Price for each 2008 Bond tendered or deemed tendered shall be increased to include accrued interest thereon to but not including the Purchase Date; provided, however, if such Purchase Date occurs before an Interest Payment Date, but after the Record Date applicable to such Interest Payment Date, then the Purchase Price shall not include accrued interest, which shall be paid to the Holder as of the applicable Record Date.

"Rate" means, with respect to any 2008 Bond, the interest rate applicable to such 2008 Bond as provided in this First Supplemental Indenture.

"Rate Index" means the Daily Rate Index, the Weekly Rate Index, or both, as the context may require.

"Rate Period" means any Daily Rate Period, Weekly Rate Period, Commercial Paper Rate Period, Auction Period, Term Rate Period, Index Rate Period or Fixed Rate Period.

"Record Date" means (a) for any Interest Payment Date in respect of any Daily Rate Period, Weekly Rate Period, Commercial Paper Rate Period or Index Rate Period, the Business Day next preceding such Interest Payment Date; (b) for any Interest Payment Date in respect of any Term Rate Period or Fixed Rate Period, the fifteenth (15th) day (whether or not a Business Day) of the month preceding the month in which such Interest Payment Date occurs; and (c) for any Interest Payment Date in respect of any Auction Period, the Business Day immediately preceding the Interest Payment Date.

"Redemption Date" means the date fixed for redemption of Bonds of a Series subject to redemption in any notice of redemption given in accordance with the terms of the Indenture.

"Redemption Price" means, with respect to any 2008 Bond or a portion thereof, 100% of the principal amount thereof to be redeemed, plus the applicable premium, if any, payable upon redemption thereof pursuant to such Bond or this First Supplemental Indenture (provided that if such 2008 Bond is a 2008 Bond bearing interest at an Index Rate, the Redemption Price for such Bond shall be determined pursuant to Section 15.01(a)(5)).

"Remarketing Agent" means the one or more banks, trust companies or members of the National Association of Securities Dealers, Inc. meeting the qualifications set forth in Section 15.15 and appointed by an Authorized Representative to serve as a Remarketing Agent for any 2008 Bonds.

"Remarketing Agreement" means any agreement or agreements entered into by and between the Commission and a Remarketing Agent for 2008 Bonds.

"Semi-Annual Interest Payment Date" means April 1 and October 1.

"Series of Index Bonds" means a Series of 2008 Bonds in the Index Rate Period.

"Spread Premium" has the meaning specified in Section 15.01(a)(5).

"Tax-Exempt" means, with respect to interest on any obligations of a state or local government, that such interest is excluded from the gross income of the holders thereof (other than any holder who is a "substantial user" of facilities financed with such obligations or a "related person" within the meaning of Section 147(a) of the Code) for federal income tax purposes, whether or not such interest is includable as an item of tax preference or otherwise includable directly or indirectly for purposes of calculating other tax liabilities, including any alternative minimum tax or environmental tax under the Code.

"Tax-Exempt Securities" means bonds, notes or other securities the interest on which is Tax-Exempt.

"Term Rate" means the rate of interest on 2008 Bonds established in accordance with Section 14.05(a)(iv).

"Term Rate Computation Date" means any Business Day during the period from and including the date of receipt of a Conversion Notice relating to a Conversion to a Term Rate for any 2008 Bonds to and including the Business Day next preceding the proposed Term Rate Conversion Date.

"Term Rate Conversion Date" means: (i) the Conversion Date on which the interest rate on any 2008 Bonds shall be converted to a Term Rate; and (ii) the date on which a new Term Rate Period and Term Rate are to be established.

"Term Rate Continuation Notice" shall have the meaning given such term in Section 14.05(a)(iv)(B).

"Term Rate Period" means any period during which any 2008 Bonds bear interest at the Term Rate.

"Termination" (and other forms of "terminate") means, when used with respect to any 2008 Liquidity Facility or Credit Enhancement, the replacement, removal, surrender or other termination of such 2008 Liquidity Facility or Credit Enhancement other than an Expiration or an extension or renewal thereof; provided, however, that Termination does not include immediate suspension or automatic termination events.

"Three-Month LIBOR Rate" means the rate for deposits in U.S. dollars with a three-month maturity that appears on Reuters Screen LIBOR01 Page (or such other page as may replace that page on that service, or such other service as may be nominated by the British Bankers Association, for the purpose of displaying London interbank offered rates for U.S. dollar deposits) as of 11:00 a.m., London time, on the Index Rate Determination Date, except that, if such rate does not appear on such page on the Index Rate Determination Date, the Three Month LIBOR Rate means a rate determined on the basis of the rates at which deposits in U.S. dollars for a three-month maturity and in a principal amount of at least U.S. \$1,000,000 are offered at approximately 11:00 a.m., London time, on the Index Rate Determination Date, to prime banks in the London interbank market by three major banks in the London interbank market (herein referred to as the "Reference Banks") selected by the Index Agent (provided, however, that if the Index Agent is the Trustee, the Trustee may appoint an agent to identify such Reference Banks). The Index Agent is to request the principal London office of each of such Reference Banks to

provide a quotation of its rate. If at least two such quotations are provided, the Three Month LIBOR Rate will be the arithmetic mean of such quotations. If fewer than two quotations are provided, the Three Month LIBOR Rate will be the arithmetic mean of the rates quoted by three (if three quotations are not provided, two or one, as applicable) major banks in New York City, selected by the Index Agent, at approximately 11:00 a.m., New York City time, on the Index Rate Determination Date for loans in U.S. dollars to leading European banks in a principal amount of at least U.S. \$1,000,000 having a three-month maturity. If none of the banks in New York City selected by the Index Agent is then quoting rates for such loans, then the Three Month LIBOR Rate for the ensuing interest period will mean the Three Month LIBOR Rate then in effect in the immediately preceding Index Rate Interest Accrual Period.

"Treasury Rate" means the interest rate applicable to 13-week United States Treasury bills determined by the Remarketing Agent on the basis of the average per annum discount rate at which such 13-week Treasury bills shall have been sold at the most recent Treasury auction.

"2008 Bonds" means, collectively, the 2008 Series A Bonds, the 2008 Series B Bonds, the 2008 Series C Bonds, and the 2008 Series D Bonds.

"2008 Bonds Purchase Fund" means the 2008 Bonds Purchase Fund established pursuant to Section 17.01(c).

"2008 Bonds Reserve Fund" means the fund by that name established pursuant to Section 17.01(b).

"2008 Bonds Reserve Requirement" means, as of any date of calculation, an amount equal to the least of (i) ten percent (10%) of the principal amount of the 2008 Bonds (or if the amount of original issue discount or original issue premium applicable to the 2008 Bonds exceeds two percent (2%), ten percent (10%) of the issue price of the 2008 Bonds), (ii) one hundred twenty-five percent (125%) of average Annual Debt Service on the Outstanding 2008 Bonds, and (iii) fifty percent (50%) of Maximum Annual Debt Service on the Outstanding 2008 Bonds.

"2008 Bonds Tax Certificate" means the Tax Certificate executed on behalf of the Commission in connection with the issuance of the 2008 Bonds.

"2008 Commission Account" means, as applicable, the 2008 Series A Commission Account, the 2008 Series B Commission Account, the 2008 Series C Commission Account, or the 2008 Series D Commission Account, within the 2008 Bonds Purchase Fund established pursuant to Section 17.01(c).

"2008 Liquidity Facility" means, with respect to the 2008 Series A Bonds and the 2008 Series B Bonds, the Standby Bond Purchase Agreement, dated as of March 27, 2008, among the Commission, the Trustee and JPMorgan Chase Bank, National Association, as supplemented and amended pursuant to its terms, or any agreement pursuant to which an Alternate Liquidity Facility is provided with respect to the 2008 Series A Bonds and 2008 Series B Bonds, and means, with respect to the 2008 Series C Bonds and 2008 Series D Bonds, the Standby Bond Purchase Agreement, dated as of March 27, 2008, among the Commission, the Trustee and Dexia Crédit Local, acting through its New York Branch, as supplemented and amended

pursuant to its terms, or any agreement pursuant to which an Alternate Liquidity Facility is provided with respect to the 2008 Series C Bonds and 2008 Series D Bonds, in each case according to the provisions of Section 15.14.

"2008 Liquidity Facility Bonds" means Liquidity Facility Bonds consisting of any 2008 Bonds purchased with moneys drawn under (or otherwise obtained pursuant to the terms of) a 2008 Liquidity Facility as provided in Section 15.11(a), but excluding any Bonds no longer considered to be 2008 Liquidity Facility Bonds in accordance with the terms of the applicable 2008 Liquidity Facility and Section 15.13(d).

"2008 Liquidity Facility Purchase Account" means, as applicable, the 2008 Series A Liquidity Facility Purchase Account, the 2008 Series B Liquidity Facility Purchase Account, the 2008 Series C Liquidity Facility Purchase Account or the 2008 Series D Liquidity Facility Purchase Account, within the 2008 Bonds Purchase Fund established pursuant to Section 17.01(c).

"2008 Liquidity Provider" means, with respect to the 2008 Series A Bonds and 2008 Series B Bonds, JPMorgan Chase Bank, National Association, and means, with respect to the 2008 Series C Bonds and 2008 Series D Bonds, Dexia Crédit Local, acting through its New York Branch, or any commercial bank or other financial institution providing an Alternate Liquidity Facility as requested by the Commission in replacement of or substitution for a 2008 Liquidity Facility provided with respect to the 2008 Series A Bonds, the 2008 Series B Bonds, the 2008 Series C Bonds or the Series 2008 D Bonds.

"2008 Project Fund" means the 2008 Project Fund established pursuant to Section 17.01(a).

"2008 Remarketing Account" means, as applicable, the 2008 Series A Remarketing Account, the 2008 Series B Remarketing Account, the 2008 Series C Remarketing Account or the 2008 Series D Remarketing Account, within the 2008 Bonds Purchase Fund established pursuant to Section 17.01(c).

"2008 Series A Bonds" shall mean the San Diego County Regional Transportation Commission Sales Tax Revenue Bonds (Limited Tax Bonds), 2008 Series A, authorized by Article XIV of this Indenture.

"2008 Series B Bonds" shall mean the San Diego County Regional Transportation Commission Sales Tax Revenue Bonds (Limited Tax Bonds), 2008 Series B, authorized by Article XIV of this Indenture.

"2008 Series C Bonds" shall mean the San Diego County Regional Transportation Commission Sales Tax Revenue Bonds (Limited Tax Bonds), 2008 Series C, authorized by Article XIV of this Indenture.

"2008 Series D Bonds" shall mean the San Diego County Regional Transportation Commission Sales Tax Revenue Bonds (Limited Tax Bonds), 2008 Series D, authorized by Article XIV of this Indenture.

"**USD-ISDA Swap Rate**" shall have the meaning set forth in Section 15.01(a)(5).

"**Variable Rate**" means any of the Daily Rate, the Weekly Rate, the Commercial Paper Rate, the Term Rate, the Index Rate, the Initial Period Rate or the Auction Period Rate, as applicable.

"**Variable Rate Demand Bonds**" means the 2008 Bonds bearing interest at a Daily Rate or a Weekly Rate.

"**Weekly Put Bonds**" shall have the meaning set forth in Section 15.09(b).

"**Weekly Rate**" means the variable interest rate on any 2008 Bond established in accordance with Section 14.05(a)(ii).

"**Weekly Rate Index**" means, on any Business Day, the SIFMA Swap Index or, if the SIFMA Swap Index is no longer published, an index or rate agreed upon by the Commission and the Remarketing Agent; provided, however, that if the Remarketing Agent Advises the Trustee and the Commission that the use of such index would not result or no longer results in a market rate of interest on the Bonds, "Weekly Rate Index" shall mean, subject to a Favorable Opinion of Bond Counsel, an index agreed to by the Commission and the Remarketing Agent that would result in a market rate of interest on the Bonds, which Weekly Rate Index shall in no event exceed the Maximum Interest Rate.

"**Weekly Rate Period**" means each period during which any 2008 Bonds bear interest at Weekly Rates.

Section 12.02. Rules of Construction. Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Unless the context shall otherwise indicate, words importing the singular number shall include the plural number and vice versa, and words importing persons shall include corporations and associations, including public bodies, as well as natural persons. Defined terms shall include any variant of the terms set forth in this Article XII.

The terms "hereby," "hereof," "hereto," "herein," "hereunder," and any similar terms, as used in this First Supplemental Indenture, refer to the Indenture.

ARTICLE XIII FINDINGS, DETERMINATIONS AND DIRECTIONS

Section 13.01. Findings and Determinations. The Commission hereby finds and determines that the 2008 Bonds shall be issued pursuant to Section 3.01 and upon the issuance of the 2008 Bonds, any and all acts, conditions and things required to exist, to happen and to be performed, precedent to and in the issuance thereof, will exist, will have happened and will have been performed, in due time, form and manner, as required by the Constitution and statutes of the State.

Section 13.02. Recital in Bonds. There shall be included in each of the definitive 2008 Bonds, and also in each of the temporary 2008 Bonds, if any are issued, a certification and recital

that any and all acts, conditions and things required to exist, to happen and to be performed, precedent to and in the incurring of the indebtedness evidenced by that 2008 Bond, and in the issuing of that 2008 Bond, exist, have happened and have been performed in due time, form and manner, as required by the Constitution and statutes of the State and the Act, and that said 2008 Bond, together with all other indebtedness of the Commission payable out of Revenues, is within every debt and other limit prescribed by the Constitution and statutes of the State and the Act, and that such certification and recital shall be in such form as is set forth in the form of the 2008 Bond attached hereto as Exhibit A.

Section 13.03. Effect of Findings and Recital. From and after the issuance of the 2008 Bonds, the findings and determinations herein shall be conclusive evidence of the existence of the facts so found and determined in any action or proceeding in any court in which the validity of the 2008 Bonds is at issue.

ARTICLE XIV AUTHORIZATION OF 2008 BONDS

Section 14.01. Principal Amount, Designation and Series. Pursuant to the provisions of this Indenture and the provisions of the Act, a Series of Bonds entitled to the benefit, protection and security of such provisions is hereby authorized in the aggregate principal amount of \$150,000,000. Such Bonds shall be designated as, and shall be distinguished from the Bonds of all other Series by the title, "San Diego County Regional Transportation Commission Sales Tax Revenue Bonds (Limited Tax Bonds), 2008 Series A."

Pursuant to the provisions of this Indenture and the provisions of the Act, a Series of Bonds entitled to the benefit, protection and security of such provisions is hereby authorized in the aggregate principal amount of \$150,000,000. Such Bonds shall be designated as, and shall be distinguished from the Bonds of all other Series by the title, "San Diego County Regional Transportation Commission Sales Tax Revenue Bonds (Limited Tax Bonds), 2008 Series B."

Pursuant to the provisions of this Indenture and the provisions of the Act, a Series of Bonds entitled to the benefit, protection and security of such provisions is hereby authorized in the aggregate principal amount of \$150,000,000. Such Bonds shall be designated as, and shall be distinguished from the Bonds of all other Series by the title, "San Diego County Regional Transportation Commission Sales Tax Revenue Bonds (Limited Tax Bonds), 2008 Series C."

Pursuant to the provisions of this Indenture and the provisions of the Act, a Series of Bonds entitled to the benefit, protection and security of such provisions is hereby authorized in the aggregate principal amount of \$150,000,000. Such Bonds shall be designated as, and shall be distinguished from the Bonds of all other Series by the title, "San Diego County Regional Transportation Commission Sales Tax Revenue Bonds (Limited Tax Bonds), 2008 Series D."

At any time after the execution and delivery of this Supplemental Indenture, the Commission may execute and, upon the order of the Commission, the Trustee shall authenticate and deliver each Series of 2008 Bonds in the aggregate principal amount set forth above.

Section 14.02. Purpose and Application of Proceeds. The 2008 Bonds are issued for the purpose of financing, refinancing and/or reimbursing the Commission for its prior payment

of, the Costs of the Project, including by retiring Existing Notes. In addition, a portion of the proceeds will be applied to pay Costs of Issuance of the 2008 Bonds and to fund the 2008 Bonds Reserve Requirement for the 2008 Bonds. The net proceeds from the sale of the 2008 Bonds in the amount of \$599,449,684.46 shall be received by the Trustee, and the Trustee shall deposit or transfer such funds as follows:

- (a) \$466,979,545.67 of such proceeds shall be deposited in the 2008 Project Fund;
- (b) \$3,926,399.99 of such proceeds shall be deposited in the Interest Fund and used to pay interest on the Series 2008 Bonds until expended;
- (c) \$17,160,738.80 of such proceeds shall be deposited in the 2008 Bonds Reserve Fund in satisfaction of the 2008 Bonds Reserve Requirement; and
- (d) \$111,383,000.00 of such proceeds shall be transferred to the Subordinate Trustee in order to retire the Existing Notes upon the order of the Commission.

Section 14.03. Form, Denomination, Numbers and Letters. Each Series of the 2008 Bonds shall be issued as fully registered bonds without coupons in book-entry form and in Authorized Denominations and shall be numbered from one upward in consecutive numerical order preceded by the letter "R" prefixed to the number. Each Series of 2008 Bonds and the certificate of authentication shall be substantially in the form attached hereto as Exhibit A, which form is hereby approved and adopted as the form of the 2008 Bonds and as the form of the certificate of authentication as such form shall be completed based on the terms of each Series of 2008 Bonds set forth herein.

Section 14.04. Date, Maturities and Interest Rates. The 2008 Series A Bonds shall be dated their Issue Date. The 2008 Series A Bonds shall be issued in the aggregate principal amount of \$150,000,000 and shall mature and be payable on April 1, 2038. The 2008 Series A Bonds shall be issued as Variable Rate Bonds and each 2008 Series A Bond shall bear interest at the rate or rates determined in accordance with Section 14.05. Each 2008 Series A Bond shall initially bear interest at a Weekly Rate, and the initial Interest Payment Date is May 1, 2008.

The 2008 Series B Bonds shall be dated their Issue Date. The 2008 Series B Bonds shall be issued in the aggregate principal amount of \$150,000,000 and shall mature and be payable on April 1, 2038. The 2008 Series B Bonds shall be issued as Variable Rate Bonds and each 2008 Series B Bond shall bear interest at the rate or rates determined in accordance with Section 14.05. Each 2008 Series B Bond shall initially bear interest at a Weekly Rate, and the initial Interest Payment Date is May 1, 2008.

The 2008 Series C Bonds shall be dated their Issue Date. The 2008 Series C Bonds shall be issued in the aggregate principal amount of \$150,000,000 and shall mature and be payable on April 1, 2038. The 2008 Series C Bonds shall be issued as Variable Rate Bonds and each 2008 Series C Bond shall bear interest at the rate or rates determined in accordance with Section 14.05. Each 2008 Series C Bond shall initially bear interest at a Weekly Rate, and the initial Interest Payment Date is May 1, 2008.

The 2008 Series D Bonds shall be dated their Issue Date. The 2008 Series D Bonds shall be issued in the aggregate principal amount of \$150,000,000 and shall mature and be payable on April 1, 2038. The 2008 Series D Bonds shall be issued as Variable Rate Bonds and each 2008 Series D Bond shall bear interest at the rate or rates determined in accordance with Section 14.05. Each 2008 Series D Bond shall initially bear interest at a Weekly Rate, and the initial Interest Payment Date is May 1, 2008.

Interest on each 2008 Bond shall be payable on each Interest Payment Date for such 2008 Bond until the principal sum of such 2008 Bond has been paid; provided, however, that if at the maturity date of any 2008 Bond (or if the same is redeemable and shall be duly called for redemption, then at the date fixed for redemption) funds are available for the payment or redemption thereof, in full accordance with terms of the Indenture, such 2008 Bond shall then cease to bear interest.

Each 2008 Bond shall bear interest payable from the latest of: (i) its Issue Date; (ii) the most recent Interest Payment Date to which interest has been paid thereon or duly provided for, or (iii) if the date of authentication of such Bond is after a Record Date but prior to the immediately succeeding Interest Payment Date, the Interest Payment Date immediately succeeding such date of authentication.

Each 2008 Bond shall be payable as provided in Section 2.10, including Section 2.10(E), or, in the event the use of the Securities Depository is discontinued, the principal of each 2008 Bond shall be payable in lawful money of the United States of America upon surrender thereof at the Principal Office of the Trustee, and the interest on each 2008 Bond shall be payable in lawful money of the United States of America by the Trustee to the Holder thereof as of the close of business on the Record Date, such interest to be paid by the Trustee to such Holder in immediately available funds (by wire transfer or by deposit to the account of the Holder if such account is maintained with the Trustee), according to the instructions given by such Holder to the Trustee or, in the event no such instructions have been given, by check mailed by first class mail to the Holder at such Holder's address as it appears as of the Record Date on the bond registration books kept by the Trustee.

Section 14.05. Interest Rates on 2008 Bonds. Except for 2008 Liquidity Facility Bonds, which shall bear interest at the rate or rates (but not in excess of the Maximum Interest Rate), and be payable at the times, specified in the applicable 2008 Liquidity Facility, the 2008 Bonds shall be Current Interest Bonds and, until converted to a Fixed Rate, the 2008 Bonds shall constitute Variable Rate Indebtedness and shall bear interest at a Variable Rate determined as provided in this First Supplemental Indenture.

The 2008 Bonds shall bear interest as provided herein from and including the Issue Date to but excluding the date of payment in full of such 2008 Bonds (such interest to be computed on the basis of a 365/366-day year and actual days elapsed during any Daily Rate Period, Weekly Rate Period, Index Rate Period or Commercial Paper Rate Period; computed on the basis of a 360-day year of twelve (12) 30-day months during any Term Rate Period or any Auction Rate Period having Auction Periods of more than 180 days; and computed on the basis of a 360-day year and actual days elapsed during any Auction Rate Period having Auction Periods of 180 days

or less). Interest shall accrue on the 2008 Bonds from one Interest Payment Date to, but not including, the next Interest Payment Date.

Upon Conversion of a Series of 2008 Bonds to a Fixed Rate, the 2008 Bonds of such Series shall bear interest from and including the Conversion Date to the date of payment in full of such 2008 Bonds (computed on the basis of a 360-day year of twelve (12) 30-day months).

The interest rates on each 2008 Bond shall be determined as provided in Section 14.05(a); provided, that no Rate as so determined shall exceed the Maximum Interest Rate in effect on the date of determination thereof.

At any one time, each 2008 Bond within a Series of 2008 Bonds shall have the same Interest Rate Determination Method and (except 2008 Bonds that are 2008 Liquidity Facility Bonds, 2008 Bonds during a Commercial Paper Rate Period, and 2008 Bonds of different maturities bearing interest at a Fixed Rate) shall bear interest at the same interest rate. Upon issuance, the 2008 Series A Bonds, 2008 Series B Bonds, 2008 Series C Bonds and 2008 Series D Bonds shall bear interest at a Weekly Rate.

14.05(a) Interest Rate Determination Method.

14.05(a)(i) Daily Rate. Upon a successful Conversion of any Series of 2008 Bonds to bear interest at the Daily Rate pursuant to Section 14.05(b) and until such 2008 Bonds are successfully converted to another Interest Rate Determination Method pursuant to said Section 14.05(b), such 2008 Bonds shall bear interest at a Daily Rate. During each Daily Rate Period for 2008 Bonds, the Remarketing Agent for such Series shall set a Daily Rate for such 2008 Bonds by 9:30 a.m., New York City time, on each Business Day, which Daily Rate shall be the rate of interest which, if borne by such 2008 Bonds in the Daily Rate Period, would, in the judgment of the Remarketing Agent, having due regard for the prevailing financial market conditions for Tax-Exempt Securities that are of the same general nature as such 2008 Bonds, or Tax-Exempt Securities that are competitive as to credit and maturity (or period for tender) with the credit and maturity (or period for tender) of such 2008 Bonds for which the Daily Rate is to be determined, be the lowest interest rate that would enable such Remarketing Agent to place such 2008 Bonds at a price equal to 100% of the aggregate principal amount of such 2008 Bonds (plus accrued interest, if any) on such Business Day. The Daily Rate for any non-Business Day will be the rate for the last Business Day on which a Daily Rate was set.

14.05(a)(ii) Weekly Rate. Upon the issuance of the 2008 Series A Bonds, 2008 Series B Bonds, 2008 Series C Bonds and 2008 Series D Bonds, and until such 2008 Bonds are successfully converted to another Interest Rate Determination Method pursuant to Section 14.05(b), such 2008 Bonds shall bear interest at a Weekly Rate. During each Weekly Rate Period, the Remarketing Agent for such Series shall set a Weekly Rate for such 2008 Bonds, by 5:00 p.m., New York City time, on each Wednesday (or the immediately succeeding Business Day, if such Wednesday is not a Business Day) for the next Calendar Week; provided, that, the Weekly Rate for the first Calendar Week (or portion thereof) following a Conversion Date resulting in a change in the Interest Rate Determination Method to a Weekly Rate shall be set by such Remarketing Agent on the Business Day immediately preceding such Conversion Date. Each Weekly Rate shall be the rate of interest that, if borne by such 2008 Bonds in the

Weekly Rate Period, would, in the judgment of the Remarketing Agent, having due regard for the prevailing financial market conditions for Tax-Exempt Securities that are of the same general nature as such 2008 Bonds for which the Weekly Rate is to be determined, or Tax-Exempt Securities that are competitive as to credit and maturity (or period for tender) with the credit and maturity (or period for tender) of the 2008 Bonds for which the Weekly Rate is to be determined, be the lowest interest rate that would enable the Remarketing Agent to place such 2008 Bonds at a price equal to 100% of the aggregate principal amount of such 2008 Bonds (plus accrued interest, if any) on the first day of such Weekly Rate Period.

14.05(a)(iii) Commercial Paper Rate. Upon a successful Conversion of any 2008 Bonds to bear interest at the Commercial Paper Rate pursuant to Section 14.05(b), and until such 2008 Bonds are successfully converted to another Interest Rate Determination Method pursuant to said Section 14.05(b), such 2008 Bonds shall bear interest at the Commercial Paper Rate or Rates applicable to such 2008 Bonds. The Remarketing Agent for such Series shall select the Commercial Paper Rate Period or Periods for each of such 2008 Bonds on a Business Day selected by the Remarketing Agent not more than five (5) Business Days prior to the first day of such Commercial Paper Rate Period and not later than 12:30 p.m., New York City time, on the first day of such Commercial Paper Rate Period. Each Commercial Paper Rate Period shall be a period of not less than one (1) nor more than 270 days determined by the Remarketing Agent with the intention of yielding the lowest overall interest expense on the applicable 2008 Bonds, taking into account (A) all other Commercial Paper Rate Periods for all the 2008 Bonds of the same Series bearing interest at a Commercial Paper Rate, (B) general economic and market conditions relevant to such 2008 Bonds and (C) such other facts, circumstances and conditions as such Remarketing Agent determines to be relevant. Notwithstanding the foregoing, no Commercial Paper Rate Period for any 2008 Bond shall be selected with a last day later than the fifth (5th) Business Day prior to the expiration date of any 2008 Liquidity Facility then in effect with respect to such 2008 Bond while bearing interest at the Commercial Paper Rate. The last day of each Commercial Paper Rate Period shall be a day immediately preceding a Business Day. If the Interest Rate Determination Method with respect to any 2008 Bonds is being converted from a Commercial Paper Rate to a new Interest Rate Determination Method, after receipt of the Conversion Notice delivered pursuant to Section 14.05(b), the Remarketing Agent shall determine the Commercial Paper Rate Periods with respect to such 2008 Bonds in such manner that, as soon as possible, all Commercial Paper Rate Periods with respect to such Series of 2008 Bonds shall end on the same date, which date shall be the last day of the then-current Commercial Paper Rate Periods and, upon the establishment of such Commercial Paper Rate Periods, the day next succeeding the last day of all such Commercial Paper Rate Periods shall be the Conversion Date for the new Interest Rate Determination Method. The Remarketing Agent, promptly upon the determination of the last day of such Commercial Paper Rate Periods prior to Conversion to a new Interest Rate Determination Method, shall give written notice of such last day and such Conversion Date to the Notice Parties.

The Remarketing Agent shall set a Commercial Paper Rate for each 2008 Bond bearing interest at the Commercial Paper Rate not later than 12:30 p.m., New York City time, on the first day of each Commercial Paper Rate Period for such Series of 2008 Bonds. The Commercial Paper Rate applicable to each 2008 Bond bearing interest at the Commercial Paper Rate will be the rate determined by the Remarketing Agent to be the lowest interest rate that would enable such Remarketing Agent to place such 2008 Bond on the first day of the applicable

Commercial Paper Rate Period at a price equal to 100% of the aggregate principal amount of such Bond.

14.05(a)(iv)(A) Term Rate. Upon a successful Conversion of any 2008 Bonds to bear interest at the Term Rate from another Interest Rate Determination Method pursuant to Section 14.05(b) or the establishment of a new Term Rate Period and a new Term Rate for any 2008 Bonds then bearing interest at a Term Rate, and until such 2008 Bonds are successfully converted to another Interest Rate Determination Method pursuant to Section 14.05(b) or Section 14.05(a)(iv)(F), such 2008 Bonds shall bear interest at a Term Rate. The Commission shall select the duration of each Term Rate Period for any Series of 2008 Bonds and shall include the duration of the Term Rate Period in the Conversion Notice given with respect to such Term Rate Period pursuant to Section 14.05(b) or the Term Rate Continuation Notice given with respect to any new Term Rate and Term Rate Period for 2008 Bonds then bearing interest at a Term Rate. Each Term Rate Period shall commence on the Term Rate Conversion Date and end on the March 31 selected by the Commission which is a minimum of 180 days after the Term Rate Conversion Date, or if the day next succeeding such March 31 is not a Business Day, on the first day after such March 31 which precedes a Business Day, but in no event later than the maturity date of the applicable 2008 Bonds. With respect to each Term Rate Period, the Remarketing Agent will set the Term Rate for the 2008 Bonds by 5:00 p.m., New York City time, on the applicable Term Rate Computation Date. Each Term Rate shall be the rate of interest that, if borne by such 2008 Bonds in such Term Rate Period, would, in the judgment of the Remarketing Agent, having due regard for the prevailing financial market conditions for Tax-Exempt Securities that are of the same general nature as the Series of 2008 Bonds for which the Term Rate is to be determined, or Tax-Exempt Securities that are competitive as to credit and maturity (or period for tender) with the credit and maturity (or period for tender) of the Series of 2008 Bonds for which the Term Rate is to be determined, be the lowest interest rate that would enable such Remarketing Agent to place such 2008 Bonds at a price equal to 100% of the aggregate principal amount of such 2008 Bonds on the first day of such Term Rate Period.

