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CITY OF SACRAMENTO

SEP 9 2 34 PM '86

August 20, 1975

OPINION

TO: DIRECTOR OF FINANCE

FROM: CITY ATTORNEY

RE: SACRAMENTO COMMUNITY CENTER AUTHORITY 1971 BONDS

QUESTION

You have requested an opinion of this office on the following question: May the \$154,153 in the Surplus Revenue Fund of the Sacramento Community Center Authority be used for additions to the Community Center and to reimburse the City for capital expenses heretofore made by the City at the Center?

ANSWER

The money available in the Surplus Revenue Fund may be expended by the Community Center Authority for these purposes.

ANALYSIS

At the completion of the construction of the Sacramento Community Center, a sum of money in excess of \$110,000 remained unexpended in the Construction Fund for the project. This fund was held by Security Pacific National Bank as trustee in accordance with the provisions of Resolution No. 10-71 of the Sacramento Community Center Authority authorizing the issuance of \$19,100,000 of Community Center 1971 Bond (hereinafter referred to as the Bond Resolution).

Section 3.03 of the Bond Resolution provided that upon completion of the project and its acceptance by the Authority, any moneys remaining in the Construction Fund should be deposited in the Revenue Fund. This latter fund is provided for in Section 5.01 of the Bond Resolution and consists of five special funds which are described in Section 5.02 of the resolution. These special funds are the Interest Fund, Redemption Fund, Sinking Fund, Operation and Maintenance Fund and Surplus Revenue Fund. All moneys deposited in the Revenue Fund will ultimately find its way into one

or more of the five special funds.

The trustee determined that the surplus moneys from the Construction Fund were not required for the Interest Fund, the Redemption Fund, Sinking Fund or the Operation and Maintenance Fund and accordingly, deposited the remaining Construction Fund balance in the Surplus Revenue Fund where it now remains.

Your staff has recently suggested that the amount of funds on deposit in the Interest Fund are inadequate to meet the requirements of the Bond Resolution and have accordingly indicated that any moneys held in the Surplus Revenue Fund should be first used to defray purported underfunding of the Interest Fund. Your staff's opinion on this matter is based upon the assumption that Section 5.02(a) of the Bond Resolution requires the Interest Fund to have a minimum balance at all times which would be sufficient to pay the aggregate amount of interest becoming due and payable on outstanding bonds on the next two succeeding interest dates. No such minimum balance is presently maintained.

We do not believe that this is the correct interpretation of Section 5.02(a). It reads:

Allocation of Revenues to Special Funds. Upon receipt thereof, the Trustee shall deposit in the Revenue Fund all Revenues. The Trustee shall thereupon deposit all moneys in the Revenue Fund in one or more of the funds set forth in this Section 5.02; each of which the Trustee shall establish, maintain, and hold in trust, and the moneys in each of which shall be disbursed and applied only as hereinafter authorized. Such Revenues shall be so deposited in the following order of priority, the requirements of each such fund at the time of deposit to be satisfied before any transfer is made to any fund subsequent in priority:

(a) Interest Fund. The Trustee, on or before each August 15 (commencing on August 15, 1974) shall deposit in the Interest Fund (the initial payment into which is provided for in Section 3.02) an amount which, together with any balance then on deposit in said fund, will be sufficient to pay the aggregate amount of interest becoming due and payable on the outstanding Bonds on the next two succeeding interest payment dates.

Thus, the interest fund must have enough money deposited on August 15, for the following February 1, and August 1, interest payments, but the interest fund does not have to contain a minimum fund balance equal to the next two interest payments. The Official Statement for these bonds (page 4) points out that the bonds have

the security of having the interest payments deposited far in advance of payment:

Lease payments will be due annually on each August 15 in amounts at least sufficient to meet debt service requirements due on the ensuing February 1 and August 1. Such payments will be made directly to the Trustee by the City for the benefit of the Bonds. (The Trustee will thus have the interest payment due February 1 almost six months in advance, and the interest and principal payment due August 1 nearly one year in advance). The Authority will provide the Trustee, prior to the beginning of each fiscal year and not later than the date fixed for public hearing on the proposed City budget, a determination that the amounts so budgeted are fully adequate for payment of all rentals due under the Project Lease in the then-ensuing fiscal year.

You will note that no mention is made of a minimum fund balance in the Interest Fund. Accordingly, we are of the opinion that the \$154,153 in the Surplus Revenue Fund is available for the following purposes:

(a) Surplus Revenue Fund. After making the deposits required by subsections (a) through (d) above, the Trustee on or before each August 15 (commencing on August 15, 1974) shall deposit any available Revenues in the Surplus Revenue Fund. The Trustee shall, on the first business day after making each deposit in the Surplus Revenue Fund, determine if any moneys then in the Surplus Revenue Fund shall be required for the payment of principal and interest on any succeeding interest payment date (assuming for the purpose of such determination that the City will pay when due all payments of Base Rental required by Section 3(a) of the Project Lease), and shall hold any such moneys in the Surplus Revenue Fund for transfer to the Interest Fund, the Redemption Fund and the Sinking Fund when so needed. Except as hereinabove provided, moneys in the Surplus Revenue Fund may be used (i) for the redemption of Bonds upon the notice and in the manner provided in Article IV; (ii) for the purchase of Bonds at such prices as the Authority may deem advisable, but not to exceed the par value thereof, or, in the case of Bonds which by their terms are subject to call and redemption, the highest redemption price (excluding accrued interest) or the then current redemption price (excluding accrued interest), whichever is lower; (iii) for transfer to the

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Working Capital Fund or the Operation and Maintenance Fund; (iv) for transfer to the Construction Fund for changes, alterations and additions to the Project or (v) for transfer to the City. The Trustee shall apply moneys in the Surplus Revenue Fund for any of the above purposes upon the Request of the Authority. Moneys in the Surplus Revenue Fund shall be used and withdrawn by the Trustee solely for the foregoing purposes, subject, however, to the provisions of Section 5.05.

In conclusion, the Surplus Revenue Funds are available for additions to the Project or for reimbursement of the City.

JAMES P. JACKSON, City Attorney

By \_\_\_\_\_  
DAVID W. McMURTRY  
Assistant City Attorney

DWM:kn

Cc's: Community Center Authority  
City Manager  
Assistant City Manager - Community Development  
John Whitehead

**SACRAMENTO COMMUNITY**

**CENTER AUTHORITY**

**1971 BONDS**

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**BASIC LEGAL DOCUMENTS**

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**JOINT EXERCISE OF POWERS AGREEMENT\***

THIS AGREEMENT, dated for convenience as of November 25, 1969, by and between the COUNTY OF SACRAMENTO, a chartered County and political subdivision of the State of California, duly organized and existing under the Constitution and laws of the State of California, and the CITY OF SACRAMENTO, a chartered City and municipal corporation duly organized and existing under the Constitution and laws of the State of California;

## WITNESSETH:

WHEREAS, County and City are each empowered by law to acquire, construct, maintain and operate a city and county community center consisting of one or more public buildings necessary for the purpose of providing public assembly and convention halls for public assembly and convention purposes; including theater, meeting rooms, exhibition hall for exhibition of arts, crafts and industrial exhibits, parking facilities, restaurants and shopping areas incidental to or to be used in connection therewith, lands, easements, rights of way, sewage and drainage utilities, landscaping; and all other works, property or structures necessary or convenient for a community and cultural center for public assembly and convention purposes; and

WHEREAS, City and County have determined that there should be constructed within the City of Sacramento, facilities for the foregoing purposes and have further determined that such facilities will serve and be of benefit to the residents and economy of City and County as a whole; and

WHEREAS, County and City have determined that certain facilities comprising the Project hereinafter defined should be constructed within the County and the City for the respective purposes thereof;

Now, THEREFORE, County and City, for and in consideration of mutual promises and agreements herein contained, do agree as follows:

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\*Exhibit A has been omitted.

SECTION 1. *Definitions*

Unless the context otherwise requires, the terms defined in this Section 1 shall for all purposes of this Agreement have the meanings herein specified.

**Authority**

The term "Authority" shall mean the Sacramento Community Center Authority created by this Agreement.

**Board**

The term "Board" shall mean the governing board of the Authority.

**Bonds**

The term "Bonds" shall mean bonds of Authority authorized and issued pursuant to the Law.

**City**

The term "City" shall mean the City of Sacramento.

