

\$56,270,000
San Diego County Regional Airport Authority
Airport Revenue Refunding Bonds
Series 2005

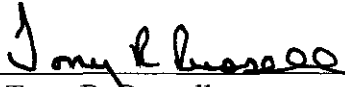
CERTIFICATE OF THE CLERK OF THE
SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
REGARDING CERTIFIED COPY OF THE
MASTER TRUST INDENTURE

I, Tony R. Russell, Director, Corporate Services/Clerk of the San Diego County Regional Airport Authority (the "Authority"), do hereby certify that attached hereto as Exhibit A is a true, correct and complete copy of the Master Trust Indenture, dated as of November 1, 2005 (the "Master Trust Indenture"), by and between the Authority and The Bank of New York Trust Company, N.A., as trustee (the "Trustee"). The Master Trust Indenture has been duly and fully executed, has not been amended, supplemented, modified or limited (except as provided in the First Supplemental Trust Indenture, dated as of November 1, 2005, by and between the Authority and the Trustee) and is in full force and effect on the date hereof.

[End of Certificate of the Clerk of the San Diego County
Regional Airport Authority Regarding Certified Copy
of the Master Trust Indenture]

IN WITNESS WHEREOF, I have hereunto signed and executed this Certificate this 9th day of November, 2005.

SAN DIEGO COUNTY REGIONAL AIRPORT
AUTHORITY

By 
Tony R. Russell,
Director, Corporate Services/Authority Clerk

[Signature page to Certificate of the Clerk of the
San Diego County Regional Airport Authority
Regarding Certified Copy of the Master Trust Indenture]

EXHIBIT A
(Master Trust Indenture)

MASTER TRUST INDENTURE

by and between

**SAN DIEGO COUNTY REGIONAL
AIRPORT AUTHORITY**

and

THE BANK OF NEW YORK TRUST COMPANY, N.A.,
as Trustee

Dated as of November 1, 2005

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MASTER TRUST INDENTURE

THIS MASTER TRUST INDENTURE (this "Indenture"), dated as of November 1, 2005, is between the **SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY** (the "**Authority**"), a local government entity of regional government created pursuant to laws of the State of California, and **THE BANK OF NEW YORK TRUST COMPANY, N.A.**, a national banking association organized and existing under the laws of the United States of America, as trustee (the "**Trustee**").

RECITALS

WHEREAS, the Authority is a local government entity of regional government, with jurisdiction extending throughout the County of San Diego (the "County"), organized and existing pursuant to the provisions of the Constitution of the State of California (the "State") and Section 170000 *et seq.* of the California Public Utilities Code (the "Act"); and

WHEREAS, the Authority has been formed for the purposes of: (a) operating the Airport System (as hereinafter defined), (b) planning and operating any future airport that could be developed as a supplement or replacement to San Diego International Airport (Lindbergh Field), (c) developing of a comprehensive land use plan, as it may relate to the Airport System, for the entire County, and (d) serving as the region's airport land use commission; and

WHEREAS, the Authority has exclusive use, management, operation, regulation, policing and control of the Airport System as set forth in the Act and other related facilities; and

WHEREAS, the Act provides that the Authority shall have the power to issue bonds, from time to time, payable from revenue of any facility or enterprise operated, acquired, or constructed by the Authority, for any of the purposes authorized under the Act in accordance with the Revenue Bond Law of 1941 (Chapter 6 (commencing with Section 54300) of Part 1 of Division 2 of Title 5 of the California Government Code), excluding Article 3 (commencing with Section 54380) of Chapter 6 of Part 1 of Division 2 of Title 5 of the California Government Code and the limitations set forth in subdivision (b) of Section 54402 of the California Government Code which shall not apply to the issuance and sale of bonds pursuant to the Act; and

WHEREAS, the Act provides that the Authority is a local agency within the meaning of Section 54307 of the California Government Code; and

WHEREAS, the Act provides that the Airport System or any or all facilities and all additions and improvements that the Board (as hereinafter defined) authorizes to be acquired or constructed and any purpose, operation, facility, system, improvement, or undertaking of the Authority from which revenues are derived or otherwise allocable, which revenues are, or may by resolution or ordinance be, required to be separately accounted for from other revenues of the Authority, shall constitute an enterprise within the meaning of Section 54309 of the California Government Code; and

WHEREAS, the Authority has determined that it is necessary and advisable to issue, from time to time, Bonds (as hereinafter defined) for the purposes set forth in the Act and this

Indenture and that such Bonds be payable from and secured by Net Revenues (as hereinafter defined); and

WHEREAS, the Authority wishes to provide in this Indenture for the issuance and payment of its Bonds and the pledge of the Net Revenues thereto, and the Trustee is willing to accept the trusts provided in this Indenture;

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

GRANTING CLAUSE

To secure the payment of the principal and Accreted Value of, premium, if any, and interest on the Bonds and the performance and observance by the Authority of all the covenants, agreements and conditions expressed or implied herein or contained in the Bonds, the Authority hereby pledges and assigns to the Trustee and grants to the Trustee a lien on and security interest in all right, title and interest of the Authority in and to all of the following and provides that such lien and security interest shall be prior in right to any other pledge, lien or security interest created by the Authority in the following: (a) the Net Revenues, (b) all moneys and securities (excluding moneys and securities on deposit in any Rebate Fund) held from time to time by the Trustee under this Indenture, and to the extent provided in any Supplemental Indenture moneys and securities held in any Construction Fund whether or not held by the Trustee, (c) earnings on amounts included in provisions (a) and (b) of this Granting Clause (except to the extent excluded from the definition of "Revenues" by this Indenture), and (d) any and all other funds, assets, rights, property or interests therein, of every kind or description which may from time to time hereafter, by delivery or by writing of any kind, be sold, transferred, conveyed, assigned, pledged, mortgaged, granted or delivered to or deposited with the Trustee as additional security hereunder, for the equal and proportionate benefit and security of all Bonds, all of which, regardless of the time or times of their authentication and delivery or maturity, shall, with respect to the security provided by this Granting Clause, be of equal rank without preference, priority or distinction as to any Bond over any other Bond or Bonds, except as to the timing of payment of the Bonds. Any Debt Service Reserve Fund and any Debt Service Reserve Fund Surety Policy, as defined hereinafter, provided at any time in satisfaction of all or a portion of the Reserve Requirement and any other security, Liquidity Facility or Credit Facility provided for specific Bonds, a specific Series of Bonds or one or more Series of Bonds may, as provided by a Supplemental Indenture, secure only such specific Bonds, Series of Bonds or one or more Series of Bonds and, therefore, shall not be included as security for all Bonds under this Indenture unless otherwise provided by a Supplemental Indenture and moneys and securities held in trust as provided in Section 4.11 exclusively for Bonds which have become due and payable and moneys and securities which are held exclusively to pay Bonds which are deemed to have been paid under Article VII hereof shall be held solely for the payment of such specific Bonds.

ARTICLE I

DEFINITIONS; INTERPRETATION

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

"Account" shall mean any account established pursuant to this Indenture or any Supplemental Indenture.

"Accreted Value" shall mean (a) with respect to any Capital Appreciation Bonds, as of any date of calculation, the sum of the amount set forth in a Supplemental Indenture as the amount representing the initial principal amount of such Capital Appreciation Bond plus the interest accumulated, compounded and unpaid thereon as of the most recent compounding date, or (b) with respect to Original Issue Discount Bonds, as of the date of calculation, the amount representing the initial public offering price of such Original Issue Discount Bonds plus the amount of the discounted principal which has accreted since the date of issue; in each case the Accreted Value shall be determined in accordance with the provisions of the Supplemental Indenture authorizing the issuance of such Capital Appreciation Bond or Original Issue Discount Bonds. All references herein to "principal" shall include Accreted Value, as applicable.

"Act" shall mean Section 170000 *et seq.* of the California Public Utilities Code, as amended from time to time.

"Aggregate Annual Debt Service" shall mean for any Fiscal Year the aggregate amount of Annual Debt Service on all Outstanding Bonds and Unissued Program Bonds. For purposes of calculating Aggregate Annual Debt Service, the following components of debt service shall be computed as follows:

(a) in determining the amount of principal to be funded in each year, payment shall (unless a different subsection of this definition applies for purposes of determining principal maturities or amortization) be assumed to be made on Outstanding Bonds and Unissued Program Bonds in accordance with any amortization schedule established by the governing documents setting forth the terms of such Bonds, including, as a principal payment, the Accreted Value of any Capital Appreciation Bonds or Original Issue Discount Bonds maturing or scheduled for redemption in such year; in determining the amount of interest to be funded in each year, interest payable at a fixed rate shall (except to the extent subsection (b), (c) or (d) of this definition applies) be assumed to be made at such fixed rate and on the required funding dates; provided, however, that interest payable on the Bonds shall be excluded to the extent such payments are to be paid from Capitalized Interest for such Fiscal Year;

(b) if all or any portion or portions of an Outstanding Series of Bonds, or Unissued Program Bonds constitute Balloon Indebtedness (excluding Program Bonds or Unissued Program Bonds to which subsection (f) applies), then, for purposes of

determining Aggregate Annual Debt Service, each maturity which constitutes Balloon Indebtedness shall, unless otherwise provided in the Supplemental Indenture pursuant to which such Balloon Indebtedness is issued or unless provision (c) of this definition then applies to such maturity, be treated as if it were to be amortized over a term of not more than 30 years and with substantially level annual debt service funding payments commencing not later than the year following the year in which such Balloon Indebtedness was issued, and extending not later than 30 years from the date such Balloon Indebtedness was originally issued; the interest rate used for such computation shall be that rate quoted in The Bond Buyer 25 Revenue Bond Index, or such successor or replacement index, for the last week of the month preceding the date of calculation as published by *The Bond Buyer*, or if that index is no longer published, another similar index selected by the Authority, or if the Authority fails to select a replacement index, that rate determined by a Consultant to be a reasonable market rate for fixed-rate Bonds of a corresponding term issued under this Indenture on the date of such calculation, with no credit enhancement and taking into consideration whether such Bonds bear interest which is or is not excluded from gross income for federal income tax purposes; with respect to any Series of Bonds, Unissued Program Bonds or Program Bonds only a portion of which constitutes Balloon Indebtedness, the remaining portion shall be treated as described in (a) above or such other provision of this definition as shall be applicable and, with respect to any Series, Unissued Program Bonds or Program Bonds or that portion of a Series thereof which constitutes Balloon Indebtedness, all funding requirements of principal and interest becoming due prior to the year of the stated maturity of the Balloon Indebtedness shall be treated as described in (a) above or such other provision of this definition as shall be applicable;

(c) any maturity of Bonds which constitutes Balloon Indebtedness as described in provision (b) of this definition and for which the stated maturity date occurs within 12 months from the date such calculation of Aggregate Annual Debt Service is made, shall be assumed to become due and payable on the stated maturity date and provision (b) above shall not apply thereto unless there is delivered to the entity making the calculation of Aggregate Annual Debt Service a certificate of an Authorized Authority Representative stating that the Authority intends to refinance such maturity and stating the probable terms of such refinancing and that the debt capacity of the Authority is sufficient to successfully complete such refinancing; upon the receipt of such certificate, such Balloon Indebtedness shall be assumed to be refinanced in accordance with the probable terms set out in such certificate and such terms shall be used for purposes of calculating Aggregate Annual Debt Service, provided that such assumption shall not result in an interest rate lower than that which would be assumed under provision (b) above and shall be amortized over a term of not more than 30 years from the date of refinancing;

(d) if any Outstanding Bonds (including Program Bonds) or any Bonds which are then proposed to be issued constitute Tender Indebtedness (but excluding Program Bonds or Bonds as to which a Qualified Swap is in effect and to which subsection (g) or (h) applies), then, for purposes of determining Aggregate Annual Debt Service, Tender Indebtedness shall be treated as if the principal amount of such Bonds were to be amortized over a term of not more than 30 years commencing in the year in which such

Series is first subject to tender and with substantially level Annual Debt Service payments and extending not later than 30 years from the date such Tender Indebtedness was originally issued; the interest rate used for such computation shall be that rate quoted in The Bond Buyer 25 Revenue Bond Index, or such successor or replacement index, for the last week of the month preceding the date of calculation as published by *The Bond Buyer*, or if that index is no longer published, another similar index selected by the Authority, or if the Authority fails to select a replacement index, that rate determined by a Consultant to be a reasonable market rate for fixed-rate Bonds of a corresponding term issued under this Indenture on the date of such calculation, with no credit enhancement and taking into consideration whether such Bonds bear interest which is or is not excluded from gross income for federal income tax purposes; and with respect to all funding requirements of principal and interest payments becoming due prior to the year in which such Tender Indebtedness is first subject to tender, such payments shall be treated as described in (a) above unless the interest during that period is subject to fluctuation, in which case the interest becoming due prior to such first tender date shall be determined as provided in (e) or (f) below, as appropriate;

(e) if any Outstanding Bonds constitute Variable Rate Indebtedness, including obligations described in subsection (h)(ii) to the extent it applies (except to the extent subsection (b) or (c) relating to Balloon Indebtedness or (d) relating to Tender Indebtedness or subsection (h)(i) relating to Synthetic Fixed Rate Debt applies), the interest rate on such Bonds shall be that rate quoted in The Bond Buyer 25 Revenue Bond Index, or such successor or replacement index, for the last week of the month preceding the date of calculation as published by *The Bond Buyer*, or if that index is no longer published, another similar index selected by the Authority, or if the Authority fails to select a replacement index, that rate determined by a Consultant to be a reasonable market rate for variable rate Bonds of a corresponding term issued under this Indenture on the date of such calculation, with no credit enhancement and taking into consideration whether such Bonds bear interest which is or is not excluded from gross income for federal income tax purposes;

(f) with respect to any Program Bonds or Unissued Program Bonds (other than a Commercial Paper Program) (i) debt service on Program Bonds then Outstanding shall be determined in accordance with such of the foregoing provisions of this definition as shall be applicable, and (ii) with respect to Unissued Program Bonds, it shall be assumed that the full principal amount of such Unissued Program Bonds will be amortized over a term certified by an Authorized Authority Representative at the time the initial Program Bonds of such Program are issued to be the expected duration of such Program or, if such expectations have changed, over a term certified by an Authorized Authority Representative to be the expected duration of such Program at the time of such calculation, but not to exceed 30 years from the date the initial Program Bonds of such Program are issued and it shall be assumed that debt service shall be paid in substantially level Annual Debt Service payments over such assumed term; the interest rate used for such computation shall be that rate quoted in The Bond Buyer 25 Revenue Bond Index, or such successor or replacement index, for the last week of the month preceding the date of calculation as published by *The Bond Buyer*, or if that index is no longer published, another similar index selected by the Authority, or if the Authority fails to select a

replacement index, that rate determined by a Consultant to be a reasonable market rate for fixed-rate Bonds of a corresponding term issued under this Indenture on the date of such calculation, with no credit enhancement and taking into consideration whether such Bonds bear interest which is or is not excluded from gross income for federal income tax purposes;

(g) debt service on Repayment Obligations, to the extent such obligations constitute Bonds under Section 2.13, shall be calculated as provided in Section 2.13;

(h) (i) for purposes of computing the Aggregate Annual Debt Service of Bonds which constitute Synthetic Fixed Rate Debt, the interest payable thereon shall, if the Authority elects, be that rate as provided for by the terms of the Swap or the net interest rate payable pursuant to offsetting indices, as applicable; or, if the Authority fails to elect such rate, then it shall be deemed to be the fixed interest rate quoted in The Bond Buyer 25 Revenue Bond Index, or such successor or replacement index, for the last week of the month preceding the date of calculation as published by *The Bond Buyer*, or if that index is no longer published, another similar index selected by the Authority;

(ii) for purposes of computing the Aggregate Annual Debt Service of Bonds with respect to which a Swap has been entered into whereby the Authority has agreed to pay the floating variable rate thereunder, no fixed interest rate amounts payable on the Bonds to which such Swap pertains shall be included in the calculation of Aggregate Annual Debt Service, and the interest rate with respect to such Bonds shall, if the Authority elects, be the sum of that rate as determined in accordance with subsection (e) relating to Variable Rate Indebtedness plus the difference between the interest rate on the Designated Debt and the rate received from the Swap Provider;

(i) with respect to any Commercial Paper Program which has been Implemented and not then terminated or with respect to any Commercial Paper Program then proposed to be Implemented, the principal and interest thereon shall be calculated as if the entire Authorized Amount of such Commercial Paper Program were to be amortized over a term of 35 years commencing in the year in which such Commercial Paper Program is Implemented and with substantially level Annual Debt Service payments; the interest rate used for such computation shall be that rate quoted in The Bond Buyer 25 Revenue Bond Index, or such successor or replacement index, for the last week of the month preceding the date of calculation as published by *The Bond Buyer*, or if that index is no longer published, another similar index selected by the Authority, or if the Authority fails to select a replacement index, that rate determined by a Consultant to be a reasonable market rate for fixed rate Bonds of a corresponding term issued under this Indenture on the date of such calculation, with no credit enhancement and taking into consideration whether such Bonds bear interest which is or is not excluded from gross income for federal income tax purposes;

(j) if moneys or Permitted Investments have been irrevocably deposited with and are held by the Trustee or another fiduciary or Capitalized Interest has been set aside

exclusively to be used to pay principal and/or interest on specified Bonds, then the principal and/or interest to be paid from such moneys, Permitted Investments, or Capitalized Interest or from the earnings thereon shall be disregarded and not included in calculating Annual Debt Service; and

(k) if Passenger Facility Charges, state and/or federal grants or other moneys have been irrevocably committed or are held by the Trustee or another fiduciary and are to be set aside exclusively to be used to pay principal and/or interest on specified Bonds, then the principal and/or interest to be paid from such Passenger Facility Charges, state and/or federal grants or other moneys or from earnings thereon shall be disregarded (unless such Passenger Facility Charges, state and/or federal grants or other moneys are included in the definition of Revenues) and not included in calculating Aggregate Annual Debt Service.

"Aggregate Annual Debt Service For Reserve Requirement" shall mean the computation of Aggregate Annual Debt Service for a Debt Service Reserve Fund with respect to all Outstanding Bonds participating in an identified Debt Service Reserve Fund in the then current or any future Fiscal Year, with such modifications in the assumptions thereof as is described in this definition. For purposes of determining the Aggregate Annual Debt Service For Reserve Requirement for the respective Debt Service Reserve Fund, if any, for a Series of Bonds, the annual debt service with respect to any Variable Rate Indebtedness shall, upon the issuance of such Series participating in a Debt Service Reserve Fund, be calculated on the basis of the assumptions set forth in subsection (e) of the definition of Aggregate Annual Debt Service, and the amount so determined shall not require adjustment thereafter except as appropriate to reflect reductions in the outstanding principal amount of such Series. For purposes of the Aggregate Annual Debt Service For Reserve Requirement, the annual debt service requirements assumed at the time of issuance of a Series of Bonds containing Balloon Indebtedness or Tender Indebtedness shall not, with respect to such Series, require subsequent increases.

"Airport Facilities" or *"Airport Facility"* shall mean a facility or group of facilities or category of facilities which constitute or are part of the Airport System.

"Airport System" shall mean all airports, airport sites, and all equipment, accommodations and facilities for aerial navigation, flight, instruction and commerce under the jurisdiction and control of the Authority, including San Diego International Airport (Lindbergh Field), and any successor entities thereto, including all facilities and property related thereto, real or personal, under the jurisdiction or control of the Authority or in which the Authority has other rights or from which the Authority derives revenues at such location; and including or excluding, as the case may be, such property as the Authority may either acquire or which shall be placed under its control, or divest or have removed from its control.

"Annual Debt Service" shall mean, with respect to any Bond, the aggregate amount of principal and interest becoming due and payable during the Fiscal Year, and if a Qualified Swap is in effect for any Bond, plus the amount payable by the Authority (or the Trustee) under the Qualified Swap in accordance with the terms thereof, less any amount to be received by the Authority from the Qualified Swap Provider pursuant to the Qualified Swap, calculated using the principles and assumptions set forth in the definition of Aggregate Annual Debt Service.

"Authority" shall mean the San Diego County Regional Airport Authority, created under the provisions of the Act, and any successor to its function. Any action required or authorized to be taken by the Authority in this Indenture may be taken by the Authorized Authority Representative with such formal approvals by the Authority as are required by the policies and practices of the Authority and applicable laws; provided, however, that any action taken by the Authorized Authority Representative in accordance with the provisions of this Indenture shall conclusively be deemed by the Trustee and the Owners to be the act of the Authority without further evidence of the authorization thereof by the Authority.