14.05(a)(iv)(B) Term Rate Continuation. As of the day following the last day of a Term Rate Period for any 2008 Bonds, unless the Commission has given a Conversion Notice with respect to the Conversion of such 2008 Bonds to another Interest Rate Determination Method pursuant to Section 14.05(b), the Commission may establish a new Term Rate Period and Term Rate for such 2008 Bonds with such right to be exercised by delivery of a written notice of an Authorized Representative (a "Term Rate Continuation Notice") to the Notice Parties no less than twenty (20) days prior to the March 31st preceding the effective date of the new Term Rate Period.

The Term Rate Continuation Notice must be accompanied by a Favorable Opinion of Bond Counsel stating that the new Term Rate Period is authorized and permitted under this First Supplemental Indenture and will not, in and of itself, adversely affect the Tax-Exempt status of the interest on any of the applicable Series of 2008 Bonds. No Liquidity Facility is required with respect to 2008 Bonds in a Term Rate Period, but, if any is provided, the Term Rate Continuation Notice will include notice thereof.

14.05(a)(iv)(C) Limitations. Any establishment of a new Term Rate and Term Rate Period for any Series of 2008 Bonds pursuant to Section 14.05(a)(iv)(B) above must comply with the following:

- the first day of such new Term Rate Period must be an Interest Payment Date on which such 2008 Bonds are subject to mandatory tender pursuant to the applicable provisions of Section 15.05;
- the first day of such new Term Rate Period must be a Business Day; and
- no new Term Rate shall become effective unless the Favorable Opinion of Bond Counsel referred to in Section 14.05(a)(iv)(B) is redelivered on (and as of) the first day of the new Term Rate Period and all such Outstanding 2008 Bonds are successfully remarketed in the new Term Rate Period at the new Term Rate on the first day of the new Term Rate Period.

14.05(a)(iv)(D) Contents of Term Rate Continuation Notice. The Commission's Term Rate Continuation Notice must specify: (i) the proposed Term Rate Period; whether the 2008 Liquidity Facility then in effect will remain in effect; and (iii) if a 2008 Liquidity Facility will be in effect after the proposed Term Rate Conversion Date, the provider of such 2008 Liquidity Facility, the form of such 2008 Liquidity Facility and the anticipated term of such 2008 Liquidity Facility.

14.05(a)(iv)(E) Notice to Holders. Upon receipt of a Term Rate Continuation Notice from an Authorized Representative, as soon as possible, but in any event not less than fifteen (15) days prior to the first day of the proposed Term Rate Period, the Trustee shall give notice by first-class mail to the Holders of the affected 2008 Bonds which notice shall state in substance:

- that a new Term Rate Period and Term Rate is to be established for such 2008 Bonds on the applicable Term Rate Conversion Date if the conditions specified in this First Supplemental Indenture are satisfied on or before such date;
- that all affected 2008 Bonds are subject to mandatory tender for purchase on the first day of the new Term Rate Period (whether or not the proposed new Term Rate Period becomes effective on such date) at the Purchase Price, which shall be specified therein;
- the first day of the new Term Rate Period;
- that the Commission has delivered to the Trustee a Favorable Opinion of Bond Counsel to the effect that the new Term Rate Period is authorized and permitted under this First Supplemental Indenture and will not, in and of itself, adversely affect the Tax-Exempt status of the interest on any of the applicable Series of 2008 Bonds;
- that a new Term Rate Period and Term Rate for such 2008 Bonds shall not be established unless the Favorable Opinion of Bond Counsel referred to above is redelivered to the Trustee on (and as of) the first day of the new Term Rate Period and all such 2008 Bonds are successfully remarketed in the new Term Rate Period and at the new Term Rate on the first day thereof;

– the CUSIP numbers or other identification information of such 2008 Bonds; and

– that, to the extent that there shall be on deposit with the Trustee on the first day of the new Term Rate Period an amount of money sufficient to pay the Purchase Price thereof, all such 2008 Bonds not delivered to the Trustee on or prior to such date shall be deemed to have been properly tendered for purchase and shall cease to constitute or represent a right on behalf of the Holder thereof to the payment of principal thereof or interest thereon and shall represent and constitute only the right to payment of the Purchase Price on deposit with the Trustee, without interest accruing thereon after such date.

14.05(a)(iv)(F) End of Term Rate. In the event the Commission has not given a Term Rate Continuation Notice or a Conversion Notice with respect to 2008 Bonds bearing interest at a Term Rate at the time required by Section 14.05(a)(iv)(B) or Section 14.05(b), as applicable, or if the conditions to the effectiveness of a new Term Rate Period and new Term Rate set forth in Section 14.05(a)(iv)(C) are not satisfied, including as a result of the Remarketing Agent failing to establish a Term Rate as herein provided, then on the day following the last day of the current Term Rate Period, a Weekly Rate Period shall automatically commence for such 2008 Bonds; provided, however, that such 2008 Bonds shall not be subject to optional tender and shall bear interest as provided in Section 15.11(d) until such time as such Series of Bonds shall be converted to another Interest Rate Determination Method in accordance with the provisions hereof.

14.05(a)(iv)(G) Sale at Premium or Discount. Notwithstanding the provisions of Section 14.05(a)(iv)(A), the Term Rate may be the rate of interest per annum determined by the Remarketing Agent to be the interest rate which, if borne by the 2008 Bonds, would enable the Remarketing Agent to sell such 2008 Bonds at a price (without regard to accrued interest) which will result in the lowest net interest cost for the 2008 Bonds, after taking into account any premium or discount at which such 2008 Bonds are sold by the Remarketing Agent, provided that:

– the Remarketing Agent certifies to the Trustee and the Commission that the sale of the 2008 Bonds at the interest rate and premium or discount specified by the Remarketing Agent is expected to result in the lowest net interest cost for such 2008 Bonds on the Term Rate Conversion Date;

– the Commission consents in writing to the sale of the 2008 Bonds by the Remarketing Agent at such premium or discount;

– in the case of 2008 Bonds to be sold at a discount, either (a) a 2008 Liquidity Facility is in effect with respect to such 2008 Bonds and provides for the purchase of such 2008 Bonds at such discount, or (b) the Commission agrees to transfer to the Trustee on the Term Rate Conversion Date an amount equal to such discount in immediately available funds for deposit in the 2008 Commission Account;

– in the case of 2008 Bonds to be sold at a premium, the Remarketing Agent shall transfer to the Trustee an amount equal to such premium to pay the specific costs of

Conversion, which amount shall either be used to pay costs associated with the Conversion or deposited in the Revenue Fund as specified by the Commission; and

– on or before the date of the determination of the Term Rate, the Commission delivers to the Trustee and the Remarketing Agent a letter of Bond Counsel to the effect that Bond Counsel expects to be able to give a Favorable Opinion of Bond Counsel on the Term Rate Conversion Date; and

– on or before the Term Rate Conversion Date, a Favorable Opinion of Bond Counsel shall have been received by the Trustee and confirmed to the Commission and the Remarketing Agent

14.05(a)(v) Fixed Rate.

14.05(a)(v)(A) The Interest Rate Determination Method for any Series of 2008 Bonds may be converted from any Variable Rate to a Fixed Rate in accordance with the provisions of Section 14.05(b). After such Conversion, such 2008 Bonds shall bear interest at the Fixed Rate and shall not be subject to Conversion to another Interest Rate Determination Method. The interest rate to be borne by such 2008 Bonds of each maturity from the Fixed Rate Conversion Date shall be the rate determined by the applicable Remarketing Agent on the Fixed Rate Computation Date to be the rate that, if borne by such 2008 Bonds, would, in the judgment of the Remarketing Agent having due regard for prevailing market conditions for Tax-Exempt Securities that are comparable to such 2008 Bonds, be the lowest interest rate that would enable such Remarketing Agent to place such 2008 Bonds of such maturity for which the Fixed Rate is to be determined at a price equal to 100% of the aggregate principal amount of such 2008 Bonds on the Fixed Rate Conversion Date.

14.05(a)(v)(B) If the Commission obtains a Favorable Opinion of Bond Counsel with respect to such actions: (i) in determining the Fixed Rate for any 2008 Bond, the applicable Remarketing Agent, subject to the approval of an Authorized Representative, may also determine on or before the Business Day next preceding the determination of the Fixed Rate for such 2008 Bonds, redemption dates and redemption premiums, if any, to be paid upon the optional redemption of such 2008 Bonds which differ from such redemption dates and premiums as are set forth in Section 15.01(a)(4), such redemption dates and redemption premiums, if any, to be, in the best judgment of the Remarketing Agent, consistent with then-current market conditions; and (ii) the Remarketing Agent, subject to the approval of an Authorized Representative, may also determine, on or before the Business Day next preceding the determination of the Fixed Rate for such 2008 Bonds, with respect to any 2008 Bond constituting a Term Bond, a new maturity date for any portion of such 2008 Bond; provided, however, that such new maturity date shall be an April 1 prior to the original maturity date; and provided further that such 2008 Bond shall continue to be subject to mandatory redemption from Mandatory Sinking Account Payments established for such 2008 Bond unless, on any Mandatory Sinking Account Payment due date for such 2008 Bond, such Mandatory Sinking Account Payment is applied to the payment of that portion of such 2008 Bond which now matures on such Mandatory Sinking Account Payment due date.

14.05(a)(v)(C) Sale at Premium or Discount. Notwithstanding the provisions of Section 14.05(a)(v)(A), the Fixed Rate may be the rate of interest per annum determined by the Remarketing Agent to be the interest rate which, if borne by the 2008 Bonds, would enable the Remarketing Agent to sell such 2008 Bonds at a price (without regard to accrued interest) which will result in the lowest net interest cost for the 2008 Bonds, after taking into account any premium or discount at which such 2008 Bonds are sold by the Remarketing Agent, provided that:

- the Remarketing Agent certifies to the Trustee and the Commission that the sale of the 2008 Bonds at the interest rate and premium or discount specified by the Remarketing Agent is expected to result in the lowest net interest cost for such 2008 Bonds on the Fixed Rate Conversion Date;

- the Commission consents in writing to the sale of the 2008 Bonds by the Remarketing Agent at such premium or discount;

- in the case of 2008 Bonds to be sold at a discount, either (a) a 2008 Liquidity Facility is in effect with respect to such 2008 Bonds and provides for the purchase of such 2008 Bonds at such discount, or (b) the Commission agrees to transfer to the Trustee on the Fixed Rate Conversion Date an amount equal to such discount in immediately available funds for deposit in the 2008 Commission Account;

- in the case of 2008 Bonds to be sold at a premium, the Remarketing Agent shall transfer to the Trustee an amount equal to such premium to pay the specific costs of Conversion, which amount shall either be used to pay costs associated with the Conversion or deposited in the Revenue Fund as specified by the Commission; and

- on or before the date of the determination of the Fixed Rate, the Commission delivers to the Trustee and the Remarketing Agent a letter of Bond Counsel to the effect that Bond Counsel expects to be able to give a Favorable Opinion of Bond Counsel on the Fixed Rate Conversion Date; and

- on or before the Fixed Rate Conversion Date, a Favorable Opinion of Bond Counsel shall have been received by the Trustee and confirmed to the Commission and the Remarketing Agent

14.05(a)(vi)(A) Index Rate. Upon a successful Conversion of any Series of 2008 Bonds to an Index Rate Period pursuant to Section 14.05(b), or upon the continuation of a Series of 2008 Bonds in an Index Rate Period, and until such 2008 Bonds are successfully converted to another Interest Rate Determination Method pursuant to Section 14.05(b), such 2008 Bonds shall bear interest at the Index Rate applicable to such 2008 Bonds, as determined by the Index Agent. The initial Index Rate for each Index Rate Period with respect to a Series of 2008 Bonds shall apply to the period commencing on the first day of such Index Rate Period and ending on the day immediately prior to the first Interest Payment Date and thereafter, each Index Rate shall apply to the period commencing on and including an Interest Payment Date (whether or not a Business Day) to but not including the following Interest Payment Date.

14.05(a)(vi)(B) Determination of Applicable Spread. The Index Rate for a Series of 2008 Bonds shall be based on the Index Rate Index, which shall be designated by the Commission not less than five (5) Business Days prior to the applicable Conversion Date or applicable Purchase Date. The Remarketing Agent shall determine the Applicable Spread to be used in calculating the Index Rate on or before the Index Rate Determination Date preceding the Conversion Date or Purchase Date. The "Applicable Spread" shall be the amount that, when added to or subtracted from the Index Rate Index, will result in the minimum Index Rate that, in the judgment of the Remarketing Agent under then-existing market conditions, will result in the remarketing of such 2008 Bonds on their Conversion Date or Purchase Date at a price equal to 100% of the principal amount thereof. The Remarketing Agent shall provide notice by Electronic Means to the Index Agent, the Trustee (if the Trustee is not also the Index Agent) and the Commission of the Applicable Spread. The Remarketing Agent shall offer for sale and use its best efforts to sell such 2008 Bonds on the applicable Conversion Date at a price equal to 100% of the principal amount thereof, as provided herein and in the applicable Remarketing Agreement.

14.05(a)(vi)(C) Calculation of Index Rate. The Index Rate for each Series of Index Bonds shall be calculated on each Index Rate Determination Date by the Index Agent and shall be equal to: (A) the Index Rate Index on the Index Rate Determination Date, as determined by the Index Agent, plus (B) the Applicable Spread that was determined pursuant to the preceding paragraph, and such Index Rate shall be rounded to the nearest one hundred thousandth of one percent (0.00001%). The initial Index Rate shall apply to the period commencing on the Conversion Date or the Purchase Date and ending on the day immediately prior to the first Interest Payment Date, and thereafter, each Index Rate, as determined above, shall apply to the period commencing on and including an Interest Payment Date (whether or not a Business Day) to but not including the following Interest Payment Date (each an "Index Rate Interest Accrual Period"). The Index Agent shall calculate the Index Rate for each Series of Index Bonds as provided above and shall furnish such Index Rate to the Trustee (if the Trustee is not also the Index Agent) and the Commission by Electronic Means no later than the Business Day next succeeding each Index Rate Determination Date. Upon the request of a Holder, the Trustee shall confirm by Electronic Means the Index Rate then in effect. In lieu of the notifications provided in the preceding sentences, the Trustee may make such information available by readily accessible Electronic Means.

The Trustee shall, no later than the third Business Day preceding each Interest Payment Date, notify the Commission in writing of the total amount of interest payable with respect to each Series of Index Bonds on such Interest Payment Date.

The determinations of the initial Index Rate and all subsequent Index Rates shall be conclusive and binding upon the Commission, the Trustee, each 2008 Liquidity Provider, the Remarketing Agent, the Index Agent and the Holders.

14.05(a)(vi)(D) Index Rate Continuation. On any date a Series of 2008 Bonds in an Index Period is subject to optional redemption, or as of the day following the Purchase Date of any Series of 2008 Bonds in an Index Rate Period, unless the Commission has given a Conversion Notice with respect to the Conversion of such Series of 2008 Bonds to another Interest Rate Determination Method pursuant to Section 14.05(b), the Commission may establish

a new Index Rate Period for such Series of 2008 Bonds, with such right to be exercised by delivery of a written notice of an Authorized Representative (an "Index Rate Continuation Notice") to the Trustee, the Index Agent (if the Trustee is not the Index Agent), and the Remarketing Agent for such Series of 2008 Bonds no less than twenty (20) days prior to the effective date of the new Index Rate Period. The Index Rate Continuation Notice must contain the information required by Sections 14.05(b)(i)(C)(2) and, as and to the extent applicable, 14.05(b)(iii) and must be accompanied by a Favorable Opinion of Bond Counsel stating that the new Index Rate Period is authorized and permitted under this First Supplemental Indenture and will not, in and of itself, adversely affect the Tax-Exempt status of the interest on any of the applicable Series of 2008 Bonds.

The first day of such new Index Rate Period shall be a Purchase Date on which such 2008 Bonds are subject to optional redemption or to mandatory tender pursuant to the applicable provisions of Section 15.05. Each such 2008 Bond shall be subject to mandatory tender on the first day of such new Index Rate Period pursuant to the applicable provisions of Section 15.05 for purchase at its Purchase Price. No new Index Rate Period shall become effective unless the Favorable Opinion of Bond Counsel referred to above is redelivered on (and as of) the first day of the new Index Rate Period and unless all such Outstanding 2008 Bonds are successfully remarketed in the new Index Rate Period at the new Index Rate on the first day of the new Index Rate Period.

14.05(a)(vi)(E) Notice to Holders. Upon receipt of an Index Rate Continuation Notice from an Authorized Representative, as soon as possible, but in any event not less than fifteen (15) days prior to the first day of the proposed Index Rate Period, the Trustee shall give notice by first-class mail to the Holders of the affected 2008 Bonds, the Index Agent (if the Trustee is not the Index Agent) and the Remarketing Agent which notice shall (1) state in substance that a new Index Rate Period is to be established for such 2008 Bonds on the applicable Index Rate Conversion Date if the conditions specified in this First Supplemental Indenture are satisfied on or before such date, (2) state that a new Index Rate Period shall not be established unless the Favorable Opinion of Bond Counsel referred to above is redelivered to the Trustee on (and as of) the first day of the new Index Rate Period and all such 2008 Bonds are successfully remarketed in the new Index Rate Period and at the new Index Rate on the first day thereof, and (3) contain the additional information required by Sections 14.05(b)(i)(C)(2) and, as and to the extent applicable, 14.05(b)(iii).

14.05(a)(vi)(F) End of Index Rate. In the event the Commission has not given an Index Rate Continuation Notice or a Conversion Notice with respect to 2008 Bonds bearing interest at an Index Rate at the time required by Section 14.05(a)(vi)(D) or Section 14.05(b), as applicable, or if the conditions to the effectiveness of a new Index Rate Period and new Index Rate set forth in Section 14.05(a)(vi)(D) are not satisfied, then on the day following the last day of the current Index Rate Period, a new Index Rate Period of seven days shall automatically commence for such 2008 Bonds and such 2008 Bonds shall bear interest as provided in Section 15.11(d) until they are successfully remarketed pursuant to the applicable provisions of Section 15.05.

14.05(a)(vii) Auction Rate Period; Initial Period. Upon a successful Conversion of any Series of 2008 Bonds to an Auction Rate Period pursuant to Section 14.05(b), such Series

of 2008 Bonds shall bear interest at an Initial Period Rate determined by the applicable Broker-Dealer for a Series of 2008 Bonds prior to the conversion of such Series to an Auction Rate Period. Subsequent to such Initial Period and until successful Conversion of a Series of 2008 Bonds to another Interest Rate Determination Method pursuant to said Section 14.05(b), such Series of 2008 Bonds shall be in an Auction Rate Period and shall bear interest at the Auction Period Rate applicable to such Series of 2008 Bonds, such Auction Period Rate to be determined by the Auction Agent in accordance with Appendix A to this First Supplemental Indenture.

14.05(a)(viii) Failure to Determine Rate for Certain Rate Periods.

14.05(a)(viii)(A) If, for any reason, the Daily Rate or the Weekly Rate on any 2008 Bond is not established as provided herein by the Remarketing Agent pursuant to Sections 14.05(a)(i) or (ii) or no Remarketing Agent shall be serving as such hereunder for such 2008 Bonds or any Rate so established is held to be invalid or unenforceable with respect to any such Rate Period, then the interest rate for such Rate Period shall be 100% of the applicable Rate Index on the date such Daily Rate or Weekly Rate was (or would have been) determined as provided above.

14.05(a)(viii)(B) If, for any reason, the Remarketing Agent fails to set the length of any Commercial Paper Rate Period or to establish any Commercial Paper Rate for any 2008 Bond or a court holds any Commercial Paper Rate Period or Commercial Paper Rate for any 2008 Bond to be invalid or unenforceable, a Commercial Paper Rate Period for such 2008 Bond lasting through the next day immediately preceding a Business Day (or until the earlier stated maturity thereof) and the interest rate applicable to such 2008 Bond shall be 100% of the Daily Rate Index.

14.05(a)(ix) Notice of Rates. In a timely fashion following the determination of any Rate (other than the Initial Period Rate or the Auction Period Rate), the Remarketing Agent establishing such Rate shall give written notice or notice by Electronic Means thereof to the Commission and the Trustee. Such notice shall also include details as to the principal amount of the 2008 Bonds and the Interest Rate Determination Method at the time applicable. Promptly upon receipt of notice from a Remarketing Agent of any Fixed Rate, the Trustee shall give the Holder of each 2008 Bond being converted to a Fixed Rate notice of the Fixed Rate.

14.05(a)(x) Absence of Remarketing Agent; Binding Determination. If no Remarketing Agent shall be serving hereunder with respect to any Series of 2008 Bonds (other than 2008 Bonds in an Auction Rate Period or a Fixed Rate Period), the determination of the applicable Rate Index shall be made by the Trustee at the direction of the Commission. The determination of any Rate or Rate Index by a Remarketing Agent or, as aforesaid, the Trustee, at the direction of the Commission, with respect to any 2008 Bond, shall be conclusive and binding upon the Commission, the Trustee, the Remarketing Agent, each 2008 Liquidity Provider and the Holder of such 2008 Bond.

14.05(a)(xi) No Liability. In determining the interest rate that any 2008 Bond shall bear as provided in this Section 14.05, neither the Remarketing Agent nor the Trustee shall have any liability to the Commission or the Holder of such 2008 Bond, except for its negligence or willful misconduct.

14.05(b) Conversion of Interest Rate Determination Method.

14.05(b)(i)(A) Right of Conversion. The Interest Rate Determination Method for any Series of Outstanding 2008 Bonds is subject to Conversion from time to time by the Commission, with such right to be exercised by delivery of a written notice of an Authorized Representative containing the contents specified in Section 14.05(b)(iii) (each such notice being a "Conversion Notice") to the Notice Parties as follows:

(1) at least four (4) Business Days prior to the fifteenth (15th) day preceding the effective date of such proposed Conversion, in the event of a Conversion to a Daily Rate Period, Weekly Rate Period, Commercial Paper Rate Period, Index Rate Period or Auction Rate Period; and

(2) at least five (5) Business Days prior to the fifteenth (15th) day preceding the effective date of such proposed Conversion, in the event of a Conversion to a Term Rate or a Fixed Rate.

Each Authorized Representative is hereby authorized to execute and deliver a Conversion Notice to change the Interest Rate Determination Method at such times or times as the officer executing the Conversion Notice determines to be in the best interests of the Commission, such determination to be conclusively evidenced by such execution.

The Conversion Notice must be accompanied by (i) a Favorable Opinion of Bond Counsel stating that the Conversion is authorized and permitted under this Indenture and will not, in and of itself, adversely affect the Tax-Exempt status of the interest on any of such 2008 Bonds to be converted, and (ii) a notice of the new 2008 Liquidity Provider or Credit Provider, if applicable, and the new 2008 Liquidity Facility or Credit Enhancement, if at the same time as such 2008 Bonds are being converted there will be a change of 2008 Liquidity Provider or 2008 Liquidity Facility or the Commission enters into an agreement with a Credit Provider to provide Credit Enhancement with respect to such 2008 Bonds.

14.05(b)(i)(B) Conversion to and from Auction Rate Period. The Commission, by written direction of an Authorized Representative to the Trustee, the Broker-Dealer, the Auction Agent and the Remarketing Agent, if any, for the 2008 Bonds of a Series may elect at any time that the Interest Rate Determination Method applicable to all of the 2008 Bonds of such Series shall be changed to an Auction Rate Period. Such direction shall:

(1) specify the effective date of such change to the Auction Rate Period (i.e., the ARS Conversion Date for such 2008 Bonds) which shall be (A) not earlier than the fifteenth (15th) day following the date of receipt by the Trustee of such direction, (B) in the case of a change from a Term Rate Period, on the day immediately following the last day of the then current Term Rate Period or on a date on which the 2008 Bonds of such Series are subject to optional redemption by the Commission;

(2) specify the date on which Holders of 2008 Bonds of such Series are required to deliver their Bonds for mandatory tender on such effective date, and that Holders of such Bonds shall have no right to retain their 2008 Bonds after such date;

(3) specify the first Auction Date, the first Interest Payment Date following the effective date of such change to the Auction Rate Period, and the length of the Auction Period for the 2008 Bonds of such Series; and

(4) specify, if applicable, that upon such Conversion, the 2008 Bonds of such Series will be supported by Credit Enhancement and describing the terms and rating thereof by any Rating Agency.

A change in the Interest Rate Determination Method of the Bonds of a Series to an Auction Rate Period shall not be effective unless on or prior to the ARS Conversion Date the Trustee shall have received an executed copy of an Auction Agreement and one or more Broker-Dealer Agreements with respect to such 2008 Bonds.

In the event of a change in the Interest Rate Determination Method applicable to the 2008 Bonds of a Series to the Auction Rate Period, the Initial Period shall expire on and include the initial Auction Date (or, if such initial Auction Date is not followed by a Business Day, the next succeeding day that is followed by a Business Day). The initial Auction Date (which shall be the day of the week on which Auctions will generally be conducted) shall be determined by the Commission on or prior to the ARS Conversion Date. The Initial Period Rate shall be determined by the Broker-Dealer for the 2008 Bonds of such Series (which, in the case of multiple Broker-Dealers for the 2008 Bonds of a Series, shall be the Broker-Dealer designated by the Commission) on or prior to the ARS Conversion Date as the lowest rate that, in the judgment of such Broker-Dealer, is necessary to enable the Bonds of such Series to be remarketed on such effective date at a price equal to the principal amount thereof, plus accrued interest, if any, on the ARS Conversion Date. Such determination shall be binding upon the Commission, the Trustee, the Auction Agent, each 2008 Liquidity Provider and the Holders of the 2008 Bonds of such Series. Not later than 5:00 p.m., New York City time, on the date of determination of the Initial Period Rate, the Broker-Dealer shall notify the Trustee, the Commission and the Auction Agent of such Initial Period Rate by Electronic Means. Each Auction Period shall be a daily, 7-day, 28-day, 35-day, three-month, six-month or a Flexible Auction Period, as determined by the Commission on or prior to the ARS Conversion Date, unless the length of such Auction Period is later adjusted or changed to an Auction Period of a different duration in accordance with Appendix A. The Auction Period Rate shall be the rate of interest determined in accordance with Appendix A.

The Commission may revoke its election to effect a Conversion of any Series of 2008 Bonds to an Auction Rate Period by giving written notice of such revocation to the Notice Parties at any time prior to the setting of the Initial Period Rate by the Broker-Dealer.

At the option of the Commission, the Interest Rate Determination Method applicable to the 2008 Bonds of a Series may be converted from an Auction Period Rate to a Daily Rate, a Weekly Rate, a Commercial Paper Rate, a Term Rate, an Index Rate, or a Fixed Rate in accordance with this Section 14.05, including, except in the case of such change to a Fixed Rate, the following additional requirements:

(a) If the 2008 Bonds of such Series are in an Auction Period other than a daily Auction Period, the Conversion Date will be the Interest Payment Date immediately

following the existing Auction Period. If the 2008 Bonds of such Series are in a daily Auction Period, the Conversion Date will be the next Interest Payment Date.

(b) The Commission will give written notice of any such change in the Interest Rate Determination Method to the Notice Parties not less than five (5) Business Days prior to the date on which the Trustee is required to notify the Holders of 2008 Bonds of the conversion pursuant to this Section 14.05. Such notice will specify the proposed Conversion Date and the Interest Rate Determination Method to which such change will be made (and the length of any Term Period).

(c) If on the Conversion Date for the 2008 Bonds of such Series any condition precedent to such change required hereunder is not satisfied, notice thereof required by Section 14.05(b)(iv) also shall confirm that the Auction Agent will continue to implement the Auction Procedures on the Auction Dates with respect to such 2008 Bonds which otherwise would have been converted excluding, however, the Auction Date falling on the Business Day next preceding the failed Conversion Date, and that the interest rate will continue to be the Auction Period Rate; provided, however, that the interest rate borne by the 2008 Bonds of such Series during the Auction Period commencing on such failed Conversion Date will be the Maximum Rate (for the first Auction Period), the first Auction Period will be the seven-day Auction Period, and the 2008 Bonds of such Series will continue to have a seven-day Auction Period until the Auction Period is changed pursuant to Section 2.09 of the Auction Procedures or a successful conversion from the Auction Rate Period takes place.

Any change in the Interest Rate Determination Method applicable to the 2008 Bonds of a Series from an Auction Period Rate to a Daily Rate, Weekly Rate, Term Rate, Index Rate or Fixed Rate shall occur on an Interest Payment Date following an Auction Period.

14.05(b)(i)(C) Conversion to Index Rate Period. The following provisions shall apply to the Conversion of a Series of 2008 Bonds to an Index Rate Period:

(1) If the Commission obtains a Favorable Opinion of Bond Counsel with respect to such actions: (i) in determining the initial Index Rate and Applicable Spread for any 2008 Bond, the applicable Remarketing Agent, subject to the approval of an Authorized Representative, may also determine, on or before the Business Day next preceding the determination of the initial Index Rate for such 2008 Bonds, the redemption dates and redemption premiums, if any, to be paid upon the optional redemption of such 2008 Bonds which differ from such redemption dates and premiums as are set forth in Section 15.01(a)(5), such redemption dates and redemption premiums, if any, to be, in the best judgment of the Remarketing Agent, consistent with then-current marketing conditions; (ii) the Commission, in consultation with the applicable Remarketing Agent, may determine that the Index Rate Index shall be an index other than 67% of the Three-Month LIBOR Rate, may determine that the Index Rate Interest Accrual Period will differ from the period described in Section 14.05(a)(vi)(C), may determine that the Interest Payment Dates for such 2008 Bonds shall be on periodic dates other than the first business day of each January, April, July, and October, may determine that the Index Rate Determination Date shall be a date other than two London Banking

Days preceding each Interest Payment Date, and may designate a Purchase Date prior to maturity for such Series of 2008 Bonds; and (iii) the Commission may elect to provide Credit Enhancement with respect to such Series of 2008 Bonds.

(2) The Trustee shall give notice by first-class mail of a proposed conversion of a Series of 2008 Bonds to the Index Rate Period to the Holders of such 2008 Bonds, as provided in Section 14.05(b)(iv). Such notice shall state for such 2008 Bonds: (A) that the interest rate thereon shall be converted to the Index Rate; (B) the proposed Conversion Date, the proposed next Purchase Date, if any, the proposed Index Rate Index, the frequency with which the Index Rate shall be recalculated, the proposed Interest Payment Dates, the duration of the Index Rate Period, and when the Remarketing Agent will determine the Applicable Spread; (C) the earliest Redemption Date (or alternate redemption provisions established in accordance with Section 15.01(a)(5)); (D) that such 2008 Bonds are subject to mandatory tender for purchase on the proposed Conversion Date and setting forth the Purchase Price and the place of delivery for the purchase of such 2008 Bonds; (E) the Purchase Date, if any, of such 2008 Bonds, and (F) all additional information required by Section 14.05(b)(iv).