**County**

The term "County" shall mean the County of Sacramento.

**Law**

The term "Law" shall mean Chapter 5 of Division 7 of Title 1 of The Government Code of the State of California (Sections 6500-6578).

**Net**

The term "net" as used herein with reference to transient occupancy taxes and admission taxes, shall mean the amount of such receipts collected less the actual costs of collection, which costs of collection shall not exceed two percent (2%) of such tax receipts collected.

**Project**

The term "Project" shall mean a city and county community center consisting of one or more public buildings necessary for the purpose of providing public assembly and convention halls for public assembly and convention purposes; including theater, meeting rooms, exhibition hall for exhibition of arts, crafts and indus-



trial exhibits, parking facilities, restaurants and shopping areas incidental to or to be used in connection therewith, lands, easements, rights-of-way, sewage and drainage utilities, landscaping, and all other works, property or structures necessary or convenient for a community and cultural center for public assembly and convention purposes, all to be constructed by City as agent of Authority in accordance with plans and specifications for the Project.

#### SECTION 2. *Purpose*

This Agreement is made pursuant to the Law and relates to the joint exercise of powers common to County and City. County and City are each empowered by the laws of the State of California to acquire land for, and to acquire, construct, maintain, operate and lease the Project. This common power will be jointly exercised in the manner hereinafter set forth.

#### SECTION 3. *Creation of Authority*

There is hereby created pursuant to the Law an agency or public entity to be known as "Sacramento Community Center Authority." As provided in the law, the Authority shall be a public entity separate from County and City.

#### SECTION 4. *Term*

This Agreement shall become effective as of the date hereof and shall continue in full force and effect until such time as the bonds and the interest thereon shall have been paid in full, or provision for such payment shall have been made; provided, however, that this Agreement shall terminate on October 1, 1973, in the event that bonds for the Project shall not have been issued and sold on or before such date.

#### SECTION 5. *Powers*

The Authority shall have power to acquire the site of the Project, to acquire and construct, or cause to be constructed, and to maintain and operate the Project, and to lease the Project to City.

The Authority is hereby authorized, in its own name, to do all acts necessary for the exercise of said power for said purposes, including but not limited to any or all of the following:

To make and enter into contracts; to employ agents and employees; to acquire, construct, manage, maintain and operate any buildings, works or improvements, to acquire, by the power of eminent domain or otherwise, hold or dispose of property; to lease the Project to any person to carry out said public purposes; to incur debts, liabilities or obligations which do not constitute a debt, liability or obligation of County or City; and to sue and be sued in its own name. Such power shall be exercised subject only to such restrictions upon the manner of exercising such power as are imposed upon City in the exercise of similar powers, as provided in Section 6509 of the Law.

#### SECTION 6. *Termination of Powers*

Authority shall continue to exercise the powers herein conferred upon it until the termination of this Agreement, or until County and City shall have mutually rescinded this Agreement, except that if any of the bonds are actually issued and delivered, then in no event shall the exercise of the powers herein granted be terminated until all bonds so issued and delivered and the interest thereon shall have been paid or provision for such payment shall have been made.

#### SECTION 7. *Governing Board*

Authority shall be administered by the Board, which shall consist of five members, each serving in his individual capacity as a member of the Board. Two members of the Board shall be appointed by the Board of Supervisors of County, and three members of the Board shall be appointed by the City Council of City. The City Council of City and the Board of Supervisors of County shall each appoint one alternate. The alternate appointed by a party shall be an alternate for any one of the members appointed by said party. Each such alternate, acting in an individual capacity, shall have the authority to attend, participate in, and vote at any meeting of the Board when any regular member for whom he is an alternate

is absent from said meeting. Each member or alternate of the Board shall serve at the pleasure of the party by which he has been appointed. The term of office of any member of the Board or alternate shall be three years but may be terminated at any time by the governing body which appointed such member or alternate. The successor in office of any member of the Board, or alternate, shall be appointed by the Board of Supervisors of the County or the City Council of City, as the case may be, which appointed the predecessor of such member of the Board or alternate.

#### SECTION 8. *Meetings of Board*

(a) *Regular Meetings.* The Board shall hold at least one regular meeting each year. The date upon which, and the hour and place at which, each such regular meeting shall be held shall be fixed by resolution of the Board.

(b) *Special Meetings.* Special meetings of the Board may be called in accordance with the provisions of Section 54956 of the Government Code of the State of California.

(c) *Legal Notice.* All meetings of the Board shall be held subject to the provisions of the laws of the State of California requiring notice of meeting of public bodies to be given.

(d) *Minutes.* The Secretary of Authority shall cause minutes of all meetings of the Board to be kept and shall, as soon as possible after each meeting, cause a copy of the minutes to be forwarded to each member of the Board and to County and City.

(e) *Quorum.* A majority of the members of the Board shall constitute a quorum for the transaction of business, except that less than a quorum may adjourn from time to time. No action may be taken by the Board except upon the affirmative vote of a three-fifths majority of the Board.

#### SECTION 9. *Officers and Employees*

(a) The Board shall elect a chairman from among its members. The Board shall also appoint a secretary who may, but need not be, a member of the Board.

(b) The City Treasurer of City is hereby designated as treasurer of Authority. The treasurer is designated as the depository of Authority to have custody of all the money of Authority, from whatever

source, and, as such, shall have the powers, duties and responsibilities specified in Section 6505.5 of the Law.

(c) The City Controller of City is hereby designated as controller of Authority, and, as such, shall have the powers, duties and responsibilities specified in Section 6505.5 of the Law. He shall draw warrants to pay demands against Authority when the demands have been approved by Authority.

The City Council of City shall determine charges to be made against Authority for the services of the treasurer and auditor, which charges shall not be an obligation or liability of County or City.

The City Council of City shall determine charges to be made against Authority for the services of the treasurer and auditor.

(d) The chairman, treasurer and controller of Authority are designated as the public officers or persons who have charge of, handle, or have access to any property of Authority, and each such officer shall file an official bond with the Secretary of Authority in the amount of not less than \$100,000.00.

(e) The Board shall have the power to appoint such other officers and employees as it may deem necessary, provided, however, that City shall have the power of selection of the financial consultant and bond counsel for Authority.

#### SECTION 10. *Fiscal Year*

The fiscal year of Authority shall be the fiscal year of City as established from time to time by City, being at the date of this Agreement the period from July 1 of each year to and including the following June 30.

#### SECTION 11. *Disposition of Assets*

In the event that any of the bonds are issued as provided in Section 15, then at the end of the term hereof, or upon the earlier termination of this Agreement, the assets of the Authority, including all property acquired as a result of the joint exercise of powers under this Agreement, shall be distributed to City.

In the event that none of the bonds are issued, then all such assets shall be distributed to City and County, as their respective interests may appear.

SECTION 12. *Acquisition of Land and Location of Project*

City or Authority shall acquire land adequate for the purposes of Authority. The location of the land to be acquired shall include the block bounded by J, K, 13th and 14th Streets and the block bounded by K, L, 13th and 14th Streets. To that end City or Authority shall conduct any and all condemnation suits necessary or proper to enable City or Authority to acquire title to the land. City agrees that if it acquires such land, upon the acquisition of title thereto, or any portion thereof mutually agreed upon, City shall sell and transfer, or lease the land to Authority at a price or rental not to exceed the actual cost to City, including the purchase price, if any, or condemnation award and expense incidental thereto. Any additional acquisition of land, and any additional construction beyond the extent of the Project, as defined in Sections 12 and 20 hereof, shall be subject to the approval of County first had and obtained.

SECTION 13. *Plans and Specifications*

City will select and employ qualified architects, and will cause such architects to prepare plans and specifications for the construction of Project. When said plans and specifications have been completed and approved by City, City shall transfer all of its right, title and interest therein and thereto to Authority. Authority shall not authorize or permit any change or modification in the plans and specifications without the prior written approval of City. Authority shall, when it has funds available therefor, reimburse City for all costs and expenses incurred in connection with the preparation of said plans and specifications, but shall not include any administrative or overhead costs of City.

SECTION 14. *Construction of Project*

Authority shall construct Project pursuant to a construction contract to be awarded at competitive bid. Such construction contract shall be let to bid in substantially the same manner and upon the same conditions as construction contracts are awarded by City. City shall act as agent of Authority in the advertising for construction bids, the letting of such construction contract and the supervision of construction.