"Authorized Amount" shall mean, when used with respect to Bonds, including Bonds issued pursuant to a Program, the maximum Principal Amount of Bonds which is then authorized by a resolution adopted by the Board or a Supplemental Indenture entered into by the Authority pursuant to Section 2.09 hereof to be Outstanding at any one time under the terms of such Program or Supplemental Indenture. If the maximum Principal Amount of Bonds or Program Bonds authorized by a preliminary resolution or form of Supplemental Indenture approved by the Authority pursuant to Section 2.09 of this Indenture exceeds the maximum Principal Amount of Bonds set forth in the final definitive Supplemental Indenture executed and delivered by the Authority pursuant to which such Bonds are issued or such Program is established, the Principal Amount of such Bonds or Program Bonds as is set forth in said final definitive Supplemental Indenture as executed and delivered by the Authority shall be deemed to be the "Authorized Amount."

"Authorized Authority Representative" shall mean the Executive Director of the Authority, or such other officer or employee of the Authority or other person which other officer, employee or person has been designated by the Executive Director as an Authorized Authority Representative by written notice delivered by the Executive Director to the Trustee.

"Balloon Indebtedness" shall mean, with respect to any Series of Bonds 50% or more of the principal of which matures on the same date or within a Fiscal Year, that portion of such Series which matures on such date or within such Fiscal Year; provided, however, that to constitute Balloon Indebtedness the amount of Bonds of a Series maturing on a single date or within a Fiscal Year must equal or exceed 150% of the amount of such Series which matures during any Fiscal Year. For purposes of this definition, the principal amount maturing on any date shall be reduced by the amount of such Bonds, scheduled to be amortized by prepayment or redemption prior to their stated maturity date. A Commercial Paper Program and the Commercial Paper constituting part of such Program shall not be Balloon Indebtedness.

"Board" shall mean the board of directors of the Authority established pursuant to the provisions of the Act.

"Bond" or *"Bonds"* shall mean any debt obligation of the Authority issued as a taxable or tax-exempt obligation under and in accordance with the provisions of Article II of this Indenture, including, but not limited to, bonds, notes, bond anticipation notes, commercial paper notes and other instruments creating an indebtedness of the Authority, and obligations incurred through lease or installment purchase agreements or other agreements or certificates of participation therein and Repayment Obligations to the extent provided in Section 2.13 of this Indenture. The term "Bond" or "Bonds" herein does not include any Subordinate Obligation; provided,

however, that the Authority may provide in a Supplemental Indenture to this Indenture that Subordinate Obligations may be thenceforth issued pursuant to this Indenture having the terms applicable to the Bonds, except that such Subordinate Obligations shall be junior and subordinate in payment to the Bonds from Net Revenues. The term "Bond" and "Bonds" includes Program Bonds.

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

"Bondholder," "holder," "Owner," "owner" or "registered owner" shall mean the person in whose name any Bond or Bonds are registered on the books maintained by the Registrar and shall include any Credit Provider or Liquidity Provider to which a Repayment Obligation is then owed, to the extent that such Repayment Obligation is deemed to be a Bond under the provisions of Section 2.13 of this Indenture.

"Business Day" shall mean a day on which banks located in New York, New York, in San Diego, California, and in the city in which the principal corporate trust office of the Trustee is located are open, provided that such term may have a different meaning for any specified Series of Bonds if so provided by Supplemental Indenture.

"Capital Appreciation Bonds" shall mean Bonds all or a portion of the interest on which is compounded and accumulated at the rates and on the dates set forth in a Supplemental Indenture and is payable only upon redemption or on the maturity date of such Bonds. Bonds which are issued as Capital Appreciation Bonds, but later convert to Bonds on which interest is paid periodically shall be Capital Appreciation Bonds until the conversion date and from and after such conversion date shall no longer be Capital Appreciation Bonds, but shall be treated as having a principal amount equal to their Accreted Value on the conversion date.

"Capitalized Interest" shall mean the amount of interest on Bonds, if any, funded from the proceeds of the Bonds or other monies that are deposited with the Trustee in the Debt Service Fund as shall be described in a Supplemental Indenture upon issuance of Bonds to be used to pay interest on the Bonds.

"Chair" shall mean the chair of the Board or such other title as the Board or the Act may from time to time assign for such position.

"Clerk" shall mean the clerk of the Authority or such other title as the Authority may from time to time assign for such position.

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

"Commercial Paper" shall mean notes of the Authority with a maturity of not more than 270 days from the date of issuance and which are issued and reissued from time to time pursuant to a Program adopted by the Authority.

“Commercial Paper Program” shall mean a Program authorized by the Authority pursuant to which Commercial Paper shall be issued and reissued from time to time, up to the Authorized Amount of such Program.

“Construction Fund” shall mean any of the Construction Funds authorized to be created as provided by Section 4.09 hereof.

“Consultant” shall mean any Independent consultant, consulting firm, engineer, architect, engineering firm, architectural firm, accountant or accounting firm, financial advisory or investment banking firm, or other expert recognized to be well-qualified for work of the character required and retained by the Authority to perform acts and carry out the duties provided for such consultant in this Indenture.

“Costs” or *“Costs of a Project”* shall mean all costs of planning, developing, financing, constructing, installing, equipping, furnishing, improving, acquiring, enlarging and/or renovating a Project and placing the same in service and shall include, but not be limited to the following: (a) costs of real or personal property, rights, franchises, easements and other interests in property, real or personal, and the cost of demolishing or removing structures and site preparation, infrastructure development, and landscaping and acquisition of land to which structures may be removed; (b) the costs of materials and supplies, machinery, equipment, vehicles, rolling stock, furnishings, improvements and enhancements; (c) labor and related costs and the costs of services provided, including costs of consultants, advisors, architects, engineers, accountants, planners, attorneys, financial and feasibility consultants, in each case, whether an employee of the Authority or a Consultant; (d) costs of the Authority properly allocated to a Project and with respect to costs of its employees or other labor costs, including the cost of medical, pension, retirement and other benefits as well as salary and wages and the allocable costs of administrative, supervisory and managerial personnel and the properly allocable cost of benefits provided for such personnel; (e) financing expenses, including costs related to issuance of and securing of Bonds, costs of Credit Facilities, Liquidity Facilities, Capitalized Interest, a Debt Service Reserve Fund, if any, Trustee’s fees and expenses; (f) any Swap Termination Payments due in connection with a Series of Bonds or the failure to issue such Series of Bonds, and (g) such other costs and expenses that can be capitalized under generally accepted accounting principles in effect at the time the cost is incurred by the Authority.

“Credit Facility” shall mean a policy of municipal bond insurance, a letter of credit, surety bond, line of credit, guarantee, standby purchase agreement, Debt Service Reserve Fund Surety Policy or other financial instrument which obligates a third party to make payment of or provide funds to the Trustee for the payment of the principal or Accreted Value of and/or interest on Bonds whether such obligation is to pay in the first instance and seek reimbursement or to pay only if the Authority fails to do so.

“Credit Provider” shall mean the party obligated to make payment of principal of and interest on the Bonds under a Credit Facility.

“Debt Service Fund” or *“Debt Service Funds”* shall mean a Debt Service Fund or any of the Debt Service Funds required to be created as provided by Section 4.04 hereof.

"Debt Service Reserve Fund" shall mean any Debt Service Reserve Fund created by the Authority or the Trustee pursuant to a Supplemental Indenture in connection with the issuance of any Series of Bonds and that is required to be funded for the purpose of providing additional security for such Series of Bonds and under certain circumstances to provide additional security for such other designated Series of Bonds issued pursuant to the terms of this Indenture and as specified in any Supplemental Indenture.

"Debt Service Reserve Fund Surety Policy" shall mean an insurance policy or surety bond, or a letter of credit, deposited with the Trustee for the credit of the Debt Service Reserve Fund created for one or more series of Outstanding Bonds in lieu of or partial substitution for cash or securities on deposit therein. The entity providing such Debt Service Reserve Fund Surety Policy shall be rated in one of the two highest long-term Rating Categories by one or more of the Rating Agencies.

"Designated Debt" shall mean a specific indebtedness, designated by the Authority, in which such debt shall be offset with a Swap, such specific indebtedness to include all or any part of a Series of Bonds.

"Estimated Completion Date" shall mean the estimated date upon which a specified Project will have been substantially completed in accordance with the plans and specifications applicable thereto or the estimated date upon which a specified Project is expected to have been acquired and payment therefor made, in each case, as that date shall be set forth in a certificate of an Authorized Authority Representative delivered to the Trustee at or prior to the time of issuance of the Bonds which are issued to finance such specified Project.

"Event of Default" shall mean any occurrence or event specified in Section 8.01 hereof.

"Executive Director" shall mean the person at a given time who is the executive director of the Authority, as provided for in the Act, or such other title as the Authority may from time to time assign for such position, including, but not limited to President/CEO, and the officer or officers succeeding to such position as certified to the Trustee by the Authority.

"Facilities Construction Credit" and *"Facilities Construction Credits"* shall mean the amounts further described herein resulting from an arrangement embodied in a written agreement of the Authority and another person or entity pursuant to which the Authority permits such person or entity to make a payment or payments to the Authority which is reduced by the amount owed by the Authority to such person or entity under such agreement, resulting in a net payment to the Authority by such person or entity. The *"Facilities Construction Credit"* shall be deemed to be the amount owed by the Authority under such agreement which is "netted" against the payment of such person or entity to the Authority. Facilities Construction Credits are some times referred to as "rental credits."

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

"Fitch" shall mean Fitch Ratings, a corporation organized and existing under the laws of the State of Delaware, its successors and its assigns, and, if such corporation shall for any reason

no longer perform the functions of a securities rating agency, "Fitch" shall be deemed to refer to any nationally recognized rating agency designated by the Authority.

"*Fund*" shall mean any fund established pursuant to this Indenture or any Supplemental Indenture.

"*General Counsel*" shall mean the in-house general counsel to the Authority who is responsible for representing the Authority on legal matters.

"*Government Obligations*" shall mean (a) United States Obligations (including obligations issued or held in book-entry form), (b) prerefunded municipal obligations meeting the following conditions: (i) the municipal obligations are not subject to redemption prior to maturity, or the trustee has been given irrevocable instructions concerning their calling and redemption and the issuer has covenanted not to redeem such obligations other than as set forth in such instructions; (ii) the municipal obligations are secured by cash and/or United States Obligations, which United States Obligations may be applied only to interest, principal and premium payments of such municipal obligations; (iii) the principal of and interest on the United States Obligations (plus any cash in the escrow fund) are sufficient to meet the liabilities of the municipal obligations; (iv) the United States Obligations serving as security for the municipal obligations are held by an escrow agent or trustee; (v) the United States Obligations are not available to satisfy any other claims, including those against the trustee or escrow agent; and (vi) the municipal obligations are rated in their highest rating category by one or more of the Rating Agencies, but only if such Rating Agencies have been requested by the Authority to maintain a rating on the Bonds and such Rating Agencies are then maintaining a rating on any of the Bonds; and (c) any other type of security or obligation which the Rating Agencies then maintaining ratings on the Bonds to be defeased have determined to be permitted defeasance securities.

"*Implemented*" shall mean, when used with respect to a Program, a Program which has been authorized and the terms thereof approved by a resolution adopted by the Board and, with respect to which Program, the items described in Section 2.09(a) through (g) have been filed with the Trustee.

"*Indenture*" shall mean this Master Trust Indenture dated as of November 1, 2005 by and between the Authority and the Trustee, together with all Supplemental Indentures.

"*Independent*" shall mean, when used with respect to any specified firm or individual, such a firm or individual who (a) does not have any direct financial interest or any material indirect financial interest in the operations of the Authority, other than the payment to be received under a contract for services to be performed, and (b) is not connected with the Authority as an official, officer or employee.

"*Initial Bonds*" shall mean those Bonds issued pursuant to Section 2.12 of this Indenture.

"*Investment Agreement*" shall mean an investment agreement or guaranteed investment contract (a) with or guaranteed by a national or state chartered bank or savings and loan, an insurance company or other financial institution whose unsecured debt is rated in the highest short-term rating category (if the term of the Investment Agreement is less than three years) or in either of the two highest long-term Rating Categories (if the term of the Investment Agreement is

three years or longer) by one or more of the Rating Agencies, or (b) which investment agreement or guaranteed investment contract is fully secured by obligations described in items (a) or (b) of the definition of Permitted Investments which are (i) valued not less frequently than monthly and have a fair market value, exclusive of accrued interest, at all times at least equal to 103% of the principal amount of the investment, together with the interest accrued and unpaid thereon, (ii) held by the Trustee (who shall not be the provider of the collateral) or by any Federal Reserve Bank or a depository acceptable to the Trustee, (iii) subject to a perfected first lien on behalf of the Trustee, and (iv) free and clear from all third-party liens.

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

"Liquidity Provider" shall mean the entity, including a Credit Provider, which is obligated to provide funds to purchase Bonds under the terms of a Liquidity Facility.

"Mail" shall mean by first-class United States mail, postage prepaid.

"Maximum Aggregate Annual Debt Service" shall mean the maximum amount of Aggregate Annual Debt Service with respect to all Bonds, Unissued Program Bonds, and the Authorized Amount of all Bonds then proposed to be issued in the then current or any future Fiscal Year.

"Maximum Aggregate Annual Debt Service For Reserve Requirement" shall mean the computation of Maximum Aggregate Annual Debt Service for a Debt Service Reserve Fund with respect to all Outstanding Bonds participating in an identified Debt Service Reserve Fund in the then current or any future Fiscal Year, with such modifications in the assumptions thereof as is described in this definition. For purposes of determining the Maximum Aggregate Annual Debt Service For Reserve Requirement for the respective Debt Service Reserve Fund, if any, for a Series of Bonds the annual debt service with respect to any Variable Rate Indebtedness shall, upon the issuance of such Series participating in an identified Debt Service Reserve Fund, be calculated on the basis of the assumptions set forth in subsection (e) of the definition of Aggregate Annual Debt Service, and the amount so determined shall not require adjustment thereafter except as appropriate to reflect reductions in the outstanding principal amount of such Series. For purposes of the Maximum Aggregate Annual Debt Service For Reserve Requirement, the annual debt service requirements assumed at the time of issuance of a Series of Bonds containing Balloon Indebtedness or Tender Indebtedness shall not, with respect to such Series, require subsequent increases.

"Moody's" shall mean Moody's Investors Service, a corporation organized and existing under the laws of the State of Delaware, its successors and its assigns, and, if such corporation shall for any reason no longer perform the functions of a securities rating agency, "Moody's" shall be deemed to refer to any other nationally recognized rating agency designated by the Authority.

"Net Revenues" shall mean, for any given period, the Revenues for such period, less the Operation and Maintenance Expenses of the Airport System for such period.

"Net Proceeds" shall mean insurance proceeds received as a result of damage to or destruction of Airport Facilities or any condemnation award or amounts received by the Authority from the sale of Airport Facilities under the threat of condemnation less expenses (including attorneys' fees and expenses and any fees and expenses of the Trustee) incurred in the collection of such proceeds or award.

"1995 Installment Sale Agreement" means the Installment Sale Agreement, dated as of December 1, 1995, between the Authority (as successor to the Port District), as purchaser, and the California Maritime Infrastructure Authority, as seller, as amended and supplemented by the First Supplemental Installment Sale Agreement, dated as of December 31, 2002, between the Authority (as successor to the Port District), as purchaser, and the California Maritime Infrastructure Authority, as seller.

"Notes" shall mean Bonds issued under the provisions of Article II of this Indenture which have a maturity of one year or less from their date of original issuance and which are not part of a Commercial Paper Program.

"Operation and Maintenance Expenses of the Airport System" shall mean, for any given period, the total operation and maintenance expenses of the Airport System as determined in accordance with generally accepted accounting principles as in effect from time to time, excluding depreciation expense and any operation and maintenance expenses of the Airport System payable from moneys other than Revenues.

"Operation and Maintenance Reserve Subaccount" shall mean the "Operation and Maintenance Reserve Subaccount" created by the Authority within the Revenue Account pursuant to Section 4.07 hereof.

"Operation and Maintenance Reserve Subaccount Requirement" shall mean, as of any date of calculation, an amount equal to one-fourth (1/4) of the current annual budget of the Authority for Operation and Maintenance Expenses of the Airport System or such higher amount as may be established by the Authority from time to time.

"Operation and Maintenance Subaccount" shall mean the "Operation and Maintenance Subaccount" created by the Authority within the Revenue Account pursuant to Section 4.03 hereof.

"Original Issue Discount Bonds" shall mean Bonds which are sold at an initial public offering price of less than face value and which are specifically designated as Original Issue Discount Bonds by the Supplemental Indenture under which such Bonds are issued.

"Outstanding" when used with respect to Bonds shall mean all Bonds which have been authenticated and delivered under this Indenture, except:

(a) Bonds cancelled or purchased by the Trustee for cancellation or delivered to or acquired by the Trustee for cancellation and, in all cases, with the intent to extinguish the debt represented thereby;

(b) Bonds deemed to be paid in accordance with Article VII;

(c) Bonds in lieu of which other Bonds have been authenticated under Section 2.05, 2.06 or 2.08;

(d) Bonds that have become due (at maturity or on redemption, acceleration or otherwise) and for the payment of which sufficient moneys, including interest accrued to the due date, are held by the Trustee or a Paying Agent;

(e) Bonds which, under the terms of the Supplemental Indenture pursuant to which they were issued, are deemed to be no longer Outstanding;

(f) Repayment Obligations deemed to be Bonds under Section 2.13 hereof to the extent such Repayment Obligation arose under the terms of a Liquidity Facility and are secured by a pledge of Outstanding Bonds acquired by the Liquidity Provider; and

(g) for purposes of any consent or other action to be taken by the holders of a specified percentage of Bonds under this Indenture, Bonds held by or for the account of the Authority or by any person controlling, controlled by or under common control with the Authority, unless such Bonds are pledged to secure a debt to an unrelated party.

"Passenger Facility Charges" shall mean charges collected by the Authority pursuant to the authority granted by the Aviation Safety and Capacity Expansion Act of 1990 and 14 CFR Part 158, as amended from time to time, in respect of any component of the Airport System and interest earnings thereon, net of amounts that collecting air carriers are entitled to retain for collecting, handling and remitting such passenger facility charge revenues.

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

"Payment Date" shall mean, with respect to any Bonds, each date on which interest is due and payable thereon and each date on which principal is due and payable thereon whether by maturity or redemption thereof.