14.05(b)(i)(D) Conversion from Index Rate Period. Notwithstanding anything herein to the contrary, upon receipt of a Favorable Opinion of Bond Counsel, the Commission may, on any Redemption Date for a Series of Index Bonds, convert said Series of Index Bonds to another Interest Rate Determination Method. Each Conversion Notice delivered pursuant to this Section shall contain the information required by Section 14.05(b)(iii) and the proposed Purchase Date. Each such Index Bond shall be subject to mandatory tender pursuant to the applicable provisions of Section 15.05 at its Purchase Price.

14.05(b)(ii) Limitations. Any Conversion pursuant to this Section 14.05(b) must comply with the following:

14.05(b)(ii)(A) the Conversion Date must be a date on which such 2008 Bonds are subject to mandatory tender pursuant to the applicable provisions of Section 15.05;

14.05(b)(ii)(B) the Conversion Date must be a Business Day and, if the Conversion is from the Commercial Paper Rate, shall be a date determined in accordance with Section 14.05(a)(iii);

14.05(b)(ii)(C) the 2008 Liquidity Facility for such 2008 Bonds after a Conversion to a Variable Rate must cover (except for conversion to an Auction Rate Period, a Term Rate Period or an Index Rate Period) principal plus accrued interest (computed at the Maximum Interest Rate then in effect on the basis of a 365-day year and actual days elapsed or a 360 day year of twelve 30-day months, as applicable) for the maximum number of days between Interest Payment Dates permitted under that Interest Rate Determination Method, plus such additional number of days, if any, as shall be required by each Rating Agency then rating such Series of 2008 Bonds; provided that if the number of days of interest coverage provided by the applicable 2008 Liquidity Facility is being changed from the number of days previously in place, the Trustee shall have also received a Rating Confirmation from each of the Rating Agencies then rating such 2008 Bonds;

14.05(b)(ii)(D) no Conversion shall become effective unless the Favorable Opinion of Bond Counsel referred to in Section 14.05(b)(i) is redelivered on (and as of) the Conversion Date and all affected Outstanding 2008 Bonds are successfully purchased or deemed purchased and remarketed in the new Interest Rate Determination Method on the Conversion Date; and

14.05(b)(ii)(E) upon Conversion of any Series of 2008 Bonds to a Fixed Rate Period, an Index Rate Period, a Term Rate Period or an Auction Rate Period, an Authorized Representative may provide in the Conversion Notice to the applicable 2008 Liquidity Provider a request for termination of the 2008 Liquidity Facility with respect to such 2008 Bonds to be effective upon such Conversion to a Fixed Rate Period, an Index Rate Period or an Auction Rate Period.

14.05(b)(iii) Contents of Conversion Notice. The Conversion Notice must specify: (A) the proposed Conversion Date; (B) the new Interest Rate Determination Method to take effect; (C) if the Conversion is to a Term Rate, the Term Rate Period; (D) whether any Credit Enhancement or 2008 Liquidity Facility then in effect will remain in effect; (E) if Alternate Credit Enhancement or an Alternate Liquidity Facility will be in effect after the proposed Conversion Date, the form of such Credit Enhancement or Alternate Liquidity Facility and the identity of the new Credit Provider or Liquidity Provider; (F) if the Conversion is to a Term Rate Period or Fixed Rate Period, the redemption dates and redemption prices applicable to such Term Rate Period or Fixed Rate Period and (G) if the Conversion is to an Index Rate Period, the Index Rate Index, the optional redemption provisions and the Interest Payment Dates to apply to such 2008 Bonds and appointing an Index Agent and a Remarketing Agent for such 2008 Bonds.

14.05(b)(iv) Notice to Holders. Upon receipt of a Conversion Notice from an Authorized Representative, as soon as possible, but in any event not less than fifteen (15) days prior to the proposed Conversion Date, the Trustee shall give notice by first-class mail to the affected Holders of 2008 Bonds, which notice shall state in substance:

14.05(b)(iv)(A) that the Interest Rate Determination Method for the applicable 2008 Bonds shall be converted to the specified Variable Rate or the Fixed Rate, as the case may be, on the applicable Conversion Date if the conditions specified in this First Supplemental Indenture are satisfied on or before such date;

14.05(b)(iv)(B) the applicable Conversion Date;

14.05(b)(iv)(C) that the Commission has delivered to the Trustee a Favorable Opinion of Bond Counsel to the effect that the Conversion is authorized and permitted under this Indenture and will not, in and of itself, adversely affect the Tax-Exempt status of the interest on any of such 2008 Bonds to be converted;

14.05(b)(iv)(D) that the Interest Rate Determination Method for such 2008 Bonds shall not be converted unless the Favorable Opinion of Bond Counsel referred to above is redelivered to the Trustee on (and as of) the Conversion Date and all such 2008 Bonds are

successfully purchased and remarketed in the new Interest Rate Determination Method on the Conversion Date;

14.05(b)(iv)(E) the CUSIP numbers or other identification information of such 2008 Bonds;

14.05(b)(iv)(F) that all such 2008 Bonds are subject to mandatory tender for purchase on the Conversion Date at the applicable Purchase Price, which Purchase Price shall be specified in the notice (whether or not the proposed Conversion becomes effective on such date, unless converting from an Auction Rate Period or an Index Rate Period and the proposed Conversion does not occur, in which case the mandatory tender will be cancelled); and

14.05(b)(iv)(G) that, to the extent that there shall be on deposit with the Trustee on the applicable Conversion Date an amount of money sufficient to pay the Purchase Price thereof, all 2008 Bonds to be converted on the Conversion Date not delivered to the Trustee on or prior to the Conversion Date shall be deemed to have been properly tendered for purchase and shall cease to constitute or represent a right on behalf of the Holder thereof to the payment of principal thereof or interest thereon and shall represent and constitute only the right to payment of the Purchase Price on deposit with the Trustee, without interest accruing thereon after the Conversion Date; and

14.05(b)(iv)(H) such additional matters as are required by Section 14.05(b)(i)(B) with respect to 2008 Bonds in an Auction Rate Period or Section 14.05(b)(i)(C)(2), if applicable.

14.05(b)(v) Failure of Conditions to be Met. If the Commission fails to deliver the Favorable Opinion of Bond Counsel required by Section 14.05(b)(ii)(D) to the Trustee on or before the Conversion Date or if the Trustee receives written notice to the effect that the Remarketing Agent or Broker-Dealer has not successfully remarketed all of the Outstanding 2008 Bonds of a Series to be converted to the new Interest Rate Determination Method on the Conversion Date, the Interest Rate Determination Method shall not be converted, but such 2008 Bonds of a Series shall be deemed to have been tendered for purchase on the Conversion Date specified in the Conversion Notice (except if converting from an Auction Rate Period or an Index Rate Period or a Term Rate Period for which there is no Liquidity Facility) and shall be purchased on the Conversion Date specified in the Conversion Notice and, except as otherwise provided in Section 14.05(a)(iv)(F), such 2008 Bonds shall continue to bear interest at the Interest Rate Determination Method in effect prior to the proposed Conversion Date specified in the Conversion Notice; provided, however, that notwithstanding anything to the contrary provided in this Section 14.05, the rate of interest on such 2008 Bonds shall be determined on the proposed Conversion Date and, if sufficient funds are not available for the purchase of such 2008 Bonds (with the exception of 2008 Bonds in an Auction Rate Period), the provisions of Section 15.11(d) shall apply. In such event, the Commission and the Holders of such 2008 Bonds that were to be converted to another Interest Rate Determination Method shall be restored (except as aforesaid with respect to the purchase of 2008 Bonds) to their former positions and rights hereunder with respect to such 2008 Bonds, and all rights of the Commission hereunder shall continue as if no such proceedings for the Conversion of the Interest Rate Determination Method on such 2008 Bonds had taken place.

In the event of a failed Conversion from an Auction Rate Period, the provisions of Section 2.04(d) of Appendix A shall apply. If on a Conversion Date from an Auction Rate Period there has not been a timely withdrawal of the Conversion Notice as set forth in Section 14.05(b)(ix) and any condition precedent to such Conversion has not been satisfied, the Trustee is to give notice to the Notice Parties by Electronic Means as soon as practicable and in any event not later than the next succeeding Business Day that such conversion has not occurred, that such 2008 Bonds shall not be purchased on the failed Conversion Date, that the Auction Agent shall continue to implement the Auction Procedures on the Auction Dates with respect to such 2008 Bonds which otherwise would have been converted (excluding however, the Auction Date falling on the Business Day next preceding the failed Conversion Date), and that the interest rate shall continue to be the Auction Period Rate; provided, however, that the interest rate borne by the 2008 Bonds that otherwise would have been converted during the Auction Period commencing on such failed Conversion Date shall be the Maximum Rate as defined in Schedule I of Appendix A, attached hereto, and the Auction Period shall be the seven-day Auction Period as set forth in Section 14.05(b)(i)(B).

In the event of a failed Conversion from an Index Rate Period, such Bonds shall not be purchased but shall continue in an Index Rate Period with a Purchase Date on the seventh day after such failed Conversion Date (or the next succeeding Business Day if such seventh day is not a Business Day) and shall bear interest as provided in Section 15.11(d).

The Trustee shall immediately notify by Electronic Means the Notice Parties of each such failed Conversion.

14.05(b)(vi) Notice Failure No Bar. Failure of a Holder of a 2008 Bond to receive the notice described in Section 14.05(b)(iv), or any defect therein, shall not affect the validity of any Rate or any continuation of or change in the Interest Rate Determination Method for any of the 2008 Bonds or extend the period for tendering any of the 2008 Bonds for purchase, and the Trustee shall not be liable to any Holder of a 2008 Bond by reason of the failure of such Holder to receive such notice or any defect therein.

14.05(b)(vii) No Conversion During Continuance of Event of Default. No Conversion shall occur under this Section 14.05(b) if at the time of such Conversion an Event of Default shall have occurred and be continuing. The Trustee and the Remarketing Agent may conclusively rely upon a certificate of an Authorized Representative that no such default exists.

14.05(b)(viii) Notice to Remarketing Agent or Broker-Dealer. The Commission may not elect a change in the Interest Rate Determination Method for any Series of 2008 Bonds without written notice to the Remarketing Agent or the Broker-Dealer for the affected 2008 Bonds.

14.05(b)(ix) Rescission of Election. Notwithstanding anything herein to the contrary, the Commission may rescind any Conversion Notice given pursuant to this Section 14.05(b) prior to the proposed Conversion Date set forth in the Conversion Notice by giving written notice thereof to the Notice Parties two or more Business Days prior to such proposed Conversion Date. If the Trustee receives notice of such rescission prior to the time the Trustee has given notice to the Holders of the affected 2008 Bonds pursuant to

Section 14.05(b)(iv), then the Conversion Notice previously delivered by the Commission shall be of no force and effect. Except with respect to 2008 Bonds in an Auction Rate Period, an Index Rate Period, or a Term Rate Period for which there is no Liquidity Facility, if the Trustee receives notice from the Commission of rescission of the Conversion Notice after the Trustee has given notice to the Holders of the affected 2008 Bonds pursuant to Section 14.05(b)(iv), then such 2008 Bonds shall continue to be subject to mandatory tender for purchase on the Conversion Date specified in the Conversion Notice (unless such Bonds were in an Auction Rate Period or in an Index Rate Period or in a Term Rate Period for which there was no Liquidity Facility prior to such proposed Conversion Date) and the Rate Period for such 2008 Bonds shall automatically adjust to, or continue as, a Weekly Rate Period on the Conversion Date specified in the Conversion Notice. At any time prior to 10:00 a.m. New York City time on the Business Day immediately preceding the proposed Conversion Date from the Auction Rate Period, the Commission may withdraw its Conversion Notice and the Auction for such 2008 Bonds shall be held on such Auction Date as if no Conversion Notice had ever been given. If a rescission is not timely made, any 2008 Bonds in an Auction Rate Period shall continue in the Auction Period in effect prior to the proposed Conversion Date pursuant to Section 14.05(b)(v), and any 2008 Bonds in an Index Rate Period shall continue in the Index Rate Period in effect prior to the proposed Conversion Date. No Opinion of Bond Counsel shall be required in connection with any automatic adjustment to a Weekly Rate Period.

14.05(c) Conversion of 2008 Liquidity Facility Bonds. Notwithstanding anything to the contrary contained in the Indenture, if all of the Outstanding 2008 Bonds of any Series are 2008 Liquidity Facility Bonds, such 2008 Bonds may be converted to a Fixed Rate on such Conversion Date as shall be acceptable to the applicable 2008 Liquidity Provider, the Trustee, the Remarketing Agent and the Commission, provided that on such Conversion Date the Commission shall deliver to the Trustee a Favorable Opinion of Bond Counsel stating that the Conversion is authorized and permitted under the Indenture and will not, in and of itself, adversely affect the Tax-Exempt status of the interest on any 2008 Bonds of the affected Series.

ARTICLE XV REDEMPTION AND PURCHASE OF 2008 BONDS

Section 15.01. Optional Redemption of 2008 Bonds.

(a) Optional Redemption of 2008 Bonds.

(1) Commercial Paper Rate Period. 2008 Bonds bearing interest at the Commercial Paper Rate are subject to redemption at the option of the Commission in whole or in part on the day following the end of any Commercial Paper Rate Period at a redemption price equal to the principal amount thereof plus accrued interest, if any, without premium.

(2) Daily Rate Period and Weekly Rate Period. 2008 Bonds bearing interest at a Daily Rate or a Weekly Rate are subject to redemption, at the option of the Commission, in whole or in part, in Authorized Denominations on any Business Day, at a redemption price equal to the principal amount thereof, plus accrued interest, if any, without premium.

(3) Term Rate Period. 2008 Bonds bearing interest at the Term Rate are subject to redemption, at the option of the Commission, in whole or in part, in Authorized Denominations, on the day following the last day of any Term Rate Period and on such other dates as shall be specified in the Conversion Notice to the Term Rate Period, delivered with a Favorable Opinion of Bond Counsel, at a redemption price equal to the principal amount thereof, plus accrued interest, if any, without premium.

(4) Fixed Rate Period. Unless the Commission obtains a Favorable Opinion of Bond Counsel and changes redemption provisions as provided in Section 14.05(a)(v)(B), any Series of 2008 Bonds bearing interest at a Fixed Rate is subject to redemption in whole or in part (and if in part, in such order of maturity and Mandatory Sinking Account Payment dates as the Commission shall specify and within a maturity or Mandatory Sinking Account Payment date by lot or by such other method as the Trustee determines to be fair and reasonable and in Authorized Denominations), at the option of the Commission, on any date, at such times and at such redemption prices as follows:

(a) If, on the Fixed Rate Conversion Date, the remaining term of such 2008 Bonds being converted to a Fixed Rate is greater than eight years, then such 2008 Bonds will not be subject to optional redemption until the first April 1 or October 1 (whichever is earlier) to follow the eighth (8th) anniversary of the conversion of such 2008 Bonds to a Fixed Rate. On such first April 1 or October 1, such 2008 Bonds will be subject to redemption at 102% of the principal amount thereof, plus accrued interest, if any, to the date of redemption, which redemption price will decline by one percent (1%) per annum on each succeeding anniversary of such first April 1 or October 1 until reaching a redemption price of 100% of the principal amount thereof, plus accrued interest, if any, to the date of redemption, and thereafter at a redemption price of 100% of the principal amount thereof, plus accrued interest, if any, to the date of redemption.

(b) If, on the Fixed Rate Conversion Date, the remaining term of such 2008 Bonds is less than eight years, then such 2008 Bonds will not be subject to optional redemption following Conversion.

(5) Index Rate Period. The 2008 Bonds bearing interest at an Index Rate are subject to redemption prior to their respective stated maturity dates, at the option of the Commission, in whole or in part, in Authorized Denominations and in such amounts as may be specified by the Commission (i) on any Business Day prior to the first Business Day of the April next succeeding the date which is nine years after the Conversion Date of a Series of 2008 Bonds to the Index Rate Period (the "Par Call Date"), at a Redemption Price equal to the Spread Premium for such 2008 Bonds and (ii) on any Business Day on or after the Par Call Date, at a Redemption Price equal to the principal amount of such 2008 Bonds called for redemption, without premium, plus in each case accrued interest to the date fixed for redemption (the "Redemption Date"). For purposes of this provision, the "Spread Premium" shall be calculated as follows:

(A) A hypothetical cash flow schedule shall be prepared by the Index Agent by assuming that principal of the Series of 2008 Bonds called for redemption would be payable on the Par Call Date and that interest on the 2008 Bonds would be payable on each quarterly Interest Payment Date until that date at an interest rate per annum equal to the sum of (a) 67% of the USD-ISDA-Swap Rate plus (b) the spread, if any, above the percentage of the Three-Month LIBOR Rate at which such 2008 Bonds bear interest on the calculation date.

(B) Each principal and interest payment in the hypothetical cash flow schedule determined in accordance with the preceding paragraph shall be discounted as of each quarterly payment date to the Redemption Date by the Index Agent at a discount rate equal to the sum of (1) 67% of the USD-ISDA-Swap Rate plus (2) 0.25% per annum.

(C) The sum of the present values as of the Redemption Date determined by the Index Agent pursuant to the preceding paragraph shall be the Spread Premium.

For purposes of this calculation,

"USD-ISDA-Swap Rate" means the rate for U.S. dollars swaps maturing on the Par Call Date expressed as a percentage, that appears on the Reuters Money 3000 Service on the page designated ISDAFIX1 (or such other page as may replace that page on such service for the purpose of displaying comparable rates) at 11:00 a.m., New York City time, on the day which is two Business Days prior to such date. If such rate does not appear on such page on such date, then USD-ISDA-Swap Rate for such maturity and date means the percentage determined on the basis of mid-market semiannual swap rate quotations provided by five leading swap dealers in the New York City interbank market (as selected by the Index Agent or its successors and assigns and subject to the approval of the Commission, which approval shall not be unreasonably withheld) at approximately such time on such day as the mean of the bid and offered rates for the semiannual fixed leg, calculated on a 30/360 day count basis of a fixed-for-floating U.S. dollar interest rate swap transaction with an effective date of the relevant early termination date and a termination date equal to such maturity, in an account that is representative for a single transaction in such market at such time, with an acknowledged dealer of good credit in such market, where the floating rate, calculated on the basis of a 360-day year for actual days elapsed, is equal to the Three-Month LIBOR Rate.

Notwithstanding the optional redemption provisions set forth above, on or prior to the effective date of the Index Rate Period for a Series of 2008 Bonds, the Commission may provide alternate redemption provisions for such 2008 Bonds in the Index Rate Period pursuant to Section 14.05(b)(i)(C) if it obtains a Favorable Opinion of Bond Counsel.

(6) Auction Rate Period. 2008 Bonds in an Auction Rate Period are subject to redemption, at the option of the Commission, in whole or in part, in Authorized Denominations, at the principal amount thereof together with accrued interest, if any, to

the Redemption Date, on the Interest Payment Date following the end of any Auction Period; provided, however, that in the event of a partial redemption of 2008 Bonds in an Auction Rate Period, the aggregate principal amount not so redeemed shall be in an integral multiple of an Authorized Denomination. The Trustee shall provide to the Auction Agent any notice of redemption of such 2008 Bonds at the same time any such notice is first given by the Trustee to any Holder thereof pursuant to Section 4.02.

While any 2008 Bonds are in an Auction Rate Period, in addition to any requirement set forth herein in the event of a redemption or defeasance, notice of such redemption or defeasance shall comply with the following requirements. The Trustee shall notify the Auction Agent by Electronic Means of any notice of redemption or defeasance on the date received and prior to sending the notice to the Securities Depository as Holder of such 2008 Bonds. In the case of a partial redemption or defeasance, the Trustee shall verify with the Auction Agent by Electronic Means the lottery publication date to be used in the notice. The Trustee shall then send the notice of redemption or defeasance to the Securities Depository.

If the Trustee and the Auction Agent are unable to verify a lottery publication date prior to sending a notice of partial redemption or defeasance to the Securities Depository, then such notice shall include, under an item entitled "Publication Date for Securities Depository Purposes," the Securities Depository lottery publication date applicable to such 2008 Bonds, which date shall be two (2) Business Days preceding the second Auction Date that immediately precedes the date specified in such notice as the date fixed for the redemption or defeasance of such 2008 Bonds (the "Redemption/Defeasance Date") (three (3) Business Days immediately preceding such Redemption/Defeasance Date in the case of 2008 Bonds in a daily Auction Period).

On the lottery publication date prior to the date of redemption or defeasance with respect to such 2008 Bonds, the Trustee shall request the lottery results from the Securities Depository. Upon receipt, the Trustee shall notify the Auction Agent by Electronic Means of such lottery results, i.e. the identities of the participants and the respective principal amounts from the accounts of 2008 Bonds which have been called for redemption or defeasance. At least two (2) Business Days prior to the date of redemption or defeasance with respect to such 2008 Bonds being partially redeemed or defeased, the Auction Agent shall request each eligible Broker-Dealer to disclose to the Auction Agent (upon selection by such participant of the existing Holders whose 2008 Bonds are to be redeemed or defeased) the aggregate principal amount of such 2008 Bonds of each such existing Holder, if any, to be redeemed or defeased. By the close of business on the day the Auction Agent receives any notice pursuant to this paragraph, the Auction Agent shall forward the contents of such notice to the applicable Broker-Dealer by Electronic Means.

(b) Selection of Bonds for Optional Redemption. The Commission shall designate which maturities of any Series of 2008 Bonds are to be called for optional redemption pursuant to Section 15.01(a), provided that 2008 Liquidity Facility Bonds of such Series shall be redeemed prior to any other 2008 Bonds of such Series. If less than all 2008 Bonds of any Series maturing by their terms on any one date are to be redeemed at any one time, the Trustee shall

select the 2008 Bonds of such maturity date to be redeemed in any manner that it deems appropriate and fair and shall promptly notify the Commission in writing of the numbers of the 2008 Bonds so selected for redemption. For purposes of such selection, 2008 Bonds of each Series shall be deemed to be composed of multiples of minimum Authorized Denominations and any such multiple may be separately redeemed. In the event Term Bonds are designated for redemption, the Commission may designate the Mandatory Sinking Account Payments under Section 15.02(a), or portions thereof, that are to be reduced as allocated to such redemption.

(c) Sufficient Funds Required for Optional Redemption. Any optional redemption of 2008 Bonds and notice thereof may be conditional and rescinded and cancelled pursuant to the provisions of Section 4.02 if for any reason on the date fixed for redemption moneys are not available in the Redemption Fund or otherwise held in trust for such purpose in an amount sufficient to pay in full on said date the principal of, interest, and any premium due on the 2008 Bonds called for redemption.

(d) Notice of Optional Redemption; Rescission. Any notice of optional redemption of the 2008 Bonds shall be delivered in accordance with Section 4.02 and may be rescinded as provided in Section 4.02.

Section 15.02. Mandatory Redemption of 2008 Bonds From Mandatory Sinking Account Payments.

(a) Mandatory Redemption of 2008 Bonds. Except as otherwise provided in Section 14.05(a)(v)(B), 2008 Bonds are Term Bonds and are subject to mandatory redemption from Mandatory Sinking Account Payments for such 2008 Bonds, on each date a Mandatory Sinking Account Payment for such 2008 Bonds is due, and in the principal amount equal to the Mandatory Sinking Account Payment due on such date at a Redemption Price equal to the principal amount thereof, plus accrued interest to the redemption date, without premium. For any 2008 Bonds in an Auction Rate Period, if any Mandatory Sinking Account Payment is due on a date that is not an Interest Payment Date, the Mandatory Sinking Account Payment date shall be deemed to occur on the Interest Payment Date immediately preceding the Mandatory Sinking Account Payment date, except for any 2008 Bonds in a Flexible Auction Period, which may be redeemed prior to the end of the Flexible Auction Period pursuant to the applicable Mandatory Sinking Account Payment schedule.

Mandatory Sinking Account Payments for 2008 Series A Bonds that are Term Bonds shall be due in such amounts and on such dates as follows:

2008 Series A Bonds			
<i>Redemption Date (April 1)</i>	<i>Mandatory Sinking Account Payment</i>	<i>Redemption Date (April 1)</i>	<i>Mandatory Sinking Account Payment</i>
2009	2,700,000	2024	4,800,000
2010	2,850,000	2025	5,025,000
2011	2,925,000	2026	5,250,000
2012	3,075,000	2027	5,325,000
2013	3,150,000	2028	5,625,000
2014	3,300,000	2029	5,850,000

2008 Series A Bonds

<i>Redemption Date (April 1)</i>	<i>Mandatory Sinking Account Payment</i>	<i>Redemption Date (April 1)</i>	<i>Mandatory Sinking Account Payment</i>
2015	3,450,000	2030	6,075,000
2016	3,600,000	2031	6,300,000
2017	3,675,000	2032	6,525,000
2018	3,825,000	2033	6,825,000
2019	3,975,000	2034	7,050,000
2020	4,125,000	2035	7,350,000
2021	4,275,000	2036	7,650,000
2022	4,500,000	2037	7,950,000
2023	4,650,000	2038 [†]	8,325,000

[†] Final Maturity

Mandatory Sinking Account Payments for 2008 Series B Bonds that are Term Bonds shall be due in such amounts and on such dates as follows:

2008 Series B Bonds

<i>Redemption Date (April 1)</i>	<i>Mandatory Sinking Account Payment</i>	<i>Redemption Date (April 1)</i>	<i>Mandatory Sinking Account Payment</i>
2009	2,700,000	2024	4,800,000
2010	2,850,000	2025	5,025,000
2011	2,925,000	2026	5,250,000
2012	3,075,000	2027	5,325,000
2013	3,150,000	2028	5,625,000
2014	3,300,000	2029	5,850,000
2015	3,450,000	2030	6,075,000
2016	3,600,000	2031	6,300,000
2017	3,675,000	2032	6,525,000
2018	3,825,000	2033	6,825,000
2019	3,975,000	2034	7,050,000
2020	4,125,000	2035	7,350,000
2021	4,275,000	2036	7,650,000
2022	4,500,000	2037	7,950,000
2023	4,650,000	2038 [†]	8,325,000

[†] Final Maturity

Mandatory Sinking Account Payments for 2008 Series C Bonds that are Term Bonds shall be due in such amounts and on such dates as follows:

2008 Series C Bonds

<i>Redemption Date (April 1)</i>	<i>Mandatory Sinking Account Payment</i>	<i>Redemption Date (April 1)</i>	<i>Mandatory Sinking Account Payment</i>
2009	2,700,000	2024	4,800,000
2010	2,850,000	2025	5,025,000
2011	2,925,000	2026	5,250,000

2008 Series C Bonds

<i>Redemption Date (April 1)</i>	<i>Mandatory Sinking Account Payment</i>	<i>Redemption Date (April 1)</i>	<i>Mandatory Sinking Account Payment</i>
2012	3,075,000	2027	5,325,000
2013	3,150,000	2028	5,625,000
2014	3,300,000	2029	5,850,000
2015	3,450,000	2030	6,075,000
2016	3,600,000	2031	6,300,000
2017	3,675,000	2032	6,525,000
2018	3,825,000	2033	6,825,000
2019	3,975,000	2034	7,050,000
2020	4,125,000	2035	7,350,000
2021	4,275,000	2036	7,650,000
2022	4,500,000	2037	7,950,000
2023	4,650,000	2038 [†]	8,325,000

[†] Final Maturity

Mandatory Sinking Account Payments for 2008 Series D Bonds that are Term Bonds shall be due in such amounts and on such dates as follows:

2008 Series D Bonds

<i>Redemption Date (April 1)</i>	<i>Mandatory Sinking Account Payment</i>	<i>Redemption Date (April 1)</i>	<i>Mandatory Sinking Account Payment</i>
2009	2,700,000	2024	4,800,000
2010	2,850,000	2025	5,025,000
2011	2,925,000	2026	5,250,000
2012	3,075,000	2027	5,325,000
2013	3,150,000	2028	5,625,000
2014	3,300,000	2029	5,850,000
2015	3,450,000	2030	6,075,000
2016	3,600,000	2031	6,300,000
2017	3,675,000	2032	6,525,000
2018	3,825,000	2033	6,825,000
2019	3,975,000	2034	7,050,000
2020	4,125,000	2035	7,350,000
2021	4,275,000	2036	7,650,000
2022	4,500,000	2037	7,950,000
2023	4,650,000	2038 [†]	8,325,000

[†] Final Maturity

(b) Selection of Bonds for Mandatory Sinking Account Redemption. If less than all 2008 Bonds of any Series maturing by their terms on any one date are to be redeemed at any one time with Mandatory Sinking Account Payments, the Trustee shall select the 2008 Bonds of such maturity date to be redeemed by lot in any manner that it deems appropriate, provided that 2008 Liquidity Facility Bonds of such Series shall be redeemed prior to any other 2008 Bonds of such Series, and the Trustee shall promptly notify the Commission in writing of the numbers of the 2008 Bonds so selected for redemption. For purposes of such selection, 2008 Bonds of each

Series shall be deemed to be composed of multiples of minimum Authorized Denominations and any such multiple may be separately redeemed.

Section 15.03. Purchase In Lieu of Redemption. The Commission reserves the right at all times to purchase any of its 2008 Bonds on the open market. In lieu of mandatory redemption, the Commission may surrender to the Trustee for cancellation 2008 Bonds purchased on the open market, and such 2008 Bonds shall be cancelled by the Trustee. If any 2008 Bonds are so cancelled, the Commission may designate the Mandatory Sinking Account Payments or portions thereof within such Series of the 2008 Bonds so purchased that are to be reduced as a result of such cancellation.

Section 15.04. Holder's Option to Tender 2008 Bonds for Purchase.

(a) During any Daily Rate Period, any 2008 Bond or (subject to subsection (c) of this Section) a portion thereof, may be tendered for purchase on any Business Day at the applicable Purchase Price, payable in immediately available funds, upon (A) delivery by the Holder or Beneficial Owner of such 2008 Bond to the Remarketing Agent and to the Trustee at its Principal Office of an irrevocable written notice or notice by Electronic Means by 11:00 a.m. (New York City time) on the Purchase Date, which states the principal amount of such 2008 Bond to be tendered for purchase and the Purchase Date, and (B) delivery of such 2008 Bond to the Trustee on the Purchase Date in accordance with Section 15.06. The Trustee shall keep a written record of the notice described in clause (A) of this subsection (a).

(b) During any Weekly Rate Period, any 2008 Bond or (subject to subsection (c) of this Section) a portion thereof, may be tendered for purchase on any Business Day at the applicable Purchase Price, payable in accordance with Section 15.11 in immediately available funds, upon (A) delivery by the Holder or Beneficial Owner of such 2008 Bond to the Remarketing Agent and to the Trustee at its Principal Office of an irrevocable written notice or notice by Electronic Means by 5:00 p.m. (New York City time) on any Business Day at least seven (7) days prior to the Purchase Date, which states the principal amount of such 2008 Bond to be tendered for purchase and the Purchase Date, and (B) delivery of such 2008 Bond to the Trustee on the Purchase Date in accordance with Section 15.06. The Trustee shall keep a written record of the notice described in clause (A) of this subsection (b).