SECTION 15. *Bonds*

Authority shall have power to issue bonds in accordance with the provisions of the Law for the purpose of exercising its powers and raising funds necessary to carry out its obligations under this Agreement, including, without limitation, the costs of financial consultants to Authority, bond counsel, and other costs and expenses incidental to the issuance of such bonds.

SECTION 16. *Limitations*

The debts, liabilities and obligations of Authority and contracts and obligations entered into to carry out the purposes for which the bonds are issued, payable in whole or in part from the proceeds of said bonds, shall not constitute the debts, liabilities or obligations of City or County.

SECTION 17. *Joint Powers Agreement*

Authority agrees to lease to City all the land and improvements acquired by Authority, together with all improvements constructed by Authority thereon, and City shall pay, as Base Rental, amounts at least sufficient to make the principal and interest payments each year on the bonds to be issued by Authority. City shall also pay, as Additional Rental, amounts sufficient to pay all other expenses, if any, of the Authority. It is agreed between the parties hereto that Base Rental payments shall not represent payments for any of such other expenses of the Authority. City shall operate and maintain, at its own cost and expense, the Project to be constructed on the land for the benefit of County and City and the inhabitants of County and City.

SECTION 18. *Payment and Sublease by County*

(a) In consideration of City operating the Project for the benefit of the inhabitants of the entire County, incorporated as well as unincorporated areas, County agrees to contribute to Authority on June 30, 1970, an amount equal to all County net transient occupancy tax receipts collected from and including April 1, 1965, to and including June 30, 1970.

(b) In further consideration of City operating Project for the benefit of said County inhabitants, County agrees to sublease from City certain portions of Project to be mutually agreed upon by the parties, all pursuant to a sublease in substantially the form attached hereto as EXHIBIT A, with necessary or appropriate variations, omissions and insertions, as permitted or required by this Agreement, or by the Lease referred to in Section 17 hereof; provided, however, that the financial obligation of County provided for in such Sublease shall not, without the prior consent of County, be increased to an amount in excess of the rental payments provided by the formula set forth in Subsection (c) of this Section 18.

(c) The initial rental payment (to be made on or prior to fifteen (15) days prior to the date of the first Base Rental payment required pursuant to the lease referred to in Section 17 hereof), shall be in an amount equal to the total amount of net transient occupancy tax receipts collected by County from and including July 1, 1970, to and including the last day of the Quarter next preceding the date upon which such initial rental payment is to be made.

Each subsequent rental payment under such Sublease shall be an amount equal to the Base Rental payment to be paid by City to Authority pursuant to the lease referred to in Section 17 hereof, less the following amounts:

(i) The total amount of net admission tax receipts collected by City from the use of Project from and including January 1, April 1, July 1, or October 1, as the case may be, next preceding the last previous rental payment under such Sublease, to and including the last day of the Quarter next preceding the date of the current rental payment provided for in Subsection (a) of Section 3 of such Sublease; and

(ii) The total amount of net transient occupancy tax receipts collected by City from and including January 1, April 1, July 1, or October 1, as the case may be, next preceding the last previous rental payment under such Sublease, to and including the last day of the Quarter next preceding the date of the current rental payment provided for in Subsection (a) of Section 3 of such Sublease;

provided, however, that each such subsequent rental payment under such Sublease shall not exceed the total amount of net transient

occupancy tax receipts collected by County from and including January 1, April 1, July 1, or October 1, as the case may be, next preceding the last previous rental payment under such Sublease, to and including the last day of the Quarter next preceding the date of the current rental payment provided for in Subsection (a) of Section 3 of such Sublease.

The parties hereto intend by the foregoing formula for subsequent rental payments, that should any Base Rental payment exceed the aggregate of the total amounts of net admission tax receipts and net transient occupancy tax receipts collected at the time and in the manner aforesaid, County shall not be required to pay any part of the deficit arising therefrom out of the net transient occupancy tax receipts collected by County at any time subsequent thereto, or out of any other revenues, but such deficit Base Rental payments shall be the sole obligation of City.

Notwithstanding any other provisions contained in this Agreement or such Sublease, County shall not be liable for the payment of any sums whatsoever in excess of an amount equal to the net transient occupancy tax receipts collected in each quarter by County, or the payments required by this Agreement to be sufficient to equal a five percent (5%) net transient occupancy tax, whichever is higher.

In the event that the aggregate rental payments made throughout the term of such Sublease, together with the aggregate of the total net City admission tax receipts and total net City transient occupancy tax receipts collected at the time and in the manner aforesaid throughout the term of such Sublease, shall exceed the aggregate of the Base Rental payments made throughout the term of the lease referred to in Section 17 hereof, then, and only to the extent of such excess, County shall be entitled to a credit against its last rental payment under such Sublease and/or a rental rebate in the amount of the contribution provided for in Subsection (a) of this Section 18, together with its initial rental payment provided for in this Subsection (c) of this Section 18, provided, however, that such credit or rebate, if any, shall be reduced by the aggregate amount of all deficit Base Rental payments made by City as prescribed in the immediately preceding paragraph.

For the purposes of this Subsection (c) and of Subsection (d) of this Section 18, the term "Quarter" or "quarterly" shall mean the



three month period ending on the last day of the months of March, June, September or December of each calendar year.

(d) Both City and County agree that during the term of such Sublease, both City and County shall continue to levy and to collect quarterly a transient occupancy tax in the amount of at least five percent (5%) of the total transient occupancy rents charged transient occupants within the respective jurisdictions of City or County, or, in the alternative, either of the parties hereto may, at its option, determine not to levy or collect such tax, or to reduce the rate of such tax, but in such event, both of the parties hereto agree that County shall be and remain liable to City for the rental payments due under such Sublease for an amount equal to the amount of net transient occupancy tax receipts which County would have collected had such a tax at said rate been levied and collected by County, and that there shall be deducted from the rental payment due from County under such Sublease, an amount equal to the amount of net transient occupancy tax receipts which City would have collected had such a tax at said rate been levied and collected by City.

#### SECTION 19. *Accounts and Reports*

Authority shall establish and maintain such funds and accounts as may be required by good accounting practice, or by any provision of the resolution or resolutions of Authority authorizing the issuance of its bonds. The books and records of Authority shall be open to inspection at all reasonable times to City and County and their representatives. Authority, within 120 days after the close of each fiscal year, shall give a complete written report of all financial activities for such fiscal year to City and County. The controller shall prepare and maintain such accounts and reports.

The controller shall either make or contract with a certified public accountant, or public accountant, to make an annual audit of the accounts and records of Authority. In each case the minimum requirements of the audit shall be those prescribed by the State Controller for special districts under Section 26909 of the Government Code of the State of California, and shall conform to generally accepted auditing standards. When such an audit of an account and records is made by a certified public accountant, or public accountant, a report thereof shall be filed as public records with City and County,

and also with the County Auditor of the County of Sacramento. Such report shall be filed within twelve (12) months of the end of the fiscal year under examination.

Any costs of the audit, including contracts with, or employment of, certified public accountants, or public accountants, in making an audit pursuant to this Section, shall be borne by Authority and shall be a charge against any unencumbered funds of Authority available for the purpose.

In any year in which the annual budget of Authority does not exceed FIVE HUNDRED AND 00/100 (\$500.00) DOLLARS, the Board may, by unanimous vote and subject to the approval of City and County, replace the annual special audit with an audit covering a two year period.

City, during any construction work herein referred to, shall maintain appropriate books, records, accounts and files, all of which shall be open to inspection by Authority, and County and their respective representatives.

All the books, records, accounts and files referred to in this Section shall be open to the inspection of holders of bonds to the extent and in the manner provided in the resolution or resolutions providing for the issuance of the bonds.

#### SECTION 20. *Extent of Project*

It is agreed by the parties to this Agreement that the buildings comprising the Project shall not exceed a gross maximum area of 225,000 square feet and that any theater building included in the Project shall not contain more than 2,500 seats.