"Permitted Investments" shall mean any of the following, but only to the extent permitted by the laws of the State and the Authority's investment policy:

(a) United States Obligations;

(b) Obligations, debentures, notes or other evidences of indebtedness issued or guaranteed by any of the following instrumentalities or agencies of the United States of America: Federal Home Loan Bank System; Export-Import Bank of the United States; Federal Financing Bank; Government National Mortgage Association; Federal National Mortgage Association; Student Loan Marketing Association; Federal Farm Credit Bureau; Farmers Home Administration; Federal Home Loan Mortgage Corporation; and Federal Housing Administration;

(c) Direct and general long-term obligations of any state, which obligations are rated in one of the two highest Rating Categories by one or more of the Rating Agencies;

(d) Direct and general short-term obligations of any state which obligations are rated in the highest Rating Category by one or more of the Rating Agencies;

(e) Interest-bearing demand or time deposits (including certificates of deposit) or interests in money market portfolios issued by state banks or trust companies or national banking associations that are members of the Federal Deposit Insurance Corporation ("FDIC") or by savings and loan associations that are members of the FDIC, which deposits or interests must either be (i) continuously and fully insured by FDIC and with banks that are rated at least in the highest short-term Rating Category by one or more of the Rating Agencies or is rated in one of the two highest long-term Rating Categories by one or more of the Rating Agencies; or (ii) fully secured by obligations described in item (a) or (b) of this definition of Permitted Investments (A) which are valued not less frequently than monthly and have a fair market value, exclusive of accrued interest, at all times at least equal to the principal amount of the investment, (B) held by the Trustee (who shall not be the provider of the collateral) or by any Federal Reserve Bank or a depository acceptable to the Trustee, (C) subject to a perfected first lien in favor of the Trustee, and (D) free and clear from all third-party liens;

(f) Long-term or medium-term corporate debt guaranteed by any corporation that is rated in one of the two highest Rating Categories by one or more of the Rating Agencies;

(g) Repurchase agreements which are (A) entered into with banks or trust companies organized under state law, national banking associations, insurance companies or government bond dealers reporting to, trading with, and recognized as a primary dealer by, the Federal Reserve Bank of New York and which either are members of the Security Investors Protection Corporation or with a dealer or parent holding company that has an investment grade rating from one or more of the Rating Agencies and (B) fully secured by obligations specified in items (a) or (b) of this definition of Permitted Investments (1) which are valued not less frequently than monthly and have a fair market value, exclusive of accrued interest, at least equal to the amount invested in the repurchase agreements, (2) held by the Trustee (who shall not be the provider of the collateral) or by any Federal Reserve Bank or a depository acceptable to the Trustee, (3) subject to a perfected first lien in favor of the Trustee and (4) free and clear from all third-party liens;

(h) Prime commercial paper of a United States corporation, finance company or banking institution rated in the highest short-term Rating Category of one or more of the Rating Agencies;

(i) Shares of a diversified open-end management investment company (as defined in the Investment Company Act of 1940, as amended) or shares in a regulated investment company (as defined in Section 851(a) of the Code) that is (A) a money market fund that has been rated in one of the two highest Rating Categories by one or

more of the Rating Agencies or (B) a money market fund or account of the Trustee or its affiliates or any state or federal bank that is rated at least in the highest short-term Rating Category by one or more of the Rating Agencies or is rated in one of the two highest long-term Rating Categories by one or more of the Rating Agencies, or whose own bank holding company parent is rated at least in the highest short-term Rating Category by one or more of the Rating Agencies or is rated in one of the two highest long-term Rating Categories by one or more of the Rating Agencies, or that has a combined capital and surplus of not less than \$50,000,000 (all investments included in this clause (i) may include funds which the Trustee or its affiliates provide investment advisory or other management services);

(j) Interest bearing notes issued by a banking institution having a combined capital and surplus of at least \$500,000,000 and whose senior debt is in the highest Rating Category by one or more of the Rating Agencies;

(k) Public housing bonds issued by public agencies which are either unconditionally guaranteed as to principal and interest by the United States of America, or rated in the highest Rating Category by one or more of the Rating Agencies;

(l) Obligations issued or guaranteed by Private Export Funding Corporation, Resolution Funding Corporation and any other instrumentality or agency of the United States of America;

(m) Investment Agreements;

(n) Any other type of investment consistent with Authority policy in which the Authority directs the Trustee to invest provided that there is delivered to the Trustee a certificate of an Authorized Authority Representative stating that each of the Rating Agencies then maintaining a rating on the Bonds has been informed of the proposal to invest in such investment and each of such Rating Agencies has confirmed that such investment will not adversely affect the rating then assigned by such rating agency to any of the Bonds;

(o) Any state administered pool investment fund in which the Authority is statutorily permitted or required to invest (including but not limited to the State of California Local Agency Fund ("LAIF") established pursuant to Section 16429.1 et seq. of the Government Code of the State);

(p) The San Diego County Investment Pool ("SDCIP"). The Authority may invest in SDCIP up to the LAIF statutory limit; and

(q) any other investment which is a permitted investment of the Authority in accordance with the laws of the State.

"Port District" shall mean the San Diego Unified Port District, a port district duly organized and existing pursuant to Appendix 1 of the California Harbors and Navigation Code, as amended from time to time.

"Principal Amount" or *"principal amount"* shall mean, as of any date of calculation, (a) with respect to any Capital Appreciation Bond, the Accreted Value thereof (the difference between the stated amount to be paid at maturity and the Accreted Value being deemed unearned interest), (b) with respect to any Original Issue Discount Bond, the Accreted Value thereof, unless the Supplemental Indenture under which such Bond was issued shall specify a different amount, in which case, the terms of the Supplemental Indenture shall control, and (c) with respect to any other Bonds, the principal amount of such Bond payable at maturity.

"Program" shall mean a financing program identified in a Supplemental Indenture, including but not limited to a Commercial Paper Program, (a) which is authorized and the terms thereof approved by a resolution adopted by the Board and the items described in Section 2.09(a) through (g) have been filed with the Trustee, (b) wherein the Authority has authorized the issuance, from time to time, of notes, commercial paper or other indebtedness in an Authorized Amount, and (c) the Authorized Amount of which has met the additional bonds test set forth in Section 2.11 of this Indenture and the Outstanding amount of which may vary from time to time, but not exceed the Authorized Amount.

"Program Bonds" shall mean Bonds issued and Outstanding pursuant to a Program, other than Unissued Program Bonds.

"Project" shall mean any and all facilities, improvements and other expenditures related to the Airport System financed in whole or in part with proceeds of a Series of Bonds.

"Qualified Self-Insurance" is defined in Section 5.10 hereof.

"Qualified Swap" shall mean any Swap (a) whose Designated Debt is all or part of a particular Series of Bonds; (b) whose Swap Provider is a Qualified Swap Provider or has been a Qualified Swap Provider within the 60 day period preceding the date on which the calculation of Annual Debt Service or Aggregate Annual Debt Service is being made; (c) which has a term not greater than the term of the Designated Debt or to a specified mandatory tender or redemption of such Designated Debt; and (d) which has been designated in writing to the Trustee by the Authority as a Qualified Swap with respect to such Bonds.

"Qualified Swap Provider" shall mean a financial institution whose senior long-term debt obligations, or whose obligations under any Qualified Swap are (a) guaranteed by a financial institution, or subsidiary of a financial institution, whose senior long-term debt obligations, are rated at least "A1," in the case of Moody's and "A+," in the case of S&P, or the equivalent thereto in the case of any successor thereto, or (b) fully secured by obligations described in items (a) or (b) of the definition of Permitted Investments which are (i) valued not less frequently than monthly and have a fair market value, exclusive of accrued interest, at all times at least equal to 105% of the principal amount of the investment, together with the interest accrued and unpaid thereon, (ii) held by the Trustee (who shall not be the provider of the collateral) or by any Federal Reserve Bank or a depository acceptable to the Trustee, (iii) subject to a perfected first lien on behalf of the Trustee, and (iv) free and clear from all third-party liens.

"Rating Agency" and *"Rating Agencies"* shall mean Fitch, Moody's or S&P, or any other nationally recognized rating agency of municipal obligations, but only if such Rating Agencies

have been requested by the Authority to maintain a rating on the Bonds and such Rating Agencies are then maintaining a rating on any of the Bonds.

"Rating Category" and *"Rating Categories"* shall mean (a) with respect to any long-term rating category, all ratings designated by a particular letter or combination of letters, without regard to any numerical modifier, plus or minus sign or other modifier, and (b) with respect to any short-term or commercial paper rating category, all ratings designated by a particular letter or combination of letters and taking into account any numerical modifier, but not any plus or minus sign or other modifier.

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

"Record Date" shall mean, with respect to any Series of Bonds, the record date as specified in the Supplemental Indenture which provides for the issuance of such Series.

"Refunding Bonds" shall mean any Bonds issued pursuant to Section 2.10 hereof to refund or defease all or a portion of any series of Outstanding Bonds.

"Registrar" shall mean, with respect to the Bonds or any Series of Bonds, the bank, trust company or other entity designated in a Supplemental Indenture or a resolution of the Authority to perform the function of Registrar under this Indenture or any Supplemental Indenture, and which bank, trust company or other entity has accepted the position in accordance with Section 9.12.

"Regularly Scheduled Swap Payments" shall mean the regularly scheduled payments under the terms of a Swap which are due absent any termination, default or dispute in connection with such Swap.

"Released Revenues" shall mean Revenues in respect of which the following have been filed with the Trustee:

(a) a resolution of the Board describing a specific identifiable portion of Revenues and approving that such Revenues be excluded from the term Revenues;

(b) either (i) a certificate prepared by an Authorized Authority Representative showing that Net Revenues for each of the two most recent completed Fiscal Years, after the specific identifiable portion of Revenues covered by the Board's resolution described in (a) above are excluded, were at least equal to the larger of (A) the amounts needed for making the required deposits and payments pursuant to Section 4.02(b)(i) through (vii), or (B) an amount not less than 150% of average Aggregate Annual Debt Service for each Fiscal Year during the remaining term of all Bonds that will remain Outstanding after the exclusion of such specific identifiable portion of Revenues; or (ii) a certificate prepared by a Consultant showing that the estimated Net Revenues (excluding the specific identifiable portion of Revenues covered in the resolution adopted by the Board described in (a) above) for each of the first three complete Fiscal Years immediately

following the Fiscal Year in which the resolution described in (a) above is adopted by the Board, will not be less than the larger of (A) the amounts needed for making the required deposits and payments pursuant to Section 4.02(b)(i) through (vii), or (B) an amount not less than 150% of the average Aggregate Annual Debt Service for each Fiscal Year during the remaining term of all Bonds that will remain Outstanding after the exclusion of such specific identifiable portion of Revenues;

(c) an opinion of Bond Counsel to the effect that the exclusion of such specific identifiable portion of revenues from the definition of Revenues and from the pledge and lien of this Indenture will not, in and of itself, cause the interest on any Outstanding Bonds to be included in gross income for purposes of federal income tax; and

(d) written confirmation from each of Fitch, Moody's and S&P (provided such Rating Agencies have been requested by the Authority to maintain a rating on the Bonds and such Rating Agencies are then maintaining a rating on any of the Bonds) to the effect that the exclusion of such specific identifiable portion of Revenues from the pledge and lien of this Indenture will not cause a withdrawal or reduction in any unenhanced rating then assigned to the Bonds.

Upon filing of such documents, the specific identifiable portion of Revenues described in the resolution of the Board shall no longer be included in Revenues and shall be excluded from the pledge and lien of this Indenture, unless otherwise included in Revenues and in the pledge and lien of this Indenture pursuant to a Supplemental Indenture.

"Renewal and Replacement Subaccount" shall mean the "Renewal and Replacement Subaccount" created by the Authority within the Revenue Account pursuant to Section 4.08 hereof.

"Renewal and Replacement Subaccount Requirement" shall mean, as of any date of calculation, such minimum amount as shall be established by the Authority from time to time.

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

"Reserve Requirement" shall mean, except as otherwise set forth in a Supplemental Indenture, an amount equal to the lesser of (a) Maximum Aggregate Annual Debt Service For Reserve Requirement for all Series of Bonds participating in the Debt Service Reserve Fund, (b) 10% of the principal amount of the Series of Bonds that have been issued and are participating in the Debt Service Reserve Fund, less the amount of original issue discount with respect to such Series of Bonds if such original issue discount exceeded 2% on such Series of Bonds at the time of their original sale and (c) 125% of the average Aggregate Annual Debt Service For Reserve Requirement for all Series of Bonds participating in the Debt Service Reserve Fund.

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

"Revenue Account" shall mean the account by that name in the Revenue Fund established pursuant to Section 4.02(a) hereof.

"Revenue Fund" shall mean the "San Diego County Regional Airport Authority Revenue Fund" established by the Authority and held and maintained by the Authority for the purpose of depositing all Revenues and other moneys and funds not included in Revenues.

"Revenues" shall mean, except to the extent specifically excluded herefrom, all income, receipts, earnings and revenues received by the Authority from the operation and ownership of the Airport System, as determined in accordance with generally accepted accounting principles, as modified from time to time, including, but not limited to, (a) rates, tolls, fees, rentals, charges and other payments made to or owed to the Authority for the use or availability of the Airport System, and (b) amounts received or owed from the sale or provision of supplies, materials, goods and services provided by or made available by the Authority, including rental or business interruption insurance proceeds, received by, held by, accrued to or entitled to be received by the Authority or any successor thereto from the possession, management, charge, superintendence and control of the Airport System and its related facilities or activities and undertakings related thereto or from any other facilities wherever located with respect to which the Authority receives payments which are attributable to the Airport System or activities or undertakings related thereto. Additionally, "Revenues" shall also include amounts received from tenants representing the principal portion of payments received pursuant to certain self-liquidating lease agreements, all income, receipts and earnings (except any earnings allowed to be pledged by the terms of a Supplemental Indenture to fund the Construction Fund) from the investment of amounts held in the Revenue Account, any Construction Fund, any Debt Service Fund (except Capitalized Interest on deposit therein), any Debt Service Reserve Fund and such additional revenues, if any, as are designated as "Revenues" under the terms of any Supplemental Indenture. The following, including any investment earnings thereon, are specifically excluded from Revenues: (i) any amounts received by the Authority from the imposition of ad valorem taxes, (ii) gifts, grants and other income (including any investment earnings thereon) otherwise included in this definition of "Revenues" which are restricted by their terms to purposes inconsistent with the payment of debt service on the Bonds, (iii) Net Proceeds and other insurance proceeds, to the extent the use of such Net Proceeds or other proceeds is restricted by the terms of the policy under which they are paid to a use inconsistent with the payment of debt service on the Bonds (except to the extent Net Proceeds are utilized to pay Operation and Maintenance Expenses of the Airport System), and (iv) Special Facilities Revenue (to the extent there is no excess Special Facilities Revenue as described in Section 5.07 hereof). In addition, the following, including any investment earnings thereon, are specifically excluded from "Revenues," unless designated as "Revenues" under the terms of a Supplemental Indenture or pursuant to a certificate of an Authorized Authority Representative: (A) any Swap Termination Payments paid to the Authority pursuant to a Qualified Swap, (B) Facilities Construction Credits, (C) Passenger Facility Charges, (D) Released Revenues, (E) subject to (ii) in the previous sentence, grants and other charges authorized on or after the date of this Indenture by federal and/or State laws or regulations to be assessed to fund specific programs at the Airport System, (F) investment income derived from any moneys or securities which may be placed in escrow or trust to defease Bonds, (G) any

arbitrage earnings which are required to be paid to the U.S. Government pursuant to Section 148 of the Code and (H) Capitalized Interest. Further, interest earnings or other investment earnings on any Construction Fund established by any Supplemental Indenture are specifically excluded from "Revenues," unless otherwise provided for in such Supplemental Indenture.

"*Serial Bonds*" shall mean Bonds for which no sinking installment payments are provided.

"*Series*" shall mean Bonds designated as a separate Series by a Supplemental Indenture and, with respect to Program Bonds or a Commercial Paper Program, shall mean the full Authorized Amount of such program, regardless of when or whether issued, unless portions thereof are, by Supplemental Indenture, designated as separate Series.

"*Significant Portion*" shall mean, for purposes of Section 5.12 and Section 5.13 of this Indenture, any Airport Facilities or portions thereof which, if such facilities had been sold or disposed of by the Authority at the beginning of an annual period which includes the month of commencement of the 12-month period ending on the day of such disposition would have resulted in a reduction in Net Revenues for such annual period of more than 5% when the actual Net Revenues for such annual period are decreased by the Revenues directly attributable to such Airport Facilities and increased by the expenses of the Authority directly attributable to such Airport Facilities. The Authority shall notify each of the Rating Agencies that the Authority has requested ratings from and who are then maintaining a rating on any of the Bonds prior to the selling or disposing of a Significant Portion of any Airport Facilities or portions thereof.

"*S&P*" shall mean Standard & Poor's Ratings Group, a corporation organized and existing under the laws of the State of New York, its successors and their assigns, and if such corporation shall for any reason no longer perform the functions of a securities rating agency, "*S&P*" shall be deemed to refer to any other nationally recognized securities rating agency designated by the Authority.

"*Special Facilities*" or "*Special Facility*" shall mean a facility or group of facilities or category of facilities which are designated as a Special Facility pursuant to the provisions of Section 5.07 of this Indenture.

"*Special Facilities Revenue*" shall mean the contractual payments and all other revenues (other than ground rentals relating to such Special Facility) derived by or available to the Authority from a Special Facility which are pledged to secure Special Facility Obligations.

"*Special Facility Obligations*" shall mean bonds or other debt instruments issued pursuant to an indenture other than this Indenture to finance Special Facilities and which are not secured by nor payable from a lien on and pledge of the Net Revenues but which are secured by revenues derived from Special Facilities.

"*Specified Project*" shall mean a Project or a group of alternative Projects which are described in a certificate of an Authorized Authority Representative, which is delivered to the Consultant preparing the certificate described in Section 2.11 hereof, if applicable, the revenues and expenses of which Project or of the alternative Projects are to be taken into account by such Consultant in preparing the certificate under Section 2.11(b).

"State" shall mean the State of California.

"Subaccount" shall mean any subaccount established pursuant to this Indenture or any Supplemental Indenture.

"Subordinate Commercial Paper Notes" shall mean the Authority's Subordinate Airport Revenue Commercial Paper Notes (Lindbergh Field) issued and outstanding, from time to time, pursuant to the Subordinate Commercial Paper Notes Indenture.

"Subordinate Commercial Paper Notes Indenture" shall mean that certain Subordinate Indenture, dated as of October 1, 1997, between the Authority (as successor to the Port District) and the Subordinate Commercial Paper Notes Trustee, as amended and supplemented by the First Supplemental Subordinate Indenture, dated as of July 1, 2000, between the Authority (as successor to the Port District) and the Subordinate Commercial Paper Notes Trustee, and the Second Supplemental Subordinate Indenture, dated as of December 31, 2002, between the Authority (as successor to the Port District) and the Subordinate Commercial Paper Notes Trustee.

"Subordinate Commercial Paper Notes Reimbursement Obligations" shall mean the amounts owed to BNP Paribas, San Francisco Branch, pursuant to that certain Reimbursement Agreement, dated as of September 1, 2002, between the Authority (as successor to the Port District) and BNP Paribas, San Francisco Branch, which was entered into in connection with the issuance by BNP Paribas, San Francisco Branch, of those certain letters of credit as support for the Subordinate Commercial Paper Notes.

"Subordinate Commercial Paper Notes Trustee" shall mean Deutsche Bank Trust Company Americas (formerly Bankers Trust Company of California, N.A.), as trustee under the Subordinate Commercial Paper Notes Indenture.

"Subordinate Debt Service Subaccount" shall mean the subaccount of such name originally established pursuant to the 1995 Installment Sale Agreement and continued pursuant to Section 4.06 hereof.

"Subordinate Obligation" shall mean any bond, note or other debt instrument issued or otherwise entered into by the Authority which ranks junior and subordinate to the Bonds and which may be paid from moneys constituting Net Revenues only if all amounts of principal and interest which have become due and payable on the Bonds whether by maturity, redemption or acceleration have been paid in full and the Authority is current on all payments, if any, required to be made to replenish all Debt Service Reserve Funds. "Subordinate Obligations" shall include the Subordinate Commercial Paper Notes and the Subordinate Commercial Paper Notes Reimbursement Obligations. "Subordinate Obligations" are not Bonds for purposes of this Indenture; provided, however, that the Authority may henceforth by Supplemental Indenture elect to have the provisions of this Indenture applicable to the Bonds apply to the Subordinate Obligations issued thereunder, except that such Subordinate Obligations shall be secured on a junior and subordinate basis to the Bonds from the Net Revenues. Except for the Subordinate Commercial Paper Notes and the Subordinate Commercial Paper Notes Reimbursement Obligations, no bond, note or other instrument of indebtedness shall be deemed to be a

“Subordinate Obligation” for purposes of this Indenture and payable on a subordinate basis from Net Revenues unless specifically designated by the Authority as a “Subordinate Obligation” in a Supplemental Indenture or other written instrument. In connection with any Subordinate Obligation with respect to which a Swap is in effect or proposes to be in effect, the term “Subordinate Obligation” includes, collectively, both such Subordinate Obligation and either such Swap or the obligations of the Authority under each such Swap, as the context requires. The term “Subordinate Obligations” also includes a Swap or the obligations of the Authority under such Swap which has been entered into in connection with a Subordinate Obligation, as the context requires, although none of the Subordinate Obligations with respect to which such Swap was entered into remain outstanding. In connection with any Bonds with respect to which a Qualified Swap is in effect or proposed to be in effect, the term “Subordinate Obligation” includes any Swap Termination Payment if designated as a Subordinate Obligation in a Supplemental Indenture.

“*Subordinate Obligation Trustee*” shall mean the entity named and serving as the trustee under a Subordinate Obligation Trust Indenture, until a successor replaces it and, thereafter, shall mean such successor. “Subordinate Obligation Trustee” shall include the Subordinate Commercial Paper Notes Trustee.

“*Subordinate Obligation Trust Indenture*” shall mean a separate trust indenture entered into by the Authority with a Subordinate Obligation Trustee which provides for the issuance of Subordinate Obligations. “Subordinate Obligation Trust Indenture” shall include the Subordinate Commercial Paper Notes Indenture.

“*Supplemental Indenture*” shall mean any document supplementing or amending this Indenture or providing for the issuance of Bonds and entered into as provided in Article X of this Indenture.