(c) If any 2008 Bond is to be purchased in part pursuant to subsection (a) or subsection (b) of this Section, the amount so purchased and the amount not so purchased must each be an Authorized Denomination.

(d) Any instrument delivered to the Trustee in accordance with this Section shall be irrevocable with respect to the purchase for which such instrument was delivered and shall be binding upon the Securities Depository and any subsequent Holder or Beneficial Owner of the 2008 Bond to which it relates, including any 2008 Bond issued in exchange therefor or upon the registration of transfer thereof, and as of the date of such instrument, the Holder or Beneficial Owner of the 2008 Bonds specified therein shall not have any right to optionally tender for purchase such 2008 Bonds prior to the date of purchase specified in such notice. The Commission, the Remarketing Agent and the Trustee may conclusively assume that any person (other than a Holder) providing notice of optional tender pursuant to subsection (a) or subsection

(b) of this Section is the Beneficial Owner of the 2008 Bond to which such notice relates, and none of the Commission, the Remarketing Agent or the Trustee shall assume any liability in accepting such notice from any person whom it reasonably believes to be a Beneficial Owner of 2008 Bonds.

Section 15.05. Mandatory Tender of 2008 Bonds for Purchase.

(a) The 2008 Bonds shall be subject to mandatory tender for purchase at the applicable Purchase Price, at the following times and upon the occurrence of any of the events stated below:

(1) with respect to any Series of 2008 Bonds, on the Conversion Date for such 2008 Bonds to a new Interest Rate Determination Method specified in a Conversion Notice (whether or not the proposed Conversion becomes effective on such date, unless converting from Auction Rate Period, an Index Rate Period or a Term Rate Period for which there is no Liquidity Facility and the proposed Conversion does not occur, in which case the mandatory tender will be cancelled);

(2) with respect to 2008 Bonds bearing interest at a Daily Rate, a Weekly Rate or a Commercial Paper Rate: (A) on the fifth (5th) Business Day preceding (i) the scheduled Expiration of a 2008 Liquidity Facility, (ii) the Termination of a 2008 Liquidity Facility, at the election of the Commission as permitted by such 2008 Liquidity Facility; (B) on the date of the provision of an Alternate Liquidity Facility for such 2008 Bonds pursuant to Section 15.14 and the resultant Termination of the existing 2008 Liquidity Facility; provided, however, that, notwithstanding any other provision of this Indenture to the contrary, no mandatory tender for purchase shall be required pursuant to this subsection if a Rating Confirmation shall be delivered by each Rating Agency then rating the Series of 2008 Bonds with respect to which an Alternate Liquidity Facility is being provided pursuant to Section 15.14 on the date of the provision of the Alternate Liquidity Facility pursuant to Section 15.14 and the resultant Termination of the existing 2008 Liquidity Facility;

(3) with respect to each 2008 Bond bearing interest at a Commercial Paper Rate, on each Interest Payment Date immediately following each Commercial Paper Rate Period for such 2008 Bond;

(4) with respect to each 2008 Bond bearing interest at a Term Rate, on the Interest Payment Date immediately following each Term Rate Period for such 2008 Bond;

(5) with respect to 2008 Bonds bearing interest at a Daily Rate, a Weekly Rate or a Commercial Paper Rate, upon receipt by the Trustee of written notice from the 2008 Liquidity Provider for any such 2008 Bonds that an event of default or an event of termination (other than an immediate termination or suspension) has occurred under the related 2008 Liquidity Facility with the effect that the obligations of such 2008 Liquidity Provider to purchase such 2008 Bonds or otherwise provide for the Purchase Price of such 2008 Bonds under such 2008 Liquidity Facility shall terminate on the date

specified in such notice, in which event such 2008 Bonds shall be subject to purchase on a Business Day selected by the Trustee which date shall be not more than five (5) Business Days after receipt of such notice, but in no event later than the Business Day preceding the termination date specified in the notice received from such 2008 Liquidity Provider; and

(6) with respect to 2008 Bonds bearing interest at an Index Rate, on the Purchase Date designated by the Commission pursuant to Section 14.05(a)(vi)(D) or Section 14.05(b)(i)(D).

(b) Notice of mandatory tender for purchase on the Conversion Date shall be given by the Trustee to the Holders as provided in Section 14.05(b)(iv).

(c) The Trustee shall give notice by first class mail to the Holders of affected 2008 Bonds of each Termination of a 2008 Liquidity Facility and each Expiration of a 2008 Liquidity Facility making 2008 Bonds subject to mandatory tender pursuant to Section 15.05(a)(2), which notice shall (i) state the date of such Termination, substitution or Expiration; (ii) state that unless a Rating Confirmation is received with respect to the substitution (in which event no mandatory tender for purchase shall occur), such 2008 Bonds shall be subject to mandatory tender for purchase on the specified Purchase Date at the applicable Purchase Price (which shall be specified in such notice); and (iii) be mailed by the Trustee not later than the fifteenth (15th) day prior to such Termination, substitution or expiration.

(d) The Trustee shall give notice by first class mail to the Holders of affected 2008 Bonds of each Termination of a Credit Enhancement provided in the form of a letter of credit and each Expiration of such Credit Enhancement making 2008 Bonds subject to mandatory tender pursuant to Section 15.05(a)(2), which notice shall (i) state the date of such Termination, substitution or Expiration; (ii) state that such 2008 Bonds shall be subject to mandatory tender for purchase on the specified Purchase Date at the applicable Purchase Price (which shall be specified in such notice); (iii) state whether any Alternate Credit Enhancement or Alternate Liquidity Facility will be provided with respect to such 2008 Bonds, the provider or providers thereof, and the rating expected to apply to the 2008 Bonds after such Alternate Credit Enhancement or Alternate Liquidity Facility is delivered, and (iv) be mailed by the Trustee not later than the fifteenth (15th) day prior to such Termination, substitution or Expiration.

(e) No notice need be given to the Holders of any 2008 Bond bearing interest at a Commercial Paper Rate of the mandatory tender for purchase of such 2008 Bond on an Interest Payment Date for such 2008 Bond.

(f) Upon the expiration of the then current Term Rate Period for a Series of 2008 Bonds, the Trustee shall give notice by first class mail to the Holder of such 2008 Bonds at the address shown on the bond registration books maintained by the Trustee not later than the tenth (10th) day prior to the date on which such 2008 Bonds are subject to mandatory tender for purchase pursuant to Section 15.05(a)(4), which notice shall state that such 2008 Bonds are subject to mandatory tender on the specified Purchase Date at the applicable Purchase Price (which shall be specified in such notice).

(g) The Trustee shall give notice by first class mail within two (2) Business Days of receipt of a notice from a 2008 Liquidity Provider pursuant to Section 15.05(a)(5), to the Holders of the affected 2008 Bonds at their addresses shown on the bond registration books maintained by the Trustee which notice shall: (1) state such 2008 Bonds are subject to mandatory tender for purchase pursuant to Section 15.05(a)(5) at the applicable Purchase Price (which shall be specified in such notice); and (2) state the Purchase Date.

(h) With respect to a Series of 2008 Bonds in an Index Rate Period, the Trustee shall give notice by first-class mail, not later than the tenth (10th) day prior to the date on which such 2008 Bonds are subject to mandatory tender pursuant to Section 15.05(a)(6), which notice shall state that such 2008 Bonds are subject to mandatory tender for purchase on the specified Purchase Date at the applicable Purchase Price (which Purchase Price shall be specified in such notice).

Section 15.06. Delivery of Tendered 2008 Bonds. With respect to any 2008 Bond that is registered in book-entry form with a Securities Depository, delivery of such 2008 Bond to the Trustee in connection with any optional or mandatory tender for purchase pursuant to Section 15.04 or 15.05 shall be effected by the making of, or the irrevocable authorization to make, appropriate entries on the books of the Securities Depository for such 2008 Bond or any Participant of such Securities Depository to reflect the transfer of the beneficial ownership interest in such 2008 Bond to the account of the Trustee, or to the account of a Participant of such Securities Depository acting on behalf of the Trustee. With respect to any 2008 Bond that is not registered in book-entry form with a Securities Depository, delivery of such 2008 Bond to the Trustee in connection with any optional or mandatory tender for purchase pursuant to Section 15.04 or 15.05 shall be effected by physical delivery of such 2008 Bond to the Trustee at its Principal Office, by 1:00 p.m. (New York City time) on the Purchase Date, accompanied by an instrument of transfer thereof, in a form satisfactory to the Trustee, executed in blank by the Holder thereof with the signature of such Holder guaranteed in accordance with the guidelines set forth by one of the nationally recognized medallion signature programs.

Section 15.07. 2008 Bonds Deemed Purchased.

(a) If moneys sufficient to pay the Purchase Price of 2008 Bonds to be purchased pursuant to Section 15.04 or 15.05 shall be held by the Trustee on the applicable Purchase Date, such 2008 Bonds shall be deemed to have been purchased for all purposes of the Indenture, irrespective of whether or not such 2008 Bonds shall have been delivered to the Trustee or transferred on the books of a Securities Depository for such 2008 Bonds, and neither the former Holder or Beneficial Owner of such 2008 Bonds nor any other person shall have any claim thereon, under the Indenture or otherwise, for any amount other than the Purchase Price thereof.

(b) In the event of non-delivery of any 2008 Bond to be purchased pursuant to Section 15.04 or 15.05, the Trustee shall segregate and hold uninvested the moneys for the Purchase Price of such 2008 Bond in trust, without liability for interest thereon, for the benefit of the former Holders or Beneficial Owners of such 2008 Bond, who shall, except as provided in the following sentence, thereafter be restricted exclusively to such moneys for the satisfaction of any claim for the Purchase Price of such 2008 Bond. Any moneys that the Trustee shall segregate and hold in trust for the payment of the Purchase Price of any 2008 Bond and

remaining unclaimed for one (1) year after the date of purchase shall be paid automatically to the Commission. After the payment of such unclaimed moneys to the Commission, the former Holder or Beneficial Owner of such 2008 Bond shall look only to the Commission for the payment thereof.

Section 15.08. Deposit of 2008 Bonds. The Trustee agrees to accept and hold all 2008 Bonds delivered to it pursuant to Section 15.04 or 15.05 in trust for the benefit of the respective Holders or Beneficial Owners which shall have so delivered such 2008 Bonds until the Purchase Price of such 2008 Bonds shall have been delivered to or for the account of or to the order of such Holders or Beneficial Owners pursuant to Section 15.11. Any 2008 Bonds registered for transfer to new purchasers and delivered to the Trustee as described in Section 15.12 shall be held in trust by the Trustee for the benefit of such new purchasers until delivery to such new purchasers.

Section 15.09. Remarketing of Tendered 2008 Bonds.

(a) **Daily Put or Commercial Paper Tender Bonds.**

(i) Not later than 11:15 a.m. (New York City time) on each Business Day on which the Trustee receives a notice from a Holder or Beneficial Owner of a 2008 Bond to be tendered pursuant to Section 15.04(a) (the "Daily Put Bonds"), and on each day any 2008 Bonds bearing interest at a Commercial Paper Rate are subject to mandatory tender pursuant to Section 15.05(a)(3) (the "Commercial Paper Tender Bonds"), the Trustee shall give notice by Electronic Means to the Remarketing Agent and the Commission, specifying the principal amount of 2008 Bonds for which it has received such notice and the names of the Holder or Holders thereof. The Remarketing Agent shall thereupon offer for sale and use its best efforts to find purchasers for such Daily Put Bonds or Commercial Paper Tender Bonds, other than 2008 Liquidity Facility Bonds, which shall be remarketed pursuant to Section 15.13.

(ii) Not later than 11:30 a.m. (New York City time) on the Purchase Date described in subparagraph (i) above, the Trustee shall give notice by Electronic Means to the Remarketing Agent and the Commission of the accrued amount of interest payable with respect to the Daily Put Bonds or Commercial Paper Tender Bonds, as applicable, as of such Purchase Date and confirming the aggregate principal amount of the Daily Put Bonds or Commercial Paper Tender Bonds.

(iii) Not later than 12:00 noon (New York City time) on any Purchase Date for Daily Put Bonds or Commercial Paper Tender Bonds, the Remarketing Agent shall give notice by Electronic Means to the Commission and the Trustee of the principal amount of any Daily Put Bonds or Commercial Paper Tender Bonds, as applicable, which have not been remarketed in accordance with the applicable Remarketing Agreement and its commitment to deliver funds from the Daily Put Bonds or Commercial Paper Tender Bonds that have been remarketed to the Trustee by 2:00 p.m. (New York City time) on such day pursuant to Section 15.10.

(iv) If a Remarketing Agent's notice pursuant to subparagraph (iii) above indicates that such Remarketing Agent has on hand less remarketing proceeds than are needed to purchase all the Daily Put Bonds or Commercial Paper Tender Bonds to be purchased on any Purchase Date, the Trustee shall demand payment under the applicable 2008 Liquidity Facility then in effect with respect to the tendered 2008 Bonds in sufficient time (as set forth by the terms of the 2008 Liquidity Facility) so as to provide by 2:30 p.m. (New York City time) on such Purchase Date an amount sufficient, together with the remarketing proceeds to be available for such purchase, calculated solely on the basis of the notice given by the Remarketing Agent pursuant to subparagraph (iii) above, to pay the Purchase Price of the Daily Put Bonds or Commercial Paper Tender Bonds, as applicable. The Trustee shall immediately after such demand for payment give notice by Electronic Means to the Commission of the amount, if any, of such demand.

(b) Weekly Put Bonds.

(i) Not later than 10:30 a.m. (New York City time) on each Business Day succeeding a day on which the Trustee receives a notice from a Holder or Beneficial Owner of 2008 Bonds to be tendered pursuant to Section 15.04(b) (the "Weekly Put Bonds"), the Trustee shall give notice by Electronic Means to the Remarketing Agent and the Commission, specifying the principal amount of 2008 Bonds for which it has received such notice, the names of the Holder or Holders thereof and the Purchase Date. The Remarketing Agent shall thereupon offer for sale and use its best efforts to find purchasers for such Weekly Put Bonds, other than 2008 Liquidity Facility Bonds, which shall be remarketed pursuant to Section 15.13.

(ii) Not later than 11:00 a.m. (New York City time) on the Business Day immediately preceding the Purchase Date described in subparagraph (i) above, the Trustee shall give notice by Electronic Means to the Remarketing Agent and the Commission of the accrued amount of interest payable with respect to the Weekly Put Bonds as of such Purchase Date and confirming the aggregate principal amount of the Weekly Put Bonds.

(iii) Not later than 11:30 a.m. (New York City time) on any Purchase Date for Weekly Put Bonds, the Remarketing Agent shall give notice by Electronic Means to the Commission and the Trustee of the principal amount of Weekly Put Bonds that have not been remarketed in accordance with the applicable Remarketing Agreement and its commitment to deliver funds from the Weekly Put Bonds that have been remarketed to the Trustee by 2:00 p.m. (New York City time) on the Purchase Date pursuant to Section 15.10.

(iv) If a Remarketing Agent's notice pursuant to subparagraph (iii) above indicates that such Remarketing Agent has on hand less remarketing proceeds than are needed to purchase all the Weekly Put Bonds to be purchased on any Purchase Date, the Trustee shall demand payment under the applicable 2008 Liquidity Facility then in effect with respect to the Weekly Put Bonds in sufficient time (as set forth by the terms of the 2008 Liquidity Facility) so as to provide by 2:30 p.m. (New York City time) on such Purchase Date an amount sufficient, together with the remarketing proceeds to be

available for such purchase, calculated solely on the basis of the notice given by the Remarketing Agent pursuant to subparagraph (iii) above, to pay the Purchase Price of the Weekly Put Bonds. The Trustee shall immediately after such demand for payment give notice by Electronic Means to the Commission of the amount, if any, of such demand.

(c) Mandatory Tender Bonds.

(i) Not later than 9:30 a.m. (New York City time) on each Purchase Date occurring pursuant to Section 15.05 with the exception of subsection 15.05(a)(3), the Trustee shall give notice by Electronic Means to the Remarketing Agent and the Commission specifying the principal amount of all Outstanding 2008 Bonds that are subject to mandatory tender (the "Mandatory Tender Bonds") on such Purchase Date pursuant to any subsection of Section 15.05 except subsection 15.05(a)(3) and the names of the registered Holder or Holders thereof. The Remarketing Agent shall thereupon offer for sale and use its best efforts to find purchasers for such Mandatory Tender Bonds (if there is still an obligation to remarket), other than 2008 Liquidity Facility Bonds, which shall be remarketed pursuant to Section 15.13.

(ii) Not later than 10:00 a.m. (New York City time) on each Purchase Date described in subparagraph (i) above, the Trustee shall give notice by Electronic Means to the Remarketing Agent and the Commission of the accrued amount of interest payable with respect to the Mandatory Tender Bonds as of the Purchase Date and confirming the aggregate principal amount of the Mandatory Tender Bonds. With respect to Mandatory Tender Bonds that are in an Index Rate Period, the Trustee shall also give notice by Electronic Means to the Remarketing Agent and the Commission of the premium, if any, payable with respect to such Mandatory Tender Bonds as of the Purchase Date.

(iii) Not later than 11:30 a.m. (New York City time) on any Purchase Date with respect to Mandatory Tender Bonds, the Remarketing Agent shall give notice by Electronic Means to the Trustee and the Commission of the principal amount of Mandatory Tender Bonds that have not been remarketed in accordance with the Remarketing Agreement and its written commitment to deliver funds from the Mandatory Tender Bonds that have been remarketed to the Trustee by 2:00 p.m. (New York City time) on the Purchase Date pursuant to Section 15.10.

(iv) If a Remarketing Agent's notice pursuant to subparagraph (iii) above indicates that such Remarketing Agent has on hand less remarketing proceeds than are needed to purchase all the Mandatory Tender Bonds to be purchased on such Purchase Date, the Trustee shall demand payment under the applicable 2008 Liquidity Facility then in effect with respect to the Mandatory Tender Bonds in sufficient time (as set forth by the terms of the 2008 Liquidity Facility) so as to provide by 2:30 p.m. (New York City time) on such Purchase Date an amount sufficient, together with the remarketing proceeds to be available for such purchase, calculated solely on the basis of the notice given by the Remarketing Agent pursuant to subparagraph (iii) above, to pay the Purchase Price of the Mandatory Tender Bonds. The Trustee shall immediately after such demand for payment give notice to the Commission of the amount, if any, of such demand.

(d) Optional Commission Deposit. If a Remarketing Agent's notice pursuant to subparagraph (a)(iii), (b)(iii) or (c)(iii) above indicates that such Remarketing Agent has remarketed less than all the Daily Put Bonds, Commercial Paper Tender Bonds, Weekly Put Bonds, or Mandatory Tender Bonds to be purchased on any Purchase Date and the Trustee does not receive sufficient funds from, or has received notice from a 2008 Liquidity Provider that it will not provide sufficient funds from, draws on the applicable 2008 Liquidity Facility to pay the Purchase Price of all such 2008 Bonds that have not been remarketed by 2:00 p.m. (New York City time) on the Purchase Date, the Trustee shall immediately (but in no event later than 2:30 p.m. (New York City time)) give notice by Electronic Means to the Commission specifying the principal amount and the Purchase Price of such 2008 Bonds for which moneys will not be available in the 2008 Bonds Purchase Fund and requesting the Commission to deposit with the Trustee as soon as possible on such Purchase Date, preferably by 3:00 p.m. (New York City time), an amount sufficient to pay that portion of the Purchase Price for which moneys will not be available in the 2008 Bonds Purchase Fund, such notice to be confirmed immediately by Electronic Means to the Commission. Such deposit by the Commission shall be at the sole option of the Commission.

(e) Limitation. If a 2008 Liquidity Facility is in effect with respect to a Series of 2008 Bonds, the Remarketing Agent with respect to such Series of 2008 Bonds shall not remarket any tendered 2008 Bonds to the Commission or any affiliate of the Commission. Each Remarketing Agent shall remarket the 2008 Bonds, as provided herein, at not less than the Purchase Price thereof, except for 2008 Liquidity Facility Bonds, which shall be remarketed pursuant to Section 15.13.

(f) Commission Deposit of Premium with respect to Index Bonds. On any date when 2008 Bonds in an Index Rate Period Bonds are being redeemed or purchased pursuant to Section 14.05(a)(vi)(D) or Section 14.05(b)(i)(D), the Commission shall deposit with the Trustee as soon as possible on such date, but in no event later than 2:00 p.m. (New York City time) on such date, an amount that, when combined with the proceeds of remarketing of such 2008 Bonds, will be sufficient to pay the Purchase Price payable with respect to such 2008 Bonds, such amount to be deposited by the Trustee in the 2008 Bonds Purchase Fund, receipt of such deposit by the Trustee to be confirmed immediately by Electronic Means to the Commission. Notwithstanding any other provision of this Indenture, any failure by the Commission to make such a deposit shall not constitute an Event of Default.

Section 15.10. Deposits into Accounts in the 2008 Bonds Purchase Fund.

(a) The terms of any sale by a Remarketing Agent of any 2008 Bond tendered or deemed tendered for purchase pursuant to Section 15.04 or 15.05 shall provide for the payment of the Purchase Price for such tendered or deemed tendered 2008 Bond by such Remarketing Agent to the Trustee for deposit in the applicable 2008 Remarketing Account of the 2008 Bonds Purchase Fund in immediately available funds at or before 2:00 p.m. (New York City time) on the Purchase Date. Each Remarketing Agent shall cause to be paid to the Trustee on each Purchase Date for tendered or deemed tendered 2008 Bonds all amounts representing proceeds of the remarketing of such 2008 Bonds, based upon the notice given by such Remarketing Agent pursuant to Section 15.09(a)(iii), 15.09(b)(iii), 15.09(c)(iii), as the case may be. All such amounts shall be deposited in the applicable 2008 Remarketing Account.

(b) The Trustee shall deposit in the 2008 Series A Liquidity Facility Purchase Account all amounts received under a 2008 Liquidity Facility pursuant to Section 15.09(a)(iv), 15.09(b)(iv) or 15.09(c)(iv), as the case may be, and related to the 2008 Series A Bonds. The Trustee shall deposit in the 2008 Series B Liquidity Facility Purchase Account all amounts received under a 2008 Liquidity Facility pursuant to Section 15.09(a)(iv), 15.09(b)(iv) or 15.09(c)(iv), as the case may be, and related to the 2008 Series B Bonds. The Trustee shall deposit in the 2008 Series C Liquidity Facility Purchase Account all amounts received under a 2008 Liquidity Facility pursuant to Section 15.09(a)(iv), 15.09(b)(iv) or 15.09(c)(iv), as the case may be, and related to the 2008 Series C Bonds. The Trustee shall deposit in the 2008 Series D Liquidity Facility Purchase Account all amounts received under a 2008 Liquidity Facility pursuant to Section 15.09(a)(iv), 15.09(b)(iv) or 15.09(c)(iv), as the case may be, and related to the 2008 Series D Bonds.

(c) Upon receipt of any notice from the Trustee pursuant to Section 15.09(d) that insufficient funds will be on deposit in the 2008 Bonds Purchase Fund to pay the full Purchase Price of all 2008 Bonds to be purchased on a Purchase Date, the Commission shall, at its sole option, deliver or cause to be delivered to the Trustee immediately available funds in an amount equal to such deficiency prior to 3:00 p.m. (New York City time) on the applicable Purchase Date. All such funds shall be deposited in the applicable 2008 Commission Account.

(d) All funds received from the Commission pursuant to Section 15.09(f) shall be deposited in the applicable 2008 Commission Account.

(e) The Trustee shall hold amounts in the 2008 Bonds Purchase Fund uninvested.

Section 15.11. Disbursements from the 2008 Bonds Purchase Fund.

(a) Application of Moneys. Moneys in the 2008 Bonds Purchase Fund (other than the proceeds of any remarketing of 2008 Liquidity Facility Bonds, which shall be paid to the applicable 2008 Liquidity Provider on the remarketing date) shall be applied at or before 3:00 p.m. (New York City time) to the purchase of 2008 Bonds as provided herein by the Trustee, on each Purchase Date, as follows:

First – Moneys constituting funds in any 2008 Remarketing Account shall be used by the Trustee on any Purchase Date to purchase 2008 Bonds of the Series to which such 2008 Remarketing Account relates tendered or deemed tendered for purchase pursuant to Section 15.04 or 15.05 at the Purchase Price thereof.

Second – In the event such moneys in any 2008 Remarketing Account on any Purchase Date are insufficient to purchase all 2008 Bonds of the Series to which such 2008 Remarketing Account relates, moneys in the applicable 2008 Liquidity Facility Purchase Account on such Purchase Date shall be used by the Trustee at that time to purchase such remaining 2008 Bonds of such Series at the Purchase Price thereof.

Third – If the amount of money in any 2008 Remarketing Account and 2008 Liquidity Facility Purchase Account on any Purchase Date is insufficient to pay in full the Purchase Price of all 2008 Bonds of such Series tendered or deemed tendered for purchase pursuant to Section 15.04 or 15.05 on such Purchase Date, moneys in the applicable 2008

Commission Account on such Purchase Date, if any, shall be used by the Trustee at that time to purchase such remaining 2008 Bonds of such Series at the Purchase Price thereof.

Notwithstanding anything to the contrary in this Section, if the 2008 Bonds tendered or deemed tendered for purchase pursuant to Section 15.04 or 15.05 are registered in book-entry form, payment of the Purchase Price of such 2008 Bonds shall be made in accordance with the rules and procedures of the Securities Depository.

(b) Nondeliveries. The Trustee shall, as to any 2008 Bonds that are not registered in book-entry form and that have not been delivered to it as required by Section 15.06, (i) notify the Remarketing Agent in writing of such nondelivery and (ii) place a stop transfer against an appropriate amount of 2008 Bonds registered in the name of the Holder of such 2008 Bonds on the bond registration books maintained by the Trustee. The Trustee shall place and maintain such stop transfer commencing with the lowest serial number 2008 Bond registered in the name of such Holder until stop transfers have been placed against an appropriate amount of 2008 Bonds until the appropriate 2008 Bonds are delivered to the Trustee as required by Section 15.06. Upon such delivery, the Trustee shall make any necessary adjustments to such bond registration books.

(c) Limitation. Notwithstanding anything contained herein to the contrary, while any 2008 Liquidity Facility is in effect with respect to a Series of 2008 Bonds, the Trustee shall only use proceeds obtained by remarketing any such 2008 Bonds to the Commission or any affiliate of the Commission to pay any portion of the Purchase Price of the tendered 2008 Bonds, if funds are unavailable under the 2008 Liquidity Facility for such purchase.

(d) Insufficient Funds. If sufficient funds are not available for the purchase of all Bonds of a Series of 2008 Bonds tendered or deemed tendered and required to be purchased on any Purchase Date (with the exception of the Auction Rate Period), all 2008 Bonds of such Series shall bear interest at the lesser of the SIFMA Swap Index plus three percent and the Maximum Interest Rate from the date of such failed purchase until all such 2008 Bonds are purchased as required in accordance with this Indenture, and all tendered 2008 Bonds of such Series shall be returned to their respective Holders. Notwithstanding any other provision of this Indenture, such failed purchase and return shall not constitute an Event of Default. Thereafter, the Trustee shall continue to take all such action available to it to obtain remarketing proceeds from the Remarketing Agent and sufficient other funds from the Liquidity Provider, if any, for such Series of 2008 Bonds.

Section 15.12. Delivery of 2008 Bonds

(a) If the 2008 Bonds are not registered in book-entry form, a principal amount of 2008 Bonds equal to the amount of 2008 Bonds successfully remarketed by each Remarketing Agent shall be delivered to the Trustee for registration or transfer to such persons as shall be designated by the Remarketing Agent. Such 2008 Bonds shall be held available at the office of the Trustee and shall be picked up at a location designated by the Trustee to the applicable Remarketing Agent at or after 1:00 p.m. (New York City time) on the Purchase Date against delivery of funds for deposit into the applicable 2008 Remarketing Account of the 2008 Bonds Purchase Fund equal to the Purchase Price of the 2008 Bonds that have been remarketed. If the

2008 Bonds are registered in book-entry form, transfer of ownership of the remarketed 2008 Bonds shall be effected in accordance with the procedures of the Securities Depository against delivery of funds for deposit into the applicable 2008 Remarketing Account of the 2008 Bonds Purchase Fund equal to the Purchase Price of the 2008 Bonds that have been remarketed.

(b) Any 2008 Bonds purchased with funds in any 2008 Liquidity Facility Purchase Account of the 2008 Bonds Purchase Fund shall be delivered and held in accordance with Section 15.13. Any 2008 Bonds purchased with funds in any 2008 Commission Account of the 2008 Bonds Purchase Fund shall be delivered and held in accordance with the instructions of the Commission furnished to the Trustee. Such 2008 Bonds shall be held available for registration of transfer and delivery by the Trustee in such manner as may be agreed between the Trustee and the applicable 2008 Liquidity Provider or the Commission, as the case may be.

Section 15.13. 2008 Liquidity Facilities; Liquidity Facility Bonds.

(a) Unless all the Outstanding Bonds of any Series of 2008 Bonds are 2008 Liquidity Facility Bonds or are in an Auction Rate Period, an Index Rate Period, a Term Rate Period or a Fixed Rate Period, the Commission shall provide, or cause to be provided, to the Trustee a 2008 Liquidity Facility for such Series of 2008 Bonds. The Commission shall not reduce the amount of a 2008 Liquidity Facility or permit a substitution of a 2008 Liquidity Provider thereunder without obtaining a Rating Confirmation with respect to such action unless such action is considered a substitution of a 2008 Liquidity Facility subjecting the 2008 Bonds affected thereby to mandatory purchase pursuant to Section 15.05(a)(2). The Commission shall have the right at any time to provide, pursuant to Section 15.14, an Alternate Liquidity Facility for any 2008 Liquidity Facility then in effect. If there shall have been delivered to the Trustee (i) an Alternate Liquidity Facility meeting the requirements of Section 15.14 and (ii) the opinions and documents required by Section 15.14, then the Trustee shall accept such Alternate Liquidity Facility and, if so directed by the Commission, on or after the effective date of such Alternate Liquidity Facility promptly surrender the 2008 Liquidity Facility being so substituted in accordance with the respective terms thereof for cancellation; provided the Trustee shall not surrender any 2008 Liquidity Facility until all draws or requests to purchase 2008 Bonds made under such 2008 Liquidity Facility have been honored in accordance with the terms thereof, including all draws required to be made in connection with such substitution. In the event that the Commission elects to provide an Alternate Liquidity Facility with respect to one or more Series of 2008 Bonds, the affected 2008 Bonds shall be subject to the mandatory tender provisions of Section 15.05(a)(2). Notwithstanding the foregoing, if at any time there shall cease to be any Bonds of any Series of 2008 Bonds Outstanding or if all the Outstanding Bonds of any Series of 2008 Bonds have been converted to a Fixed Rate Period, an Index Rate Period, an Auction Rate Period, or a Term Rate Period for which the 2008 Liquidity Facility does not apply, or a 2008 Liquidity Facility shall be terminated pursuant to its terms, the Trustee shall promptly surrender such 2008 Liquidity Facility in accordance with its terms for cancellation. The Trustee shall comply with the procedures set forth in each 2008 Liquidity Facility relating to the termination thereof.