#### SECTION 21. *Breach*

If default shall be made by City or County in any covenant contained in this Agreement, such default shall not excuse either City or County from fulfilling its obligations under this Agreement. Each party to this Agreement shall continue liable for the payment of its contributions, in accordance with the terms hereof, and for the performance of its obligations imposed by this Agreement, but neither party to this Agreement shall be liable for the payment of contributions or performance of obligations of the other party. City and County hereby declare that this Agreement is entered into for

the benefit of Authority created hereby, and City and County hereby grant to Authority the right to enforce by whatever lawful means Authority deems appropriate all of the obligations of each of the parties hereunder. Each and all of the remedies given to Authority hereunder, or by any law now or hereafter enacted, are cumulative and the exercise of one right or remedy shall not impair the right of Authority to any or all other remedies.

SECTION 22. *Severability*

Should any part, term, or provision of this Agreement be decided by the courts to be illegal, or in conflict with any law of the State of California, or otherwise be rendered unenforceable or ineffectual, the validity of the remaining portions or provisions shall not be affected thereby.

SECTION 23. *Successors, Assignment and Additional Parties*

This Agreement shall be binding upon and shall inure to the benefit of the successors of the parties. Except to the extent expressly provided herein, neither party may assign any right or obligation hereunder without the consent of the other.

Additional parties, if authorized to do so pursuant to the Law, may become signatories to this Agreement by amendment hereto, or with the written consent of City and County.

SECTION 24. *Section Headings*

All section headings contained herein are for convenience of reference only and are not intended to define or limit the scope of any provision of this Agreement.

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IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and attested by their proper officers thereunto duly authorized, and their official seals to be hereto affixed, as of the day and year first above written.

COUNTY OF SACRAMENTO, a political  
subdivision of the State of California

FRANK J. O'BRIEN

By .....  
*Chairman of the Board of Supervisors*

(SEAL)

ATTEST :

EARL D. JACK

By .....  
*Clerk of the Board of Supervisors*

CITY OF SACRAMENTO, a municipal  
corporation

RICHARD H. MARRIOTT

By .....  
*Mayor*

(SEAL)

ATTEST :

ELMER C. CLEVELAND

By .....  
*City Clerk*

**PROPOSED PROJECT LEASE**

This lease, dated for convenience as of August 1, 1971, by and between the SACRAMENTO COMMUNITY CENTER AUTHORITY, a public entity and agency (herein called the "Authority") duly organized and existing under and by virtue of the laws of the State of California and pursuant to the agreement entitled "Joint Exercise of Powers Agreement," dated for convenience as of November 25, 1969, (herein called the "Agreement"), and the CITY OF SACRAMENTO, a chartered city and municipal corporation, duly organized and existing under and by virtue of the Constitution and laws of the State of California (herein called the "City");

**WITNESSETH:**

In consideration of the mutual covenants hereinafter contained, the parties hereto agree as follows:

**SECTION 1. Definitions.**

Unless the context otherwise requires, the terms defined in this Section 1 shall, for all purposes of this lease, have the meanings herein specified, the following definitions to be equally applicable to both the singular and plural forms of any of the terms herein defined:

**Agreement**

The term "Agreement" means that certain joint exercise of powers agreement, dated for convenience as of November 25, 1969, by and between the City and the County of Sacramento, entitled "Joint Exercise of Powers Agreement," under and pursuant to which the Authority has been organized.

**Bonds**

The term "Bonds" means the \$19,100,000 principal amount of bonds to be issued by the Authority under the Resolution for the purpose of raising money to provide for Site acquisition and the construction of the Facilities and the payment of expenses incurred in connection therewith and in the issuance and sale of said bonds.

**Facilities**

The term "Facilities" means a city and county community center consisting of one or more public buildings necessary for the pur-

pose of providing public assembly and convention halls for public assembly and convention purposes, including theater, meeting rooms, exhibition hall for exhibition of arts, crafts and industrial exhibits, parking facilities, restaurants and shopping areas incidental to or to be used in connection therewith, sewage and drainage utilities, landscaping, and all other works, property or structures necessary or convenient for a community and cultural center for public assembly and convention purposes.

**Project**

The term "Project" means the Site and the Facilities.

**Project Lease**

The term "Project Lease" means this lease.

**Resolution**

The term "Resolution" means the resolution adopted by the Authority authorizing the issuance of the Bonds, as originally adopted or as it may from time to time be amended or supplemented by any supplemental resolution adopted pursuant to the provisions thereof.

**Site**

The term "Site" means that certain real property situated in the State of California, County of Sacramento, City of Sacramento, more particularly described in Exhibit A attached hereto and made a part hereof; subject, however, to any conditions, reservations and easements of record or known to the City.

**Trustee**

The term "Trustee" means the trustee or fiscal agent appointed under the Resolution and referred to therein as the Trustee.

**SECTION 2. *Term; Commencement of Rental.***

The Authority hereby leases to the City and the City hereby hires from the Authority, on the terms and conditions hereinafter set forth, the Site and the Facilities to be constructed and located thereon.

The term of this lease shall commence on the date of recordation of this lease in the office of the County Recorder of Sacramento County, State of California, or on August 1, 1971, whichever is earlier, and shall end on August 1, 2006, unless such term is extended or sooner terminated as hereinafter provided. If on August 1, 2006, the Bonds or any other indebtedness of the Authority incurred to acquire and construct the Project shall not be fully paid and retired or the Resolution shall not be discharged by its terms, or if the rental payable hereunder shall have been abated at any time and for any reason, then the term of this lease shall be extended until ten (10) days after all Bonds and any other indebtedness of the Authority incurred to acquire and construct the Project shall be fully paid and retired and the Resolution shall be discharged by its terms, except that the term of this lease shall in no event be extended beyond August 1, 2016. If prior to August 1, 2006, all Bonds and any other indebtedness of the Authority incurred to acquire and construct the Project shall be fully paid and retired and the Resolution shall be discharged by its terms, the term of this lease shall end ten (10) days thereafter or ten (10) days after written notice by the Authority to the City, whichever is earlier.

It is contemplated that the City will take possession of the Project on or before August 1, 1974, and the first payment of rental shall be due on August 15, 1974, as provided in Section 3 hereof. If the Project shall be substantially completed before August 1, 1974, the City may take possession of the Project upon such substantial completion.

If the Authority, for any reason whatsoever, cannot deliver possession of the Project to the City by August 1, 1974, this lease shall not be void or voidable, nor shall the Authority be liable to the City for any loss or damage resulting therefrom; but in that event no rent shall be payable hereunder with respect to the period between August 1, 1974, and the time when the Authority delivers possession, and the term of this lease shall be extended by, and to the extent of, such delay, provided that this lease shall in no event be extended beyond August 1, 2016.

### SECTION 3. *Rental.*

The City shall pay to the Authority, its successors or assigns, as rental for the use and occupancy of the Project, the following

amounts, at the times and in the manner set forth herein, as follows:

(a) *Base Rental.* The City shall pay annually to the Authority, as a base rental (the "Base Rental"), the following amounts, payable on the first day of the following months and due at the following times:

August 15, 1974	\$.....	August 15, 1990	\$.....
August 15, 1975	.....	August 15, 1991	.....
August 15, 1976	.....	August 15, 1992	.....
August 15, 1977	.....	August 15, 1993	.....
August 15, 1978	.....	August 15, 1994	.....
August 15, 1979	.....	August 15, 1995	.....
August 15, 1980	.....	August 15, 1996	.....
August 15, 1981	.....	August 15, 1997	.....
August 15, 1982	.....	August 15, 1998	.....
August 15, 1983	.....	August 15, 1999	.....
August 15, 1984	.....	August 15, 2000	.....
August 15, 1985	.....	August 15, 2001	.....
August 15, 1986	.....	August 15, 2002	.....
August 15, 1987	.....	August 15, 2003	.....
August 15, 1988	.....	August 15, 2004	.....
August 15, 1989	.....	August 15, 2005	.....

provided that if the Facilities have not been completed and the Project is not ready for occupancy on August 1, 1974, such rentals shall not commence until such completion takes place and that the rental to be paid for the portion of the annual period in which the first payment of Base Rental occurs shall be pro-rated and paid within fifteen (15) days following commencement of such liability, but in no event later than the next succeeding August 1. If the term of this lease shall have been extended pursuant to Section 2 hereof, the payments of Base Rental shall continue to and including the August 15 preceding the date of termination of this lease. Each payment of Base Rental shall be for the use of the Project for the annual period, commencing on the preceding August 1, in which such payment is scheduled to be made.