“*Swap*” shall mean any financial arrangement between the Authority and a Swap Provider which provides that (a) each of the parties shall pay to the other an amount or amounts calculated as if such amount were interest accruing during the term of the arrangement at a specified rate (whether fixed or a variable rate or measured against some other rate) on a Designated Debt, and payable from time to time or at a designated time or times (whether before, during or after the term of the arrangement); (b) if such amount is to be paid before it is deemed to have accrued, the amount paid shall reflect the present value of such future amount (i.e., an upfront premium), while an amount to be paid after it is deemed to have accrued shall reflect the time value of such funds; (c) payment dates and calculated accrual rates need not be the same for each payor, but to the extent payment dates coincide, the arrangement may (but need not) provide that one shall pay to the other any net amount due under such arrangement.

“*Swap Provider*” shall mean a party to a Swap with the Authority.

“*Swap Termination Payment*” shall mean an amount payable by the Authority or a Qualified Swap Provider, in accordance with a Qualified Swap, to compensate the other party to the Qualified Swap for any losses and costs that such other party may incur as a result of an event of default or the early termination of the obligations, in whole or in part, of the parties under such Qualified Swap.

"Synthetic Fixed Rate Debt" means indebtedness issued by the Authority which: (a) is combined, as Designated Debt, with a Qualified Swap and creates, in the opinion of a Consultant, a substantially fixed-rate maturity or maturities for a term not exceeding such maturity or maturities, or (b) consisting of an arrangement in which two inversely related variable-rate securities are issued in equal principal amounts with interest based on off-setting indices resulting in a combined payment which is economically equivalent to a fixed rate.

"Tax Compliance Certificate" shall mean the certificate of the Authority prepared by Bond Counsel and delivered by the Authority at the time of issuance and delivery of any Series of Bonds, the interest on which is excluded from gross income for federal income tax purposes pursuant to a favorable opinion of such Bond Counsel, making certifications and representations of the Authority as to the status of such Bonds under the Code.

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

"Term Bonds" shall mean Bonds of a Series which are payable on or before their specified maturity dates from sinking installment payments established pursuant to the Supplemental Indenture for such Series for that purpose and calculated to retire the Bonds on or before their specified maturity dates.

"Trustee" shall mean the entity named as such in the heading of this Indenture until a successor replaces it and, thereafter, shall mean such successor.

"Unissued Program Bonds" shall mean the bonds, notes or other indebtedness authorized to be issued pursuant to a Program and payable from Net Revenues, issuable in an amount up to the Authorized Amount relating to such Program, which have been approved for issuance by the Authority pursuant to a resolution adopted by the Board and with respect to which Program the items described in Section 2.09(a) through (g) have been filed with the Trustee but which have not yet been authenticated and delivered pursuant to the Program documents.

"United States Bankruptcy Code" shall mean Title 11 U.S.C., Section 101 et seq., as amended or supplemented from time to time, or any successor federal act.

"United States Obligations" shall mean direct and general obligations of the United States of America, or obligations that are unconditionally guaranteed as to principal and interest by the United States of America, including, with respect only to direct and general obligations and not to guaranteed obligations, evidences of ownership of proportionate interests in future interest and/or principal payments of such obligations, provided that investments in such proportionate interests must be limited to circumstances wherein: (a) a bank or trust company acts as custodian and holds the underlying United States Obligations; (b) the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor of the underlying United States Obligations; and (c) the underlying United States Obligations are held in a special account separate from the custodian's general assets and

are not available to satisfy any claim of the custodian, any person claiming through the custodian or any person to whom the custodian may be obligated. "United States Obligations" shall include any stripped interest or principal portion of United States Treasury securities and any stripped interest portion of Resolution Funding Corporation securities.

"Variable Rate Indebtedness" shall mean any Bond or Bonds the interest rate on which is not, at the time in question, fixed to maturity, excluding any Commercial Paper Program.

"Vice President of Finance" shall mean the person at a given time who is the Vice President of Finance and Treasurer of the Authority or such other title (i.e. Chief Financial Officer) as the Authority may from time to time assign for such position and the officer or officers succeeding to such position as certified to the Trustee by the Authority.

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

ARTICLE II

FORM, EXECUTION, DELIVERY AND REGISTRATION OF BONDS

Section 2.01. Issuance of Bonds; Form; Dating. Either taxable or tax-exempt Bonds may be issued by the Authority under the terms of this Indenture for any purpose for which the Authority, at the time of such issuance, may incur debt which may include issuing Bonds and loaning the proceeds to other entities (if it is determined to be legally permissible for the Authority to do so at such time), provided that if the proceeds of the Bonds are loaned to other entities, the loan repayments and interest thereon shall be included as Revenues. Bonds may be issued under this Indenture only if the provisions of Section 2.09 are satisfied. The total principal amount of Bonds of each Series Outstanding may not exceed the amount specified in the Supplemental Indenture providing for the issuance of such Bonds, except as provided in Section 2.05 with respect to replacement of mutilated, lost or stolen or destroyed Bonds. The Bonds may be in certificated or uncertificated form, and Bonds which are issued in certificated form may be freely transferable or may be immobilized and held by a custodian for the beneficial owners, all as shall be set forth or permitted in the Supplemental Indenture providing for the issuance of such Bonds. The Bonds may have notations, legends or endorsements required by law or usage.

Bonds will be numbered and dated as provided in the applicable Supplemental Indenture.

All Bonds shall contain a statement to the following effect:

The Bonds are special obligations of the Authority, payable solely from and secured by a pledge of Net Revenues derived by the Authority from the operations of the Airport System and certain funds and accounts. None of the properties of the Airport System are subject to any mortgage or other lien for the benefit of the owners of the Bonds, and neither the full faith and credit nor the taxing power of the Authority, the City of San Diego, the County of San Diego, the State of California or any political subdivision or agency of the State is pledged to the payment of the principal of, premium, if any, or interest on the Bonds.

Section 2.02. Terms, Medium and Place of Payment. The Bonds shall be issued in the principal amount, shall bear interest at a rate or rates, including a rate of 0% and including variable or adjustable rates or rates set by auction, or by such other methods as the Authority may from time to time determine, and such interest may be payable periodically, in whole or in part, or may be accumulated and paid at maturity or at such other time or times as the Authority shall determine. Bonds shall mature and shall be subject to redemption prior to their respective maturities, all as shall be set forth in a Supplemental Indenture. The Bonds of each Series shall state that they are issued under and are secured by this Indenture and the pledge of Net Revenues and state that regardless of the form thereof, they are "Bonds" issued hereunder and within the meaning of this Indenture.

Payments with respect to the Bonds shall be made as provided in the Supplemental Indenture providing for the issuance of such Bonds or as provided in the Bonds, which provisions shall include the designation of the currency in which such payments shall be made.

Section 2.03. Execution and Authentication. The Bonds, if in certificated form, will be signed for the Authority as provided in the Supplemental Indenture or in the resolution authorizing such Bonds. In case any officer whose signature or whose facsimile signature shall appear on any Bonds shall cease to be such officer before the authentication of such Bonds, such signature or the facsimile signature thereof shall nevertheless be valid and sufficient for all purposes the same as if he or she had remained in office until authentication. Also, if a person signing a Bond is the proper officer on the actual date of execution, the Bond will be valid even if that person is not the proper officer on the nominal date of action and even though, at the date of this Indenture, such person was not such officer.

A Bond in certificated form will not be valid until the Trustee or its agent or an authenticating agent designated by the Authority manually signs the certificate of authentication on the Bond. Such signature will be conclusive evidence that the Bond has been authenticated under this Indenture.

The Authority may appoint an authenticating agent or the Trustee may appoint an authenticating agent acceptable to the Authority to authenticate Bonds or different authenticating agents may be appointed for different Series of Bonds. An authenticating agent may authenticate Bonds whenever the Trustee may do so. Each reference in this Indenture to authentication by the Trustee includes authentication by such agent.

Bonds issued under this Indenture may be issued in uncertificated form, in which case the procedures for issuance and delivery and evidence of validity, ownership, transfer and exchange shall be as provided in a Supplemental Indenture, and neither the provisions of this Section 2.03 nor any other provision of this Indenture shall be deemed to prohibit or restrict the issuance of uncertificated Bonds.

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

Section 2.05. Mutilated, Lost, Stolen or Destroyed Bonds.

(a) In the event any Bond is mutilated or defaced but identifiable by number and description, the Authority shall execute and the Trustee shall authenticate and deliver a new Bond of like Series, date, maturity and denomination as such Bond, upon surrender thereof to the Trustee; provided that there shall first be furnished to the Trustee clear and unequivocal proof satisfactory to the Trustee that the Bond is mutilated or defaced. The Bondholder shall accompany the above with a deposit of money required by the Trustee for the cost of preparing the substitute Bond and all other expenses connected with the issuance of such substitute. The Trustee shall then cause proper record to be made of the cancellation of the original, and thereafter the substitute shall have the validity of the original.

(b) In the event any Bond is lost, stolen or destroyed, the Authority may execute and the Trustee may authenticate and deliver a new Bond of like Series, date, maturity and denomination as that Bond lost, stolen or destroyed, provided that there shall first be furnished to the Trustee evidence of such loss, theft or destruction satisfactory to the Trustee, together with indemnity satisfactory to it.

(c) Except as limited by any Supplemental Indenture, the Trustee may charge the holder of any such Bond all governmental charges and transfer taxes, if any, and its reasonable fees and expenses in this connection. All substitute Bonds issued and authenticated pursuant to this Section 2.05 shall be issued as a substitute and numbered, if numbering is provided for by the Supplemental Indenture or the Trustee, as determined by the Trustee. In the event any such Bond has matured or been called for redemption, instead of issuing a substitute Bond, the Trustee may pay the same at its maturity or redemption without surrender thereof upon receipt of indemnity satisfactory to the Trustee.

Section 2.06. Registration and Transfer or Exchange of Bonds; Persons Treated as Owners. Unless otherwise provided by a Supplemental Indenture, all Bonds shall be issued in fully registered form.

Upon surrender for transfer of any Bond at the principal corporate trust office of the Trustee or Registrar, the Trustee or Registrar shall deliver in the name of the transferee or transferees a new fully authenticated and registered Bond or Bonds of authorized denominations of the same Series and same maturity for the same aggregate principal amount.

Bondholders may present Bonds at the principal corporate trust office of the Registrar, or such other place as designated by the Registrar, for exchange for Bonds of different authorized denominations and, upon such presentation, the Trustee or Registrar shall deliver to the Bondholder a new fully authenticated and registered Bond or Bonds of the same Series and same maturity for the same aggregate principal amount.

All Bonds presented for transfer or exchange shall be accompanied by a written instrument or instruments of transfer or authorization for exchange, in form and with guaranty of

signature satisfactory to the Trustee or Registrar, duly executed by the Bondholder or by his duly authorized attorney.

Except as limited by any Supplemental Indenture, the Trustee or Registrar also may require payment from the Bondholder of a sum sufficient to cover any tax, or other governmental fee or charge that may be imposed in relation thereto. Such taxes, fees and charges shall be paid before any such new Bond shall be delivered.

Supplemental Indentures may designate certain limited periods during which Bonds will not be exchanged or transferred.

Bonds delivered upon any exchange or transfer as provided herein, or as provided in Section 2.05, shall be valid limited obligations of the Authority, evidencing the same debt as the Bond or Bonds surrendered, shall be secured by this Indenture and shall be entitled to all of the security and benefits hereof to the same extent as the Bond or Bonds surrendered.

The Authority, the Trustee, the Registrar and the Paying Agent shall treat the Bondholder of a Bond, as shown on the registration books kept by the Registrar, as the person exclusively entitled to payment of principal, premium, if any, and interest on such Bond and as the party entitled to the exercise of all other rights and powers of the Bondholder, except that all interest payments will be made to the party who, as of the Record Date, is the Bondholder.

Section 2.07. Destruction of Bonds. Whenever any Bonds shall be delivered to the Trustee for cancellation pursuant to this Indenture, upon payment of the principal amount and interest represented thereby or for replacement pursuant to Section 2.05 or exchange or transfer pursuant to Section 2.06, such Bond shall be cancelled and destroyed by the Trustee or the Registrar and counterparts of a certificate of destruction evidencing such destruction shall be furnished by the Trustee to the Authority.

Section 2.08. Temporary Bonds. Pending preparation of definitive Bonds of any Series, the Authority may execute and the Trustee shall authenticate and deliver, in lieu of definitive Bonds and subject to the same limitations and conditions, temporary bonds or certificates which shall be exchanged for the Bonds.

If temporary Bonds shall be issued, the Authority shall cause the definitive Bonds to be prepared and to be executed, authenticated and delivered to the Trustee, and the Trustee, upon presentation to it of any temporary bond, shall cancel the same and deliver in exchange therefor at the place designated by the Bondholder, without charge to the Bondholder thereof, definitive Bonds of an equal aggregate principal amount of authorized denominations, of the same Series, date, maturity and bearing interest the same as the temporary Bonds surrendered. Until so exchanged, the temporary Bonds shall in all respects be entitled to the same benefit and security of this Indenture as the definitive Bonds to be issued and authenticated hereunder.

Section 2.09. Issuance of Series of Bonds; Supplemental Indenture; Application of Bond Proceeds. Bonds may be issued, from time to time, subject to the conditions of this Section 2.09.

Bonds shall be dated, shall mature, shall bear interest, shall be subject to redemption and shall be amortized and, within a Program, shall be issued and reissued from time to time, all as provided in the Supplemental Indenture relating to such Series of Bonds. In addition, each such Supplemental Indenture may provide for the appointment of a Registrar or Registrars and a Paying Agent or Paying Agents and such other agents as the Authority shall determine to be necessary in addition to or in place of the Trustee.

Each Series of the Bonds, upon execution by the Authority, shall be deposited with the Trustee or an agent for authentication and delivery, but prior to or simultaneously with the original delivery of such Series of Bonds or delivery of the first Bonds of a Program, there shall be filed with the Trustee the following:

(a) an original executed counterpart or a copy, certified by the Clerk of the Authority, of this Indenture, together with all Supplemental Indentures;

(b) an original executed counterpart or a copy, certified by the Clerk of the Authority, of the Supplemental Indenture or Supplemental Indentures providing for the issuance of such Series of Bonds or creating a Program and setting forth the terms of such Series of Bonds or Program;

(c) except with respect to the issuance of the Initial Bonds or any Refunding Bonds, a certificate of an Authorized Authority Representative listing those Projects or undertakings which the Authority expects to finance with proceeds of the sale of such Series of Bonds or Program or from which the Authority expects to select those Projects which will be financed with proceeds of the sale of such Series of Bonds or Program and such certificate shall, with respect to each item on the list include an estimated cost of such facility or undertaking;

(d) the certificate of the Authorized Authority Representative or the Consultant or Consultants, as the case may be, required by Section 2.11;

(e) a certificate of the Authorized Authority Representative stating that none of the Events of Default set forth in Sections 8.01(a), (b), (c), (e) and (f) of this Indenture have occurred and remain uncured and that the Authority is in full compliance with the terms of Sections 5.03, 5.04, 5.05, 5.09 and 5.10 herein;

(f) an opinion of Bond Counsel to the effect that the issuance of such Bonds has been duly authorized, that all legal conditions precedent to the delivery of such Bonds have been fulfilled, that the Bonds are valid and binding obligations of the Authority in accordance with their terms; and

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

When the documents mentioned in clauses (a) to (g), inclusive, of the immediately preceding paragraph shall have been filed with the Trustee and when such Bonds shall have been executed and authenticated, the Trustee or authenticating agent shall deliver such Bonds to or

upon the order of the purchasers thereof, but only upon payment by the purchasers of the purchase price of such Bonds.

Section 2.10. Refunding Bonds. Refunding Bonds may be issued under and secured by this Indenture. Such Refunding Bonds shall be issued in accordance with the provisions of Sections 2.09 and 2.11 of this Indenture.

Section 2.11. Tests for Issuance of Bonds. Subject to the provisions under subsection (A), (B) or (C) of the last paragraph of this Section 2.11 and excepting the Initial Bonds, as a condition to the issuance of any Series of Bonds, there shall first be delivered to the Trustee either:

(a) a certificate, dated as of a date between the date of pricing of the Bonds being issued and the date of delivery of such Bonds (both dates inclusive), prepared by an Authorized Authority Representative showing the Net Revenues for any 12 consecutive months out of the most recent 18 consecutive months immediately preceding the date of issuance of the proposed Series of Bonds or preceding the first issuance of the proposed Program Bonds were at least equal to 125% of Maximum Aggregate Annual Debt Service with respect to all Outstanding Bonds, Unissued Program Bonds and the proposed Series of Bonds, calculated as if the proposed Series of Bonds and the full Authorized Amount of such proposed Program Bonds (as applicable) were then Outstanding; or

(b) a certificate, dated as of a date between the date of pricing of the Bonds being issued and the date of delivery of such Bonds (both dates inclusive), prepared by a Consultant showing that:

(i) the Net Revenues for the last audited Fiscal Year or for any 12 consecutive months out of the most recent 18 consecutive months immediately preceding the date of issuance of the proposed Series of Bonds or the establishment of a Program, were at least equal to 125% of the sum of the Aggregate Annual Debt Service due and payable with respect to all Outstanding Bonds for such applicable period;

(ii) for the period, if any, from and including the first full Fiscal Year following the issuance of such proposed Series of Bonds through and including the last Fiscal Year during any part of which interest on such Series of Bonds is expected to be paid from the proceeds thereof, the Consultant estimates that the Authority will be in compliance with Section 5.04(a) and (b) of this Indenture; and

(iii) for the period from and including the first full Fiscal Year following the issuance of such proposed Series of Bonds during which no interest on such Series of Bonds is expected to be paid from the proceeds thereof through and including the later of: (A) the fifth full Fiscal Year following the issuance of such Series of Bonds, or (B) the third full Fiscal Year during which no interest on such Series of Bonds is expected to be paid from the proceeds thereof, the

estimated Net Revenues for each such Fiscal Year, will be at least equal to 125% of the Aggregate Annual Debt Service for each such Fiscal Year with respect to all Outstanding Bonds, Unissued Program Bonds and calculated as if the proposed Series of Bonds and the full Authorized Amount of such proposed Program Bonds (as applicable) were then Outstanding.

For purposes of subsections (b)(ii) and (iii) above, in estimating Net Revenues, the Consultant may take into account (1) Revenues from Projects or Airport Facilities reasonably expected to become available during the period for which the estimates are provided, (2) any increase in fees, rates, charges, rentals or other sources of Revenues which have been approved by the Authority and will be in effect during the period for which the estimates are provided, (3) any other increases in Revenues which the Consultant believes to be a reasonable assumption for such period. With respect to Operation and Maintenance Expenses of the Airport System, the Consultant shall use such assumptions as the Consultant believes to be reasonable, taking into account: (i) historical Operation and Maintenance Expenses of the Airport System, (ii) Operation and Maintenance Expenses of the Airport System associated with the Projects and any other new Airport Facilities, and (iii) such other factors, including inflation and changing operations or policies of the Authority, as the Consultant believes to be appropriate. The Consultant shall include in the certificate or in a separate accompanying report a description of the assumptions used and the calculations made in determining the estimated Net Revenues and shall also set forth the calculations of Aggregate Annual Debt Service, which calculations may be based upon information provided by another Consultant.

For purposes of preparing the certificate or certificates described above, the Consultant or Consultants or the Authorized Authority Representative may rely upon financial statements prepared by the Authority which have not been subject to audit by an independent certified public accountant if audited financial statements for the Fiscal Year or period are not available; provided, however, that an Authorized Authority Representative shall certify as to their accuracy and that such financial statements were prepared substantially in accordance with generally accepted accounting principles, subject to year-end adjustments.