(b) In the event that a 2008 Liquidity Facility is in effect with respect to a Series of 2008 Bonds, the Trustee shall make a demand for payment under such 2008 Liquidity Facility, subject to and in accordance with its terms, in order to receive payment thereunder on

each Purchase Date for such Series of 2008 Bonds as provided in Section 15.09(a)(iv), Section 15.09(b)(iv) or Section 15.09(c)(iv), as applicable.

(c) Each such demand for payment shall be made pursuant to and in accordance with this Indenture. The Trustee shall give notice of each such demand for payment to the Commission at the time of each such demand. The proceeds of each such demand shall be deposited in the applicable 2008 Liquidity Facility Purchase Account within the 2008 Bonds Purchase Fund and used in the order of priority established by Section 15.11. At the time of making any demand under a 2008 Liquidity Facility pursuant to Section 15.13(b), the Trustee shall direct the applicable 2008 Liquidity Provider to pay the proceeds of such demand directly to the Trustee for deposit in the applicable 2008 Liquidity Facility Purchase Account. The Trustee shall comply with all provisions of each 2008 Liquidity Facility in order to realize upon any demand for payment thereunder, and will not demand payment under any 2008 Liquidity Facility of any amounts for payment of: (i) 2008 Liquidity Facility Bonds; or (ii) 2008 Bonds held by the Commission or held by any affiliate of the Commission or any nominee of the Commission unless such 2008 Liquidity Facility specifically permits such demand.

(d) Any 2008 Bonds purchased with payments made under a 2008 Liquidity Facility pursuant to Section 15.13(b) shall constitute 2008 Liquidity Facility Bonds and shall be registered in the name of, or as otherwise directed by, the applicable Liquidity Provider and delivered to or upon the order of, or as otherwise directed by, such Liquidity Provider. At the option of the Commission, it may provide funds to the 2008 Liquidity Provider to purchase 2008 Liquidity Facility Bonds, in which event such 2008 Bonds shall be held by the Trustee in accordance with instructions by the Commission.

(e) Unless otherwise provided in a 2008 Liquidity Facility, 2008 Liquidity Facility Bonds shall be remarketed by the applicable Remarketing Agent prior to any other 2008 Bonds of such Series tendered for purchase pursuant to Section 15.04 or 15.05 and shall be remarketed in accordance with the terms of the applicable Remarketing Agreement. Upon (i) receipt by the Commission and the Trustee of written notification from a 2008 Liquidity Provider that a 2008 Liquidity Facility has been fully reinstated with respect to principal and interest and (ii) release by the applicable 2008 Liquidity Provider of any 2008 Liquidity Facility Bonds that the Remarketing Agent has remarketed, such 2008 Bonds shall be made available to the purchasers thereof and shall no longer constitute 2008 Liquidity Facility Bonds for purposes of this Indenture. The proceeds of any remarketing of 2008 Liquidity Facility Bonds shall be paid to the applicable 2008 Liquidity Provider by the Trustee on such remarketing date in immediately available funds with interest on the sale price being calculated as if such 2008 Bond were not a 2008 Liquidity Facility Bond; provided, however, if all such 2008 Bonds are 2008 Liquidity Facility Bonds, at the principal amount thereof plus accrued interest, and the remarketing date will be considered an Interest Payment Date.

(f) The Trustee agrees that it will, promptly upon receipt, send to the applicable 2008 Liquidity Provider (by Electronic Means) a copy of every notice received by it hereunder relating to any 2008 Liquidity Facility Bonds.

(g) Notwithstanding anything to the contrary herein or in the 2008 Bonds, all obligations of the Commission under or in connection with any 2008 Liquidity Facility

(including, without limitation, the payment of any reimbursement obligations to any 2008 Liquidity Provider and the payment of any 2008 Liquidity Facility Bonds) shall be governed by the terms of the applicable 2008 Liquidity Facility.

(h) The Trustee shall provide to the Remarketing Agent and to each Rating Agency then rating any Series of 2008 Bonds written notice of the extension of any 2008 Liquidity Facility in effect with respect to such Series of 2008 Bonds.

(i) Whenever requested in writing by the Commission, the Trustee shall submit to the applicable 2008 Liquidity Provider a reduction certificate or other appropriate documentation necessary under the applicable 2008 Liquidity Facility to reduce the principal amount of any Series of 2008 Bonds and related interest to reflect any purchase or redemption of such 2008 Bonds by the Commission and the cancellation of such 2008 Bonds.

(j) If at any time any Rating Agency reduces the short-term ratings of a 2008 Liquidity Provider below "A-1" by S&P or "P-1" by Moody's or "F1" by Fitch, the Commission shall use its best efforts to replace such 2008 Liquidity Provider.

Section 15.14. Alternate Liquidity Facilities.

(a) So long as any 2008 Bonds bear interest at a Variable Rate (other than 2008 Bonds in an Auction Rate Period, an Index Rate Period, a Term Rate Period for which there is no Liquidity Facility, or a Fixed Rate Period), on or prior to the Expiration or termination of any existing 2008 Liquidity Facility, including any renewals or extensions thereof (other than an Expiration of such 2008 Liquidity Facility at the final maturity of the 2008 Bonds to which such 2008 Liquidity Facility relates), the Commission shall provide to the Trustee (with a copy to the applicable Remarketing Agent) a renewal or extension of the term of the existing 2008 Liquidity Facility for such Series of 2008 Bonds or an Alternate Liquidity Facility for such Series of 2008 Bonds meeting the requirements set forth in subsection (b) of this Section.

(b) The Commission may at any time provide an Alternate Liquidity Facility for a Series of 2008 Bonds in accordance with the provisions hereof and upon delivery to the Trustee of the items specified in subsection (c) of this Section.

Any such Alternate Liquidity Facility must meet the following conditions:

(i) The obligations of a 2008 Liquidity Provider under an Alternate Liquidity Facility to purchase 2008 Bonds or otherwise provide for the Purchase Price of 2008 Bonds tendered or deemed tendered pursuant to Section 15.04 or Section 15.05 shall not be subject to suspension or termination on less than fifteen (15) days' notice to the Commission and the Trustee; provided, however, that the obligations of a 2008 Liquidity Provider to purchase 2008 Bonds or otherwise provide for the Purchase Price of such 2008 Bonds may be immediately suspended or terminated (A) without such notice upon the occurrence of such events as may be provided in a 2008 Liquidity Facility and which are disclosed to the Holders of such 2008 Bonds in connection with the provision of such 2008 Liquidity Facility or, (B) if applicable, upon the remarketing of such 2008 Bonds upon the mandatory tender thereof as a result of provision of such Alternate Liquidity Facility pursuant to Section 15.05(a)(2);

(ii) such Alternate Liquidity Facility must take effect on or before the Purchase Date for the 2008 Bonds established pursuant to Section 15.05(a)(2); and

(iii) such Alternate Liquidity Facility must be in an amount sufficient to pay the maximum Purchase Price of the affected 2008 Bonds which will be applicable during the Rate Period commencing on such substitution.

(c) Prior to the date of the delivery of such Alternate Liquidity Facility to the Trustee pursuant to subsection (b) of this Section, the Commission shall cause to be furnished to the Trustee (i) a Favorable Opinion of Bond Counsel addressed to the Trustee to the effect that the delivery of such Alternate Liquidity Facility to the Trustee is authorized under this Indenture and complies with the terms hereof and will not, in and of itself, adversely affect the Tax-Exempt status of interest on the affected 2008 Bonds and (ii) an opinion or opinions of counsel to the Liquidity Provider for such Alternate Liquidity Facility addressed to the Trustee, to the effect that such Alternate Liquidity Facility has been duly authorized, executed and delivered by the applicable Liquidity Provider and constitutes the valid, legal and binding obligation of such Liquidity Provider enforceable against such Liquidity Provider in accordance with its terms and (iii) if the affected 2008 Bonds are not subject to mandatory tender for purchase, the Rating Confirmation required by Section 15.05(a)(2).

(d) The Trustee shall give notice by first class mail to the Holders of the affected 2008 Bonds of the proposed substitution of a 2008 Liquidity Facility not later than the fifteenth (15th) day prior to the substitution date.

Section 15.15. Remarketing Agents for the 2008 Bonds. The Commission shall appoint and employ one or more Remarketing Agents for 2008 Bonds of a Series in a Daily Rate Period, a Weekly Rate Period, a Commercial Paper Rate Period, a Term Rate Period and an Index Rate Period for which the Commission has designated a Purchase Date pursuant to Section 14.05(b)(i)(C)(1). Initially the Commission appoints Lehman Brothers Inc. as the Remarketing Agent for the 2008 Series A Bonds, Goldman Sachs & Co. as the Remarketing Agent for the 2008 Series B Bonds, J.P. Morgan Securities Inc. as the Remarketing Agent for the 2008 Series C Bonds and UBS Securities LLC as the Remarketing Agent for the 2008 Series D Bonds. All references in this First Supplemental Indenture to the term "Remarketing Agent" shall mean the one or more banks, trust companies or members of the National Association of Securities Dealers Inc. appointed by the Commission to perform the duties and obligations of the Remarketing Agent hereunder with respect to the 2008 Series A Bonds, the 2008 Series B Bonds, the 2008 Series C Bonds or the 2008 Series D Bonds, as applicable; provided that any such bank, trust company or member of the National Association of Securities Dealers, Inc. so appointed shall be organized and doing business under the laws of any state of the United States of America and shall have, together with its parent, if any, a capitalization of at least fifteen million dollars (\$15,000,000) as shown in its or its parent's most recently published annual report. The Commission shall execute and deliver to each Remarketing Agent a Remarketing Agreement, which shall designate the Series of 2008 Bonds for which it shall act as Remarketing Agent and the Remarketing Agent's principal office and in which such Remarketing Agent shall agree: (i) to perform the duties and comply with the requirements imposed upon it by such Remarketing Agreement and this Indenture; and (ii) to keep such books and records with respect to its activities as Remarketing Agent as shall be consistent with prudent industry practice and to

make such books and records available for inspection by each of the Commission and the Trustee at all reasonable times upon reasonable notice.

Section 15.16. Auction Agent.

(a) The Auction Agent shall be appointed by the Trustee at the written direction of the Commission, to perform the functions specified herein. The Auction Agent will signify its acceptance of the duties and obligations imposed upon it hereunder by entering into an Auction Agreement, which will set forth such procedural and other matters relating to the implementation of the Auction Procedures as will be satisfactory to the Commission and the Trustee.

(b) Subject to any applicable governmental restrictions, the Auction Agent may be or become the owner of or trade in Series 2008 Bonds in an Auction Rate Period with the same rights as if such entity were not the Auction Agent.

(c) The Auction Agent must be (i) a bank or trust company organized under the laws of the United States or any state or territory thereof and having a combined capital stock, surplus and undivided profits of at least \$30,000,000, or (ii) a member of NASD having a capitalization of at least \$30,000,000 and, in either case, authorized by law to perform all the duties imposed upon it by the Indenture and a member of or a participant in the Securities Depository. The Auction Agent may at any time resign and be discharged of the duties and obligations created hereby by giving at least ninety (90) days' notice to the Notice Parties. The Auction Agent may be removed by the Commission by such notice, delivered to the Notice Parties as may be agreed to between the Auction Agent, the Trustee and the Commission. Upon any such resignation or removal, the Trustee shall at the written direction of the Commission appoint a successor Auction Agent meeting the requirements hereof. In the event of the resignation or removal of the Auction Agent, the Auction Agent will pay over, assign and deliver any moneys and 2008 Bonds held by it in such capacity to its successor. The Auction Agent shall continue to perform its duties until its successor has been appointed by the Trustee.

Section 15.17. Broker-Dealers.

(a) Broker-Dealers shall be appointed by the Commission with respect to each Series of 2008 Bonds in an Auction Rate Period on or prior to the ARS Conversion Date for such Series of 2008 Bonds. Each Broker-Dealer will signify its acceptance of the duties and obligations imposed upon it hereunder by entering into a Broker-Dealer Agreement, which will set forth such procedural and other matters relating to the performance of its functions as will be satisfactory to the Commission and the Trustee.

(b) Any Broker-Dealer may at any time resign and be discharged of the duties and obligations created hereby by giving such notice to the Commission and the Trustee as may be agreed to between the Broker-Dealer and the Commission. Any Broker-Dealer may be removed by the Commission by such notice, delivered to the Commission and the Trustee as may be agreed to between the Broker-Dealer and the Commission. Upon any such resignation or removal, the Commission will appoint a successor Broker-Dealer. In the event of the resignation or removal of any Broker-Dealer, such Broker-Dealer will pay over, assign and deliver any moneys and 2008 Bonds held by it in such capacity to its successor.

ARTICLE XVI
PURCHASE OF 2008 BONDS AT DIRECTION OF COMMISSION

Section 16.01. Mandatory Tender for Purchase of 2008 Bonds at Direction of Commission.

(a) In addition to the provisions relating to the mandatory tender for purchase of 2008 Bonds pursuant to Section 15.05, the 2008 Bonds, or any of them, shall be subject to mandatory tender for purchase by the Commission, in whole or in part (such that the portion that is subject to mandatory tender for purchase pursuant to this Section 16.01 and the portion not subject to such mandatory tender shall each be in an Authorized Denomination), at the applicable Optional Purchase Price on each Optional Purchase Date. In the event that the Commission determines to purchase any 2008 Bonds on any Optional Purchase Date, the Commission shall provide the Trustee with written notice of such determination at least fifteen (15) days prior to the Optional Purchase Date, which notice shall specify the Series of 2008 Bonds and the principal amount of such 2008 Bonds of each maturity that are to be purchased and the Optional Purchase Date on which such purchase is to occur.

(b) When the Trustee shall receive notice from the Commission of its determination to purchase 2008 Bonds pursuant to subsection (a) of this Section, the Trustee shall give notice, in the name of the Commission, of the mandatory tender for purchase of such 2008 Bonds, which notice shall be mailed, by first class mail, postage prepaid, not more than ninety (90) nor less than ten (10) days before the Optional Purchase Date to the Holders of any 2008 Bonds or portions of 2008 Bonds to be purchased at their addresses appearing in the bond registration books maintained by the Trustee, with a copy to the Notice Parties. Such notice shall specify the Series of 2008 Bonds and the maturities of such 2008 Bonds to be purchased, the Optional Purchase Date, the Optional Purchase Price and the place or places where the Optional Purchase Price due upon such tender for purchase shall be payable and, if less than all of the 2008 Bonds of any Series and like maturity are to be purchased, the letters and numbers or other distinguishing marks of such 2008 Bonds so to be purchased, and, in the case of 2008 Bonds to be purchased in part only, such notice shall also specify the respective portions of the principal amount thereof to be purchased. Such notice shall further state that on such Optional Purchase Date there shall become due and payable upon each 2008 Bond to be purchased, the Optional Purchase Price thereof, or the Optional Purchase Price of the specified portions of the principal amount thereof to be purchased in the case of 2008 Bonds to be purchased in part only, and that from and after such Optional Purchase Date interest on such 2008 Bond for the benefit of the current Holder of such 2008 Bond or the portion of such 2008 Bond to be purchased shall cease to accrue and be payable.

Receipt of such notice of mandatory tender for purchase shall not be a condition precedent to the mandatory tender for purchase of the 2008 Bonds and failure of any Holder of a 2008 Bond to receive any such notice or any defect in such notice shall not affect the validity of the proceedings for the mandatory tender for purchase of the 2008 Bonds pursuant to this Section.

(c) If at the time the Trustee sends any notice of mandatory tender for purchase of the 2008 Bonds pursuant to this Section, the Commission has not deposited with the Trustee an

amount sufficient to pay the full Optional Purchase Price of the 2008 Bonds, or the portions thereof, to be purchased, such notice shall state that such mandatory tender for purchase is conditional upon the receipt by the Trustee on or prior to the Optional Purchase Date fixed for such purchase of moneys sufficient to pay the Optional Purchase Price of such 2008 Bonds, or the portions thereof to be purchased, and that if such moneys shall not have been so received said notice shall be of no force and effect and the Commission shall not be required to purchase such 2008 Bonds. In the event that such notice of mandatory tender for purchase contains such a condition and such moneys are not so received, no purchase of the 2008 Bonds identified in the notice of mandatory tender for purchase shall be made and the Trustee shall, within a reasonable time thereafter, give notice, to the Remarketing Agent and to the persons and in the manner in which the notice of tender was given, that such moneys were not so received and that there will be no purchase of 2008 Bonds pursuant to the notice of mandatory tender for purchase.

(d) If less than all of the Outstanding 2008 Bonds of any Series are to be called for mandatory tender for purchase pursuant to this Section, the principal amount and maturity of such 2008 Bonds to be purchased shall be selected by the Commission in its sole discretion. If less than all of any Series of 2008 Bonds of like maturity shall be called for mandatory tender for purchase pursuant this Section, except as otherwise provided by the Securities Depository, the particular 2008 Bonds or portions of 2008 Bonds to be purchased shall be selected at random by the Trustee in such manner as the Trustee in its discretion may deem fair and appropriate; provided, however, that in selecting portions of 2008 Bonds for purchase, the Trustee shall treat each 2008 Bond of the same Series as representing that number of 2008 Bonds of the minimum Authorized Denomination for the 2008 Bonds which is obtained by dividing the principal amount of such 2008 Bond by the minimum Authorized Denomination for the 2008 Bonds.

Section 16.02. Delivery of Tendered 2008 Bonds. With respect to any 2008 Bond that is registered in book-entry form, delivery of such 2008 Bond to the Trustee in connection with any mandatory tender for purchase pursuant to Section 16.01 shall be effected by the making of, or the irrevocable authorization to make, appropriate entries on the books of the Securities Depository for such 2008 Bond or any Participant thereof to reflect the transfer of the beneficial ownership interest in such 2008 Bond to the account of the Trustee, on behalf of the Commission, or to the account of a Participant acting on behalf of the Commission. With respect to any 2008 Bond that is not registered in book-entry form, delivery of such 2008 Bond to the Trustee in connection with any mandatory tender for purchase pursuant to Section 16.01 shall be effected by physical delivery of such 2008 Bond to the Trustee at its Principal Office, by 1:00 p.m. (New York City time) on the Optional Purchase Date, accompanied by an instrument of transfer thereof, in a form satisfactory to the Trustee, executed in blank by the Holder thereof with the signature of such Holder guaranteed in accordance with the guidelines set forth by one of the nationally recognized medallion signature programs.

Section 16.03. 2008 Bonds Deemed Purchased.

(a) If moneys sufficient to pay the Optional Purchase Price of 2008 Bonds to be purchased pursuant to Section 16.01 on an Optional Purchase Date shall be held by the Trustee on such Optional Purchase Date, such 2008 Bonds shall be deemed to have been purchased for all purposes of this Indenture, irrespective of whether or not such 2008 Bonds shall have been delivered to the Trustee or transferred on the books of the Securities Depository for the 2008

Bonds, and neither the former Holder or former Beneficial Owner of such 2008 Bonds nor any other person shall have any claim thereunder, under this Indenture or otherwise, for any amount other than the Optional Purchase Price thereof.

(b) In the event of non-delivery of any 2008 Bond to be purchased pursuant to Section 16.01, the Trustee shall segregate and hold uninvested the moneys for the Optional Purchase Price of such 2008 Bond in trust, without liability for interest thereon, for the benefit of the former Holders or Beneficial Owners of such 2008 Bond, who shall, except as provided in the following sentence, thereafter be restricted exclusively to such moneys for the satisfaction of any claim for the Optional Purchase Price of such 2008 Bond. Any moneys that the Trustee shall segregate and hold in trust for the payment of the Optional Purchase Price of any 2008 Bond remaining unclaimed for one (1) year after the Optional Purchase Date shall be paid automatically to the Commission. After the payment of such unclaimed moneys to the Commission, the former Holder or former Beneficial Owner of such 2008 Bond shall look only to the Commission for the payment thereof.

Section 16.04. Deposit of 2008 Bonds. The Trustee agrees to accept and hold all 2008 Bonds delivered to it pursuant to Section 16.01 in trust for the benefit of the respective Holders or Beneficial Owners which shall have so delivered such 2008 Bonds until the Optional Purchase Price of such 2008 Bonds shall have been delivered to or for the account of or to the order of such Holders or Beneficial Owners pursuant to Section 16.05. Any 2008 Bonds purchased pursuant to Section 16.01 and registered for transfer to the Trustee shall be held in trust by the Trustee for the benefit of the Commission in accordance with the instructions of the Commission.

Section 16.05. Payment of Optional Purchase Price of 2008 Bonds.

(a) Moneys held by the Trustee for the payment of the Optional Purchase Price of 2008 Bonds subject to mandatory tender for purchase pursuant to Section 16.01 shall be applied at or before 3:00 p.m. (New York City time) to the purchase of such 2008 Bonds. Except as otherwise provided with respect to 2008 Bonds that are registered in book-entry form, payment of the Optional Purchase Price of 2008 Bonds tendered for purchase pursuant to Section 16.01 shall be made only upon the surrender of such 2008 Bonds to the Trustee. Notwithstanding anything to the contrary in this Section, if the 2008 Bonds to be tendered for purchase pursuant to Section 16.01 are registered in book-entry form, payment of the Optional Purchase Price for tendered 2008 Bonds shall be made in accordance with the rules and procedures of the Securities Depository.

(b) The Trustee shall, as to any 2008 Bonds that are not registered in book-entry form and that have not been delivered to it as required by Section 16.02, place a stop transfer against an appropriate amount of 2008 Bonds registered in the name of the Holder of such 2008 Bonds on the bond registration books maintained by the Trustee. The Trustee shall place and maintain such stop transfer commencing with the lowest serial number 2008 Bond registered in the name of such Holder until stop transfers have been placed against an appropriate amount of 2008 Bonds until the appropriate 2008 Bonds are delivered to the Trustee. Upon such delivery, the Trustee shall make any necessary adjustments to such bond registration books.

Section 16.06. 2008 Bonds Owned by Commission.

(a) Any 2008 Bonds purchased by the Commission pursuant to Section 16.01 shall not be cancelled by the Trustee unless such cancellation is directed by an Authorized Representative but shall remain Outstanding for all purposes of the Indenture.

(b) The Commission covenants and agrees that it shall not transfer or cause the transfer of any 2008 Bond purchased by the Commission pursuant to Section 16.01 unless the Commission delivers to the Trustee a Favorable Opinion of Bond Counsel with respect to such transfer.

(c) The Commission covenants and agrees that, in the event that at any time there are insufficient funds in the Revenue Fund, the Principal Fund, the Interest Fund or the Redemption Fund, as applicable, to pay the principal of and interest then due on the Outstanding 2008 Bonds, it will surrender or cause to be surrendered to the Trustee for cancellation any 2008 Bonds held by or on behalf of the Commission.

ARTICLE XVII

ESTABLISHMENT OF FUNDS AND ACCOUNTS AND APPLICATION THEREOF

Section 17.01. Funds and Accounts. The following funds and accounts are hereby established in connection with the 2008 Bonds:

(a) To ensure the proper application of such portion of proceeds from the sale of the 2008 Bonds to be applied to pay Costs of the Project and Costs of Issuance of the 2008 Bonds, there is hereby established the 2008 Project Fund, such fund to be held by the Trustee.

(b) To provide for a reserve fund for the 2008 Bonds, there is hereby established and maintained with the Trustee a fund designated as the "2008 Bonds Reserve Fund."

(c) To ensure proper application of funds to be applied to the purchase of 2008 Bonds tendered or deemed tendered for purchase pursuant to Section 15.04 or 15.05, there is hereby established the 2008 Bonds Purchase Fund, such fund to be held by the Trustee. There shall also be created and established twelve (12) separate accounts in the 2008 Bonds Purchase Fund designated the "2008 Series A Remarketing Account," the "2008 Series B Remarketing Account," the "2008 Series C Remarketing Account," the "2008 Series D Remarketing Account," the "2008 Series A Liquidity Facility Purchase Account," the "2008 Series B Liquidity Facility Purchase Account," the "2008 Series C Liquidity Facility Purchase Account," the "2008 Series D Liquidity Facility Purchase Account," the "2008 Series A Commission Account," the "2008 Series B Commission Account," the "2008 Series C Commission Account," and the "2008 Series D Commission Account."

Section 17.02. 2008 Project Fund. The monies set aside and placed in the 2008 Project Fund shall remain therein until from time to time expended for the purpose of paying the Costs of the Project and Costs of Issuance of the 2008 Bonds and shall not be used for any other purpose whatsoever.

(a) Before any payment from the 2008 Project Fund shall be made by the Trustee, the Commission shall file or cause to be filed with the Trustee a Requisition of the Commission, such Requisition to be signed by an Authorized Representative and to include: (i) the item number of such payment; (ii) the name and address of the person to whom each such payment is due, which may be the Commission in the case of reimbursement for costs theretofore paid by the Commission; (iii) the respective amounts to be paid; (iv) the purpose by general classification for which each obligation to be paid was incurred; (v) that obligations in the stated amounts have been incurred by the Commission and are presently due and payable and that each item thereof is a proper charge against the 2008 Project Fund and has not been previously paid from said fund; and (vi) that there has not been filed with or served upon the Commission notice of any lien, right to lien or attachment upon, or claim affecting the right to receive payment of, any of the amounts payable to any of the persons named in such Requisition, which has not been released or will not be released simultaneously with the payment of such obligation, other than materialmen's or mechanics' liens accruing by mere operation of law.

(b) When the Commission determines that that portion of the Project funded with the 2008 Bonds has been completed, a Certificate of the Commission shall be delivered to the Trustee by the Commission stating: (i) the fact and date of such completion; (ii) that all of the costs thereof have been determined and paid (or that all of such costs have been paid less specified claims that are subject to dispute and for which a retention in the 2008 Project Fund is to be maintained in the full amount of such claims until such dispute is resolved); and (iii) that the Trustee is to transfer the remaining balance in the 2008 Project Fund, less the amount of any such retention, to the 2008 Bonds Reserve Fund, to the extent of any deficiency therein, and then to the Revenue Fund or, if so directed by the Commission, to the Rebate Fund.

Section 17.03. Funding and Application of the 2008 Bonds Reserve Fund; Bond Reserve Requirement for the 2008 Bonds. The Trustee shall deposit the amount of \$17,160,738.80 in the 2008 Bonds Reserve Fund, which amount is equal to the 2008 Bonds Reserve Requirement upon issuance of the 2008 Bonds. All amounts in the 2008 Bonds Reserve Fund (including all amounts which may be obtained from any Reserve Facility on deposit in the 2008 Bonds Reserve Fund) shall be used and withdrawn by the Trustee solely: (i) for the purpose of making up any deficiency in the Interest Fund or the Principal Fund relating to the 2008 Bonds; or, (ii) together with any other moneys available therefor, (x) for the payment of all of the 2008 Bonds then Outstanding, (y) for the defeasance or redemption of all or a portion of the 2008 Bonds then Outstanding, provided, however, that if funds on deposit in the 2008 Bonds Reserve Fund are applied to the defeasance or redemption of a portion of the 2008 Bonds, the amount on deposit in the 2008 Bonds Reserve Fund immediately subsequent to a partial defeasance or redemption shall equal the 2008 Bonds Reserve Requirement applicable to all 2008 Bonds Outstanding immediately subsequent to such partial defeasance or redemption, or (z) for the payment of the final principal and interest payment of the 2008 Bonds. Any amounts on deposit in the 2008 Bonds Reserve Fund in excess of the 2008 Bonds Reserve Requirement shall be transferred to the Commission on April 1 of each year.

Section 17.04. 2008 Bonds Purchase Fund. Moneys in the 2008 Bonds Purchase Fund shall be applied as provided in this Section.

(a) Remarketing Accounts. All moneys received by the Trustee on behalf of purchasers of 2008 Bonds pursuant to Section 15.10(a), other than the Commission, shall be (i) deposited in the applicable 2008 Remarketing Account within the 2008 Bonds Purchase Fund, (ii) held in trust in accordance with the provisions hereof and (iii) paid out in accordance with Section 15.11.

(b) Liquidity Facility Purchase Accounts. All moneys received by the Trustee as payments under any 2008 Liquidity Facility for the purchase of 2008 Bonds pursuant to Section 15.09(a)(iv), Section 15.09(b)(iv) or Section 15.09(c)(iv) shall be (i) deposited in the applicable 2008 Liquidity Facility Purchase Account within the 2008 Bonds Purchase Fund, (ii) held in trust in accordance with the provisions hereof and (iii) paid out in accordance with Section 15.11.

(c) Commission Accounts. All moneys received by the Trustee from the Commission for the purchase of 2008 Bonds pursuant to Section 15.10(c) shall be (i) deposited in the applicable 2008 Commission Account within the 2008 Bonds Purchase Fund, (ii) held in trust in accordance with the provisions hereof and (iii) paid out in accordance with Section 15.11.

The moneys in the 2008 Bonds Purchase Fund shall be used solely to pay the Purchase Price of 2008 Bonds as provided herein (or to reimburse a Liquidity Provider, if any, for payments made under the applicable 2008 Liquidity Facility for such purpose) and may not be used for any other purposes. All amounts held in the 2008 Bonds Purchase Fund, including the 2008 Remarketing Accounts, the 2008 Liquidity Facility Purchase Accounts and 2008 Commission Accounts therein, shall be held in trust by the Trustee for the benefit of the Holders or Beneficial Owners of 2008 Bonds to which such account relates tendered or deemed tendered for purchase pursuant to Section 15.04 and 15.05 (provided that any amounts held in a 2008 Remarketing Account that are derived from the remarketing of 2008 Liquidity Facility Bonds shall be held in trust for the benefit of the applicable 2008 Liquidity Provider).

Moneys in the 2008 Bonds Purchase Fund shall be held, in Eligible Accounts, uninvested pending application thereof as provided in this Section 17.04. In the event that an account required to be an "Eligible Account" no longer complies with the requirement, the Trustee shall promptly (and, in any case, within not more than 30 calendar days) move such account to another financial institution such that the Eligible Account requirement will again be satisfied.