(b) *Additional Rental.* The City shall also pay to the Authority, as rental hereunder in addition to the foregoing base rental (the "Additional Rental"), such amounts as shall be required by the Authority for the payment of the following:

- (1) All taxes and assessments of any type or nature charged to the Authority or affecting the Project or the respec-



tive interests or estates of the Authority or the City therein, or affecting the amount available to the Authority from rentals received hereunder for the retirement of the Bonds (including taxes or assessments assessed or levied by any governmental agency or district having power to levy taxes or assessments).

(2) All administrative costs of the Authority, including, but without limiting the generality of the foregoing, salaries, wages, all expenses, compensation and indemnification of the Trustee payable by the Authority under the Resolution, fees of auditors, accountants, attorneys or engineers, and all other necessary administrative costs of the Authority or charges required to be paid by it in order to maintain its existence or to comply with the terms of the Bonds or of the Resolution or to defend the Authority and its board members.

(3) Insurance premiums for all insurance required pursuant to Sections 7, 8 and 9 of this lease and not obtained by the City.

Such Additional Rental shall be billed to the City by the Authority or the Trustee from time to time, together with a statement certifying that the amount billed has been paid by the Authority or by the Trustee on behalf of the Authority, for one or more of the items above described, or that such amount is then payable by the Authority or the Trustee for such items. Amounts so billed shall be paid by the City within ten (10) days after receipt of the bill by the City.

Such payments of the foregoing Base Rental and Additional Rental for each rental period during the term of this lease shall constitute the total rental for said rental period, and the parties hereto have agreed and determined that such total rental represents the fair rental value of the Project. In making such determination, consideration has been given to the costs of financing the acquisition and construction of the Project, the uses and purposes which may be served by the Project and the benefits therefrom which will accrue to the City and the general public. Said total rental shall be paid for and in consideration of the use and occupancy of the Project and in consideration of the continued quiet use and enjoyment thereof during each rental period for which said rental is to be paid.

Each installment of rental payable hereunder shall be paid in lawful money of the United States of America to or upon the order of the Authority at the principal office of the Trustee in San Francisco, California, or such other place as the Authority shall designate. Any such installment of rental accruing hereunder which shall not be paid when due shall bear interest at the rate of seven per cent (7%) per annum from the date when the same is due hereunder until the same shall be paid. Notwithstanding any dispute between the Authority and the City, the City shall make all rental payments when due and shall not withhold any rental payments pending the final resolution of such dispute.

The City covenants to take such action as may be necessary to include all such rental payments due hereunder in its annual budgets and to make the necessary annual appropriations for all such rental payments. The City will furnish to the Authority and the Trustee copies of each proposed and final budget of the City within ten (10) days after the filing or adoption thereof. The covenants on the part of the City herein contained shall be deemed to be and shall be construed to be duties imposed by law and it shall be the duty of each and every public official of the City to take such action and do such things as are required by law in the performance of the official duty of such officials to enable the City to carry out and perform the covenants and agreements in this lease agreed to be carried out and performed by the City.

#### SECTION 4. *Construction of the Facilities.*

The City, acting as agent of the Authority, has obtained open competitive bids for the construction of the Facilities, and will enter into a construction contract (which shall provide that the Authority will make all payments pursuant to the construction contract, as provided in the Agreement) providing for the construction of the Facilities with the lowest responsible bidder (herein called the "Contractor"), and will supervise and provide for the complete construction of the Facilities. The Authority agrees that the Facilities will be constructed in accordance with the plans and specifications prepared by Sacramento Architects Collaborative, architects, of Sacramento, California (herein called the "Architect"). The Authority further agrees that it will cause notice to commence work under said con-

struction contract to be given not later than twenty-four hours after the issuance of the Bonds, and that the Facilities will be substantially completed in accordance with said plans and specifications on or prior to August 1, 1974. The City agrees that upon substantial completion of the Facilities it will take possession of and occupy the Project under the terms and provisions of this lease. Such substantial completion shall be evidenced either by a certificate of the City Engineer of the City of Sacramento or by the occupancy by the City of the Project. The time within which the Authority is required to complete the Facilities shall be extended for a period equal to any extensions of time to which the Contractor is entitled under such construction contract (except extensions resulting from acts of the Authority) and any delays in construction resulting from other causes and events not within the reasonable control of the Contractor or the Authority. No changes shall be made in such plans and specifications unless such changes are approved in writing by the City and the Authority. Before giving such approval, the Authority may require the City to deposit with the Trustee moneys sufficient to pay any increased costs resulting from such changes.

SECTION 5. *Maintenance and Utilities.*

During such time as the City or any assignee or sublessee thereof is in possession of the Project, all maintenance and repair of the Project shall be the responsibility of the City, and the City shall pay for or otherwise arrange for the payment of all utility services supplied to the Project, which shall include janitor service, power, gas, telephone, light, heating, water and all other utility services, and shall pay for or otherwise arrange for the payment of the cost of the repair and replacement of the Project resulting from ordinary wear and tear or want of care on the part of the City or any assignee or sublessee thereof. In exchange for the rentals herein provided, the Authority agrees to provide only the Project. The City waives the benefits of subsections 1 and 2 of Section 1932 and of Sections 1941 and 1942 of the California Civil Code, but such waiver shall not limit any of the rights of the City under the terms of this lease.

SECTION 6. *Changes to the Project.*

The City shall have the right during the term of this lease to make alterations or improvements or to attach fixtures, structures

or signs to the Project if said alterations, improvements, fixtures, structures and signs are necessary or beneficial for the use of the Project by the City.

Upon termination of this lease, the City may remove any fixture, structure or sign added by the City, but such removal shall be accomplished so as to leave the Project, except for ordinary wear and tear, in substantially the same condition as it was in before the fixture, structure or sign was attached.

SECTION 7. *Fire and Extended Coverage Insurance.*

The City shall maintain or cause to be maintained, throughout the term of this lease, fire and lightning insurance (with an extended coverage endorsement and with a vandalism and malicious mischief endorsement) and earthquake insurance (provided, however, that after completion of construction of the Facilities, such earthquake insurance need be maintained only if it is obtainable at reasonable cost on the open market from reputable insurance companies) and war damage insurance (if and when such insurance is obtainable from the United States of America, or any agency thereof, or any corporation formed thereby), either separately or as a part of comprehensive insurance carried by the City under this lease, on all structures constituting any part of the Project in an amount equal to one hundred per cent (100%) of the replacement cost of such structures (less the appropriate deductible amount), except that such insurance may be in a lesser amount equal to the principal amount of then outstanding Bonds. All insurance required to be maintained pursuant to this Section 7 may be subject to deductible clauses providing for deductible amounts not exceeding the standard deductible amount for any one loss available on the date of purchase of such insurance. Said extended coverage endorsement shall, as nearly as practicable, cover loss or damage by explosion, windstorm, hail, riot, civil commotion, aircraft, vehicle damage, smoke and such other hazards as are normally covered by such endorsement. Each such policy of insurance shall contain a standard replacement cost endorsement providing for no deduction for depreciation and a stipulated amount endorsement. Each such policy of insurance shall be in form satisfactory to the Trustee and shall contain a clause making all losses payable to the Trustee as its interest may appear.

SECTION 8. *Liability Insurance.*

The City shall maintain or cause to be maintained, throughout the term of this lease, a comprehensive insurance policy or policies in protection of the Authority, its board members, officers, agents and employees and the Trustee, indemnifying said parties against all direct or contingent loss or liability for damages for personal injury, death or property damage occasioned by reason of the operation of the Project, with minimum liability limits of \$500,000 for bodily injury or death of each person and \$1,000,000 for bodily injury or deaths of two or more persons in each accident or event, and in a minimum amount of \$250,000 for damage to property resulting from each accident or event. Such liability insurance may be maintained as part of or in conjunction with any other liability insurance carried by the City.

The City shall maintain or cause to be maintained, throughout the term of this lease, workmen's compensation insurance to cover all persons employed in connection with the Project and to cover full liability for compensation under the Workmen's Compensation Insurance and Safety Act now in force in the State of California, or any act hereafter enacted as amendatory thereof or supplemental thereto or in lieu thereof. Such insurance shall be issued by a responsible carrier authorized under the laws of the State of California to insure employers against such liability based upon death or bodily injury claims made by, for or on behalf of any person incurring or suffering injury or death during or in connection with the construction of the Facilities or the business of the Authority.