Neither of the certificates described above under Section 2.11(a) or (b) shall be required:

(A) if the Bonds being issued are for the purpose of refunding then Outstanding Bonds and there is delivered to the Trustee, instead, a certificate of the Authorized Authority Representative showing that Aggregate Annual Debt Service after the issuance of such Refunding Bonds will not exceed the Aggregate Annual Debt Service prior to the issuance of such Refunding Bonds, for each Fiscal Year;

(B) if the Bonds being issued constitute Notes and there is delivered to the Trustee, instead, a certificate prepared by an Authorized Authority Representative showing that the principal amount of the proposed Notes being issued, together with the principal amount of any Notes then Outstanding, does not exceed 10% of the Net Revenues for any 12 consecutive months out of the most recent 24 months immediately preceding the issuance of the proposed Notes and there is delivered to the Trustee a certificate of an Authorized Authority

Representative setting forth calculations showing that for each of the Fiscal Years during which the Notes will be Outstanding, and taking into account the debt service becoming due on such Notes, the Authority will be in compliance with Section 5.04(a) and (b) of this Indenture; or

(C) if the Bonds being issued are to pay costs of completing a Project for which Bonds have previously been issued and the principal amount of such Bonds being issued for completion purposes does not exceed an amount equal to 15% of the principal amount of the Bonds originally issued for such Project and reasonably allocable to the Project to be completed as shown in a written certificate of an Authorized Authority Representative and there is delivered to the Trustee (1) a Consultant's certificate stating that the nature and purpose of such Project has not materially changed and (2) a certificate of an Authorized Authority Representative to the effect that (y) all of the proceeds (including investment earnings on amounts in the Construction Fund allocable to such Project) of the original Bonds issued to finance such Project have been or will be used to pay Costs of the Project and (z) the then estimated Costs of the Project exceed the sum of the Costs of the Project already paid plus moneys available in the Construction Fund established for the Project (including unspent proceeds of Bonds previously issued for such purpose).

Section 2.12. Issuance of Initial Bonds. The Initial Bonds shall be issued in one series all pursuant to a Supplemental Indenture and shall be designated "San Diego County Regional Airport Authority, Airport Revenue Refunding Bonds, Series 2005." The Initial Bonds shall be issued in an aggregate Principal Amount of \$56,270,000.

Section 2.13. Repayment Obligations Afforded Status of Bonds. If a Credit Provider or Liquidity Provider makes payment of principal of and interest on a Bond or advances funds to purchase or provide for the purchase of Bonds and is entitled to reimbursement thereof, pursuant to a separate written agreement with the Authority, but is not reimbursed, the Authority's Repayment Obligation under such written agreement may, if so provided in the written agreement, be afforded the status of a Bond issued under this Article II, and, if afforded such status, the Credit Provider or Liquidity Provider shall be the Bondholder and such Bond shall be deemed to have been issued at the time of the original Bond for which the Credit Facility or Liquidity Facility was provided and will not be subject to the provisions of Sections 2.09 through 2.11 of this Article II; provided, however, notwithstanding the stated terms of the Repayment Obligation, the payment terms of the Bond held by the Credit Provider or Liquidity Provider hereunder shall be as follows (unless otherwise provided in the written agreement with the Authority or a Supplemental Indenture pursuant to which the Bonds are issued): (a) interest shall be due and payable semiannually and (b) principal shall be due and payable not less frequently than annually and in such annual amounts as to amortize the principal amount thereof in (i) 30 years or, if shorter, (ii)(A) a term extending to the maturity date of the enhanced Bonds or (B) if longer, the final maturity of the Repayment Obligation under the written agreement, and providing substantially level Annual Debt Service payments, using the rate of interest set forth in the written repayment agreement which would apply to the Repayment Obligation as of the date such amortization schedule is fixed. The principal amortized as described in the prior sentence shall bear interest in accordance with the terms of the Repayment Obligation. Any amount

which comes due on the Repayment Obligation by its terms and which is in excess of the amount treated as principal of and interest on a Bond shall be a Subordinate Obligation of the Authority. This provision shall not defeat or alter the rights of subrogation which any Credit Provider may have under law or under the terms of any Supplemental Indenture. The Trustee may conclusively rely on a written certification by the Credit Provider or Liquidity Provider of the amount of such non-reimbursement and that such Repayment Obligation is to be afforded the status of a Bond under this Indenture.

Section 2.14. Obligations Under Qualified Swap.

(a) The obligation of the Authority to make Regularly Scheduled Swap Payments under a Qualified Swap with respect to a Series of Bonds may be on a parity with the obligation of the Authority to make payments with respect to such Series of Bonds and other Bonds under this Indenture, except as otherwise provided herein or in a Supplemental Indenture. The Authority may provide in any Supplemental Indenture that Regularly Scheduled Swap Payments under a Qualified Swap shall be secured by a pledge of or lien on Net Revenues on a parity with the Bonds of such Series and all other Bonds, regardless of the principal amount, if any, of the Bonds of such Series remaining Outstanding. The Trustee shall take all action consistent with the other provisions hereof as shall be requested in writing by the Qualified Swap Provider necessary to preserve and protect such pledge, lien and assignment and to enforce the obligations of the Authority with respect thereto. In the event the action requested to be taken pursuant to the preceding sentence shall require the Trustee either to exercise the remedies granted in this Indenture or to institute any action, suit or proceeding in its own name, the Qualified Swap Provider shall provide to the Trustee reasonable security and indemnity against the costs, expenses and liabilities to be incurred in connection therewith.

(b) In the event that a Swap Termination Payment or any other amounts other than as described in clause (a) above are due and payable by the Authority under a Qualified Swap, such Swap Termination Payment and any such other amounts shall constitute a Subordinate Obligation hereunder.

ARTICLE III

REDEMPTION OF BONDS

Bonds may be made subject to redemption either in whole or in part and at such times, prices and in such order and under such terms as may be provided by the Supplemental Indenture providing for the issuance of such Bonds. The Authority may provide for the redemption of Bonds from any funds available to the Authority and not obligated for other purposes.

In connection with the partial early redemption of any Term Bonds of a Series, the Authority may, in any Supplemental Indenture, provide that the principal amount of Bonds of such Series being redeemed shall be allocated against its scheduled sinking fund redemption and modify its scheduled sinking fund installments payable thereafter as to the Outstanding Term Bonds of such Series in any manner the Authority may determine. The Authority may provide in any Supplemental Indenture that, prior to notice of redemption for any Bonds of a Series,

moneys in the Debt Service Fund and the Debt Service Reserve Fund relating to such Series of Bonds may be applied at the direction of the Authority to the purchase of Bonds of such Series and, if any such purchased Bonds are Term Bonds, the Authority may allocate the principal amount of Bonds of such Series being redeemed against its scheduled sinking fund redemption for such Bonds and may modify its scheduled sinking fund installments thereafter payable with respect to Bonds of such Series in any manner the Authority may determine.

ARTICLE IV

REVENUES AND FUNDS

Section 4.01. Bonds Secured by a Pledge and Lien on Net Revenues. The Bonds authorized and issued under the provisions of this Indenture shall be secured as provided in the Granting Clauses of this Indenture. The Authority hereby represents and states that, except for the subordinate pledge of Net Revenues granted to the Subordinate Commercial Paper Notes and the Subordinate Commercial Paper Notes Reimbursement Obligations, it has not previously created any charge or lien on or any security interest in the Revenues or the Net Revenues and the Authority covenants that, until all the Bonds authorized and issued under the provisions of this Indenture and the interest thereon shall have been paid or are deemed to have been paid, it will not, except as otherwise provided under this Indenture, grant any prior or parity pledge of or any security interest in the Net Revenues or any other security which is pledged pursuant to the Granting Clauses of this Indenture, or create or permit to be created any charge or lien thereon or any security interest therein ranking prior to or on a parity with the charge or lien of the Bonds from time to time Outstanding under this Indenture. The Authority may, as provided in and as limited by Section 5.06, grant a lien on or security interest in the Net Revenues to secure Subordinate Obligations.

Section 4.02. Receipt, Deposit and Use of Revenues—Revenue Account.

(a) The Authority hereby covenants and agrees to establish and maintain an account designated as the "Revenue Account" within the Revenue Fund. The Authority hereby further covenants and agrees that all Revenues, when and as received, will be deposited by the Authority in the Revenue Account.

(b) As long as there are any Outstanding Bonds, all Revenues shall be deposited in the Revenue Account and shall be set aside for the payment of the following amounts or deposited or transferred to the following funds and subaccounts in the order listed:

(i) *Operation and Maintenance Subaccount.* On or prior to the twentieth (20th) day of each month, the Authority shall deposit in the Operation and Maintenance Subaccount an amount equal to one-twelfth (1/12th) of the estimated Operation and Maintenance Expenses of the Airport System for the then current Fiscal Year as set forth in the budget of the Authority for such Fiscal Year as finally approved by the Authority. In the event that the balance in the Operation and Maintenance Subaccount at any time is insufficient to make any required payments therefrom, additional amounts at least sufficient to make such

payments shall immediately be deposited in the Operation and Maintenance Subaccount from the Revenue Account, and such additional amounts shall be credited against the next succeeding monthly deposit from the Revenue Account.

(ii) *Debt Service Funds.* A sufficient amount of Revenues shall be transferred by the Authority, without priority and on an equal basis, except as to timing of payment, to the Trustee in the amounts, at the times and in the manner provided in Section 4.04 to provide for the payment of principal and interest to become due on the Outstanding Bonds.

(iii) *Debt Service Reserve Funds.* A sufficient amount of Revenues shall be transferred by the Authority, without priority and on an equal basis, except as to timing of payment to the Debt Service Reserve Funds, if any, at the times and in such amounts as specified in a Supplemental Indenture to be used in the manner provided in Sections 4.04 and 4.05 hereof.

(iv) *Subordinate Obligation Debt Service.* On or prior to the twentieth (20th) day of each month, a sufficient amount of Revenues shall be transferred by the Authority, as shall be necessary to make all payments and deposits required to be made during the following month on all Subordinate Obligations (including, but not limited to, deposits to the Subordinate Debt Service Subaccount), but only to the extent (except as otherwise provided herein) a specific pledge of Net Revenues has been made in writing to the payment of debt service on such indebtedness.

(v) *Subordinate Obligation Debt Service Reserve Funds.* On or prior to the twentieth (20th) day of each month, upon any deficiency in any debt service reserve fund established by or for the benefit of the Authority in connection with an Subordinate Obligations, the Authority shall deposit in such debt service reserve fund an amount equal to: (A) one-twelfth (1/12th) of the aggregate amount of each unreplenished prior withdrawal from such debt service reserve fund; and (B) the full amount of any deficiency in such debt service reserve fund due to any required valuations of the investments in such debt service reserve fund until the balance in such debt service reserve fund is at least equal to the debt service reserve requirement with respect to such Subordinate Obligations, but only to the extent a specific pledge of Net Revenues has been made in writing to the payment of any such debt service reserve requirement on such indebtedness.

(vi) *Operation and Maintenance Reserve Subaccount.* On or prior to the twentieth (20th) day of each month, to the payment of the amounts required to be deposited in the Operation and Maintenance Reserve Subaccount which are payable from Net Revenues in accordance with Section 4.07 hereof.

(vii) *Renewal and Replacement Subaccount.* On or prior to the twentieth (20th) day of each month, to the payment of the amounts required to be deposited in the Renewal and Replacement Subaccount which are payable from Net Revenues in accordance with Section 4.08 hereof.

(c) All moneys and investments on deposit in the Revenue Account and not on deposit in any of the funds or subaccounts provided for in (i) through (viii) of subsection (b) above, shall be, on the last Business Day of each Fiscal Year, transferred from the Revenue Account to the Revenue Fund, unless and to the extent the Authority shall otherwise direct.

Section 4.03. Creation, Use and Application of Operation and Maintenance Subaccount. The Authority shall create and maintain, within the Revenue Account, a special subaccount to be designated as the "Operation and Maintenance Subaccount." All amounts in the Operation and Maintenance Subaccount shall be used and applied by the Authority to pay Operation and Maintenance Expenses of the Airport System as the same may become due. Moneys in the Operation and Maintenance Subaccount do not comprise Net Revenues and are not pledged or to be applied to pay or secure the payment of the Bonds. Amounts on deposit in the Operation and Maintenance Subaccount may be invested in Permitted Investments and earnings on such amounts shall be retained in the Operation and Maintenance Subaccount and used to pay Operation and Maintenance Expenses of the Airport System.

Section 4.04. Creation and Funding of Debt Service Funds. At the time of issuance of each Series of Bonds, the Authority shall create or shall cause to be created a Debt Service Fund for such Series, which Debt Service Fund shall be held by the Trustee or any agent of the Trustee, and amounts to be used to pay principal and interest on such Series, as received by the Trustee or its agent, shall be deposited therein and used for such purpose. Accounts and subaccounts shall be created in the various Debt Service Funds and shall be held by the Trustee or such agents as shall be provided by Supplemental Indenture.

The moneys in the Debt Service Fund shall be held in trust and applied as provided in the Supplemental Indenture with regard to each such fund, and pending such application on the arrival of the Payment Date for such amounts shall be subject to a lien on and security interest in favor of the holders of the Bonds issued and Outstanding under this Indenture.

The Trustee shall, at least fifteen (15) Business Days prior to each Payment Date on any Bond, give the Authority notice by telephone, promptly confirmed in writing, of the amount, after taking into account Capitalized Interest, if any, on deposit in the Debt Service Fund, required to be deposited with the Trustee to make each required payment of principal and interest due on such Payment Date. With respect to any Series of Bonds, the Supplemental Indenture under which such Bonds are issued may provide for different times and methods of notifying the Authority of Payment Dates and amounts to accommodate the specific provisions of such Series and, in such event, the terms of such Supplemental Indenture shall control.

The Authority, at least five (5) Business Days prior to each Payment Date, shall withdraw from the Revenue Account and pay to the Trustee the full amount required to make the interest and/or principal payments due on such Payment Date. With respect to any Series of Bonds, the Supplemental Indenture under which such Bonds are issued may provide for different times and methods of paying the interest and/or principal payments due on a Payment Date, and, in such event, the terms of such Supplemental Indenture shall control.

On any day on which the Trustee receives funds from the Authority to be used to pay principal of or interest on Bonds, the Trustee shall, if the amount received is fully sufficient to pay all amounts of principal and interest then due or becoming due on the next Payment Date, deposit such amounts into the respective Debt Service Funds for the Series of Bonds for which such payments were made and any excess shall be applied to pay all amounts of principal and interest becoming due on any subsequent Payment Dates. If, on any Payment Date, the Trustee does not have sufficient amounts in the Debt Service Funds (without regard to any amounts which may be available from Debt Service Reserve Funds) to pay in full all amounts of principal and/or interest due on such date, the Trustee shall allocate the total amount which is available to make payment on such day (without regard to any amounts in the various Debt Service Reserve Funds) as follows: first to the payment of interest then due on the Bonds and, if the amount available shall not be sufficient to pay in full all interest on the Bonds then due, then pro rata among the Series according to the amount of interest then due and second to the payment of principal then due on the Bonds and, if the amount available shall not be sufficient to pay in full all principal on the Bonds then due, then pro rata among the Series according to the Principal Amount then due on the Bonds.

If a Debt Service Reserve Fund or Debt Service Reserve Funds (or a Credit Facility provided in lieu thereof) have been used to make payments on Bonds secured thereby, then the Authority may be required by Supplemental Indenture to replenish such Debt Service Reserve Fund or Debt Service Reserve Funds or reimburse the Credit Provider from Net Revenues provided that (a) no amount from Net Revenues may be used for such purpose until all payments of principal of and interest on all Bonds which have become due and payable shall have been paid in full, (b) the required payments to replenish any such Debt Service Reserve Fund or reimburse the Credit Provider shall be due in no more than 12 substantially equal monthly installments commencing in the month following any such withdrawal and (c) if the aggregate amount of payments due on any date to replenish the Debt Service Reserve Funds exceeds the amount available for such purpose, the payments made to the Trustee for such purpose shall be allocated among the various Debt Service Reserve Funds pro rata on the basis of the Outstanding Principal Amount of Bonds secured thereby.

Notwithstanding the foregoing, the Authority may, in the Supplemental Indenture authorizing such Series of Bonds, provide for different provisions and timing of deposits with the Trustee and different methods of paying principal of or interest on such Bonds depending upon the terms of such Bonds and may provide for payment through a Credit Facility with reimbursement to the Credit Provider from the respective Debt Service Fund created for the Series of Bonds for which such Credit Facility is provided.

If the Net Revenues are at any time insufficient to make the deposits required to make payments on the Bonds, the Authority may, at its election, pay to the Trustee funds from any available sources with the direction that such funds be deposited into the Debt Service Funds or into a specified account or accounts or subaccount or subaccounts therein.

Section 4.05. Creation of Debt Service Reserve Funds. The Authority shall, at the time of issuance of any Series of Bonds, except for such Series of Bonds designated as Variable Rate Indebtedness, provide by Supplemental Indenture for the creation of a Debt Service Reserve Fund as security for such Series, and in its discretion reserving the right to allow a future Series

of Bonds to participate in such Debt Service Reserve Fund, or provide that such Series of Bonds participate in a Debt Service Reserve Fund previously created for an Outstanding Series of Bonds. Any Debt Service Reserve Fund established under a Supplemental Indenture shall be funded in an amount equal to the Reserve Requirement. The Authority shall, by such Supplemental Indenture, provide for the manner of funding and replenishing of such Debt Service Reserve Fund and shall establish such other terms with respect to such Debt Service Reserve Fund as the Authority may deem to be appropriate, including providing a Debt Service Fund Surety Policy in lieu thereof.

Section 4.06. Continuation of Subordinate Debt Service Subaccount. Pursuant to the 1995 Installment Sale Agreement, a separate subaccount, known as the Subordinate Debt Service Subaccount, was created and maintained by the Authority. The Authority shall continue to maintain the Subordinate Debt Service Subaccount pursuant to the terms of this Indenture and the Subordinate Commercial Paper Notes Indenture. Amounts deposited to the Subordinate Debt Service Subaccount pursuant to Section 4.02(b)(iv) hereof shall be used in accordance with the Subordinate Commercial Paper Notes Indenture or as otherwise described pursuant to a Supplemental Indenture.

Section 4.07. Creation, Use and Application of Operation and Maintenance Reserve Subaccount. The Authority shall create and maintain, within the Revenue Account, a special subaccount to be designated as the "Operation and Maintenance Reserve Subaccount." Upon adoption of the annual budget of the Authority for Operation and Maintenance Expenses of the Airport System, the Authority shall recalculate the Operation and Maintenance Reserve Subaccount Requirement. To the extent amounts on deposit in the Operation and Maintenance Reserve Subaccount exceed the Operation and Maintenance Reserve Subaccount Requirement on the date of any such recalculation, the Authority may transfer such excess to the Revenue Account. To the extent amounts on deposit in the Operation and Maintenance Reserve Subaccount on the date of any such recalculation are less than the recalculated Operation and Maintenance Reserve Subaccount Requirement, the Authority shall increase the amount on deposit in the Operation and Maintenance Reserve Subaccount to the recalculated Operation and Maintenance Reserve Subaccount Requirement no later than the last Business Day of the month of such recalculation.

In the event of any withdrawal from the Operation and Maintenance Reserve Subaccount, other than such withdrawal as is permitted pursuant to the immediately preceding paragraph, the Authority shall deposit monthly in the Operation and Maintenance Reserve Subaccount an amount equal to one-twelfth ($1/12^{\text{th}}$) of the aggregate amount of such withdrawal until the balance in the Operation and Maintenance Reserve Subaccount is at least equal to the Operation and Maintenance Reserve Subaccount Requirement.

All amounts in the Operation and Maintenance Reserve Subaccount shall be used and applied by the Authority: (a) to pay Operation and Maintenance Expenses of the Airport System; (b) to make any required payments or deposits to pay or secure the payment of the principal of, or interest on, or premium, if any, on the Bonds; and (c) to pay the costs of any additions, improvements, repairs, renewals or replacements to the Airport System, in each case only if and to the extent that moneys otherwise available to make such payments or deposits are insufficient.

Section 4.08. Creation, Use and Application of Renewal and Replacement Subaccount. The Authority shall create and maintain, within the Revenue Account, a special subaccount to be designated as the "Renewal and Replacement Subaccount." The Authority shall fund the Renewal and Replacement Subaccount in amount equal to the Renewal and Replacement Subaccount Requirement. In the event of any deficiency in the Renewal and Replacement Subaccount, the Authority shall deposit monthly in the Renewal and Replacement Subaccount an amount equal to one-twelfth (1/12th) of the aggregate amount of any such deficiency until the balance in the Renewal and Replacement Subaccount is at least equal to the Renewal and Replacement Subaccount Requirement.

All amounts in the Renewal and Replacement Subaccount shall be used and applied by the Authority: (a) to pay the costs of any extraordinary repairs, renewals or replacements to the Airport System; and (b) to make any required payments or deposits to pay or secure the payment of the principal of, or interest on, or premium, if any, on the Bonds.