Section 17.05. Additional Credit Enhancement Accounts

(a) If the Commission provides Credit Enhancement for the 2008 Bonds, additional accounts may be created at the direction of the Commission to provide for the payment and reimbursement of funds provided pursuant to such Credit Enhancement.

ARTICLE XVIII MISCELLANEOUS

Section 18.01. Severability. If any covenant, agreement or provision, or any portion thereof, contained in this First Supplemental Indenture, or the application thereof to any person or circumstance, is held to be unconstitutional, invalid or unenforceable, the remainder of this

First Supplemental Indenture, and the application of any such covenant, agreement or provision, or portion thereof, to other Persons or circumstances, shall be deemed severable and shall not be affected thereby, and this First Supplemental Indenture and the 2008 Bonds issued pursuant hereto shall remain valid, and the Holders of the 2008 Bonds shall retain all valid rights and benefits accorded to them under this Indenture, the Act, and the Constitution and statutes of the State.

Section 18.02. Parties Interested Herein. Nothing in this First Supplemental Indenture expressed or implied is intended or shall be construed to confer upon, or to give to, any person or entity, other than the Commission, the Trustee, each 2008 Liquidity Provider and the Holders of the 2008 Bonds, any right, remedy or claim under or by reason of this First Supplemental Indenture or any covenant, condition or stipulation hereof; and all the covenants, stipulations, promises and agreements in this First Supplemental Indenture contained by and on behalf of the Commission shall be for the sole and exclusive benefit of the Commission, the Trustee, each 2008 Liquidity Provider and the Holders of the 2008 Bonds.

Section 18.03. Headings Not Binding. The headings in this First Supplemental Indenture are for convenience only and in no way define, limit or describe the scope or intent of any provisions or sections of this First Supplemental Indenture.

Section 18.04. Notice Addresses. Except as otherwise provided herein, it shall be sufficient service or giving of notice, request, complaint, demand or other paper if the same shall be duly mailed by registered or certified mail, postage prepaid, addressed to the Notice Address for the appropriate party or parties as provided in Exhibit B hereto. Any such entity by notice given hereunder may designate any different addresses to which subsequent notices, certificates or other communications shall be sent, but no notice directed to any one such entity shall be thereby required to be sent to more than two addresses. Any such communication may also be sent by Electronic Means, receipt of which shall be confirmed.

Section 18.05. Notices to Rating Agencies. The Trustee shall provide notice to the Rating Agencies of the following events with respect to the 2008 Bonds:

- (1) Change in Trustee or Remarketing Agent;
- (2) Amendments to the Indenture;
- (3) Provision, Expiration, Termination, substitution or extension of a 2008 Liquidity Facility or any 2008 Liquidity Provider thereunder;
- (4) Provision, expiration, termination, substitution or extension of a Credit Enhancement or any Credit Provider thereunder;
- (5) Conversion of an Interest Rate Determination Method of any Series of 2008 Bonds;
- (6) Redemption or defeasance of any 2008 Bonds; and
- (7) Any mandatory tender of any 2008 Bonds.

Section 18.06. Certain References Herein. All references herein to the Remarketing Agent or the Broker-Dealer should be read as references to the applicable Remarketing Agent or Broker-Dealer for the affected Series of 2008 Bonds. All references herein to the Conversion Date or the ARS Conversion Date should be read as references to the applicable Conversion Date or ARS Conversion Date for the affected Series of 2008 Bonds.

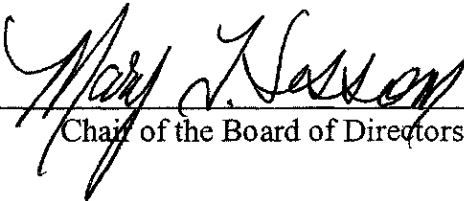
Section 18.07. Indenture to Remain in Effect. Save and except as amended and supplemented by this First Supplemental Indenture, the Indenture shall remain in full force and effect.

Section 18.08. Effective Date of First Supplemental Indenture. This First Supplemental Indenture shall take effect upon its execution and delivery.

Section 18.09. Execution in Counterparts. This First Supplemental Indenture may be executed in several counterparts, each of which shall be deemed an original, and all of which shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed this First Supplemental Indenture by their officers thereunto duly authorized as of the day and year first written above.

SAN DIEGO COUNTY REGIONAL
TRANSPORTATION COMMISSION

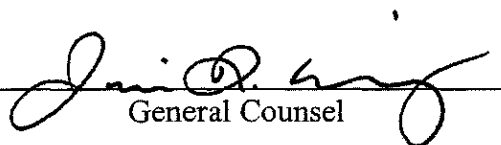
By: 
Chair of the Board of Directors

(Seal)

ATTEST:


Secretary

APPROVED AS TO FORM:

By: 
General Counsel

U.S. BANK NATIONAL ASSOCIATION, as
Trustee

By: _____
Authorized Officer

IN WITNESS WHEREOF, the parties hereto have executed this First Supplemental Indenture by their officers thereunto duly authorized as of the day and year first written above.

SAN DIEGO COUNTY REGIONAL
TRANSPORTATION COMMISSION

By: _____
Chair of the Board of Directors

(Seal)

ATTEST:

Secretary

APPROVED AS TO FORM:

By: _____
General Counsel

U.S. BANK NATIONAL ASSOCIATION, as
Trustee


By:  _____
Authorized Officer

EXHIBIT A
FORM OF 2008 BOND

No. R-- _____ \$ _____

San Diego County Regional Transportation Commission
Sales Tax Revenue Bond
(Limited Tax Bond)
2008 Series _____

INTEREST RATE	MATURITY	ISSUE DATE	CUSIP
Variable	April 1, 20__	_____, 2008	

REGISTERED OWNER: Cede & Co.

PRINCIPAL AMOUNT: _____ Dollars

SAN DIEGO COUNTY REGIONAL TRANSPORTATION COMMISSION, a public entity duly organized and existing under the laws of the State of California (the "Commission"), for value received, hereby promises to pay (but solely from Revenues as hereinafter referred to) in lawful money of the United States of America, to the registered Holder or registered assigns, on the maturity date set forth above, unless redeemed prior thereto as hereinafter provided, the principal amount specified above, together with interest thereon from the Issue Date set forth above until the principal hereof shall have been paid, at the interest rates and on the dates (each, an "Interest Payment Date") described herein. The principal of and premium, if any, on this Bond are payable to the registered Holder hereof upon presentation and surrender of this Bond at the principal office of U.S. Bank National Association, as trustee (together with any successor as trustee under the hereinafter defined Indenture, the "Trustee") in Los Angeles, California. Interest on this Bond shall be paid by check drawn upon the Trustee and mailed on the applicable Interest Payment Date to the registered Holder hereof as of the close of business on the Record Date at such registered Holder's address as it appears on the Bond Register. As used herein, "Record Date" means: (a) for any Interest Payment Date in respect of any Daily Rate Period, Weekly Rate Period, Commercial Paper Rate Period or Index Rate Period, the Business Day next preceding such Interest Payment Date; (b) for any Interest Payment Date in respect of any Term Rate Period or Fixed Rate Period, the fifteenth (15th) day (whether or not a Business Day) of the month preceding the month in which such Interest Payment Date occurs; and (c) for any Interest Payment Date in respect of any Auction Period, the Business Day immediately preceding the Interest Payment Date.

This Bond is one of a duly authorized issue of bonds of the Commission, designated as "San Diego County Regional Transportation Commission, Sales Tax Revenue Bonds" (Limited Tax Bonds)" (the "Bonds"), of the series designated above, all of which are being issued pursuant to the provisions of the San Diego County Regional Transportation Commission Act constituting Chapter 2 of Division 12.7 of the California Public Utilities Code (the "Act"), and

Chapter 6 of Part 1 of Division 2 of Title 5 of the California Government Code, as referenced in said Act, and Articles 10 and 11 of Chapter 3 of Division 2 of Title 5 of the California Government Code (collectively, and together with the Act, the "Law"), and an Indenture, dated as of March 1, 2008, as supplemented, including as supplemented by a First Supplemental Indenture, dated as of March 1, 2008 (the "First Supplemental Indenture"), each between the Commission and the Trustee, hereinafter referred to collectively as the "Indenture." Said authorized issue of Bonds is not limited in aggregate principal amount and consists or may consist of one or more series of varying denominations, dates, maturities, interest rates and other provisions, as in the Indenture provided. Capitalized terms used herein and not otherwise defined shall have the meaning given such terms in the Indenture.

THIS BOND IS A LIMITED TAX BOND OBLIGATION OF THE COMMISSION PAYABLE SOLELY FROM REVENUES AS DEFINED AND PROVIDED IN THE INDENTURE AND CERTAIN OTHER FUNDS PLEDGED UNDER THE INDENTURE AND THE COMMISSION IS NOT OBLIGATED TO PAY THIS BOND EXCEPT FROM REVENUES AND THOSE CERTAIN OTHER FUNDS PLEDGED UNDER THE INDENTURE. THIS BOND DOES NOT CONSTITUTE A DEBT OR LIABILITY OF THE STATE OF CALIFORNIA (THE "STATE") OR ANY POLITICAL SUBDIVISION OF THE STATE OTHER THAN THE COMMISSION, OR A PLEDGE OF THE FULL FAITH AND CREDIT OF THE STATE OR OF ANY POLITICAL SUBDIVISION OF THE STATE. THE GENERAL FUND OF THE COMMISSION IS NOT LIABLE, AND THE CREDIT OR TAXING POWER (OTHER THAN AS DESCRIBED HEREIN) OF THE COMMISSION IS NOT PLEDGED, FOR THE PAYMENT OF THE BONDS, THEIR INTEREST, OR ANY PREMIUM DUE UPON REDEMPTION OF THE BONDS. THE BONDS ARE NOT SECURED BY A LEGAL OR EQUITABLE PLEDGE OF, OR CHARGE, LIEN OR ENCUMBRANCE UPON, ANY OF THE PROPERTY OF THE COMMISSION OR ANY OF ITS INCOME OR RECEIPTS, EXCEPT THE REVENUES AND THE CERTAIN OTHER FUNDS PLEDGED UNDER THE INDENTURE.

Reference is hereby made to the Indenture and the Law for a description of the terms on which the Bonds are issued and to be issued, the provisions with regard to the nature and extent of the pledge of Revenues and certain other funds and the rights of the registered Holders of the Bonds and all the terms of the Indenture are hereby incorporated herein and constitute a contract between the Commission and the registered Holder from time to time of this Bond, and to all the provisions thereof the registered Holder of this Bond, by its acceptance hereof, consents and agrees. Additional Bonds may be issued and other indebtedness may be incurred on a parity with the Series of Bonds of which this Bond is a part, but only subject to the conditions and limitations contained in the Indenture.

This Bond is payable as to both principal and interest, and any premium upon redemption hereof, exclusively from the Revenues and other funds pledged under the Indenture, which consist primarily of the amounts available for distribution to the Commission on and after July 1, 1988 on account of the retail transactions and use tax imposed in the County of San Diego pursuant to the Law, after deducting amounts payable by the Commission to the State Board of Equalization for costs and expenses for its services in connection with the retail transactions and use taxes collected pursuant to the Law, and all regularly-scheduled amounts (but not termination payments) owed or paid to the Commission by any Counterparty under any Interest Rate Swap

Agreement after offset for the regularly-scheduled amounts (but not termination payments) owed or paid by the Commission to such Counterparty under such Interest Rate Swap Agreement, and, as to Purchase Price, from the proceeds of remarketing this Bond and any moneys made available under the Liquidity Facility, if any, relating to this Bond, all as provided in the Indenture, and the Commission is not obligated to pay the principal of and interest on this Bond except from Revenues and certain other funds pledged thereunder.

Source of Payment of Purchase Price

The Commission has entered into a 2008 Liquidity Facility to provide a source of funds for the purchase of 2008 Variable Rate Demand Bonds bearing interest at the Weekly Rate or the Daily Rate if remarketing proceeds are not available for such purpose.

Interest Rate Determination Method, Rate Periods, Interest Payment Dates and Authorized Denominations

In the manner hereinafter provided and subject to the provisions of the Indenture, the term of this Bond will be divided into consecutive Rate Periods during each of which this Bond shall bear interest at the Daily Rate (the "Daily Rate Period"), the Weekly Rate (the "Weekly Rate Period"), the Auction Period Rate (the "Auction Rate Period"), the Commercial Paper Rate (the "Commercial Paper Rate Period"), the Term Rate (the "Term Rate Period"), the Index Rate (the "Index Rate Period") or the Fixed Rate (the "Fixed Rate Period"). The initial Rate Period for this Bond shall be a Weekly Rate Period and during such initial Rate Period this Bond shall bear interest at Weekly Rates. The subsequent Rate Period(s) and interest rate(s) for this Bond shall be determined in accordance with the provisions of the Indenture.

This Bond shall bear interest from the latest of: (i) its Issue Date; (ii) the most recent Interest Payment Date to which interest has been paid or duly provided for, or (iii) if the date of authentication of this Bond is after a Record Date but prior to the immediately succeeding Interest Payment Date, the Interest Payment Date immediately succeeding such date of authentication. During Daily Rate Periods, Weekly Rate Periods, Index Rate Periods, or Commercial Paper Rate Periods, interest on this Bond shall be computed on the basis of a 365- or 366-day year for the number of days actually elapsed. While this Bond is in an Auction Rate Period with an Auction Period of over 180 days, or during a Term Rate Period or the Fixed Rate Period, interest on this Bond shall be computed upon the basis of a 360-day year, consisting of twelve 30-day months. While this Bond is in an Auction Rate Period with an Auction Period of 180 days or less, interest hereon shall be calculated on the basis of a 360-day year for the actual number of days elapsed. The term "Interest Payment Date" means: (i) with respect to any Daily or Weekly Rate Period, the first Business Day of each calendar month; (ii) with respect to any Commercial Paper Rate Period, the day immediately succeeding the last day of the Commercial Paper Rate Period applicable to this Bond; (iii) with respect to a Term Rate Period, each October 1 and April 1 occurring during such Term Rate Period; (iv) with respect to a Fixed Rate Period, each October 1 and April 1 from the Fixed Rate Conversion Date to the maturity or earlier redemption of this Bond; (v) with respect to an Index Rate Period, on the first Business Day of each January, April, July and October, or, if the Commission obtains a Favorable Opinion of Bond Counsel, on such other periodic dates as shall be selected by the Commission in accordance with the Indenture; (vi) with respect to any Auction Rate Period, the initial Interest

Payment Date and, generally, the Business Day following each Auction Period except as otherwise specified in the Indenture; and (vii) in all events the final maturity date or redemption date of this Bond, or any date on which, pursuant to the terms of the Indenture, the Bond is subject to redemption at the option of the Commission.

Pursuant to the Indenture, at any one time, each 2008 Series [] Bond shall have the same Interest Rate Determination Method and shall bear interest at the same rate, except for 2008 Series [] Bonds that are 2008 Liquidity Facility Bonds, 2008 Series [] Bonds during a Commercial Paper Rate Period and 2008 Series [] Bonds of different maturities bearing interest at a Fixed Rate. At the times and subject to the conditions set forth in the Indenture, the Commission may elect that the 2008 Series [] Bonds shall bear interest based on an Interest Rate Determination Method and for a Rate Period, different from the Interest Rate Determination Method or Rate Period then applicable. Notice of any adjustment of the Interest Rate Determination Method or Rate Period shall be given by the Trustee to the Holder of this Bond as set forth in the Indenture.

During each Daily Rate Period, this Bond shall bear interest at the Daily Rate, determined by the Remarketing Agent on each Business Day.

During each Weekly Rate Period, this Bond shall bear interest at the Weekly Rate, determined by the Remarketing Agent by 5:00 p.m., New York City time on each Wednesday (or the immediately succeeding Business Day, if such Wednesday is not a Business Day) for the next Calendar Week, provided that the Weekly Rate for the first Calendar Week (or portion thereof) following a Conversion Date resulting in a change in the Interest Rate Determination Method to a Weekly Rate shall be set by the Remarketing Agent on the Business Day immediately preceding such Conversion Date.

During each Auction Rate Period, this Bond shall bear interest at the Auction Period Rate, determined by the Auction Agent on the Auction Date in accordance with the Indenture. The Commission shall select the Auction Period or Periods pursuant to the Indenture and a new Auction Period shall take effect upon satisfaction of the conditions in the Indenture.

During each Commercial Paper Rate Period, this Bond shall bear interest at the Commercial Paper Rate or rates applicable to this Bond. The Remarketing Agent shall select the Commercial Paper Rate Period or Periods for each Series of 2008 Bonds on a Business Day selected by the Remarketing Agent not more than five (5) Business Days prior to the first day of such Commercial Paper Rate Period and not later than 12:30 p.m., New York City time, on the first day of such Commercial Paper Rate Period. Each Commercial Paper Rate Period shall be a period of not less than one (1) nor more than 270 days.

During an Index Rate Period, this Bond shall bear interest at the Index Rate calculated on each Index Rate Determination Date by the Index Agent in accordance with the Indenture. The Commission shall determine the Purchase Date, if any, with respect to such Index Rate Period in accordance with the Indenture, and a new Index Rate Period shall take effect upon satisfaction of the conditions in the Indenture.

During a Term Rate Period, this Bond shall bear interest at the Term Rate determined by the Remarketing Agent by 5:00 p.m. on the Term Rate Computation Date. The Commission shall select the duration of each Term Rate Period and each Term Rate Period shall end on the March 31 selected by the Commission which is a minimum of 180 days after commencement of such Term Rate Period or if the day next succeeding such March 31 is not a Business Day, on the first day after such March 31 that precedes a Business Day but in no event later than the maturity date of this Bond.

During the Fixed Rate Period, this Bond shall bear interest at the Fixed Rate, determined by the Remarketing Agent on the Fixed Rate Computation Date in accordance with the provisions of the Indenture.

In no event shall the interest rate on this Bond be greater than the Maximum Interest Rate.

This Bond shall be deliverable in the form of a fully registered Bond in the following denominations: (a) during any Daily Rate Period, Weekly Rate Period or Commercial Paper Rate Period, \$100,000 and any integral multiple of \$5,000 in excess thereof; (b) during the Auction Rate Mode, \$25,000 and any integral multiple thereof; and (c) during a Term Rate Period, an Index Rate Period or the Fixed Rate Period, \$5,000 and any multiple thereof (such denominations being referred to herein as "Authorized Denominations").

Optional and Mandatory Tender Provisions

"Purchase Date" means any date on which this Bond is purchased pursuant to the provisions of the Indenture.

"Purchase Price" means an amount equal to 100% of the principal amount of this Bond (or the portion hereof) tendered or deemed tendered to the Trustee for purchase pursuant to the Indenture; provided that if this Bond bears interest at an Index Rate, is subject to payment of a Spread Premium and is purchased prior to its Par Call Date, then the Purchase Price shall be equal to 100% of the Spread Premium that would have been applicable to this Bond had it been optionally redeemed on the Purchase Date; plus if such Purchase Date is not an Interest Payment Date, accrued interest to but not including the Purchase Date; provided, however, if the Purchase Date occurs before an Interest Payment Date, but after the Record Date applicable to such Interest Payment Date, then the Purchase Price shall not include accrued interest, which shall be paid to the Holder on the applicable Record Date.

During any Daily Rate Period, this Bond or any portion hereof (such that both the portion tendered for purchase and the portion not so tendered shall be in an Authorized Denomination) shall be purchased on any Business Day at the applicable Purchase Price upon delivery by the Holder or Beneficial Owner of this Bond of an irrevocable written notice or notice by Electronic means that states the principal amount of this Bond to be tendered for purchase and the Purchase Date, which notice shall be delivered to the Remarketing Agent and to the Trustee at its Principal Office by no later than 11:00 a.m. (New York City time) on such Purchase Date.

During any Weekly Rate Period, this Bond or any portion hereof (such that the portion tendered for purchase and the portion not so tendered shall be in an Authorized Denomination)

shall be purchased on any Business Day at the applicable Purchase Price upon delivery by the Holder or Beneficial Owner of this Bond of an irrevocable written notice or notice by Electronic means that states the principal amount of this Bond to be tendered for purchase and the Purchase Date, which notice shall be delivered to the Remarketing Agent and to the Trustee at its Principal Office by 5:00 p.m. (New York City time) on any Business Day at least 7 days prior to the Purchase Date.

This Bond shall be subject to mandatory tender for purchase at the applicable Purchase Price: (a) on the Conversion Date for the 2008 Series [] Bonds to a new Interest Rate Determination Method specified in a Conversion Notice; (b) if this Bond is bearing interest at a Commercial Paper Rate or a Weekly Rate or a Daily Rate, (1) on the fifth (5th) Business Day preceding (A) the scheduled Expiration of the applicable 2008 Liquidity Facility or (B) the Termination of a 2008 Liquidity Facility at the election of the Commission as permitted by such 2008 Liquidity Facility; and (2) on the date of the provision of the applicable Alternate Liquidity Facility for this Bond and the resultant Termination of the existing applicable 2008 Liquidity Facility; provided, however, that, notwithstanding any other provision of the Indenture to the contrary, no mandatory tender for purchase shall be required if a Rating Confirmation shall be delivered by each Rating Agency then rating this Bond with respect to which the Alternate Liquidity Facility is being provided; (c) if this Bond is bearing interest at a Commercial Paper Rate, on the Interest Payment Date immediately following each Commercial Paper Rate Period for this Bond; (d) if this Bond is bearing interest at a Term Rate, the Interest Payment Date immediately following each Term Rate Period for this Bond, and (e) upon receipt by the Trustee of written notice from the applicable 2008 Liquidity Provider that an event of default or event of termination has occurred under the applicable 2008 Liquidity Facility with the effect that the obligations of such 2008 Liquidity Provider to purchase this Bond or otherwise provide for the Purchase Price of this Bond shall terminate on the date specified in such notice.

If this Bond is registered in book-entry form with a Securities Depository, delivery of this Bond to the Trustee in connection with any optional or mandatory tender for purchase shall be effected by the making of, or the irrevocable authorization to make, appropriate entries on the books of the Securities Depository for this Bond or any Participant of such Securities Depository to reflect the transfer of the beneficial ownership interest in such Bond to the account of the Trustee, or to the account of a Participant of such Securities Depository acting on behalf of the Trustee. With respect to any Bond that is not registered in book-entry form with a Securities Depository, delivery of such Bond to the Trustee in connection with any optional or mandatory tender for purchase shall be effected by physical delivery of such Bond to the Trustee at its Principal Office, by 1:00 p.m. (New York City time) on the Purchase Date, accompanied by an instrument of transfer thereof, in a form satisfactory to the Trustee, executed in blank by the Holder thereof with the signature of such Holder guaranteed in accordance with the guidelines set forth by one of the nationally recognized medallion signature programs.

If moneys sufficient to pay the Purchase Price of 2008 Series [] Bonds to be purchased pursuant to an optional or mandatory tender shall be held by the Trustee on the applicable Purchase Date, such 2008 Series [] Bonds shall be deemed to have been purchased for all purposes of the Indenture, irrespective of whether or not such 2008 Series [] Bonds shall have been delivered to the Trustee or transferred on the books of a Securities Depository for such 2008 Series [] Bonds, and neither the former Holder or

Beneficial Owner of such 2008 Series [] Bonds nor any other person shall have any claim thereon, under the Indenture or otherwise, for any amount other than the Purchase Price thereof.

Optional and Mandatory Redemption Provisions

Bonds shall be subject to optional and mandatory redemption as specified in the Indenture.

Mandatory Tender and Purchase at Direction of Commission

On each date on which this Bond is subject to redemption at the option of the Commission, this Bond is also subject to mandatory tender for purchase by the Commission, in whole or in part, at a purchase price equal to the amount that would be payable upon the redemption of this Bond at the option of the Commission on such date. Notice of such mandatory tender for purchase shall be given by mail not more than 90 days nor less than 10 days before the date of purchase (the "Optional Purchase Date"). Such notice may be conditional and if conditional notice is given and the Trustee does not have sufficient funds available on the Optional Purchase Date to pay the purchase price of the 2008 Series [] Bonds (the "Optional Purchase Price") subject to mandatory tender for purchase on such Optional Purchase Date, then such purchase shall be cancelled and the Commission shall be under no obligation to purchase this Bond. If moneys sufficient to pay the Optional Purchase Price of the 2008 Series [] Bonds subject to mandatory tender for purchase are held by the Trustee on the Optional Purchase Date, all 2008 Series [] Bonds subject to mandatory tender for purchase on such Optional Purchase Date shall be deemed purchased by the Commission and neither the former Holder or former Beneficial Owner of this Bond nor any other person shall have any claim thereunder, under the Indenture or otherwise, for any amount other than the Optional Purchase Price.

Amendments and Modifications

The rights and obligations of the Commission and of the Beneficial Owners, registered Holders and registered Owners of the Bonds may be modified or amended at any time in the manner, to the extent, and upon the terms provided in the Indenture, which provide, in certain circumstances, for modifications and amendments without the consent of or notice to the registered Holders of Bonds.

Transfer and Exchange Provisions

This Bond is transferable or exchangeable as provided in the Indenture, only upon the bond registration books maintained by the Trustee, by the registered Holder hereof, or by his or her duly authorized attorney, upon surrender of this Bond at the Principal Office of the Trustee, together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered Holder or his or her duly authorized attorney, and thereupon a new 2008 Series [] Bond or Bonds of the same series, maturity and in the same aggregate principal amount, shall be issued to the transferee in exchange therefor as provided in the Indenture, upon payment of any charges therein prescribed.

Persons Deemed Holders

The person in whose name this Bond is registered shall be deemed and regarded as the absolute Holder hereof for all purposes, including receiving payment of, or on account of, the principal, Purchase Price or Optional Purchase Price hereof and any redemption premium and interest due hereon.

It is hereby certified and recited that any and all acts, conditions and things required to exist, to happen and to be performed, precedent to and in the incurring of the indebtedness evidenced by this Bond, and in the issuing of this Bond, exist, have happened and have been performed in due time, form and manner, as required by the Constitution and statutes of the State of California and the Act, and that this Bond, together with all other indebtedness of the Commission payable out of Revenue, is within every debt and other limit prescribed by the Constitution and statutes of the State of California and the Act.

This Bond shall not be entitled to any benefit under the Indenture, or become valid or obligatory for any purpose, until the certificate of authentication hereon endorsed shall have been manually signed by the Trustee.

IN WITNESS WHEREOF the San Diego County Regional Transportation Commission has caused this Bond to be executed in its name and on its behalf by the manual or facsimile signature of its duly authorized representatives all as of the Issue Date set forth above.

SAN DIEGO COUNTY REGIONAL
TRANSPORTATION COMMISSION

By: _____
Chair of the Board of Directors

(Seal)

Attest:

Director of Finance

[FORM OF CERTIFICATE OF AUTHENTICATION]

This Bond is one of the 2008 Series [_____] Bonds described in the within mentioned Indenture and was authenticated on the date set forth below.

Date of Authentication: _____

U.S. BANK NATIONAL ASSOCIATION, as
Trustee

By: _____
Authorized Officer

[DTC LEGEND]

Unless this Bond is presented by an authorized representative of The Depository Trust Company to the issuer or its agent for registration of transfer, exchange or payment, and any Bond issued is registered in the name of Cede & Co. or such other name as requested by an authorized representative of The Depository Trust Company and any payment is made to Cede & Co., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL since the registered Owner hereof, Cede & Co., has an interest herein.

[FORM OF ASSIGNMENT]

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto

(Please Print or Type Name and Address of Assignee)

PLEASE INSERT SOCIAL SECURITY OR OTHER
TAX IDENTIFICATION NUMBER OF ASSIGNEE

the within bond and all rights thereunder, and hereby irrevocably constitutes and appoint

to transfer the within Bond on the books kept for registration thereof with full power of substitution in the premises.

Dated:

Signature:

(Signature of Assignor)

Notice: The signature on this assignment must correspond with the name of the registered Holder as it appears upon the face of the within Bond in every particular without alteration or enlargement or any change whatsoever.

SIGNATURE GUARANTEED:

Notice: Signature must be guaranteed by an eligible guarantor firm.

EXHIBIT B

NOTICE ADDRESSES

<p>To the Commission: San Diego Association of Governments 401 B Street, Suite 800 San Diego, California 92101 Attention: Director of Finance Telephone: (619) 699-1940 Facsimile: (619) 699-4890</p> <p>To the Remarketing Agents: Lehman Brothers Inc. 745 Seventh Avenue, 7th Floor New York, New York 10019-6801 Attention: Municipal Short-Term Desk Telephone: (212) 528-1011</p> <p>J.P. Morgan Securities Inc. 270 Park Avenue, 6th Floor New York, New York 10017 Attention: Municipal Short Term Desk Telephone: (212) 834-7187 Fax: (212) 834-6737</p> <p>UBS Securities LLC 1285 Avenue of the Americas, 15th Floor New York, New York 10019 Attention: Manager, Municipal Short Term Trading Desk Telephone: (212) 713-4692 Facsimile: (212) 713-3797</p> <p>Goldman, Sachs & Co. 85 Broad Street, 29th Floor New York, New York 10004 Attention: Municipal Money Market Desk Telephone: (212) 902-6633 Facsimile: (212) 428-3132</p> <p>To the Rating Agencies: Standard & Poor's Ratings Services 55 Water Street, 38th Floor New York, New York 10041 Telephone: (212) 438-2000 Fax: (212) 438-2157</p> <p>Moody's Investors Service 7 World Trade Center at 250 Greenwich Street Public Finance Group, 23rd Floor New York, New York 10007 Fax: (212) 553-4090</p>	<p>To the Trustee: U.S. Bank National Association 633 West 5th Street, 24th Floor Los Angeles, California 90071 Attention: Corporate Trust Division Telephone: (213) 615-6023 Facsimile: (213) 615-6197</p> <p>To the 2008 Liquidity Providers: Dexia Crédit Local New York Branch 445 Park Avenue New York, New York 10022 Attention: Senior Vice President and Manager, Public Finance Telephone: (212) 515-7003 Facsimile: (212) 753-5516</p> <p>JPMorgan Chase Bank, National Association Mail Code: NY1 K934 270 Park Avenue, 20th Floor New York, New York 10017 Attention: Tax Exempt Capital Markets Credit Origination Telephone: (212) 270-4946 Facsimile: (917) 463-0126</p> <p>To the Swap Counterparties: Bank of America, N.A. Attention: Capital Markets Documentation 100 N. Tryon St., NC1-007-23-16 Charlotte, North Carolina 28255 Fax: (704) 386-4113</p> <p>Goldman Sachs Mitsui Marine Derivative Products, L.P. Swap Administration 85 Broad Street New York, New York 10004 Telephone: (212) 902-1000 Fax: (212) 902-5692</p> <p>Merrill Lynch Capital Services, Inc. Attention: Municipal Swap Group 4 World Financial Center, 9th Floor New York, New York 10080 Telephone: (212) 449-2734 Fax: (212) 449-9856</p>
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APPENDIX A
AUCTION PROCEDURES

APPENDIX A

TO

FIRST SUPPLEMENTAL INDENTURE

Dated as of March 1, 2008

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Both the Definitions in Article I and the Auction Procedures in Article II are subject to modification or amendment pursuant to Schedule I. In the event of any conflict between Article I or Article II and Schedule I, Schedule I shall prevail. Any reference herein to "Series" such as "a Series of Bonds" or "Bonds of a Series" shall not apply if there is only one Series of Bonds.