SECTION 9. *Rental Income Insurance.*

The City shall maintain or cause to be maintained, throughout the term of this lease, rental income insurance in an amount not less than the total Base Rental payable by the City pursuant to this lease for a period of at least twenty-four (24) months, plus the Additional Rental expected to be payable pursuant to this lease for such period, to insure against loss of rental income from the Project caused by perils covered by the insurance required by Section 7 of this lease.

SECTION 10. *Insurance Proceeds; Form of Policies.*

All policies of insurance required by Sections 7 and 9 hereof shall provide that all proceeds thereunder shall be payable to the Trustee pursuant to a lender's loss payable endorsement substantially in accordance with the form approved by the Board of Fire Underwriters of the Pacific and the California Bankers Association. The Trustee shall collect, adjust and receive all moneys which may become due and payable under any such policies, may compromise any and all claims thereunder and shall apply the proceeds of such insurance as provided in the Resolution. All policies of insurance required by this lease shall be in form satisfactory to the Trustee and shall provide that the Trustee shall be given ten (10) days' notice of any intended cancellation thereof or reduction of the coverage provided thereby. The Trustee shall not be responsible for the sufficiency of any insurance herein required and shall be fully protected in accepting payment on account of such insurance or any adjustment, compromise or settlement of any loss agreed to by the Trustee.

SECTION 11. *Breach.*

(a) If default shall be made by the City in any covenant herein contained, it shall be lawful for the Authority to re-enter the Project and remove all persons and property therefrom without further notice. Each and every covenant hereof to be kept and performed by the City is expressly made a condition and upon the breach thereof the Authority may exercise any and all rights of entry and re-entry upon the Project, and also, at its option, with or without such entry, may terminate this lease; provided that no such termination shall be effected either by operation of law or acts of the parties hereto, except only in the manner herein expressly provided. In the event of such default and notwithstanding any re-entry by the Authority, the City shall, as herein expressly provided, continue liable for the payment of rent and/or damages for breach of this lease and the performance of all conditions herein contained and, in any event, such rent and/or damages shall be payable to the Authority at the time and in the manner as herein provided, to wit:

(1) In the event the Authority does not elect to terminate this lease in the manner hereinafter provided for in subparagraph (2) hereof, the City agrees to and shall remain liable for the payment of rent and the performance of all conditions herein contained and shall reimburse the Authority for any deficiency arising out of the re-letting of the Project, or, in the event the Authority is unable to re-let said Project, then for the full amount of the rent to the end of the term of this lease; and further agrees to pay said rent and/or deficiency at the same time and in the same manner as hereinabove provided for the payment of rent hereunder, notwithstanding such entry or re-entry by the Authority or any suit in unlawful detainer, or otherwise, brought by the Authority for the purpose of effecting such re-entry or obtaining possession of the Project. The City hereby irrevocably appoints the Authority as the agent and attorney-in-fact of the City to enter upon and re-let the Project in the event of default by the City in the performance of any covenants herein contained to be performed by the City and to remove all personal property whatsoever situated upon the Project and to place such property in storage in any warehouse or other suitable place in the County of Sacramento, State of California, for the account of and at the expense of the City, and the City hereby exempts and agrees to save harmless the Authority from any costs, loss or damage whatsoever arising or occasioned by any such entry upon and re-letting of the Project and the removal and storage of such property by the Authority or its duly authorized agents in accordance with the provisions herein contained. The City hereby waives any and all claims for damages caused or which may be caused by the Authority in re-entering and taking possession of the Project as herein provided and all claims for damages that may result from the destruction of or injury to the Project and all claims for damages to or loss of any property belonging to the City that may be in or upon the Project. The City agrees that the terms of this lease constitute full and sufficient notice of the right of the Authority to re-rent the Project in the event of such re-entry without effecting a surrender of this lease, and further agrees that no acts of the Authority in effecting such re-renting or re-leasing shall con-

stitute a surrender or termination of this lease irrespective of the term for which such re-leasing or re-renting is made or the terms and conditions of such re-leasing or re-renting, or otherwise, but that, on the contrary, in the event of such default by the City the right to terminate this lease shall vest in the Authority to be effected in the sole and exclusive manner hereinafter provided for in subparagraph (2) hereof. The City further waives the right to any rental obtained by the Authority in excess of the rental herein specified and hereby conveys and releases such excess to the Authority as compensation to the Authority for its services in re-leasing the Project. The City further agrees to pay to the Authority the cost of any alterations or additions to the Project necessary to place the Project in condition for re-leasing immediately upon notice to the City of the completion and installation of such additions or alterations.

(2) In the event of the termination of this lease by the Authority at its option and in the manner hereinafter provided on account of default by the City (and notwithstanding any re-entry upon the Project by the Authority in any manner whatsoever or the re-renting or re-leasing of the Project), the City nevertheless agrees to pay to the Authority all costs, loss or damage howsoever arising or occurring (including all costs of alterations necessary to place the Project in condition for re-leasing and also the difference between the rental herein specified and the rental obtained by the Authority for such re-leasing or re-renting of the Project) and further agrees to pay such costs and damages to the Authority at the same time and in the same manner as is herein provided in the case of payment of rent hereunder, except that the City shall pay to the Authority the costs of alterations or additions to the Project made for the purpose of re-leasing or re-renting the Project, immediately upon notice to the City of the completion and installation of such alterations or additions. Any surplus received by the Authority from such re-renting or re-leasing shall be the absolute property of the Authority and the City shall have no right thereto, nor shall the City be entitled to any credit in the event of a deficiency in the rentals received by the Authority for the Project. Neither notice to pay rent or to deliver up possession



of the premises given pursuant to law nor any proceeding in unlawful detainer taken by the Authority shall of itself operate to terminate this lease, and no termination of this lease on account of default by the City shall be or become effective by operation of law, or otherwise, unless and until the Authority shall have given written notice to the City of the election on the part of the Authority to terminate this lease. The City covenants and agrees that no surrender of the Project or of the remainder of the term hereof or any termination of this lease shall be valid in any manner or for any purpose whatsoever unless stated or accepted by the Authority by such written notice.

Each and all of the remedies given to the Authority hereunder or by any law now or hereafter enacted are cumulative and the exercise of one right or remedy shall not impair the right of the Authority to any or all other remedies.

(b) If (1) the City's interest in this lease or any part thereof be assigned or transferred without the written consent of the Authority, either voluntarily or by operation of law, or (2) the City or any assignee shall file any petition or institute any proceeding under the Bankruptcy Act, either as such act now exists or under any act or acts, state or federal, dealing with or relating to the subject or subjects of bankruptcy or insolvency, or under any amendment of such act or acts, either as a bankrupt, or as an insolvent, or as a debtor, or in any similar capacity, wherein or whereby the City asks or seeks or prays to be adjudicated a bankrupt, or is to be discharged from any or all of the City's debts or obligations, or offers to the City's creditors to effect a composition or extension of time to pay the City's debts or asks, seeks or prays for a reorganization or to effect a plan of reorganization, or for a readjustment of the City's debts, or for any other similar relief, or if any such petition or any such proceedings of the same or similar kind or character be filed or be instituted or taken against the City, or if a receiver of the business or of the property or assets of the City shall be appointed by any court, except a receiver appointed at the instance or request of the Authority, or if the City shall make a general or any assignment for the benefit of the City's creditors, or if (3) the City shall abandon or vacate the Project, then the City shall be deemed to be in default hereunder.

(c) The Authority shall in no event be in default in the performance of any of its obligations hereunder unless and until the

Authority shall have failed to perform such obligations within thirty (30) days or such additional time as is reasonably required to correct any such default after notice by the City to the Authority properly specifying wherein the Authority has failed to perform any such obligation.

SECTION 12. *Eminent Domain.*

(a) If the whole of the Project shall be taken under the power of eminent domain, the term of this lease shall cease as of the day possession shall be so taken. If less than the whole of the Project shall be taken under the power of eminent domain, (1) this lease shall continue in full force and effect and shall not be terminated by virtue of such taking and the parties waive the benefit of any law to the contrary, and (2) there shall be a partial abatement of rent to be agreed upon by the City and the Authority, but in no event shall the rental be less than the amount required for the retirement of the Bonds and the payment of the interest thereon as such Bonds and interest become due.