Section 4.09. Authorization for Creation of Construction Fund. Proceeds of each Series of Bonds which are to be used to pay Costs of the Projects shall be deposited into a fund created for such Series of Bonds which shall be designated "San Diego County Regional Airport Authority Airport Revenue Bonds Series _____ Construction Fund" (each, respectively, a "Construction Fund") which may be held either by the Authority or the Trustee or part by the Authority and part by the Trustee, all as provided by this Indenture, a Supplemental Indenture or Supplemental Indentures. All moneys in each Construction Fund shall be held and disbursed as provided in the Supplemental Indenture or Supplemental Indentures under which such fund or funds were created. Notwithstanding this provision, no Construction Fund shall be required for a given Series of Bonds if all of the proceeds thereof (except those deposited into a Debt Service Reserve Fund or a Debt Service Fund) are spent at the time of issuance of such Series or are used to refund Bonds or otherwise the Authority determines that there is no need to create a Construction Fund for such Series.

Section 4.10. Additional Funds, Accounts and Subaccounts. In addition to the funds, accounts and subaccounts described in this Article, the Authority may, by Supplemental Indenture, create additional funds, accounts and subaccounts for such purposes as the Authority deems appropriate, including separate funds available only for specified Bonds or Series of Bonds.

Section 4.11. Moneys Held in Trust for Matured Bonds; Unclaimed Moneys. All moneys which shall have been withdrawn from a Debt Service Fund and set aside or deposited with a Paying Agent for the purpose of paying any of the Bonds, either at the maturity thereof or upon call for redemption, or which are set aside by the Trustee for such purposes and for which Bonds the maturity date or redemption date shall have occurred, shall be held in trust for the respective holders of such Bonds. But any moneys which shall be so set aside or deposited and which shall remain unclaimed by the holders of such Bonds for a period of one year after the date on which such Bonds shall have become due and payable (or such longer period as shall be required by state law) shall be paid to the Authority, and thereafter the holders of such Bonds shall look only to the Authority for payment and the Authority shall be obligated to make such payment, but only to the extent of the amounts so received without any interest thereon, and neither the Trustee nor any Paying Agent shall have any responsibility with respect to any of

such moneys. The Authority hereby recognizes that while any Bonds are Outstanding in book-entry only form there should be no unclaimed moneys.

Section 4.12. Additional Security. The pledge of Net Revenues and the other security provided in the Granting Clauses hereof, secure all Bonds issued under the terms of this Indenture on an equal and ratable basis, except as to the timing of such payments. The Authority may, however, in its discretion, provide additional security or credit enhancement for specified Bonds or Series of Bonds with no obligation to provide such additional security or credit enhancement to other Bonds.

ARTICLE V

COVENANTS OF THE AUTHORITY

Section 5.01. Payment of Principal and Interest. The Authority covenants and agrees that it will duly and punctually pay or cause to be paid from the Net Revenues and to the extent thereof the principal of, premium, if any, and interest on every Bond at the place and on the dates and in the manner herein, in the Supplemental Indentures and in the Bonds specified, according to the true intent and meaning thereof, and that it will faithfully do and perform all covenants and agreements herein and in the Bonds contained, provided that the Authority's obligation to make payment of the principal of, premium, if any, and interest on the Bonds shall be limited to payment from the Net Revenues, the funds and accounts pledged therefor in the Granting Clauses of this Indenture and any other source which the Authority may specifically provide for such purpose and no Bondholder shall have any right to enforce payment from any other funds of the Authority.

Section 5.02. Performance of Covenants by Authority; Authority; Due Execution. The Authority covenants that it will faithfully perform at all times any and all covenants and agreements contained in this Indenture, in any and every Bond executed, authenticated and delivered hereunder and in all of its proceedings pertaining hereto. The Authority covenants that it is duly authorized under the Constitution and laws of the State and the Act to issue the Bonds and pledge and grant a security interest in the Net Revenues and other security pledged thereto or in which a security interest is granted and that the Authority has not previously pledged such Net Revenues or other assets to secure other obligations.

Section 5.03. Senior Lien Obligations Prohibited. The Authority hereby covenants and agrees that so long as any Bonds are Outstanding under this Indenture, it will not issue any additional bonds or other obligations with a lien on or security interest granted in Net Revenues which is senior to the Bonds.

Section 5.04. Rate Covenant. The Authority covenants to fulfill the following requirements:

- (a) The Authority shall while any of the Bonds remain Outstanding (but subject to all existing contracts and legal obligations of the Authority as of the date of execution of this Indenture setting forth restrictions relating thereto), establish, fix, prescribe and collect rates, tolls, fees, rentals and charges in connection with the Airport

System and for services rendered in connection therewith, so that Net Revenues in each Fiscal Year will be at least equal to the following amounts:

(i) the Aggregate Annual Debt Service on any Outstanding Bonds required to be funded by the Authority in such Fiscal Year as required by this Indenture or any Supplemental Indenture with respect to the Outstanding Bonds;

(ii) the required deposits to any Debt Service Reserve Fund which may be established by a Supplemental Indenture;

(iii) the reimbursement owed to any Credit Provider or Liquidity Provider as required by a Supplemental Indenture;

(iv) the interest on and principal of any indebtedness required to be funded during such Fiscal Year other than for Outstanding Bonds, but including Subordinate Obligations; and

(v) payments of any reserve requirement for debt service for any indebtedness other than Outstanding Bonds, but including Subordinate Obligations.

(b) The Authority further agrees that it will establish, fix, prescribe and collect rates, tolls, fees, rentals and charges in connection with the Airport System and for services rendered in connection therewith, so that during each Fiscal Year the Net Revenues will be equal to at least 125% of Aggregate Annual Debt Service on the Outstanding Bonds.

(c) The Authority covenants that if Net Revenues in any Fiscal Year are less than the amount specified in paragraph (a) or (b) of this Section 5.04, the Authority will retain and direct a Consultant to make recommendations as to the revision of the Authority's business operations and its schedule of rentals, rates, fees and charges for the use of the Airport System and for services rendered by the Authority in connection with the Airport System, and after receiving such recommendations or giving reasonable opportunity for such recommendations to be made the Authority shall take all lawful measures to revise the schedule of rentals, rates, fees and charges as may be necessary to produce Net Revenues in the amount specified in paragraph (a) or (b) of this Section 5.04 in the next succeeding Fiscal Year.

(d) In the event that Net Revenues for any Fiscal Year are less than the amount specified in paragraph (a) or (b) of this Section 5.04, but the Authority promptly has taken prior to or during the next succeeding Fiscal Year all lawful measures to revise the schedule of rentals, rates, fees and charges as required by paragraph (c) of this Section 5.04, such deficiency in Net Revenues shall not constitute an Event of Default under the provisions of Section 8.01(d). Nevertheless, if after taking the measures required by paragraph (c) of this Section 5.04 to revise the schedule of rentals, rates, fees and charges, Net Revenues in the next succeeding Fiscal Year (as evidenced by the audited financial statements of the Authority for such Fiscal Year) are less than the

amount specified in paragraph (a) or (b) of this Section 5.04, such deficiency in Net Revenues shall constitute an Event of Default under the provisions of Section 8.01(d).

Section 5.05. No Inconsistent Contract Provisions. The Authority covenants that no contract or contracts will be entered into or any action taken by the Authority which shall be inconsistent with the provisions of this Indenture. The Authority covenants that it will not take any action which, in the Authority's judgment at the time of such action, will substantially impair or materially adversely affect the pledge of Net Revenues, or will substantially impair or materially adversely affect in any manner the pledge of, lien on or security interest granted in the Net Revenues herein or the rights of the holders of the Bonds. The Authority shall be unconditionally and irrevocably obligated, so long as any of the Bonds are Outstanding and unpaid, to take all lawful action necessary or required to pay from the Net Revenues the principal of and interest on the Bonds and to make the other payments provided for herein.

Section 5.06. Subordinate Obligations. The Authority may, from time to time, incur indebtedness which is subordinate to the Bonds and which indebtedness is, in this Indenture, referred to as Subordinate Obligations. Such indebtedness shall be incurred at such times and upon such terms as the Authority shall determine, provided that:

(a) any Supplemental Indenture authorizing the issuance of any Subordinate Obligations shall specifically state that such lien on or security interest granted in the Net Revenues is junior and subordinate to the lien on and security interest in such Net Revenues and other assets granted to secure the Bonds; and

(b) payment of principal of and interest on such Subordinate Obligations shall be permitted, provided that all deposits required to be made pursuant to Sections 4.02(b)(i) through (iii), if any, are then current in accordance with Section 4.02 of this Indenture.

Section 5.07. Special Facilities and Special Facility Obligations. The Authority shall be permitted to designate new or existing Airport Facilities as Special Facilities as permitted in this Section 5.07. The Authority may, from time to time, and subject to the terms and conditions of this Section 5.07, (a) designate a separately identifiable existing facility or planned facility as a "Special Facility," (b) pursuant to an indenture other than this Indenture and without a pledge of any Net Revenues, incur debt primarily for the purpose of acquiring, constructing, renovating or improving or providing financing or refinancing to a third party to acquire, construct, renovate or improve, such facility, (c) provide that certain of the contractual payments derived from or related to such Special Facility, together with other income and revenues available to the Authority from such Special Facility to the extent necessary to make the payments required by clause (i) of the second succeeding paragraph, be "Special Facilities Revenue" and not included as Revenues or Net Revenues unless on terms provided in any supplemental indenture, and (d) provide that the debt so incurred shall be a "Special Facility Obligation" and the principal of and interest thereon shall be payable solely from the Special Facilities Revenue. The Authority may from time to time refinance any such Special Facility Obligations with other Special Facility Obligations.

Special Facility Obligations shall be payable as to principal, redemption premium, if any, and interest solely from Special Facilities Revenue, which shall include contractual payments derived by the Authority under and pursuant to a contract (which may be in the form of a lease) relating to a Special Facility by and between the Authority and another person, firm or corporation, either public or private, as shall undertake the operation of a Special Facility.

No Special Facility Obligations shall be issued by the Authority unless there shall have been filed with the Trustee a certificate of an Authorized Authority Representative stating that:

- (i) the estimated Special Facilities Revenue pledged to the payment of obligations relating to the Special Facility will be at least sufficient to pay the principal of and interest on such Special Facility Obligations as and when the same become due and payable, all costs of operating and maintaining such Special Facility not paid for by the operator thereof or by a party other than the Authority and all sinking fund, reserve or other payments required by the resolution authorizing the Special Facility Obligations as the same become due; and
- (ii) with respect to the designation of any separately identifiable existing Airport Facilities or Airport Facility as a "Special Facility" or "Special Facilities," the estimated Net Revenues, calculated without including the new Special Facilities Revenue and without including any operation and maintenance expenses of the Special Facility as Operation and Maintenance Expenses of the Airport System, will be sufficient so that the Authority will be in compliance with Section 5.04(a) and (b) of this Indenture; and
- (iii) no Event of Default then exists under Article VIII of this Indenture.

To the extent Special Facilities Revenue received by the Authority during any Fiscal Year shall exceed the amounts required to be paid pursuant to clause (i) of the immediately preceding paragraph for such Fiscal Year, such excess Special Facilities Revenue, to the extent not otherwise encumbered or restricted, shall constitute Revenues.

Notwithstanding any other provision of this Section 5.07, at such time as the Special Facility Obligations issued for an Special Facility including Special Facility Obligations issued to refinance Special Facility Obligations are fully paid or otherwise discharged, all revenues of the Authority from such facility shall be included as Revenues.

Section 5.08. Maintenance of Powers. The Authority covenants that it will at all times use its best efforts to maintain the powers, functions, duties and obligations now reposed in it pursuant to the Act and all other laws and that it will not at any time voluntarily do, suffer or permit any act or thing the effect of which would be to delay either the payment of the indebtedness evidenced by any of the Bonds or the performance or observance of any of the covenants herein contained.

Section 5.09. Operation and Maintenance of Airport System. Subject to the transfer of any Airport Facilities pursuant to Section 5.12, the Authority covenants that the Airport System shall at all times be operated and maintained in good working order and condition and that all lawful orders of any governmental agency or authority having jurisdiction in the premises shall be complied with (provided the Authority shall not be required to comply with any such

orders so long as the validity or application thereof shall be contested in good faith), and that all licenses and permits necessary to construct or operate any part of the Airport System shall be obtained and maintained and that all necessary repairs, improvements and replacements of the Airport System shall be made, subject to sound business judgment. Subject to the transfer of any Airport Facilities pursuant to Section 5.12, the Authority shall, from time to time, duly pay and discharge, or cause to be paid and discharged, except to the extent the imposition or payment thereof is being contested in good faith by the Authority, all taxes (if any), assessments or other governmental charges lawfully imposed upon the Airport System or upon any part thereof, or upon the Revenues or Net Revenues, when the same shall become due, as well as any lawful claim for labor, materials or supplies or other charges which, if unpaid, might by law become a lien or charge upon the Revenues or Net Revenues or the Airport System or any part thereof constituting part of the Airport System.

Section 5.10. Insurance; Application of Insurance Proceeds.

(a) Subject, in each case, to the condition that insurance is obtainable at reasonable rates and upon reasonable terms and conditions:

(i) the Authority shall procure and maintain or cause to be procured and maintained commercial insurance or provide Qualified Self Insurance with respect to the facilities constituting the Airport System and public liability insurance in the form of commercial insurance or Qualified Self Insurance and, in each case, in such amounts and against such risks as are, in the judgment of the Authority, prudent and reasonable taking into account, but not being controlled by, the amounts and types of insurance or self-insured programs provided by similar airports; and

(ii) the Authority shall place on file with the Trustee, annually within 120 days after the close of each Fiscal Year a certificate of an Authorized Authority Representative containing a summary of all insurance policies and self-insured programs then in effect with respect to the Airport System and the operations of the Authority. The Trustee may conclusively rely upon such certificate and shall not be responsible for the sufficiency or adequacy of any insurance required herein or obtained by the Authority.

(b) "Qualified Self Insurance" shall mean insurance maintained through a program of self insurance or insurance maintained with a fund, company or association in which the Authority may have a material interest and of which the Authority may have control, either singly or with others. Each plan of Qualified Self Insurance shall be established in accordance with law, shall provide that reserves be established or insurance acquired in amounts adequate to provide coverage which the Authority determines to be reasonable to protect against risks assumed under the Qualified Self Insurance plan, including any potential retained liability in the event of the termination of such plan of Qualified Self Insurance, and such self-insurance program shall be reviewed at least once every 12 months by a Consultant who shall deliver to the Authority a report on the adequacy of the reserves established thereunder. If the Consultant determines that such reserves are inadequate, they shall make a recommendation as to the amount of reserves

that should be established and maintained, and the Authority shall comply with such recommendation unless it can establish to the satisfaction of and receive a certification from a Consultant that a lower amount is reasonable to provide adequate protection to the Authority.

(c) If, as a result of any event, any part of the Airport System is destroyed or severely damaged, the Authority shall create within the Revenue Account a special account and shall credit the Net Proceeds received as a result of such event of damage or destruction to such account and such Net Proceeds shall, within a reasonable period of time taking into account any terms under which insurance proceeds are paid and any insurance restrictions upon the use or timing of the use of insurance proceeds, be used to: (i) repair or replace the Airport System, or portion thereof, which were damaged or destroyed, (ii) provide additional revenue-producing Airport Facilities, (iii) redeem Bonds, or (iv) create an escrow fund pledged to pay specified Bonds and thereby cause such Bonds to be deemed to be paid as provided in Article VII hereof; provided, however, that the Authority shall first deliver to the Trustee a certificate of a Consultant showing that, after taking into account the use of the Net Proceeds for the redemption of such specified Bonds, the test set forth in Section 5.04(a) and (b) would, nevertheless, be met.

Section 5.11. Accounts. The Authority covenants that it will keep and provide accurate books and records of account showing all Revenues received and all expenditures of the Authority and that it will keep or cause to be kept accurate books and records of account showing all moneys, Revenues, accounts and funds (including the Revenue Account and all funds and accounts provided for in this Indenture) which are or shall be in the control or custody of the Authority; and that all such books and records pertaining to the Airport System shall be open upon reasonable notice during business hours to the Trustee and to the Owners of not less than 10% of the Principal Amount of Bonds then Outstanding, or their representatives duly authorized in writing. Within 210 days after the close of each Fiscal Year, so long as any of the Bonds remain Outstanding, the Authority will prepare audited financial statements including a statement of the income and expenses for such Fiscal Year and a balance sheet prepared as of the close of such Fiscal Year for the Authority all accompanied by a certificate or opinion in writing of an independent certified public accountant of recognized standing, selected by the Authority, which opinion shall include a statement that said financial statements present fairly in all material respects the financial position of the Authority and are prepared in accordance with generally accepted accounting principles.

Section 5.12. Transfer of Airport Facility or Airport Facilities. The Authority shall not, except as provided in Section 170060 of the Act and except as permitted below, transfer, sell or otherwise dispose of an Airport Facility or Airport Facilities. For purposes of this Section 5.12, any transfer of an asset over which the Authority retains substantial control in accordance with the terms of such transfer, shall not, for so long as the Authority has such control, be deemed a disposition of an Airport Facility or Airport Facilities.

Except as otherwise provided in Section 170060 of the Act, the Authority may transfer, sell or otherwise dispose of Airport Facilities only if such transfer, sale or disposition complies with one or more of the following provisions:

(a) the property being disposed of is inadequate, obsolete or worn out; or

(b) the property proposed to be disposed of and all other Airport Facilities disposed of during the 12-month period ending on the day of such transfer (but excluding property disposed of under (a) above), will not, in the aggregate, constitute a Significant Portion, the proceeds are deposited into the Revenue Account to be used as described below and the Authority believes that such disposal will not prevent it from fulfilling its obligations under this Indenture; or

(c) the Authority receives fair market value for the property, the proceeds are deposited in the Revenue Account to be used as described below, and prior to the disposition of such property, there is delivered to the Trustee a certificate of a Consultant to the effect that notwithstanding such disposition, but taking into account the use of such proceeds in accordance with the expectations of the Authority as evidenced by a certificate of an Authorized Authority Representative, the Consultant estimates that the Authority will be in compliance with Section 5.04(a) and (b) of this Indenture during each of the first five (5) Fiscal Years immediately following such disposition.

Proceeds of the disposition of assets under paragraph (b) or (c) above shall be deposited into the Revenue Account and used, within a reasonable period of time, not to exceed three years, to (i) provide additional revenue-producing Airport Facilities, (ii) redeem Bonds or (iii) create an escrow fund pledged to pay specified Bonds and thereby cause such Bonds to be deemed to be paid as provided in Article VII.

Airport Facilities which were financed with the proceeds of obligations the interest on which is then excluded from gross income for federal income tax purposes shall not be disposed of, except under the terms of paragraph (a) above, unless the Authority has first received a written opinion of Bond Counsel to the effect that such disposition will not cause the interest on such obligations to become includable in gross income for federal income tax purposes.

No such disposition shall be made which would cause the Authority to be in default of any other covenant contained in this Indenture.

Section 5.13. Eminent Domain. If a Significant Portion of any Airport Facility or Airport Facilities are taken by eminent domain proceedings or conveyance in lieu thereof, the Authority shall create within the Revenue Account a special account and credit the Net Proceeds received as a result of such taking or conveyance to such account and shall within a reasonable period of time, after the receipt of such amounts, use such proceeds to (a) replace the Airport Facility or Airport Facilities which were taken or conveyed, (b) provide an additional revenue-producing Airport Facility or Airport Facilities, (c) redeem Bonds, or (d) create an escrow fund pledged to pay specified Bonds and thereby cause such Bonds to be deemed to be paid as provided in Article VII hereof.

Section 5.14. Completion of Specified Project; Substitution of Specified Project. The Authority will, upon the issuance of a Series of Bonds the proceeds of which are to be used for a Specified Project, proceed with due diligence to construct or acquire such Specified Project; provided, however, that the Authority may, if the conditions set forth in this Section 5.14 are

met, substitute another Project therefor and shall proceed with due diligence to construct or acquire such substituted Project. The Authority may determine not to proceed with any of the Specified Projects or may determine to substitute another Project or Projects for a Specified Project if, as a condition to discontinuing the acquisition or construction of a Specified Project or to the substitution of another Project or Projects therefor, the Authority (a) first, delivers to the Trustee a certificate of a Consultant showing that after taking into account the discontinuation of such Specified Project or the substitution of Project or Projects therefor, the test set forth in Section 5.04(a) and (b) would, nevertheless, be met and (b) second, if the original Project was financed with the proceeds of obligations the interest on which is then excluded from gross income for federal income tax purposes, causes there to be delivered an opinion of Bond Counsel to the effect that the substitution of one Project for another Project will not cause interest on the Series of Bonds with respect to which the original Project was to be financed to be included in gross income of the recipients thereof for federal income tax purposes. If the Authority determines not to proceed with a Specified Project and fails to deliver the Consultant's certificate and to undertake a substitute Project or Projects, then Bond proceeds which would have been used to acquire or construct such Specified Project shall be used to redeem Bonds, or used as otherwise provided in the Supplemental Indenture pursuant to which they were issued.