ARTICLE I

Definitions

The following words and terms as used in this Appendix A (hereinafter "this Appendix") and elsewhere in the Indenture have the following meanings with respect to Bonds in an ARS Rate Period unless the context or use indicates another or different meaning or intent or the definition has been changed, modified or expanded in Schedule I:

"Agent Member" means a member of, or participant in, the Securities Depository who shall act on behalf of a Bidder.

"All Hold Rate" has the meaning set forth in Schedule I.

"ARS Conversion Date" means with respect to Bonds, the date on which the Bonds of such Series convert from an interest rate period other than an ARS Rate Period and begin to bear interest at the Auction Period Rate.

"ARS Rate Period" means, for each Series of Bonds, any period of time commencing on the day following the Initial Period and ending on the earlier of the Conversion Date or the day preceding the final maturity date of such Bonds.

"Auction" means each periodic implementation of the Auction Procedures.

"Auction Agent" means the Person appointed as Auction Agent in accordance with the Auction Agreement. The Auction Agent shall initially be the party named in Schedule I.

"Auction Agreement" means an agreement between the Auction Agent and the Trustee pursuant to which the Auction Agent agrees to follow the procedures specified in this Appendix with respect to the Bonds while such Bonds bear interest at the Auction Period Rate, as such agreement may from time to time be amended or supplemented.

"Auction Date" means with respect to any Series of Bonds:

(a) **Daily Auction Period.** If the Bonds are in a daily Auction Period, each Business Day unless such day is the Business Day prior to the conversion from a daily Auction Period to another Auction Period,

(b) **Flexible Auction Period.** If the Bonds are in a Flexible Auction Period, the last Business Day of the Flexible Auction Period, and

(c) **Other Auction Periods.** If the Bonds are in any other Auction Period, the Business Day next preceding each Interest Payment Date for such Bonds (whether or not an Auction shall be conducted on such date);

provided, however, that the last Auction Date with respect to the Bonds in an Auction Period other than a daily Auction Period or Flexible Auction Period shall be the earlier of (i) the Business Day next preceding the Interest Payment Date next preceding the Conversion Date for the Bonds and (ii) the Business Day next preceding the Interest Payment Date next preceding the final maturity date for the Bonds; and

provided, further, that if the Bonds are in a daily Auction Period, the last Auction Date shall be the earlier of (x) the second Business Day next preceding the Conversion Date for the Bonds and (y) the Business Day next preceding the final maturity date for the Bonds. The last Business Day of a Flexible Auction Period shall be the Auction Date for the Auction Period which begins on the next succeeding Business Day, if any. On the second Business Day preceding the conversion from a daily Auction Period to another Auction Period, there shall be an Auction for the last daily Auction Period. On the Business Day preceding the conversion from a daily Auction Period to another Auction Period, there shall be one Auction for the first Auction Period following the conversion.

The first Auction Date for each Series of Bonds is set forth in Schedule I.

"**Auction Desk**" means the business unit of a Broker-Dealer that fulfills the responsibilities of the Broker-Dealer under a Broker-Dealer Agreement, including soliciting Bids for the Bonds, and units of the Broker-Dealer which are not separated from such business unit by information controls appropriate to control, limit and monitor the inappropriate dissemination and use of information about Bids.

"**Auction Period**" means with respect to each Series of Bonds:

(a) *Flexible Auction Period.* A Flexible Auction Period;

(b) *Daily Auction Period.* With respect to a Series of Bonds in a daily Auction Period, a period beginning on each Business Day and extending to but not including the next succeeding Business Day unless such Business Day is the second Business Day preceding the conversion from a daily Auction Period to another Auction Period, in which case the daily Auction Period shall extend to, but not include, the next Interest Payment Date;

(c) *Seven day Auction Period.* With respect to a Series of Bonds in a seven-day Auction Period, if Auctions generally are conducted on the day of the week specified in column A of the table below, a period of generally seven days beginning on the day of the week specified in column B of the table below (or the day following the last day of the prior Auction Period if the prior Auction Period does not end on the day of the week specified in column C of the table below) and ending on the day of the week specified in column C of the table below in the next succeeding week (unless such day is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day):

(A)	(B)	(C)
When Auctions Occur on this day	Auction Period Generally Begins this day	Auction Period Generally Ends this day
Friday	Monday	Sunday
Monday	Tuesday	Monday
Tuesday	Wednesday	Tuesday
Wednesday	Thursday	Wednesday
Thursday	Friday	Thursday

(d) *28-day Auction Period.* With respect to a Series of Bonds in a 28-day Auction Period, if Auctions generally are conducted on the day of the week specified in column A of the table above, a period of generally 28 days beginning on the day of the week specified in column B of the table above (or the day following the last day of the prior Auction Period if the prior Auction Period does not end on the day of the week specified in column C of the table above) and ending on the same day of the week specified in column C of the table above four weeks later (unless such day is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day).

(e) *35-day Auction Period.* With respect to a Series of Bonds in a 35-day Auction Period, if Auctions generally are conducted on the day of the week specified in column A of the table above, a period of generally 35 days beginning on the day of the week specified in column B of the table above (or the day following the last

day of the prior Auction Period if the prior Auction Period does not end on the day of the week specified in column C of the table above) and ending on the day of the week specified in column C of the table above five weeks later (unless such day is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day).

(f) *Three-month Auction Period.* With respect to a Series of Bonds in a three-month Auction Period, a period of generally three months (or shorter period upon a conversion from another Auction Period or following an ARS Conversion Date) beginning on the day following the last day of the prior Auction Period and ending on the calendar day immediately preceding the first Business Day of the month that is the third calendar month following the beginning date of such Auction Period; and

(g) *Six-month Auction Period.* With respect to a Series of Bonds in a six-month Auction Period, a period of generally six months (or shorter period upon a conversion from another Auction Period or following an ARS Conversion Date) beginning on the day following the last day of the prior Auction Period and ending on the next succeeding date set forth in Schedule I;

Provided, however, that if there is a conversion of a Series of Bonds with Auctions generally conducted on the day of the week specified in column A of the table above, (i) from a daily Auction Period to a seven-day Auction Period, the next Auction Period shall begin on the date of the conversion (i.e. the Interest Payment Date for the prior Auction Period) and shall end on the next succeeding day of the week specified in column C of the table above (unless such day is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day), (ii) from a daily Auction Period to a 28-day Auction Period, the next Auction Period shall begin on the date of the conversion (i.e., the Interest Payment Date for the prior Auction Period) and shall end on the day of the week specified in column C of the table above (unless such day is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day) which is more than 21 days but not more than 28 days from such date of conversion, and (iii) from a daily Auction Period to a 35-day Auction Period, the next Auction Period shall begin on the date of the conversion (i.e. the Interest Payment Date for the prior Auction Period) and shall end on the day of the week specified in column C of the table above (unless such day is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day) which is more than 28 days but no more than 35 days from such date of conversion.

Notwithstanding the foregoing, if an Auction is for an Auction Period of more than seven days and the Auction Rate on such Auction Date is the Maximum Rate as the result of a lack of Sufficient Clearing Bids, the Auction Period shall automatically convert to a seven-day Auction Period. On the following Auction Date, the Auction shall be conducted for an Auction Period of the same length as the Auction Period prior to such automatic conversion. If such Auction is successful, the Auction Period shall revert to the length prior to the automatic conversion, and, if such Auction is not successful, the Auction Period shall be another seven-day period.

"**Auction Period Rate**" means the Auction Rate or any other rate of interest to be borne by the Bonds during each Auction Period determined in accordance with Section 2.04 of this Appendix; provided, however, in no event may the Auction Period Rate exceed the Maximum Rate.

"**Auction Procedures**" means the procedures for conducting Auctions for Bonds during an ARS Rate Period set forth in this Appendix.

"**Auction Rate**" means for each Series of Bonds for each Auction Period, (i) if Sufficient Clearing Bids exist, the Winning Bid Rate, provided, however, if all of the Bonds are the subject of Submitted Hold Orders, the All Hold Rate for such Series of Bonds and (ii) if Sufficient Clearing Bids do not exist, the Maximum Rate for such Series of Bonds.

"**Authorized Denomination**" means \$25,000, or such other amount specified in Schedule I, and integral multiples thereof so long as the Bonds bear interest at the Auction Period Rate, notwithstanding anything else in the Indenture to the contrary.

"Available Bonds" means, for each Series of Bonds on each Auction Date, the number of Units of Bonds that are not the subject of Submitted Hold Orders.

"Bid" has the meaning specified in subsection (a) of Section 2.01 of this Appendix.

"Bidder" means each Existing Owner and Potential Owner who places an Order.

"Bonds" has the meaning set forth in Schedule I.

"Broker-Dealer" means any entity that is permitted by law to perform the function required of a Broker-Dealer described in this Appendix, that is a member of, or a direct participant in, the Securities Depository, that has been selected by the Commission and that is a party to a Broker-Dealer Agreement with the Auction Agent and the Commission. The "Broker-Dealer of record" with respect to any Bond is the Broker-Dealer which placed the Order for such Bond or whom the Existing Owner of such Bond has designated as its Broker-Dealer with respect to such Bond, in each case as reflected in the records of the Auction Agent. The Broker-Dealer(s) shall initially be the party(ies) named in Schedule I.

"Broker-Dealer Agreement" means an agreement among the Auction Agent, the Commission and a Broker-Dealer pursuant to which such Broker-Dealer agrees to follow the procedures described in this Appendix, as such agreement may from time to time be amended or supplemented.

"Broker-Dealer Deadline" means, with respect to an Order, the internal deadline established by the Broker-Dealer through which the Order was placed after which it will not accept Orders or any change in any Order previously placed with such Broker-Dealer; provided, however, that nothing shall prevent the Broker-Dealer from correcting Clerical Errors by the Broker-Dealer with respect to Orders from Bidders after the Broker-Dealer Deadline pursuant to the provisions herein. Any Broker-Dealer may change the time or times of its Broker-Dealer Deadline as it relates to such Broker-Dealer by giving notice not less than two Business Days prior to the date such change is to take effect to Bidders who place Orders through such Broker-Dealer.

"Business Day" in addition to any other definition of "Business Day" included in the Indenture, while Bonds bear interest at the Auction Period Rate, the term Business Day shall not include Saturdays, Sundays, days on which the New York Stock Exchange or its successor is not open for business, days on which the Federal Reserve Bank of New York is not open for business, days on which banking institutions or trust companies located in the state in which the operations of the Auction Agent are conducted are authorized or required to be closed by law, regulation or executive order of the state in which the Auction Agent conducts operations with respect to the Bonds.

"Clerical Error" means a clerical error in the processing of an Order, and includes, but is not limited to, the following: (i) a transmission error, including but not limited to, an Order sent to the wrong address or number, failure to transmit certain pages or illegible transmission, (ii) failure to transmit an Order received from one or more Existing Owners or Potential Owners (including Orders from the Broker-Dealer which were not originated by the Auction Desk) prior to the Broker-Dealer Deadline or generated by the Broker-Dealer's Auction Desk for its own account prior to the Submission Deadline or (iii) a typographical error. Determining whether an error is a "Clerical Error" is within the reasonable judgment of the Broker-Dealer, provided that the Broker-Dealer has a record of the correct Order that shows it was so received or so generated prior to the Broker-Dealer Deadline or the Submission Deadline, as applicable.

"Commission" has the meaning set forth in Schedule I.

"Conversion Date" means the date on which any Series of the Bonds begin to bear interest at a rate which is determined other than by means of the Auction Procedures.

"Electronic Means" means, facsimile transmission, email transmission or other similar electronic means of communication providing evidence of transmission, including a telephone communication confirmed by any other method set forth in this definition.

"Error Correction Deadline" means one hour after the Auction Agent completes the dissemination of the results of the Auction to Broker-Dealers without regard to the time of receipt of such results by any Broker-Dealer; provided, however, in no event shall the Error Correction Deadline extend past 4:00 p.m., New York City time, unless the Auction Agent experiences technological failure or force majeure in disseminating the Auction results which causes a delay in dissemination past 3:00 p.m., New York City time.

"Existing Owner" means a Person who is the beneficial owner of Bonds; provided, however, that for purposes of conducting an Auction, the Auction Agent may consider a Broker-Dealer acting on behalf of its customer as an Existing Owner.

"Flexible Auction Period" means with respect to a Series of Bonds,

(a) any period of 182 days or less which is divisible by seven and which begins on an Interest Payment Date and ends (i) in the case of a Series of Bonds with Auctions generally conducted on Fridays, on a Sunday unless such Sunday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day, (ii) in the case of a Series of Bonds with Auctions generally conducted on Mondays, on a Monday unless such Monday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day, (iii) in the case of a Series of Bonds with Auctions generally conducted on Tuesdays, on a Tuesday unless such Tuesday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day, (iv) in the case of a Series of Bonds with Auctions generally conducted on Wednesdays, on a Wednesday unless such Wednesday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day, and (v) in the case of a Series of Bonds with Auctions generally conducted on Thursdays, on a Thursday unless such Thursday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day or

(b) any period which is longer than 182 days which begins on an Interest Payment Date and ends not later than the final scheduled maturity date of such Series of Bonds.

"Hold Order" means an Order to hold the Bonds as provided in Section 2.01(a) of this Appendix or such an Order deemed to have been submitted as provided in Section 2.01(c) of this Appendix.

"Indenture" has the meaning set forth in Schedule I.

"Index" has the meaning set forth in Schedule I.

"Initial Period" has the meaning set forth in Schedule I.

"Initial Period Rate" has the meaning set forth in Schedule I.

"Interest Payment Date" with respect to Bonds of a Series bearing interest at Auction Period Rates, means, notwithstanding anything else in the Indenture to the contrary, the first Interest Payment Date for such Series of Bonds as set forth in Schedule I and thereafter (unless changed by Schedule I) (a) when used with respect to any Auction Period other than a daily Auction Period or a Flexible Auction Period, the Business Day immediately following such Auction Period, (b) when used with respect to a daily Auction Period, the first Business Day of the month immediately succeeding the first day of such Auction Period, (c) when used with respect to a Flexible Auction Period of (i) seven or more but fewer than 183 days, the Business Day immediately following such Flexible Auction Period, or (ii) 183 or more days, each semiannual date on which interest on the Bonds would be payable if such Bonds bore interest at a fixed rate of interest and on the Business Day immediately following such Flexible Auction Period, and (d) the date when the final payment of principal of the Bonds of such Series becomes due and payable (whether at stated maturity, upon redemption or acceleration, or otherwise).

"Maximum Rate" has the meaning set forth in Schedule I.

"**Order**" means a Hold Order, Bid or Sell Order.

"**Person**" has the meaning set forth in Schedule I.

"**Potential Owner**" means any Person, including any Existing Owner, who may be interested in acquiring a beneficial interest in the Bonds in addition to the Bonds currently owned by such Person, if any; provided, however, that for purposes of conducting an Auction, the Auction Agent may consider a Broker-Dealer acting on behalf of its customer as a Potential Owner.

"**Record Date**" means, notwithstanding anything else in the Indenture, while the Bonds bear interest at the Auction Period Rate, the Business Day immediately preceding an Interest Payment Date.

"**Schedule I**" means Schedule I to this Appendix.

"**Securities Depository**" means, notwithstanding anything else in the Indenture to the contrary, The Depository Trust Company and its successors and assigns or any other securities depository selected by the Commission.

"**Sell Order**" has the meaning specified in subsection (a) of Section 2.01 of this Appendix.

"**Submission Deadline**" means, unless changed by Schedule I, 1:00 p.m., New York City time, on each Auction Date not in a daily Auction Period and 11:00 a.m., New York City time, on each Auction Date in a daily Auction Period, or such other time on such date as shall be specified from time to time by the Auction Agent if directed in writing by the Trustee or the Commission pursuant to the Auction Agreement as the time by which Broker-Dealers are required to submit Orders to the Auction Agent. Notwithstanding the foregoing, the Auction Agent will follow the Securities Industry and Financial Markets Association's Early Market Close Recommendations for shortened trading days for the bond markets (the "SIFMA Recommendation") unless the Auction Agent is instructed otherwise in writing by the Trustee or the Commission. In the event of a SIFMA Recommendation with respect to an Auction Date, the Submission Deadline will be 11:30 a.m., instead of 1:00 p.m., New York City time.

"**Submitted Bid**" has the meaning specified in subsection (b) of Section 2.04 of this Appendix.

"**Submitted Hold Order**" has the meaning specified in subsection (b) of Section 2.04 of this Appendix.

"**Submitted Order**" has the meaning specified in subsection (b) of Section 2.04 of this Appendix.

"**Submitted Sell Order**" has the meaning specified in subsection (b) of Section 2.04 of this Appendix.

"**Sufficient Clearing Bids**" means for each Series of Bonds, an Auction for which the number of Units of such Bonds that are the subject of Submitted Bids by Potential Owners specifying one or more rates not higher than the Maximum Rate is not less than the number of Units of such Bonds that are the subject of Submitted Sell Orders and of Submitted Bids by Existing Owners specifying rates higher than the Maximum Rate.

"**Units**" has the meaning set forth in Section 2.02(a)(iii) of this Appendix.

"**Winning Bid Rate**" means for each Series of Bonds, the lowest rate specified in any Submitted Bid of such Series which if calculated by the Auction Agent as the Auction Rate would cause the number of Units of such Bonds that are the subject of Submitted Bids specifying a rate not greater than such rate to be not less than the number of Units of Available Bonds of such Series.

ARTICLE II

Auction Procedures

Section 2.01. Orders by Existing Owners and Potential Owners. (a) Prior to the Broker-Dealer Deadline for each Series of Bonds on each Auction Date:

(i) each Existing Owner may submit to a Broker-Dealer, in writing or by such other method as shall be reasonably acceptable to such Broker-Dealer, one or more Orders as to:

(A) the principal amount of Bonds, if any, held by such Existing Owner which such Existing Owner commits to continue to hold for the next succeeding Auction Period without regard to the Auction Rate for such Auction Period,

(B) the principal amount of Bonds, if any, held by such Existing Owner which such Existing Owner commits to continue to hold for the next succeeding Auction Period if the Auction Rate for the next succeeding Auction Period is not less than the rate per annum specified in such Order (and if the Auction Rate is less than such specified rate, the effect of the Order shall be as set forth in paragraph (b)(i)(A) of this Section), and/or

(C) the principal amount of Bonds, if any, held by such Existing Owner which such Existing Owner offers to sell on the first Business Day of the next succeeding Auction Period (or on the same day in the case of a daily Auction Period) without regard to the Auction Rate for the next succeeding Auction Period; and

(ii) each Potential Owner may submit to a Broker-Dealer, in writing or by such other method as shall be reasonably acceptable to such Broker-Dealer, an Order as to the principal amount of Bonds, which each such Potential Owner offers to purchase if the Auction Rate for the next succeeding Auction Period is not less than the rate per annum then specified by such Potential Owner.

For the purposes of the Auction Procedures an Order containing the information referred to in clause (i)(A) above is referred to as a "Hold Order," an Order containing the information referred to in clause (i)(B) or (ii) above is referred to as a "Bid," and an Order containing the information referred to in clause (i)(C) above is referred to as a "Sell Order."

No Auction Desk of a Broker-Dealer shall accept as an Order a submission (whether received from an Existing Owner or a Potential Owner or generated by the Broker-Dealer for its own account) which does not conform to the requirements of the Auction Procedures, including, but not limited to, submissions which are not in Authorized Denominations, specify a rate which contains more than three figures to the right of the decimal point or specify an amount greater than the amount of Outstanding Bonds. No Auction Desk of a Broker-Dealer shall accept a Bid or Sell Order which is conditioned on being filled in whole or a Bid which does not specify a specific interest rate.

(b) (i) A Bid by an Existing Owner shall constitute an offer to sell on the first Business Day of the next succeeding Auction Period (or the same day in the case of a daily Auction Period):

(A) the principal amount of Bonds specified in such Bid if the Auction Rate for the next succeeding Auction Period shall be less than the rate specified in such Bid; or

(B) such principal amount or a lesser principal amount of Bonds to be determined as described in subsection (a)(v) of Section 2.05 hereof if the Auction Rate for the next succeeding Auction Period shall be equal to such specified rate; or

(C) a lesser principal amount of Bonds to be determined as described in subsection (b)(iv) of Section 2.05 hereof if such specified rate shall be higher than the Maximum Rate and Sufficient Clearing Bids do not exist.

(ii) A Sell Order by an Existing Owner shall constitute an offer to sell:

(A) the principal amount of Bonds specified in such Sell Order; or

(B) such principal amount or a lesser principal amount of Bonds as described in subsection (b)(iv) of Section 2.05 hereof if Sufficient Clearing Bids do not exist.

(iii) A Bid by a Potential Owner shall constitute an offer to purchase:

(A) the principal amount of Bonds specified in such Bid if the Auction Rate for the next succeeding Auction Period shall be higher than the rate specified therein; or

(B) such principal amount or a lesser principal amount of Bonds as described in subsection (a)(vi) of Section 2.05 hereof if the Auction Rate for the next succeeding Auction Period shall be equal to such specified rate.

(c) Anything herein to the contrary notwithstanding:

(i) If an Order or Orders covering all of the Bonds of a particular Series held by an Existing Owner is not submitted to the Broker-Dealer of record for such Existing Owner prior to the Broker-Dealer Deadline, such Broker-Dealer shall deem a Hold Order to have been submitted on behalf of such Existing Owner covering the principal amount of Bonds held by such Existing Owner and not subject to Orders submitted to such Broker-Dealer; provided, however, that if there is a conversion from one Auction Period to a longer Auction Period and Orders have not been submitted to such Broker-Dealer prior to the Broker-Dealer Deadline covering the aggregate principal amount of Bonds of a particular Series to be converted held by such Existing Owner, such Broker-Dealer shall deem a Sell Order to have been submitted on behalf of such Existing Owner covering the principal amount of Bonds to be converted held by such Existing Owner not subject to Orders submitted to such Broker-Dealer.

(ii) for purposes of any Auction, any Order by any Existing Owner or Potential Owner shall be revocable until the Broker-Dealer Deadline, and after the Broker-Dealer Deadline, all such Orders shall be irrevocable, except as provided in Sections 2.02(e)(ii) and 2.02(f); and

(iii) for purposes of any Auction other than during a daily Auction Period, any Bonds sold or purchased pursuant to subsection (b)(i), (ii) or (iii) above shall be sold or purchased at a price equal to 100% of the principal amount thereof; provided that, for purposes of any Auction during a daily Auction Period, such sale or purchase price shall be 100% of the principal amount thereof plus accrued interest to the date of sale or purchase.

Section 2.02. Submission of Orders by Broker-Dealers to Auction Agent.

(a) Each Broker-Dealer shall submit to the Auction Agent in writing, or by such Electronic Means as shall be reasonably acceptable to the Auction Agent, prior to the Submission Deadline on each Auction Date for Bonds of a Series, all Orders with respect to Bonds of such Series accepted by such Broker-Dealer in accordance with Section 2.01 above and specifying with respect to each Order or aggregation of Orders pursuant to Section 2.02(b) below:

(i) the name of the Broker-Dealer;

(ii) the number of Bidders placing Orders, if requested by the Auction Agent;

(iii) the aggregate number of Units of Bonds of such Series, if any, that are the subject of such Order, where each Unit is equal to the principal amount of the minimum Authorized Denomination of the Bonds;

(iv) to the extent that such Bidder is an Existing Owner:

(A) the number of Units of Bonds of such Series, if any, subject to any Hold Order placed by such Existing Owner;

(B) the number of Units of Bonds of such Series, if any, subject to any Bid placed by such Existing Owner and the rate specified in such Bid; and

(C) the number of Units of Bonds of such Series, if any, subject to any Sell Order placed by such Existing Owner; and

(v) to the extent such Bidder is a Potential Owner, the rate specified in such Bid.

(b) If more than one Bid is submitted to a Broker-Dealer on behalf of any single Potential Owner, the Broker-Dealer shall aggregate each Bid on behalf of such Potential Owner submitted with the same rate and consider such Bids as a single Bid and shall consider each Bid submitted with a different rate a separate Bid with the rate and the number of Units of Bonds specified therein.

A Broker-Dealer may aggregate the Orders of different Potential Owners with those of other Potential Owners on whose behalf the Broker-Dealer is submitting Orders and may aggregate the Orders of different Existing Owners with other Existing Owners on whose behalf the Broker-Dealer is submitting Orders; provided, however, Bids may only be aggregated if the interest rates on the Bids are the same.

(c) None of the Commission, the Trustee or the Auction Agent shall be responsible for the failure of any Broker-Dealer to submit an Order to the Auction Agent on behalf of any Existing Owner or Potential Owner.

(d) Nothing contained herein shall preclude a Broker-Dealer from placing an Order for some or all of the Bonds for its own account.

(e) Until the Submission Deadline, a Broker-Dealer may withdraw or modify any Order previously submitted to the Auction Agent (i) for any reason if the Order was generated by the Auction Desk of the Broker-Dealer for the account of the Broker-Dealer or (ii) to correct a Clerical Error on the part of the Broker-Dealer in the case of any other Order, including Orders from the Broker-Dealer which were not originated by the Auction Desk.

(f) After the Submission Deadline and prior to the Error Correction Deadline, a Broker-Dealer may:

(i) submit to the Auction Agent an Order received from an Existing Owner, Potential Owner or a Broker-Dealer which is not an Order originated by the Auction Desk, in each case prior to the Broker-Dealer Deadline, or an Order generated by the Broker-Dealer's Auction Desk for its own account prior to the Submission Deadline (provided that in each case the Broker-Dealer has a record of such Order and the time when such Order was received or generated) and not submitted to the Auction Agent prior to the Submission Deadline as a result of (A) an event of force majeure or a technological failure which made delivery prior to the Submission Deadline impossible or, under the conditions then prevailing, impracticable or (B) a Clerical Error on the part of the Broker-Dealer; or

(ii) modify or withdraw an Order received from an Existing Owner or Potential Owner or generated by the Broker-Dealer (whether generated by the Broker-Dealer's Auction Desk or elsewhere within the Broker-Dealer) for its own account and submitted to the Auction Agent prior to the

Submission Deadline or pursuant to clause (i) above, if the Broker-Dealer determines that such Order contained a Clerical Error on the part of the Broker-Dealer.

In the event a Broker-Dealer makes a submission, modification or withdrawal pursuant to this Section 2.02(f) and the Auction Agent has already run the Auction, the Auction Agent shall rerun the Auction, taking into account such submission, modification or withdrawal. Each submission, modification or withdrawal of an Order submitted pursuant to this Section 2.02(f) by a Broker-Dealer after the Submission Deadline and prior to the Error Correction Deadline shall constitute a representation by the Broker-Dealer that (A) in the case of a newly submitted Order or portion thereof or revised Order, the failure to submit such Order prior to the Submission Deadline resulted from an event described in clause (i) above and such Order was received from an Existing Owner or Potential Owner or is an Order received from the Broker-Dealer that was not originated by the Auction Desk, in each case, prior to the Broker-Dealer Deadline, or generated internally by such Broker-Dealer's Auction Desk for its own account prior to the Submission Deadline or (B) in the case of a modified or withdrawn Order, such Order was received from an Existing Owner, a Potential Owner or the Broker-Dealer which was not originated by the Auction Desk prior to the Broker-Dealer Deadline, or generated internally by such Broker-Dealer's Auction Desk for its own account prior to the Submission Deadline and such Order as submitted to the Auction Agent contained a Clerical Error on the part of the Broker-Dealer and that such Order has been modified or withdrawn solely to effect a correction of such Clerical Error, and in the case of either (A) or (B), as applicable, the Broker-Dealer has a record of such Order and the time when such Order was received or generated. The Auction Agent shall be entitled to rely conclusively (and shall have no liability for relying) on such representation for any and all purposes of the Auction Procedures.

(g) If after the Auction Agent announces the results of an Auction, a Broker-Dealer becomes aware that an error was made by the Auction Agent, the Broker-Dealer shall communicate such awareness to the Auction Agent prior to 5:00 p.m. New York City time on the Auction Date (or 2:00 pm. New York City time in the case of Bonds in a daily Auction Period). If the Auction Agent determines there has been such an error (as a result of either a communication from a Broker-Dealer or its own discovery) prior to 3:00 p.m. New York City time on the first day of the Auction Period with respect to which such Auction was conducted, the Auction Agent shall correct the error and notify each Broker-Dealer that submitted Bids or held a position in Bonds in such Auction of the corrected results.

(h) Nothing contained herein shall preclude the Auction Agent from:

(i) advising a Broker-Dealer prior to the Submission Deadline that it has not received Sufficient Clearing Bids for the Bonds; provided, however, that if the Auction Agent so advises any Broker-Dealer, it shall so advise all Broker-Dealers; or

(ii) verifying the Orders of a Broker-Dealer prior to or after the Submission Deadline; provided, however, that if the Auction Agent verifies the Orders of any Broker-Dealer, it shall verify the Orders of all Broker-Dealers requesting such verification.

Section 2.03. Treatment of Orders by the Auction Agent. Anything herein to the contrary notwithstanding:

(a) If the Auction Agent receives an Order which does not conform to the requirements of the Auction Procedures, the Auction Agent may contact the Broker-Dealer submitting such Order until one hour after the Submission Deadline and inform such Broker-Dealer that it may resubmit such Order so that it conforms to the requirements of the Auction Procedures. Upon being so informed, such Broker-Dealer may correct and resubmit to the Auction Agent any such Order that, solely as a result of a Clerical Error on the part of such Broker-Dealer, did not conform to the requirements of the Auction Procedures when previously submitted to the Auction Agent. Any such resubmission by a Broker-Dealer shall constitute a representation by such Broker-Dealer that the failure of such Order to have so conformed was solely as a result of a Clerical Error on the part of such Broker-Dealer. If the Auction Agent has not received a corrected conforming Order within one hour and fifteen minutes of the Submission Deadline, the Auction Agent shall, if and to the extent applicable, adjust or apply such Order, as the case may be, in conformity with the provisions of subsections (b), (c) or (d) of

this Section 2.03 and, if the Auction Agent is unable to so adjust or apply such Order, the Auction Agent shall reject such Order.

(b) If any rate specified in any Bid contains more than three figures to the right of the decimal point, the Auction Agent shall round such rate up to the next highest one thousandth of one percent (0.001%).