(b) So long as any of the Bonds shall be outstanding, any award made in eminent domain proceedings for taking or damaging the Project in whole or in part shall be paid to the Trustee and applied as provided in the Resolution. Any such award remaining after all of the Bonds have been fully paid and retired and the Resolution has been discharged shall be paid to the Authority and the City as their respective interests may appear.

SECTION 13. *Surrender of Premises and Vesting of Title.*

Upon the termination or expiration of this lease, fee title to the Project shall vest in the City. Upon such termination or expiration, the Authority shall execute such conveyances, deeds and other documents as may be necessary to effect such vesting of record.

SECTION 14. *Right of Entry.*

The Authority and its assignees shall have the right to enter the Project during reasonable business hours (and in emergencies at all times) (a) to inspect the same, (b) for any purpose connected with the City's rights or obligations under this lease, and (c) for all other lawful purposes.

SECTION 15. *Liens.*

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

SECTION 16. *Quiet Enjoyment.*

The parties hereto mutually covenant that the City, by keeping and performing the covenants and agreements herein contained, shall at all times during the term of this lease peaceably and quietly, have, hold and enjoy the Project without suit, trouble or hindrance from the Authority.

SECTION 17. *Authority Not Liable.*

The Authority and its board members, officers, agents and employees shall not be liable to the City or to any other party whomsoever for any death, injury or damage that may result to any person or property by or from any cause whatsoever in, on or about the Project. The City shall indemnify and hold the Authority, its board members, officers, agents and employees harmless from, and defend each of them against, any and all claims, liens and judgments for death of or injury to any person or damage to property whatsoever occurring in, on or about the Project.

SECTION 18. *Assignment.*

Neither this lease nor any interest of the City hereunder shall be mortgaged, pledged, assigned, sublet or transferred by the City by voluntary act or by operation of law or otherwise, except with the prior written consent of the Authority, which shall not be unreasonably withheld.

SECTION 19. *Title to Property.*

Title to the Project and all structural additions thereto shall remain in the Authority during the term of this lease. Title to all personal property now in or about or later placed in or about the Project by the City shall remain in the City.

SECTION 20. *Abatement of Rental.*

The rental shall be abated proportionately, during any period in which by reason of any damage or destruction (other than by condemnation which is hereinbefore provided for) there is a substantial interference with the use and occupancy of the Project by the City, in the proportion which the initial cost of that portion of the Project rendered unusable bears to the initial cost of the whole of the Project. Such abatement shall continue for the period commencing with such damage or destruction and ending with the completion by the Authority of the work of repair or reconstruction. In the event of any such damage or destruction, (a) this lease shall continue in full force and effect and the City waives any right to terminate this lease by virtue of any such damage or destruction, and (b) the term of this lease shall be extended by the period during which the rental is abated hereunder, except that the term shall in no event be extended beyond August 1, 2016.

SECTION 21. *Law Governing.*

This lease shall be governed exclusively by the provisions hereof and by the laws of the State of California as the same from time to time exist.

SECTION 22. *Notices.*

All notices, statements, demands, consents, approvals, authorizations, offers, designations, requests or other communications hereunder by either party to the other shall be in writing and shall

be sufficiently given and served upon the other party if delivered personally or if mailed by United States registered mail, return receipt requested, postage prepaid, and, if to the City, addressed to the City in care of the City Clerk, City Hall, Sacramento, California 95814, or, if to the Authority, addressed to the Authority in care of its Secretary, City Hall, Sacramento, California 95814, or to such other addresses as the respective parties may from time to time designate by notice in writing. A copy of any such notice or other document herein referred to shall also be delivered to the Trustee under the Resolution.

SECTION 23. *Validity and Severability.*

If for any reason this lease shall be held by a court of competent jurisdiction to be void, voidable, or unenforceable by the Authority or by the City, or if for any reason it is held by such a court that any of the covenants and conditions of the City hereunder, including the covenant to pay rentals hereunder, is unenforceable for the full term hereof, then and in such event this lease is and shall be deemed to be a lease under which the rentals are to be paid by the City annually in consideration of the right of the City to possess, occupy and use the Project, and all of the rental and other terms, provisions and conditions of this lease, except to the extent that such terms, provisions and conditions are contrary to or inconsistent with such holding, shall remain in full force and effect.

SECTION 24. *Purpose of Lease; Other Facilities.*

The City covenants that it will use, or cause the use of, the Project for community center purposes for the benefit of the City and the County of Sacramento, as set forth in the Agreement, and for all purposes customary thereto. The City covenants that, during the term of this lease, it will not construct, cause to be constructed, use or operate any such facilities other than the Facilities, except any such facilities which may be needed by the City in addition to the Facilities.

SECTION 25. *Waiver.*

The waiver by either party hereto of any breach by the other party hereto of any term, covenant or condition hereof shall not

operate as a waiver of any subsequent breach of the same or any other term, covenant or condition hereof.

SECTION 26. *Net Lease.*

This lease shall be deemed and construed to be a "net lease" and the City hereby agrees that the rentals provided for herein shall be an absolute net return to the Authority, free and clear of any expenses, charges or set-offs whatsoever.

SECTION 27. *Taxes.*

The parties understand and agree that the Project constitutes public property free and exempt from all taxation; however, the Authority agrees to take whatever steps may be necessary, upon written request by the City, to contest any proposed valuation, the amount of any proposed tax or assessment, or to take steps necessary to recover any tax or assessment paid. The City agrees to reimburse the Authority for any and all costs and expenses thus incurred by the Authority.

SECTION 28. *Section Headings.*

All section headings contained herein are for convenience of reference only and are not intended to define or limit the scope of any provision of this lease.

SECTION 29. *Nonapplicability.*

The parties hereto agree that the provisions of California Civil Code Sections 1951 to 1952, inclusive, shall not be applicable to this lease. Pursuant to the provisions of California Civil Code Section 1952.6, and for the sole purpose of complying with the provisions of such Section 1952.6, it is hereby recited that this lease would be made invalid if the provisions of Sections 1951 to 1952, inclusive, were applicable, this lease being a lease from a public agency whose title and interest in the Project is subject to reversion to and vesting in the City, a public entity.

SECTION 30. *Execution.*

This lease may be executed in any number of counterparts, each of which shall be deemed to be an original, but all together shall

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constitute but one and the same lease. It is also agreed that separate counterparts of this lease may separately be executed by the Authority and the City, all with the same force and effect as though the same counterpart had been executed by both the Authority and the City.

IN WITNESS WHEREOF, the Authority and the City have caused this lease to be executed by their respective officers thereunto duly authorized, all as of the day and year first above written.

SACRAMENTO COMMUNITY CENTER AUTHORITY,  
A PUBLIC ENTITY AND AGENCY

By .....  
*Chairman*

[Seal]

Attest:

.....  
*Secretary*

CITY OF SACRAMENTO, A CHARTERED CITY AND  
MUNICIPAL CORPORATION

By .....  
*Mayor*

[Seal]

Attest:

.....  
*City Clerk*

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EXHIBIT A

All that real property situated in the State of California, County of Sacramento, City of Sacramento and described as follows: The blocks bounded by the westerly line of 13th Street, the westerly line of 14th Street, the southerly line of "J" Street and the northerly line of "L" Street according to the official plat thereof, excepting therefrom the westerly 16 feet of the above described portions of 13th Street.



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RESOLUTION NO. 10-71

Authorizing the Issuance of

\$19,100,000

Principal Amount of

SACRAMENTO COMMUNITY CENTER

AUTHORITY 1971 BONDS

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*Adopted: July 28, 1971*

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## RESOLUTION NO. 10-71

*Authorizing the Issuance of \$19,100,000 Principal Amount of  
Sacramento Community Center Authority 1971 Bonds*

NOW, THEREFORE BE IT RESOLVED by Sacramento Community Center Authority, as follows:

WHEREAS, the Sacramento Community Center Authority is duly authorized under all applicable provisions of law to adopt this Resolution and issue the Bonds and the Bonds, upon the issuance thereof, will be valid and legally binding special obligations of the Sacramento Community Center Authority in accordance with their terms;

**ARTICLE I**

## DEFINITIONS; EFFECT OF RESOLUTION

SECTION 1.01. *Definitions.* Unless the context otherwise requires, the terms defined in this Section 1.01 shall, for all purposes of this Resolution and of any resolution supplemental hereto, and of any certificate, opinion or other document herein mentioned, have the meanings herein specified.