Section 5.15. Covenants of Authority Binding on Authority and Successors. All covenants, stipulations, obligations and agreements of the Authority contained in this Indenture shall be deemed to be covenants, stipulations, obligations and agreements of the Authority to the full extent authorized or permitted by law. If the powers or duties of the Authority shall hereafter be transferred by amendment of the Act or a new Act or any provision of the Constitution or any other law of the State or in any other manner there shall be a successor to the Authority, and if such transfer shall relate to any matter or thing permitted or required to be done under this Indenture by the Authority, then the entity that shall succeed to such powers or duties of the Authority shall act and be obligated in the place and stead of the Authority as in this Indenture provided, and all such covenants, stipulations, obligations and agreements shall be binding upon the successor or successors thereof from time to time and upon any officer, board, body or Authority to whom or to which any power or duty affecting such covenants, stipulations, obligations and agreement shall be transferred by or in accordance with law.

Except as otherwise provided in this Indenture, all rights, powers and privileges conferred and duties and liabilities imposed upon the Authority by the provision of this Indenture shall be exercised or performed by the Authority or by such officers, board, body or Authority as may be permitted by law to exercise such powers or to perform such duties.

Section 5.16. Instruments of Further Assurance. The Authority covenants that it shall do, execute, acknowledge and deliver, or cause to be done, executed, acknowledged and delivered, such Supplemental Indentures, and such further acts, instruments and transfers as the Trustee may reasonably request for the better assuring and confirming to the Trustee all and singular the rights and obligations of the Authority under and pursuant to this Indenture and the security intended to be conferred hereby to secure the Bonds.

Section 5.17. Indenture To Constitute a Contract. This Indenture, including all Supplemental Indentures, is executed by the Authority for the benefit of the Bondholders and constitutes a contract with the Trustee for the benefit of the Bondholders.

Section 5.18. Obligations Secured by Other Revenues. The Authority may, from time to time, incur indebtedness payable solely from certain revenues of the Airport System which do not constitute Revenues or Net Revenues at such times and upon such terms and conditions as the Authority shall determine, provided that such indebtedness shall specifically include a provision that payment of such indebtedness is neither secured by nor payable from Revenues or Net Revenues. The Authority may also, from time to time, incur indebtedness payable from and secured by both Net Revenues and certain revenues of the Airport System which do not constitute Revenues or Net Revenues at such times and upon such terms and conditions as the Authority shall determine, provided that the conditions set forth in this Indenture for the issuance of indebtedness payable from and secured by Net Revenues, including, without limitation, Section 2.09, Section 2.11 and Section 5.06, as applicable, are met.

ARTICLE VI

INVESTMENTS

Moneys held by the Authority and/or the Trustee in the funds and accounts created herein and under any Supplemental Indenture shall be invested and reinvested as directed by the Authority, in Permitted Investments subject to the restrictions set forth in this Indenture and such Supplemental Indenture and subject to the investment restrictions imposed upon the Authority by the laws of the State and the Authority's investment policy. The Authority shall direct such investments by written certificate (which certificate shall include a certification that such directions comply with the Authority's investment policy and upon which the Trustee may conclusively rely) of an Authorized Authority Representative or by telephone instruction followed by prompt written confirmation by an Authorized Authority Representative; in the absence of any such instructions, the Trustee shall, to the extent practicable, invest in Permitted Investments specified in item (i) of the definition thereof, which includes a money market fund comprised of United States Obligations, or in a money market fund or account of the Trustee, provided it meets the requirements specified in (i) of the definition of Permitted Investments, which are Permitted Investments under State law.

The Trustee shall not be liable for any loss resulting from following the written directions of the Authority or as a result of liquidating investments to provide funds for any required payment, transfer, withdrawal or disbursement from any fund or account in which such Permitted Investment is held.

The Trustee may buy or sell any Permitted Investment through its own (or any of its affiliates) investment department.

The Authority acknowledges that to the extent regulations of the Comptroller of the Currency or such other applicable regulatory entity grants the Authority the right to receive brokerage confirmations of security transactions as they occur, the Authority specifically waives receipt of such confirmations to the extent permitted by law. The Trustee will furnish the Authority periodic cash transaction statements which include detail for all investment transactions made by the Trustee hereunder.

ARTICLE VII

DEFEASANCE

Bonds or portions thereof (such portions to be in integral multiples of the authorized denomination) which have been paid in full or which are deemed to have been paid in full shall no longer be secured by or entitled to the benefits of this Indenture except for the purposes of payment from moneys, Government Obligations or obligations described in item (b) of the definition of Permitted Investments held by the Trustee or a Paying Agent for such purpose. When all Bonds which have been issued under this Indenture have been paid in full or are deemed to have been paid in full, and all other sums payable hereunder by the Authority, including all necessary and proper fees, compensation and expenses of the Trustee, the Registrar and the Paying Agent, have been paid or are duly provided for, then the right, title and interest of the Trustee in and to the pledge of Net Revenues and the other assets pledged to secure the Bonds hereunder shall thereupon cease, terminate and become void, and thereupon the Trustee shall cancel, discharge and release this Indenture, shall execute, acknowledge and deliver to the Authority such instruments as shall be requisite to evidence such cancellation, discharge and release and shall assign and deliver to the Authority any property and revenues at the time subject to this Indenture which may then be in the Trustee's possession, except funds or securities in which such funds are invested and are held by the Trustee or the Paying Agent for the payment of the principal of, premium, if any, and interest on the Bonds.

A Bond shall be deemed to be paid within the meaning of this Article VII and for all purposes of this Indenture when payment of the principal, interest and premium, if any, either (a) shall have been made or caused to be made in accordance with the terms of the Bonds and this Indenture or (b) shall have been provided for, as certified to the Trustee by a nationally recognized accounting firm, by irrevocably depositing with the Trustee in trust and setting aside exclusively for such payment, (i) moneys sufficient to make such payment and/or (ii) noncallable Government Obligations or obligations described in item (b) of the definition of Permitted Investments, maturing as to principal and interest in such amounts and at such times as will insure the availability of sufficient moneys to make such payment. At such times as Bonds shall be deemed to be paid hereunder, such Bonds shall no longer be secured by or entitled to the benefits of this Indenture, except for the purposes of payment from such moneys, Government Obligations or obligations described in item (b) of the definition of Permitted Investments.

Any deposit under clause (b) of the foregoing paragraph shall be deemed a payment of such Bonds. Once such deposit shall have been made, the Trustee shall notify all holders of the affected Bonds that the deposit required by (b) above has been made with the Trustee and that such Bonds are deemed to have been paid in accordance with this Article VII. Notice of redemption shall be required at the time of such defeasance or prior to such date as may be required by the Supplemental Indenture under which such Bonds were issued. The Authority may at any time, prior to issuing such notice of redemption as may be required by the Supplemental Indenture under which such Bonds were issued, modify or otherwise change the scheduled date for the redemption or payment of any Bond deemed to be paid under the terms of the foregoing paragraph in accordance with the terms of the Bonds or this Indenture subject to (A) receipt of an approving opinion of nationally recognized Bond Counsel that such action will not adversely affect the tax-exemption of any Bond or Bonds then Outstanding and (B) receipt of

an approving opinion of a nationally recognized accounting firm that there are sufficient moneys and/or Government Obligations and/or obligations described in item (b) of the definition of Permitted Investments to provide for the payment of such Bonds. Notwithstanding anything in Article VII herein to the contrary, monies from the trust or escrow established for the defeasance of Bonds may be withdrawn and delivered to the Authority so long as the requirements of subparagraphs (A) and (B) above are met prior to or concurrently with any such withdrawal.

In connection with the redemption or defeasance, or partial redemption or defeasance of Bonds, the Authority may permit, or cause to be assigned to Bonds of a single maturity, multiple CUSIP numbers.

ARTICLE VIII

DEFAULTS AND REMEDIES

Section 8.01. Events of Default. Each of the following events shall constitute and is referred to in this Indenture as an "Event of Default":

(a) a failure to pay the principal of or premium, if any, on any of the Bonds when the same shall become due and payable at maturity or upon redemption;

(b) a failure to pay any installment of interest on any of the Bonds when such interest shall become due and payable;

(c) a failure to pay the purchase price of any Bond when such purchase price shall be due and payable upon an optional or mandatory tender date as provided in a Supplemental Indenture;

(d) a failure by the Authority to observe and perform any covenant, condition, agreement or provision (other than as specified in paragraphs (a), (b) and (c) of this Section 8.01) that are to be observed or performed by the Authority and which are contained in this Indenture or a Supplemental Indenture, which failure, except for a violation under Section 5.04 which shall be controlled by the provisions set forth therein, shall continue for a period of 60 days after written notice, specifying such failure and requesting that it be remedied, shall have been given to the Authority by the Trustee, which notice may be given at the discretion of the Trustee and shall be given at the written request of holders of 25% or more of the Principal Amount of the Bonds then Outstanding, unless the Trustee, or the Trustee and the holders of Bonds in a Principal Amount not less than the Principal Amount of Bonds the holders of which requested such notice, shall agree in writing to an extension of such period prior to its expiration; provided, however, that the Trustee or the Trustee and the holders of such principal amount of Bonds shall be deemed to have agreed to an extension of such period if corrective action is initiated by the Authority within such period and is being diligently pursued until such failure is corrected;

(e) bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings, including without limitation proceedings under Chapter 9 of the United States Bankruptcy Code, or other proceedings for relief under any federal or state

bankruptcy law or similar law for the relief of debtors are instituted by or against the Authority and, if instituted against the Authority, said proceedings are consented to or are not dismissed within 60 days after such institution; or

(f) the occurrence of any other Event of Default as is provided in a Supplemental Indenture.

If, on any date on which payment of principal of or interest on the Bonds is due and sufficient moneys are not on deposit with the Trustee or Paying Agent to make such payment, the Trustee shall give telephone notice of such insufficiency to the Authority.

Section 8.02. Remedies.

(a) Upon the occurrence and continuance of any Event of Default, the Trustee in its discretion may, and upon the written direction of the holders of 25% or more of the Principal Amount of the Bonds then Outstanding and receipt of indemnity to its satisfaction, shall, in its own name and as the Trustee of an express trust:

(i) by mandamus, or other suit, action or proceeding at law or in equity, enforce all rights of the Bondholders, and require the Authority to carry out any agreements with or for the benefit of the Bondholders and to perform its or their duties under the Act or any other law to which it is subject and this Indenture;

(ii) bring suit upon the Bonds;

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

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

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

(c) In no event, upon the occurrence and continuation of an Event of Default described in Section 8.01, shall the Trustee, the Bondholders, a Credit Provider, a Liquidity Provider or any other party have the right to accelerate the payment of principal of and interest on the Bonds Outstanding.

Section 8.03. Restoration to Former Position. In the event that any proceeding taken by the Trustee to enforce any right under this Indenture shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Trustee, then the Authority, the Trustee, and the Bondholders shall be restored to their former positions and rights hereunder, respectively, and all rights, remedies and powers of the Trustee shall continue as though no such proceeding had been taken.

Section 8.04. Bondholders' Right To Direct Proceedings. Anything in this Indenture to the contrary notwithstanding, holders of a majority in Principal Amount of the Bonds then Outstanding shall have the right, at any time, by an instrument in writing executed and delivered to the Trustee, to direct the time, method and place of conducting all remedial proceedings available to the Trustee under this Indenture to be taken in connection with the enforcement of the terms of this Indenture or exercising any trust or power conferred on the Trustee by this Indenture; provided that such direction shall not be otherwise than in accordance with the provisions of the law and this Indenture and that there shall have been provided to the Trustee security and indemnity satisfactory to the Trustee against the costs, expenses and liabilities to be incurred as a result thereof by the Trustee.

Section 8.05. Limitation on Right To Institute Proceedings. No Bondholder shall have any right to institute any suit, action or proceeding in equity or at law for the execution of any trust or power hereunder, or any other remedy hereunder or on such Bonds, unless such Bondholder or Bondholders previously shall have given to the Trustee written notice of an Event of Default as hereinabove provided and unless also holders of 25% or more of the Principal Amount of the Bonds then Outstanding shall have made written request of the Trustee to do so, after the right to institute such suit, action or proceeding under Section 8.02 hereof shall have accrued, and shall have afforded the Trustee a reasonable opportunity to proceed to institute the same in either its or their name, and unless there also shall have been offered to the Trustee security and indemnity satisfactory to it against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee shall not have complied with such request within a reasonable time; and such notification, request and offer of indemnity are hereby declared in every such case, at the option of the Trustee, to be conditions precedent to the institution of such suit, action or proceeding; it being understood and intended that no one or more of the Bondholders shall have any right in any manner whatever by their action to affect, disturb or prejudice the security of this Indenture, or to enforce any right hereunder or under the Bonds, except in the manner herein provided, and that all suits, actions and proceedings at law or in equity shall be instituted, had and maintained in the manner herein provided and for the equal benefit of all Bondholders.

Section 8.06. No Impairment of Right To Enforce Payment. Notwithstanding any other provision in this Indenture, the right of any Bondholder to receive payment of the principal of and interest on such Bond or the purchase price thereof, on or after the respective due dates expressed therein and to the extent of the pledge of Net Revenues and other security provided for the Bonds, or to institute suit for the enforcement of any such payment on or after such respective date, shall not be impaired or affected without the consent of such Bondholder.

Section 8.07. Proceedings by Trustee Without Possession of Bonds. All rights of action under this Indenture or under any of the Bonds secured hereby which are enforceable by the Trustee may be enforced by it without the possession of any of the Bonds, or the production thereof at the trial or other proceedings relative thereto, and any such suit, action or proceeding instituted by the Trustee shall be brought in its name for the equal and ratable benefit of the Bondholders, subject to the provisions of this Indenture.

Section 8.08. No Remedy Exclusive. No remedy herein conferred upon or reserved to the Trustee or to Bondholders is intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative, and shall be in addition to every other remedy

given hereunder, or now or hereafter existing at law or in equity or by statute; provided, however, that any conditions set forth herein to the taking of any remedy to enforce the provisions of this Indenture or the Bonds shall also be conditions to seeking any remedies under any of the foregoing pursuant to this Section 8.08.

Section 8.09. No Waiver of Remedies. No delay or omission of the Trustee or of any Bondholder to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default, or an acquiescence therein; and every power and remedy given by this Article VIII to the Trustee and to the Bondholders, respectively, may be exercised from time to time and as often as may be deemed expedient.

Section 8.10. Application of Moneys. If an Event of Default shall occur and be continuing, all amounts then held or any moneys received by the Trustee, by any receiver or by any Bondholder pursuant to any right given or action taken under the provisions of this Article VIII (which shall not include moneys provided through a Credit Facility, which moneys shall be restricted to the specific use for which such moneys were provided), after payment of the costs and expenses of the proceedings resulting in the collection of such moneys by the Trustee or by any receiver and of the expenses, liabilities and advances incurred or made by the Trustee in connection with its performance of its powers and duties under this Indenture and any Supplemental Indenture (including attorneys' fees and disbursements), shall be applied as follows: (a) first, to the payment to the persons entitled thereto of all installments of interest then due on the Bonds, with interest on overdue installments, if lawful, at the rate per annum as provided in any Supplemental Indenture, as the case may be, in the order of maturity of the installments of such interest and, if the amount available shall not be sufficient to pay in full any particular installment of interest, then to the payment ratably, according to the amounts due on such installment, and (b) second, to the payment to the persons entitled thereto of the unpaid principal amount of any of the Bonds which shall have become due with interest on such Bonds at such rate as provided in a Supplemental Indenture from the respective dates upon which they became due and, if the amount available shall not be sufficient to pay in full Bonds on any particular date determined to be the payment date, together with such interest, then to the payment ratably, according to the amount of principal and interest due on such date, in each case to the persons entitled thereto, without any discrimination or privilege.

Whenever moneys are to be applied pursuant to the provisions of this Section 8.10, such moneys shall be applied at such times, and from time to time, as the Trustee shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Trustee shall apply such funds, it shall fix the date (which shall be an interest Payment Date unless it shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal and interest to be paid on such date shall cease to accrue. The Trustee shall give notice of the deposit with it of any such moneys and of the fixing of any such date by Mail to all Bondholders and shall not be required to make payment to any Bondholder until such Bonds shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

Section 8.11. Severability of Remedies. It is the purpose and intention of this Article VIII to provide rights and remedies to the Trustee and the Bondholders, which may be

lawfully granted under the provisions of the Act and other applicable law, but should any right or remedy herein granted be held to be unlawful, the Trustee and the Bondholders shall be entitled, as above set forth, to every other right and remedy provided in this Indenture or by applicable law.

Section 8.12. Additional Events of Default and Remedies. So long as any particular Series of Bonds is Outstanding, the remedies as set forth in this Article VIII may be supplemented with additional remedies as set forth in a Supplemental Indenture under which such Series of Bonds is issued.

ARTICLE IX

TRUSTEE, PAYING AGENT AND CO-PAYING AGENTS; REGISTRAR

Section 9.01. Acceptance of Trusts. The Trustee hereby accepts and agrees to execute the trusts specifically imposed upon it by this Indenture, but only upon the additional terms set forth in this Article IX, to all of which the Authority agrees and the respective Bondholders agree by their acceptance of delivery of any of the Bonds.

Section 9.02. Duties of Trustee.

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

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

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

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

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

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

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

(f) Every provision of this Indenture that in any way relates to the Trustee is subject to all the paragraphs of this Section 9.02.

Section 9.03. Rights of Trustee. Subject to the foregoing Section 9.02, the Trustee shall be protected and shall incur no liability in acting or proceeding in good faith upon any resolution, notice, telegram, facsimile, request, consent, waiver, certificate, direction, statement, affidavit, voucher, bond, requisition or other paper or document which it shall in good faith believe to be genuine and to have been passed or signed by the proper Authority or person or to have been prepared and furnished pursuant to any of the provisions of this Indenture, and the Trustee shall be under no duty to make investigation or inquiry as to any statements contained or matters referred to in any such instrument, but may accept and rely upon the same as conclusive evidence of the truth and accuracy of such statements. The Trustee may rely upon the calculations provided by the entity preparing the calculation of Aggregate Annual Debt Service in connection with its responsibility to ensure there exists in the Debt Service Reserve Funds the required amounts.

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

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

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

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

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

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

The Trustee shall not be considered in breach of or in default in its obligations hereunder in the event of enforced delay or unavoidable delay in the performance of such obligations due to unforeseeable causes beyond its control and without its fault or negligence, including, but not limited to, acts of God or of a public enemy or terrorists, acts of a government, fires, floods, epidemics, quarantine restrictions, strikes, freight embargoes, earthquakes, explosion, mob violence, riot, inability to procure or general sabotage or rationing of labor, equipment, facilities, sources of energy, material or supplies in the open market, malicious mischief, condemnation, and unusually severe weather or delays of suppliers or subcontractors due to such causes or any similar event and/or occurrences beyond the control of the Trustee.

The Trustee agrees to accept and act upon facsimile transmission of written instructions and/or directions pursuant to this Indenture provided, however, that: (a) subsequent to such facsimile transmission of written instructions and/or directions the Trustee shall forthwith receive the originally executed instructions and/or directions, (b) such originally executed instructions and/or directions shall be signed by a person as may be designated and authorized to sign for the party signing such instructions and/or directions, and (c) the Trustee shall have received a current incumbency certificate containing the specimen signature of such designated person.

Section 9.04. Individual Rights of Trustee. The Trustee in its individual or any other capacity may become the owner or pledgee of Bonds and may otherwise deal with the Authority with the same rights it would have if it were not Trustee. Any Paying Agent or other agent may do the same with like rights.

Section 9.05. Trustee's Disclaimer. The Trustee shall not be accountable for the Authority's use of the proceeds from the Bonds paid to the Authority and it shall not be responsible for any statement in the Bonds other than its certificate of authentication.

Section 9.06. Notice of Defaults. If (a) an Event of Default has occurred or (b) an event has occurred which with the giving of notice and/or the lapse of time would be an Event of Default and, with respect to such events for which notice to the Authority is required before such events will become Events of Default, such notice has been given, then the Trustee shall promptly, after obtaining actual notice of such Event of Default or event described in (b) of the first sentence of this Section 9.06, give notice thereof to each Bondholder. Except in the case of a default in payment or purchase on any Bonds, the Trustee may withhold the notice if and so long as a committee of its Responsible Officers in good faith determines that withholding the notice is in the interests of the Bondholders.