(c) If one or more Orders covering in the aggregate more than the number of Units of Outstanding Bonds of a particular Series are submitted by a Broker-Dealer to the Auction Agent, such Orders shall be considered valid in the following order of priority:

(i) all Hold Orders shall be considered Hold Orders, but only up to and including in the aggregate the number of Units of Bonds of such Series for which such Broker-Dealer is the Broker-Dealer of record;

(ii) (A) any Bid of a Broker-Dealer shall be considered valid as a Bid of an Existing Owner up to and including the excess of the number of Units of Bonds of such Series for which such Broker-Dealer is the Broker-Dealer of record over the number of Units of the Bonds of such Series subject to Hold Orders referred to in clause (i) above;

(B) subject to clause (A) above, all Bids of a Broker-Dealer with the same rate shall be aggregated and considered a single Bid of an Existing Owner up to and including the excess of the number of Units of Bonds of such Series for which such Broker-Dealer is the Broker-Dealer of record over the number of Units of Bonds of such Series for which such Broker-Dealer is the Broker-Dealer of record subject to Hold Orders referred to in clause (i) above;

(C) subject to clause (A) above, if more than one Bid with different rates is submitted by a Broker-Dealer, such Bids shall be considered Bids of an Existing Owner in the ascending order of their respective rates up to the amount of the excess of the number of Units of Bonds of such Series for which such Broker-Dealer is the Broker-Dealer of record over the number of Units of Bonds of such Series for which such Broker-Dealer is the Broker-Dealer of record subject to Hold Orders referred to in clause (i) above; and

(D) the number of Units, if any, of such Bonds of such Series subject to Bids not considered to be Bids for which such Broker-Dealer is the Broker-Dealer of record under this clause (ii) shall be treated as the subject of a Bid by a Potential Owner;

(iii) all Sell Orders shall be considered Sell Orders, but only up to and including the number of Units of Bonds of such Series equal to the excess of the number of Units of Bonds of such Series for which such Broker-Dealer is the Broker-Dealer of record over the sum of the number of Units of the Bonds of such Series considered to be subject to Hold Orders pursuant to clause (i) above and the number of Units of Bonds of such Series considered to be subject to Bids for which such Broker-Dealer is the Broker-Dealer of record pursuant to clause (ii) above.

(d) If any Order is for other than an integral number of Units, then the Auction Agent shall round the amount down to the nearest number of whole Units, and the Auction Agent shall conduct the Auction Procedures as if such Order had been submitted in such number of Units.

(e) For purposes of any Auction other than during a daily Auction Period, if an Auction Agent has been notified by the Trustee or the Commission that any portion of an Order by a Broker-Dealer relates to a Bond which has been called for redemption on or prior to the Interest Payment Date next succeeding such Auction, the Order shall be invalid with respect to such portion and the Auction Agent shall conduct the Auction Procedures as if such portion of such Order had not been submitted.

(f) For purposes of any Auction other than during a daily Auction Period, no portion of a Bond which the Auction Agent has been notified by the Trustee or the Commission has been called for

redemption on or prior to the Interest Payment Date next succeeding such Auction shall be included in the calculation of Available Bonds for such Auction.

(g) If an Order or Orders covering all of the Bonds of a particular Series is not submitted by a Broker-Dealer of record prior to the Submission Deadline, the Auction Agent shall deem a Hold Order to have been submitted on behalf of such Broker-Dealer covering the number of Units of Bonds for which such Broker-Dealer is the Broker-Dealer of record and not subject to Orders submitted to the Auction Agent; provided, however, that if there is a conversion from one Auction Period to a longer Auction Period and Orders have not been submitted by such Broker-Dealer prior to the Submission Deadline covering the number of Units of Bonds of a particular Series to be converted for which such Broker-Dealer is the Broker-Dealer of record, the Auction Agent shall deem a Sell Order to have been submitted on behalf of such Broker-Dealer covering the number of Units of Bonds to be converted for which such Broker-Dealer is the Broker-Dealer of record not subject to Orders submitted by such Broker-Dealer.

(h) Any Bid specifying a rate higher than the Maximum Rate will (i) be treated as a Sell Order if submitted by an Existing Owner and (ii) not be accepted if submitted by a Potential Owner.

Section 2.04. Determination of Auction Period Rate. (a) If requested by the Trustee or a Broker-Dealer, not later than 10:30 a.m., New York City time (or such other time as may be agreed to by the Auction Agent and all Broker-Dealers), on each Auction Date for each Series of Bonds, the Auction Agent shall advise such Broker-Dealer (and thereafter confirm to the Trustee, if requested) of the All Hold Rate, the Index and, if the Maximum Rate is not a fixed interest rate, the Maximum Rate. Such advice, and confirmation, shall be made by telephone or other Electronic Means acceptable to the Auction Agent.

(b) Promptly after the Submission Deadline for each Series of Bonds on each Auction Date, the Auction Agent shall assemble all Orders submitted or deemed submitted to it by the Broker-Dealers (each such Order as submitted or deemed submitted by a Broker-Dealer being hereinafter referred to as a "Submitted Hold Order," a "Submitted Bid" or a "Submitted Sell Order," as the case may be, and collectively as a "Submitted Order") and shall determine (i) the Available Bonds, (ii) whether there are Sufficient Clearing Bids, and (iii) the Auction Rate.

(c) In the event the Auction Agent shall fail to calculate or, for any reason, fails to provide the Auction Rate on the Auction Date, for any Auction Period (i) if the preceding Auction Period was a period of 35 days or less, (A) a new Auction Period shall be established for the same length of time as the preceding Auction Period, if the failure to make such calculation was because there was not at the time a duly appointed and acting Auction Agent or Broker-Dealer, and the Auction Period Rate for the new Auction Period shall be the percentage of the Index set forth in Schedule I under "Determination of Auction Period Rate" if the Index is ascertainable on such date (by the Auction Agent, if there is at the time an Auction Agent, or the Trustee, if at the time there is no Auction Agent) or, (B) if the failure to make such calculation was for any other reason or if the Index is not ascertainable on such date, the prior Auction Period shall be extended to the seventh day following the day that would have been the last day of the preceding Auction Period (or if such seventh day is not followed by a Business Day then to the next succeeding day that is followed by a Business Day) and the Auction Period Rate for the period as so extended shall be the same as the Auction Period Rate for the Auction Period prior to the extension, and (ii) if the preceding Auction Period was a period of greater than 35 days, (A) a new Auction Period shall be established for a period that ends on the seventh day following the day that was the last day of the preceding Auction Period, (or if such seventh day is not followed by a Business Day then to the next succeeding day which is followed by a Business Day) if the failure to make such calculation was because there was not at the time a duly appointed and acting Auction Agent or Broker-Dealer, and the Auction Period Rate for the new Auction Period shall be the percentage of the Index set forth in Schedule I under "Determination of Auction Period Rate" if the Index is ascertainable on such date (by the Auction Agent, if there is at the time an Auction Agent, or the Trustee, if at the time there is no Auction Agent) or, (B) if the failure to make such calculation was for any other reason or if the Index is not ascertainable on such date, the prior Auction Period shall be extended to the seventh day following the day that would have been the last day of the preceding Auction Period (or if such seventh day is not followed by a Business Day then to the next succeeding day that is followed by a Business Day) and the Auction Period Rate for the period as so extended shall be the same as the Auction Period Rate for the Auction Period prior to the extension. In the event a new

Auction Period is established as set forth in clause (ii) (A) above, an Auction shall be held on the last Business Day of the new Auction Period to determine an Auction Rate for an Auction Period beginning on the Business Day immediately following the last day of the new Auction Period and ending on the date on which the Auction Period otherwise would have ended had there been no new Auction Period or Auction Periods subsequent to the last Auction Period for which a Winning Bid Rate or an All Hold Rate had been determined. In the event an Auction Period is extended as set forth in clause (i) (B) or (ii) (B) above, an Auction shall be held on the last Business Day of the Auction Period as so extended to determine an Auction Rate for an Auction Period beginning on the Business Day immediately following the last day of the extended Auction Period and ending on the date on which the Auction Period otherwise would have ended had there been no extension of the prior Auction Period.

Notwithstanding the foregoing, neither new nor extended Auction Periods shall total more than 35 days in the aggregate. If at the end of the 35 days the Auction Agent fails to calculate or provide the Auction Rate, or there is not at the time a duly appointed and acting Auction Agent or Broker-Dealer, the Auction Period Rate shall be the Maximum Rate.

(d) In the event of a failed conversion from an Auction Period to any other period or in the event of a failure to change the length of the current Auction Period due to the lack of Sufficient Clearing Bids at the Auction on the Auction Date for the first new Auction Period, the Auction Period Rate for the next Auction Period shall be the Maximum Rate and the Auction Period shall be a seven-day Auction Period.

(e) If the Bonds are no longer maintained in book-entry-only form by the Securities Depository, then the Auctions shall cease and the Auction Period Rate shall be the Maximum Rate.

Section 2.05. Allocation of Bonds.

(a) In the event of Sufficient Clearing Bids for a Series of Bonds, subject to the further provisions of subsections (c) and (d) below, Submitted Orders for each Series of Bonds shall be accepted or rejected as follows in the following order of priority:

(i) the Submitted Hold Order of each Existing Owner shall be accepted, thus requiring each such Existing Owner to continue to hold the Bonds that are the subject of such Submitted Hold Order;

(ii) the Submitted Sell Order of each Existing Owner shall be accepted and the Submitted Bid of each Existing Owner specifying any rate that is higher than the Winning Bid Rate shall be rejected, thus requiring each such Existing Owner to sell the Bonds that are the subject of such Submitted Sell Order or Submitted Bid;

(iii) the Submitted Bid of each Existing Owner specifying any rate that is lower than the Winning Bid Rate shall be accepted, thus requiring each such Existing Owner to continue to hold the Bonds that are the subject of such Submitted Bid;

(iv) the Submitted Bid of each Potential Owner specifying any rate that is lower than the Winning Bid Rate shall be accepted, thus requiring each such Potential Owner to purchase the Bonds that are the subject of such Submitted Bid;

(v) the Submitted Bid of each Existing Owner specifying a rate that is equal to the Winning Bid Rate shall be accepted, thus requiring each such Existing Owner to continue to hold the Bonds that are the subject of such Submitted Bid, but only up to and including the number of Units of Bonds obtained by multiplying (A) the aggregate number of Units of Outstanding Bonds which are not the subject of Submitted Hold Orders described in clause (i) above or of Submitted Bids described in clauses (iii) or (iv) above by (B) a fraction the numerator of which shall be the number of Units of Outstanding Bonds held by such Existing Owner subject to such Submitted Bid and the denominator of which shall be the aggregate number of Units of Outstanding Bonds subject to such Submitted Bids

made by all such Existing Owners that specified a rate equal to the Winning Bid Rate, and the remainder, if any, of such Submitted Bid shall be rejected, thus requiring each such Existing Owner to sell any excess amount of Bonds;

(vi) the Submitted Bid of each Potential Owner specifying a rate that is equal to the Winning Bid Rate shall be accepted, thus requiring each such Potential Owner to purchase the Bonds that are the subject of such Submitted Bid, but only in an amount equal to the number of Units of Bonds obtained by multiplying (A) the aggregate number of Units of Outstanding Bonds which are not the subject of Submitted Hold Orders described in clause (i) above or of Submitted Bids described in clauses (iii), (iv) or (v) above by (B) a fraction the numerator of which shall be the number of Units of Outstanding Bonds subject to such Submitted Bid and the denominator of which shall be the sum of the aggregate number of Units of Outstanding Bonds subject to such Submitted Bids made by all such Potential Owners that specified a rate equal to the Winning Bid Rate, and the remainder of such Submitted Bid shall be rejected; and

(vii) the Submitted Bid of each Potential Owner specifying any rate that is higher than the Winning Bid Rate shall be rejected.

(b) In the event there are not Sufficient Clearing Bids for a Series of Bonds, Submitted Orders for each Series of Bonds shall be accepted or rejected as follows in the following order of priority:

(i) the Submitted Hold Order of each Existing Owner shall be accepted, thus requiring each such Existing Owner to continue to hold the Bonds that are the subject of such Submitted Hold Order;

(ii) the Submitted Bid of each Existing Owner specifying any rate that is not higher than the Maximum Rate shall be accepted, thus requiring each such Existing Owner to continue to hold the Bonds that are the subject of such Submitted Bid;

(iii) the Submitted Bid of each Potential Owner specifying any rate that is not higher than the Maximum Rate shall be accepted, thus requiring each such Potential Owner to purchase the Bonds that are the subject of such Submitted Bid;

(iv) the Submitted Sell Orders of each Existing Owner shall be accepted as Submitted Sell Orders and the Submitted Bids of each Existing Owner specifying any rate that is higher than the Maximum Rate shall be deemed to be and shall be accepted as Submitted Sell Orders, in both cases only up to and including the number of Units of Bonds obtained by multiplying (A) the aggregate number of Units of Bonds subject to Submitted Bids described in clause (iii) of this subsection (b) by (B) a fraction the numerator of which shall be the number of Units of Outstanding Bonds held by such Existing Owner subject to such Submitted Sell Order or such Submitted Bid deemed to be a Submitted Sell Order and the denominator of which shall be the number of Units of Outstanding Bonds subject to all such Submitted Sell Orders and such Submitted Bids deemed to be Submitted Sell Orders, and the remainder of each such Submitted Sell Order or Submitted Bid shall be deemed to be and shall be accepted as a Hold Order and each such Existing Owner shall be required to continue to hold such excess amount of Bonds; and

(v) the Submitted Bid of each Potential Owner specifying any rate that is higher than the Maximum Rate shall be rejected.

(c) If, as a result of the undertakings described in Section 2.05(a) or (b) above, any Existing Owner or Potential Owner would be required to purchase or sell an aggregate principal amount of the Bonds that is not an integral multiple of an Authorized Denomination on any Auction Date, the Auction Agent shall by lot, in such manner as it shall determine in its sole discretion, round up or down the principal amount of the Bonds to be purchased or sold by any Existing Owner or Potential Owner on such Auction Date so that the aggregate principal amount of the Bonds purchased or sold by each Existing Owner or Potential Owner on such Auction

Date shall be an integral multiple of such Authorized Denomination, even if such allocation results in one or more of such Existing Owners or Potential Owners not purchasing or selling any Bonds on such Auction Date.

(d) If, as a result of the undertakings described in Section 2.05(a) above, any Potential Owner would be required to purchase less than an Authorized Denomination in principal amount of the Bonds on any Auction Date, the Auction Agent shall by lot, in such manner as it shall determine in its sole discretion, allocate the Bonds for purchase among Potential Owners so that the principal amount of the Bonds purchased on such Auction Date by any Potential Owner shall be an integral multiple of such Authorized Denomination, even if such allocation results in one or more of such Potential Owners not purchasing the Bonds on such Auction Date.

Section 2.06. Notice of Auction Period Rate. (a) On each Auction Date, the Auction Agent shall notify each Broker-Dealer that participated in the Auction held on such Auction Date by Electronic Means acceptable to the Auction Agent and the applicable Broker-Dealer of the following, with respect to each Series of Bonds for which an Auction was held on such Auction Date:

- (i) the Auction Period Rate determined on such Auction Date for the succeeding Auction Period;
- (ii) whether Sufficient Clearing Bids existed for the determination of the Winning Bid Rate;
- (iii) if such Broker-Dealer submitted a Bid or a Sell Order on behalf of an Existing Owner, whether such Bid or Sell Order was accepted or rejected and the number of Units of Bonds, if any, to be sold by such Existing Owner;
- (iv) if such Broker-Dealer submitted a Bid on behalf of a Potential Owner, whether such Bid was accepted or rejected and the number of Units of Bonds, if any, to be purchased by such Potential Owner;
- (v) if the aggregate number of Units of the Bonds to be sold by all Existing Owners on whose behalf such Broker-Dealer submitted Bids or Sell Orders is different from the aggregate number of Units of Bonds to be purchased by all Potential Owners on whose behalf such Broker-Dealer submitted a Bid, the name or names of one or more Broker-Dealers (and the Agent Member, if any, of each such other Broker-Dealer) and the number of Units of Bonds to be (A) purchased from one or more Existing Owners on whose behalf such other Broker-Dealers submitted Bids or Sell Orders or (B) sold to one or more Potential Owners on whose behalf such Broker-Dealer submitted Bids; and
- (vi) the amount of dividend or interest payable per Unit on each Interest Payment Date with respect to such Auction Period; and
- (vii) the immediately succeeding Auction Date.

(b) On each Auction Date, with respect to each Series of Bonds for which an Auction was held on such Auction Date, each Broker-Dealer that submitted an Order on behalf of any Existing Owner or Potential Owner shall: (i) if requested by an Existing Owner or a Potential Owner, advise such Existing Owner or Potential Owner on whose behalf such Broker-Dealer submitted an Order as to (A) the Auction Period Rate determined on such Auction Date, (B) whether any Bid or Sell Order submitted on behalf of such Owner was accepted or rejected and (C) the immediately succeeding Auction Date; (ii) instruct each Potential Owner on whose behalf such Broker-Dealer submitted a Bid that was accepted, in whole or in part, to instruct such Potential Owner's Agent Member to pay to such Broker-Dealer (or its Agent Member) through the Securities Depository the amount necessary to purchase the number of Units of Bonds to be purchased pursuant to such Bid (including, with respect to the Bonds in a daily Auction Period, accrued interest if the purchase date is not an Interest Payment Date for such Bond) against receipt of such Bonds; and (iii) instruct each Existing Owner on whose behalf such Broker-Dealer submitted a Sell Order that was accepted or a Bid that was rejected in whole or in part, to instruct such Existing Owner's Agent Member to deliver to such Broker-Dealer (or its Agent Member)

through the Securities Depository the number of Units of Bonds to be sold pursuant to such Bid or Sell Order against payment therefor.

(c) The Auction Agent shall give notice of the Auction Rate to the Commission and the Trustee by mutually acceptable Electronic Means and the Trustee shall promptly give notice of such Auction Rate to the Securities Depository.

Section 2.07. Index.

(a) If for any reason on any Auction Date the Index shall not be determined as provided in Schedule I, the Index shall be the Index for the prior Business Day.

(b) The determination of the Index as provided in Schedule I and herein shall be conclusive and binding upon the Commission, the Trustee, the Broker-Dealers, the Auction Agent and the Owners of the Bonds.

Section 2.08. Miscellaneous Provisions Regarding Auctions.

(a) In this Appendix, each reference to the purchase, sale or holding of Bonds shall refer to beneficial interests in Bonds, unless the context clearly requires otherwise.

(b) During an ARS Rate Period with respect to each Series of Bonds, the provisions of the Indenture and the definitions contained therein and described in this Appendix, including without limitation the definitions of All Hold Rate, Index, Interest Payment Date, Maximum Rate, Auction Period Rate and Auction Rate, may be amended pursuant to the Indenture by obtaining the consent of the owners of all affected Outstanding Bonds bearing interest at the Auction Period Rate as follows. If on the first Auction Date occurring at least 20 days after the date on which the Trustee mailed notice of such proposed amendment to the registered owners of the affected Outstanding Bonds as required by the Indenture, (i) the Auction Period Rate which is determined on such date is the Winning Bid Rate or the All Hold Rate and (ii) there is delivered to the Commission and the Trustee an opinion of Bond Counsel to the effect that such amendment shall not adversely affect the validity of the Bonds or any exemption from federal income taxation to which the interest on the Bonds would otherwise be entitled, the proposed amendment shall be deemed to have been consented to by the registered owners of all affected Outstanding Bonds bearing interest at an Auction Period Rate.

(c) If the Securities Depository notifies the Commission that it is unwilling or unable to continue as registered owner of the Bonds or if at any time the Securities Depository shall no longer be registered or in good standing under the Securities Exchange Act of 1934, as amended, or other applicable statute or regulation and a successor to the Securities Depository is not appointed by the Commission within 90 days after the Commission receives notice or becomes aware of such condition, as the case may be, the Auctions shall cease and the Commission shall execute and the Trustee shall authenticate and deliver certificates representing the Bonds. Such Bonds shall be registered in such names and Authorized Denominations as the Securities Depository, pursuant to instructions from the Agent Members or otherwise, shall instruct the Commission and the Trustee.

During an ARS Rate Period, so long as the ownership of the Bonds is maintained in book-entry form by the Securities Depository, an Existing Owner or a beneficial owner may sell, transfer or otherwise dispose of a Bond only pursuant to a Bid or Sell Order in accordance with the Auction Procedures or to or through a Broker-Dealer, provided that (i) in the case of all transfers other than pursuant to Auctions, such Existing Owner or its Broker-Dealer or its Agent Member advises the Auction Agent of such transfer and (ii) a sale, transfer or other disposition of Bonds from a customer of a Broker-Dealer who is listed on the records of that Broker-Dealer as the holder of such Bonds to that Broker-Dealer or another customer of that Broker-Dealer shall not be deemed to be a sale, transfer or other disposition for purposes of this paragraph if such Broker-Dealer remains the Existing Owner of the Bonds so sold, transferred or disposed of immediately after such sale, transfer or disposition.

(d) Unless specifically provided otherwise in Schedule I, the Auction Agent shall continue to implement the Auction Procedures notwithstanding the occurrence of an Event of Default under the Indenture.

Section 2.09. Changes in Auction Period or Auction Date.

(a) Changes in Auction Period.

(i) During any ARS Rate Period, the Commission, may, from time to time on the Interest Payment Date immediately following the end of any Auction Period, change the length of the Auction Period with respect to all of the Bonds of a Series among daily, seven-days, 28-days, 35-days, three months, six months or a Flexible Auction Period in order to accommodate economic and financial factors that may affect or be relevant to the length of the Auction Period and the interest rate borne by such Bonds. The Commission shall initiate the change in the length of the Auction Period by giving written notice to the Trustee, the Auction Agent, the Broker-Dealers and the Securities Depository that the Auction Period shall change if the conditions described herein are satisfied and the proposed effective date of the change, at least 10 Business Days prior to the Auction Date for such Auction Period.

(ii) Any such changed Auction Period shall be for a period of one day, seven-days, 28-days, 35-days, three months, six months or a Flexible Auction Period and shall be for all of the Bonds of such Series.

(iii) The change in length of the Auction Period shall take effect only if Sufficient Clearing Bids exist at the Auction on the Auction Date for such new Auction Period. For purposes of the Auction for such new Auction Period only, except to the extent any Existing Owner submits an Order with respect to such Bonds of any Series, each Existing Owner shall be deemed to have submitted Sell Orders with respect to all of its Bonds of such Series if the change is to a longer Auction Period and a Hold Order if the change is to a shorter Auction Period. If there are not Sufficient Clearing Bids for the first Auction Period, the Auction Rate for the new Auction Period shall be the Maximum Rate, and the Auction Period shall be a seven-day Auction Period.

(b) Changes in Auction Date. During any ARS Rate Period, the Auction Agent, at the direction of the Commission, may specify an earlier or later Auction Date (but in no event more than five Business Days earlier or later) than the Auction Date that would otherwise be determined in accordance with the definition of "Auction Date" in order to conform with then current market practice with respect to similar securities or to accommodate economic and financial factors that may affect or be relevant to the day of the week constituting an Auction Date and the interest rate borne by the Bonds. The Auction Agent shall provide notice of the Commission's direction to specify an earlier Auction Date for an Auction Period by means of a written notice delivered at least 45 days prior to the proposed changed Auction Date to the Trustee, the Commission and the Broker-Dealers with a copy to the Securities Depository. In the event the Auction Agent is instructed to specify an earlier or later Auction Date, the days of the week on which an Auction Period begins and ends, the day of the week on which an Auction Period ends and the Interest Payment Dates relating to a such Auction Period shall be adjusted accordingly.

(c) Changes Resulting from Unscheduled Holidays. If, in the opinion of the Auction Agent and the Broker-Dealers, there is insufficient notice of an unscheduled holiday to allow the efficient implementation of the Auction Procedures set forth herein, the Auction Agent and the Broker-Dealers may, as they deem appropriate, set a different Auction Date and adjust any Interest Payment Dates and Auction Periods affected by such unscheduled holiday. In the event there is not agreement among the Broker-Dealers, the Auction Agent shall set the different Auction Date and make such adjustments as directed by the Broker-Dealer for a majority of the outstanding Units (based on the number of Units for which a Broker-Dealer is listed as the Broker-Dealer in the Existing Owner Registry maintained by the Auction Agent pursuant to Section 2.2(a) of the Auction Agreement), and, if there is not a majority so directing, the Auction Date shall be moved to the next succeeding Business Day following the scheduled Auction Date, and the Interest Payment Date and the Auction Period shall be adjusted accordingly.

SCHEDULE I

to

AUCTION PROCEDURES

In the event of any conflict between this Schedule I and Appendix A, this Schedule I shall prevail.

Definitions

"All Hold Rate" means, as of any Auction Date, 55% of the Index in effect on such Auction Date for any Bond the interest on which is not includable in gross income of the beneficial owner of such Bond for federal income tax purposes and 90% of the Index in effect on such Auction Date for any Bond the interest on which is includable in gross income of the beneficial owner of such Bond for federal income tax purposes.

"Auction Agent" shall initially be the Auction Agent appointed by the Commission in connection with the conversion to an ARS Rate Period.

"Auction Date" shall include as part of the definition the first Auction Date for each Series of Bonds which shall be the date determined by the Commission pursuant to the Indenture in connection with a conversion of the Bonds to an ARS Rate Period.

"Auction Period" shall include in the *Six-month Auction Period* either April 1 or October 1.

"Authorized Denomination" means \$25,000.

"Bonds" means, collectively, the San Diego County Regional Transportation Commission Sales Tax Revenue Bonds (Limited Tax Bonds), 2008 Series A, 2008, Series B, 2008 Series C or 2008 Series D, whenever any such series of bonds bears interest at an Auction Period Rate.

"Broker-Dealer" shall initially mean the respective Broker-Dealer(s) appointed by the Commission in connection with a conversion to an ARS Rate Period with respect to the 2008 Series A Bonds, the 2008 Series B Bonds, the 2008 Series C Bonds or the 2008 Series D Bonds.

"Broker-Dealer Deadline" means, with respect to the Broker-Dealer, 12:00 P.M., New York City time, on any Auction Date or such other time specified by a Broker-Dealer pursuant to the Auction Procedures.

"Commission" means the San Diego County Regional Transportation Commission.

"Indenture" means the Indenture, dated as of March 1, 2008, between the Commission and U.S. Bank National Association, as trustee, as originally executed or as it may from time to time be supplemented or amended by any Supplemental Indenture delivered pursuant to the provisions thereof.

"Index" means, on any Auction Date with respect to Bonds in any Auction Period of 35 days or less, the One Month USD LIBOR Rate. The Index with respect to Bonds in any Auction Period of more than 35 days shall be the rate on United States Treasury Securities having a maturity which most closely approximates the length of the Auction Period as last published in The Wall Street Journal or such other source as may be mutually agreed upon by Commission and the Broker-Dealers. If either rate is unavailable, the Index shall be an index or rate agreed to by all Broker-Dealers and consented to by the Commission. For the purpose of this definition an Auction Period of 35 days or less means a 35-day Auction Period or shorter Auction Period, i.e. a 35-day Auction Period which is extended because of a holiday would still be considered an Auction Period of 35 days or less.

"Initial Period" means the period specified as the Initial Period in the conversion notice delivered by the Commission in connection with a conversion of the Bonds to an ARS Rate Period with respect to each Series of Bonds.

"Initial Period Rate" means the lowest rate which, in the judgment of the Broker-Dealer, is necessary to enable the Bonds to be remarketed at a price equal to the principal amount thereof, plus accrued interest, if any, on the ARS Conversion Date, provided, however, that the Initial Period Rate shall not exceed the Maximum Rate. Such determination shall be conclusive and binding upon the Commission, the Trustee, the Auction Agent, the 2008 Insurer, if any, and the Bondholders. Not later than 5:00 p.m., New York City time, on the date of

determination of the Initial Period Rate, the Broker-Dealer shall notify the Trustee, the Borrower and the Auction Agent of the Initial Period Rate by Electronic Means.

"Interest Payment Date" includes the first Interest Payment Date which shall be determined by the Broker-Dealer in connection with the conversion of the Bonds to the ARS Rate Period.

"Maximum Rate" means the lesser of (i) twelve percent (12%) and (ii) the maximum rate of interest that may legally be paid on the Bonds from time to time.

"One Month USD LIBOR Rate" means the rate for deposits in U.S. dollars for a one-month maturity that appears on Reuters Screen LIBOR01 Page (or such other page as may replace that page on that service, or such other service as may be nominated by the British Bankers Association, for the purpose of displaying London interbank offered rates for U.S. dollar deposits) as of 11:00 a.m., London time, on the date of determination of such rate, except that, if such rate does not appear on such page on such date, the One Month USD LIBOR Rate means a rate determined on the basis of the rates at which deposits in U.S. dollars for a one-month maturity and in a principal amount of at least U.S. \$1,000,000 are offered at approximately 11:00 a.m., London time, on such date, to prime banks in the London interbank market by three major banks in the London interbank market (herein referred to as the "Reference Banks") selected by the Trustee (provided, however, that the Trustee may appoint an agent to identify such Reference Banks). The Trustee or its agent is to request the principal London office of each of such Reference Banks to provide a quotation of its rate. If at least two such quotations are provided, the One Month LIBOR Rate will be the arithmetic mean of such quotations. If fewer than two quotations are provided, the One Month LIBOR Rate will be the arithmetic mean of the rates quoted by three (if three quotations are not provided, two or one, as applicable) major banks in New York City, selected by the Trustee or its agent, at approximately 11:00 a.m., New York City time, on such date for loans in U.S. dollars to leading European banks in a principal amount of at least U.S. \$1,000,000 having a one-month maturity. If none of the banks in New York City selected by the Trustee or its agent is then quoting rates for such loans, then the One Month LIBOR Rate for the ensuing interest period will mean the One Month LIBOR Rate most recently in effect.

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

"2008 Insurer" shall initially mean the respective Insurer(s) chosen by the Commission to provide a financial guaranty insurance policy or municipal bond insurance policy insuring the payment when due of principal of and interest on the 2008 Series A Bonds, the 2008 Series B Bonds, the 2008 Series C Bonds or the 2008 Series D Bonds, as applicable, as provided in such financial guaranty insurance policy or municipal bond insurance policy, in connection with a conversion to an ARS Rate Period with respect to the 2008 Series A Bonds, the 2008 Series B Bonds, the 2008 Series C Bonds or the 2008 Series D Bonds.

Auction Procedures

Determination of Auction Period Rate. The percentage of the Index in Section 2.04(c) is 100% for any Bond the interest on which is not includable in gross income of the beneficial owner of such Bond for federal income tax purposes and 150% for any Bond the interest on which is includable in gross income of the beneficial owner of such Bond for federal income tax purposes.