Section 9.07. Compensation of Trustee. For acting under this Indenture, the Trustee shall be entitled to payment of fees for its services and reimbursement of advances, counsel fees and other expenses reasonably and necessarily made or incurred by the Trustee in connection with its services under this Indenture, in accordance with a separate fee schedule setting forth such terms and conditions which has been approved by the Authority. The Authority agrees to indemnify and hold the Trustee and its officers, agents and directors harmless against any liabilities, costs, claims or expenses not arising from the Trustee's own negligence, misconduct or breach of duty, which the Trustee may incur in the exercise and performance of its rights and obligations hereunder including the enforcement of any remedies and the defense of any suit. Such obligation shall survive the discharge of this Indenture or the resignation or removal of the Trustee.

Section 9.08. Eligibility of Trustee. This Indenture shall always have a Trustee that is a trust company, banking association or a bank having the powers of a trust company and is organized and doing business under the laws of the United States or any state or the District of Columbia, is authorized to conduct trust business under the laws of the State, is subject to supervision or examination by United States, state or District of Columbia authority and has (together with its corporate parent) a combined capital and surplus of at least \$100,000,000 as set forth in its most recent published annual report of condition.

Section 9.09. Replacement of Trustee. The Trustee may resign by notifying the Authority in writing prior to the proposed effective date of the resignation. The holders of a majority in Principal Amount of the Bonds may remove the Trustee by notifying the removed Trustee and may appoint a successor Trustee with the Authority's consent. The Authority may remove the Trustee, by notice in writing delivered to the Trustee at least 60 days prior to the proposed removal date; provided, however, that the Authority shall have no right to remove the Trustee during any time when an Event of Default has occurred and is continuing or when an event has occurred and is continuing or condition exists which with the giving of notice or the passage of time or both would be an Event of Default.

No resignation or removal of the Trustee under this Section 9.09 shall be effective until a new Trustee has taken office and delivered a written acceptance of its appointment to the retiring Trustee and to the Authority. Immediately thereafter, the retiring Trustee shall transfer all property held by it as Trustee to the successor Trustee, the resignation or removal of the retiring Trustee shall then (but only then) become effective and the successor Trustee shall have all the rights, powers and duties of the Trustee under this Indenture.

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

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

Section 9.10. Successor Trustee or Agent by Merger. If the Trustee, any Paying Agent or Registrar consolidates with, merges or converts into, or sells to or transfers all or substantially all its assets (or, in the case of a bank, national banking association or trust company, its corporate trust assets) to, another corporation and meets the qualifications set forth in this Indenture, the resulting, surviving or transferee corporation without any further act shall be the successor Trustee, Paying Agent or Registrar.

Section 9.11. Paying Agent. The Authority may upon notice to the Trustee at any time or from time to time appoint a Paying Agent or Paying Agents for the Bonds or for any Series of Bonds, and each Paying Agent, if other than the Trustee, shall designate to the Authority and the Trustee its principal office and signify its acceptance of the duties and obligations imposed upon it hereunder or under a Supplemental Indenture by a written instrument of acceptance delivered to the Authority and the Trustee under which each such Paying Agent will agree, particularly:

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

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

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

Section 9.12. Registrar. The Authority shall appoint the Registrar for the Bonds or a Registrar or Registrars for any Series of Bonds and may from time to time remove a Registrar and name a replacement. Each Registrar, if other than the Trustee, shall designate to the Trustee, the Paying Agent, and the Authority its principal office and signify its acceptance of the duties imposed upon it hereunder or under a Supplemental Indenture by a written instrument of acceptance delivered to the Authority and the Trustee under which such Registrar will agree, particularly, to keep such books and records as shall be consistent with prudent corporate trust industry practice and to make such books and records available for inspection by the Authority, the Trustee, and the Paying Agent on each Business Day during reasonable business hours.

Section 9.13. Other Agents. The Authority, or the Trustee with the consent of the Authority, may from time to time appoint other agents as may be appropriate at the time to perform duties and obligations under this Indenture or under a Supplemental Indenture all as provided by a Supplemental Indenture or resolution of the Authority.

Section 9.14. Several Capacities. Anything in this Indenture to the contrary notwithstanding, with the consent of the Authority, the same entity may serve hereunder as the Trustee, Paying Agent, Registrar and any other agent as appointed to perform duties or obligations under this Indenture, under a Supplemental Indenture or an escrow agreement, or in any combination of such capacities, to the extent permitted by law. The Paying Agent and the Registrar shall be entitled to the same protections, limitations from liability and indemnities afforded to the Trustee under this Indenture.

Section 9.15. Accounting Records and Reports of the Trustee.

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

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

ARTICLE X

MODIFICATION OF THIS INDENTURE

Section 10.01. Limitations. This Indenture shall not be modified or amended in any respect subsequent to the first delivery of fully executed and authenticated Bonds except as provided in and in accordance with and subject to the provisions of this Article X.

Section 10.02. Supplemental Indentures Not Requiring Consent of Bondholders. The Authority may, from time to time and at any time, without the consent of or notice to the Bondholders, execute and deliver Supplemental Indentures supplementing and/or amending this Indenture or any Supplemental Indenture as follows:

(a) to provide for the issuance of a Series or multiple Series of Bonds under the provisions of Section 2.09 of this Indenture and to set forth the terms of such Bonds and the special provisions which shall apply to such Bonds;

(b) to cure any formal defect, omission, inconsistency or ambiguity in, or answer any questions arising under, this Indenture or any Supplemental Indenture, provided such supplement or amendment is not materially adverse to the Bondholders;

(c) to add to the covenants and agreements of the Authority in this Indenture or any Supplemental Indenture other covenants and agreements, or to surrender any right or power reserved or conferred upon the Authority, provided such supplement or amendment shall not adversely affect the interests of the Bondholders;

(d) to confirm, as further assurance, any interest of the Trustee in and to the pledge of Net Revenues or in and to the funds and accounts held by the Trustee or in and to any other moneys, securities or funds of the Authority provided pursuant to this Indenture or to otherwise add additional security for the Bondholders;

(e) to evidence any change made in the terms of any Series of Bonds if such changes are authorized by the Supplemental Indenture at the time the Series of Bonds is issued and such change is made in accordance with the terms of such Supplemental Indenture;

(f) to comply with the requirements of the Trust Indenture Act of 1939, as amended from time to time;

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

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

(i) to qualify the Bonds or a Series of Bonds for a rating or ratings from a Rating Agency;

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

(k) to accommodate the use of a Credit Facility or Liquidity Facility for specific Bonds or a specific Series of Bonds; and

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

Before the Authority shall, pursuant to this Section 10.02, execute any Supplemental Indenture, there shall have been delivered to the Authority and Trustee an opinion of Bond Counsel to the effect that such Supplemental Indenture: (y) is authorized or permitted by this Indenture, the Act and other applicable law, complies with their respective terms, will, upon the execution and delivery thereof, be valid and binding upon the Authority in accordance with its terms and (z) will not cause interest on any of the Bonds which is then excluded from gross income of the recipient thereof for federal income tax purposes to be included in gross income for federal income tax purposes. The opinion of Bond Counsel required pursuant to clause (z) in the preceding sentence shall not be required for a Supplemental Indenture executed and delivered in accordance with Section 10.02(a).

Section 10.03. Supplemental Indenture Requiring Consent of Bondholders.

(a) Except for any Supplemental Indenture entered into pursuant to Section 10.02 and any Supplemental Indenture entered into pursuant to Section 10.03(b) below, subject to the terms and provisions contained in this Section 10.03 and Article XI and not otherwise, the holders of not less than a majority in aggregate Principal Amount of the Bonds then Outstanding shall have the right from time to time to consent to and approve the execution by the Authority of any Supplemental Indenture deemed necessary or desirable by the Authority for the purposes of modifying, altering, amending, supplementing or rescinding, in any particular, any of the terms or provisions contained in this Indenture or in a Supplemental Indenture; provided, however, that, unless approved in writing by the holders of all the Bonds then Outstanding or unless such change affects less than all Series of Bonds and the following subsection (b) is applicable, nothing herein contained shall permit, or be construed as permitting, (i) a change in the scheduled times, amounts or currency of payment of the principal of, interest on or Accreted Value of any Outstanding Bonds or (ii) a reduction in the principal amount or redemption price of any Outstanding Bonds or the rate of interest thereon; and provided that nothing herein contained, including the provisions of Section 10.03(b) below, shall, unless approved in writing by the holders of all the Bonds then Outstanding, permit or be construed as permitting (iii) the creation of a lien (except as expressly permitted by this Indenture) upon or pledge of the Net Revenues created by this Indenture, ranking prior to or on a parity with the claim created by this Indenture, (iv) except with respect to additional security which may be provided for a particular Series of Bonds, a preference or priority of any Bond or Bonds over any other Bond or Bonds with respect to the security granted therefor under the Granting Clauses hereof, or (v) a reduction in the aggregate Principal Amount of Bonds the consent of the Bondholders of which is required for any such Supplemental Indenture. Nothing herein contained, however, shall be construed as making necessary the approval by Bondholders of the execution of any Supplemental Indenture as authorized in Section 10.02, including the granting, for the benefit of particular Series of Bonds, security in addition to the pledge of the Net Revenues.

(b) The Authority may, from time to time and at any time, execute a Supplemental Indenture which amends the provisions of an earlier Supplemental Indenture under which a Series or multiple Series of Bonds were issued. If such Supplemental Indenture is executed for one of the purposes set forth in Section 10.02, no notice to or consent of the Bondholders shall be required. If such Supplemental Indenture contains provisions which affect the rights and interests of less than all Series of Bonds Outstanding and Section 10.02 is not applicable, then this subsection (b) rather than subsection (a) above shall control and, subject to the terms and provisions contained in this Section 10.03(b) and Article XI and not otherwise, the holders of not less than 51% in aggregate Principal Amount of the Bonds of all Series which are affected by such changes shall have the right from time to time to consent to any Supplemental Indenture deemed necessary or desirable by the Authority for the purposes of modifying, altering, amending, supplementing or rescinding, in any particular, any of the terms or provisions contained in such Supplemental Indenture and affecting only the Bonds of such Series; provided, however, that, unless approved in writing by the holders of all the Bonds of all

the affected Series then Outstanding, nothing herein contained shall permit, or be construed as permitting, (i) a change in the scheduled times, amounts or currency of payment of the principal of, interest on or Accreted Value of any Outstanding Bonds of such Series or (ii) a reduction in the principal amount or redemption price of any Outstanding Bonds of such Series or the rate of interest thereon. Nothing herein contained, however, shall be construed as making necessary the approval by Bondholders of the adoption of any Supplemental Indenture as authorized in Section 10.02, including the granting, for the benefit of particular Series of Bonds, security in addition to the pledge of the Net Revenues.

(c) If at any time the Authority shall desire to enter into any Supplemental Indenture for any of the purposes of this Section 10.03, the Authority shall cause notice of the proposed execution of the Supplemental Indenture to be given by Mail to all Bondholders or, under Section 10.03(b), all Bondholders of the affected Series. Such notice shall briefly set forth the nature of the proposed Supplemental Indenture and shall state that a copy thereof is on file at the office of the Authority for inspection by all Bondholders and it shall not be required that the Bondholders approve the final form of such Supplemental Indenture but it shall be sufficient if such Bondholders approve the substance thereof.

(d) The Authority may execute and deliver such Supplemental Indenture in substantially the form described in such notice, but only if there shall have first been delivered to the Authority (i) the required consents, in writing, of Bondholders and (ii) the opinion of Bond Counsel required by the last paragraph of Section 10.02.

(e) If Bondholders of not less than the percentage of Bonds required by this Section 10.03 shall have consented to and approved the execution and delivery thereof as herein provided, no Bondholders shall have any right to object to the adoption of such Supplemental Indenture, or to object to any of the terms and provisions contained therein or the operation thereof, or in any manner to question the propriety of the execution and delivery thereof, or to enjoin or restrain the Authority from executing the same or from taking any action pursuant to the provisions thereof.

(f) Notwithstanding subsections (c) through (e) above, the Authority may, at its discretion, execute and deliver such Supplemental Indenture which contains such modifications, alterations, amendments or supplements prior to receipt of the required consents in writing, of the Holders; provided, that such Supplemental Indenture or the applicable provisions of such Supplemental Indenture subject to the consents of the Holders shall not become effective until such time as there has been delivered to the Authority (i) the required consents, in writing, of Holders and (ii) the opinion of Bond Counsel required by the last paragraph of Section 10.02. In the event the Authority decides to execute and deliver a Supplemental Indenture in accordance with this subsection (f), the notice required in subsection (c) shall make reference to a final and executed Supplemental Indenture as opposed to a proposed Supplemental Indenture.

Section 10.04. Effect of Supplemental Indenture. Upon execution and delivery of any Supplemental Indenture pursuant to the provisions of this Article X, this Indenture or the

Supplemental Indenture shall be, and shall be deemed to be, modified and amended in accordance therewith, and the respective rights, duties and obligations under this Indenture and the Supplemental Indenture of the Authority, the Trustee, the Paying Agent, the Registrar and all Bondholders shall thereafter be determined, exercised and enforced under this Indenture and the Supplemental Indenture, if applicable, subject in all respects to such modifications and amendments.

No Supplemental Indenture shall modify the duties, rights or obligations of the Trustee, Paying Agent or Registrar without the consent of such party thereto.

Section 10.05. Supplemental Indentures To Be Part of This Indenture. Any Supplemental Indenture entered into accordance with the provisions of this Article X shall thereafter form a part of this Indenture or the Supplemental Indenture which they supplement or amend, and all of the terms and conditions contained in any such Supplemental Indenture as to any provision authorized to be contained therein shall be and shall be deemed to be part of the terms and conditions of this Indenture or the Supplemental Indenture which they supplement or amend for any and all purposes.

ARTICLE XI

CREDIT PROVIDERS

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

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

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

(c) the right to consent to Supplemental Indentures to the same extent and in place of the Holders of the Bonds, which require the consent of the Holders of not less than 51% of the aggregate Principal Amount of the Bonds, entered into pursuant to Section 10.03, except with respect to any amendments described in Sections 10.03(a)(i) through (v) and 10.03(b)(i) or (ii) which consent of the actual Holders shall still be required, of this Indenture to the same extent and in place of the Holders of the Bonds which are secured by the Credit Facility and for such purposes the Credit Provider shall be deemed to be the Holder of such Bonds.

The rights granted to any such Credit Provider, with respect to the provisions of Articles VIII and IX hereof shall be disregarded and be of no effect if the Credit Provider is in default of its payment obligations under its Credit Facility.

ARTICLE XII

MISCELLANEOUS PROVISIONS

Section 12.01. Parties in Interest. Except as herein otherwise specifically provided, nothing in this Indenture expressed or implied is intended or shall be construed to confer upon any person, firm or corporation other than the Authority, the Trustee, the Paying Agent, other agents from time to time hereunder, the Bondholders and, to the limited extent provided by Supplemental Indenture, the Credit Providers any right, remedy or claim under or by reason of this Indenture, this Indenture being intended to be for the sole and exclusive benefit of the Authority, the Trustee, the Paying Agent, such other agents, the Bondholders and, to the limited extent provided in the applicable Supplemental Indenture, the Credit Providers.

Section 12.02. Severability. In case any one or more of the provisions of this Indenture, or of any Bonds issued hereunder shall, for any reason, be held to be illegal or invalid, such illegality or invalidity shall not affect any other provisions of this Indenture or of Bonds, and this Indenture and any Bonds issued hereunder shall be construed and enforced as if such illegal or invalid provisions had not been contained herein or therein.

Section 12.03. No Personal Liability of Authority Members and Officials; Limited Liability of Authority to Bondholders. No covenant or agreement contained in the Bonds or in this Indenture shall be deemed to be the covenant or agreement of any present or future Authority member, official, officer, agent or employee of the Authority or the Airport System, in their individual capacity, and neither the members of the Authority, the officers and employees of the Authority, nor any person executing the Bonds shall be liable personally on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof.

Section 12.04. Execution of Instruments; Proof of Ownership. Any request, direction, consent or other instrument in writing required or permitted by this Indenture to be signed or executed by Bondholders or on their behalf by an attorney-in-fact may be in any number of concurrent instruments of similar tenor and may be signed or executed by such Bondholders in person or by an agent or attorney-in-fact appointed by an instrument in writing or as provided in the Bonds. Proof of the execution of any such instrument and of the ownership of Bonds shall be sufficient for any purpose of this Indenture and shall be conclusive in favor of the Trustee with regard to any action taken by it under such instrument if made in the following manner:

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

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

Nothing contained in this Section 12.04 shall be construed as limiting the Trustee to such proof. The Trustee may accept any other evidence of matters herein stated which it may deem sufficient. Any request, consent of, or assignment by any Bondholder shall bind every future Bondholder of the same Bonds or any Bonds issued in lieu thereof in respect of anything done by the Trustee or the Authority in pursuance of such request or consent.

Section 12.05. Governing Law. The laws of the State shall govern the construction and enforcement of this Indenture and of all Bonds issued hereunder; provided, however, that the administration of the trusts imposed upon the Trustee by this Indenture and the rights and duties of the Trustee hereunder shall be governed by, and construed in accordance with, the laws of the jurisdiction in which the Trustee has its principal corporate trust office.

Section 12.06. Notices. Except as otherwise provided in this Indenture, all notices, certificates, requests, requisitions or other communications by the Authority, the Trustee, the Paying Agent, the Registrar, other agents or a Credit Provider, pursuant to this Indenture shall be in writing and shall be sufficiently given and shall be deemed given when mailed by registered mail, postage prepaid, addressed as follows: if to the Authority, to the San Diego County Regional Airport Authority, Attention: Vice President Finance/Treasurer, by delivery or by mail, Commuter Terminal, 3rd Floor, 3225 North Harbor Drive, San Diego, California 92101, with a copy to the General Counsel at the same address; if to the Trustee, to The Bank of New York Trust Company, N.A., 700 South Flower Street, Suite 500, Los Angeles, California 90017, Attention: Corporate Trust, if to a Paying Agent, or another agent, to such address as is designated in writing by it to the Trustee and the Authority. Any of the foregoing may, by notice given hereunder to each of the others, designate any further or different addresses to which subsequent notices, certificates, requests or other communications shall be sent hereunder.

Section 12.07. Holidays. If the date for making any payment or the last date for performance of any act or the exercising of any right, as provided in this Indenture, shall not be a Business Day, such payment may, unless otherwise provided in this Indenture or, with respect to any Series of Bonds or portion of Series of Bonds, provided in the Supplemental Indenture under which such Bonds are issued, be made or act performed or right exercised on the next succeeding Business Day with the same force and effect as if done on the nominal date provided in this Indenture.

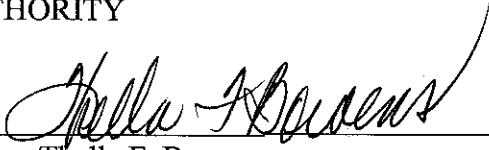
Section 12.08. Counterparts. This Indenture may be signed in several counterparts. Each will be an original, but all of them together constitute the same instrument.

Section 12.09. Repeal of Inconsistent Resolutions. All resolutions of the Authority, or parts of resolutions, inconsistent with any Supplemental Indenture or this Indenture are hereby repealed to the extent of such inconsistency.

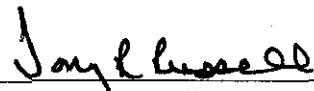
[End of Master Trust Indenture]

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

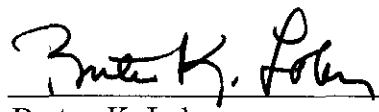
SAN DIEGO COUNTY REGIONAL AIRPORT
AUTHORITY

By 
Thella F. Bowens,
President and CEO/Executive Director

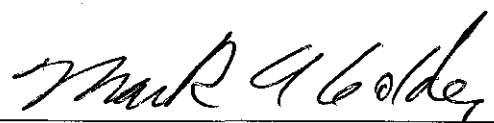
Attest:

By 
Tony R. Russell,
Director, Corporate Services/
Authority Clerk

Approved as to form:

By 
Breton K. Lobner
General Counsel

THE BANK OF NEW YORK TRUST
COMPANY, N.A., as Trustee

By 
Authorized Representative

[Signature page to Master Trust Indenture]