**Additional Bonds**

The term "Additional Bonds" means all bonds payable from the Revenues and ranking on a parity with the Bonds and authorized to be issued under and pursuant to Sections 3.04 and 3.05 hereof.

**Additional Rental**

The term "Additional Rental" means all amounts received by the Authority from the City as additional rental pursuant to Section 3(b) of the Project Lease.

**Agreement**

The term "Agreement" means the joint exercise of powers agreement dated for convenience as of November 25, 1969, by and between the City and the County and entered into pursuant to the Law, creating the Authority.

### **Architect**

The term "Architect" means Sacramento Architects' Collaborative, an association composed of: Angello-Vitiello & Associates; Barovetto, Carissimi & Rohrer, Architects and Planners, Incorporated; James C. Dodd; Koblik, Cordoba, Gervin & Associates, of Sacramento, California, architect of the Facilities, or its duly appointed successor as such architect.

### **Authority**

The term "Authority" means the Sacramento Community Center Authority, a public entity and agency duly organized and existing under and by virtue of the Law and pursuant to the Agreement.

### **Base Rental**

The term "Base Rental" means all amounts received by the Authority from the City as base rental pursuant to Section 3(a) of the Project Lease.

### **Bonds**

The term "Bonds" means the \$19,100,000 principal amount of Sacramento Community Center Authority 1971 Bonds authorized by, and at any time outstanding pursuant to, this Resolution, and, so long as any of such Bonds are outstanding, any Additional Bonds authorized by, and at any time outstanding pursuant to, this Resolution and any Supplemental Resolution.

### **Certificate of the Authority, Statement of the Authority, Request of the Authority, Requisition of the Authority**

The terms "Certificate of the Authority," "Statement of the Authority," "Request of the Authority" and "Requisition of the Authority" mean, respectively, a written certificate, statement, request or requisition signed in the name of the Authority by its Chairman or its Secretary or such other person as may be designated and authorized to sign for the Authority, with the seal of the Authority affixed. Any such instrument and supporting opinions or representations, if any, may, but need not, be combined in a single instrument with any other instrument, opinion or representation, and the two or more so combined shall be read and construed as a single instrument.

Any Certificate or Statement of the Authority may be based, in so far as it relates to legal, accounting or engineering matters, upon the opinion or representation of counsel, accountants or engineers, unless the officer signing such certificate or statement knows, or in the exercise of reasonable care should have known, that the opinion or representation with respect to the matters upon which such certificate or statement may be based, as aforesaid, is erroneous. The same officer of the Authority, or the same counsel or accountant or engineer, as the case may be, need not certify to all of the matters required to be certified under any provision of this Resolution or any Supplemental Resolution, but different officers, counsel, accountants or engineers may certify to different facts, respectively.

Every Certificate or Statement of the Authority, and every opinion of counsel, accountants or engineers provided for herein shall include—

- (1) a statement that the person making or giving such certificate, statement or opinion has read all pertinent provisions of this Resolution to which such certificate, statement or opinion may relate;

- (2) a brief statement as to the nature and scope of the examination or investigation upon which the certificate, statement or opinion is based;

- (3) a statement that, in the opinion of such person, he has made such examination or investigation as is necessary to enable him to express an informed opinion with respect to the subject matter referred to in the instrument to which his signature is affixed; and

- (4) with respect to any statement relating to compliance with any provision of this Resolution, a statement as to whether, in the opinion of such person, such provision has been complied with.

#### **City**

The term "City" means the existing chartered city and municipal corporation known as the City of Sacramento, a city organized and existing in the County of Sacramento, State of California, under and by virtue of the Constitution and laws of the State of California.

**Construction Contract**

The term "construction contract" means the construction contract or contracts to be entered into by the City and the Authority providing for payment thereunder by the Authority and for the construction of the Facilities by the City as agent for the Authority.

**County**

The term "County" means the existing chartered county and political subdivision of the State of California known as the County of Sacramento, a county organized and existing under the Constitution and laws of the State of California.

**Engineer**

The term "Engineer" means the City Engineer of the City.

**Engineer's Certificate**

The term "Engineer's Certificate" means a certificate signed by the Engineer or a duly authorized representative of the Engineer.

**Facilities**

The term "Facilities" means a City and County community center consisting of one or more public buildings necessary for the purpose of providing public assembly and convention halls for public assembly and convention purposes; including theater, meeting rooms, exhibition hall for exhibition of arts, crafts and industrial exhibits, parking facilities, restaurant and shopping areas incidental to or to be used in connection therewith, sewage and drainage utilities, landscaping, and all other works, property or structures necessary or convenient for a community and cultural center for public assembly and convention purposes for the County and the City, all for County or municipal purposes, respectively, all to be constructed on the Site in accordance with the plans and specifications prepared by the Architect.

**Federal Securities**

The term "Federal Securities" means United States Treasury notes, bonds, bills or certificates of indebtedness or those for which



the faith and credit of the United States are pledged for the payment of principal and interest; obligations issued by banks for cooperatives, federal land banks, federal intermediate credit banks, federal home loan banks, the Federal Home Loan Bank Board, the Tennessee Valley Authority, or in obligations, participations, or other instruments of or issued by, or fully guaranteed as to principal and interest by, the Federal National Mortgage Association; all as and to the extent that such securities are eligible for the legal investment of Authority funds.

#### **Financial Newspaper or Journal**

The term "financial newspaper or journal" means *The Wall Street Journal* or *The Bond Buyer* or any other newspaper or journal printed in the English language, publishing financial news, circulated in New York, New York and selected by the Trustee, whose decision shall be final and conclusive.

#### **Fiscal Year**

The term "fiscal year" means the period beginning July 1 of each year and ending on the next succeeding June 30.

#### **Holder, Bondholder**

The term "holder" or "Bondholder" whenever employed herein with respect to a Bond which shall be registered other than to bearer, means the person in whose name such Bond shall be registered, and, whenever employed herein with respect to a coupon Bond, a Bond registered to bearer, or a coupon, means the bearer of such Bond or coupon.

#### **Independent Public Accountant**

The term "independent public accountant" means any certified public accountant or public accountant or firm of such accountants retained and paid by the Authority, and who, or each of whom—

- (1) is in fact independent, and not under domination of the Authority, the City or the County;
- (2) does not have any substantial interest, direct or indirect, with the Authority, the City or the County; and

(3) is not connected with the Authority, the City or the County as a board member of the Authority or the County or as a councilman of the City, or as an officer or employee of the Authority, the County or the City, but who may be regularly retained to make annual or similar audits of any of the books of the Authority, the City or the County.

#### **Law**

The term "Law" means Articles 1 and 2 of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California. Whenever reference is made in this Resolution to the Law, reference is made to the Law as in force on the date of the adoption of this Resolution, unless the context otherwise requires.

#### **Opinion of Counsel**

The term "opinion of counsel" means a written opinion of counsel (who may be counsel for the Authority) retained by the Authority and acceptable to the Trustee. Any opinion of counsel shall meet the requirements for certificates of the Authority but may be based, in so far as it relates to factual matters, upon information with respect to which is in the possession of the Authority, upon a certificate or opinion of, or representation by, an officer or officers of the Authority, unless such counsel knows, or in the exercise of reasonable care should have known, that the certificate or opinion or representation with respect to the matters upon which his opinion may be based, as aforesaid, is erroneous.

#### **Outstanding**

The term "outstanding," when used as of any particular time with reference to Bonds, means (subject to the provisions of Section 9.03) all Bonds theretofore executed, issued and delivered by the Authority under this Resolution except—

- (1) Bonds theretofore cancelled by the Trustee or surrendered to the Trustee for cancellation;
- (2) Bonds for the payment or redemption of which funds in the necessary amount shall have theretofore been deposited with the Trustee (whether upon or prior to the maturity or redemp-

tion date of such Bonds), provided that, if such Bonds are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given as in Article IV provided or provision satisfactory to the Trustee shall have been made for the giving of such notice; and

(3) Bonds in lieu of or in substitution for which other Bonds shall have been executed, issued and delivered by the Authority pursuant to Section 2.09.

**Paying Agents**

The term "Paying Agents" means the paying agents appointed by the Authority in Section 8.02, the successors and assigns of any of them and any other corporations or associations which may at any time be substituted by any of them, as provided in Section 8.02.

**Project**

The term "Project" means the Site and the Facilities.

**Project Lease**

The term "Project Lease" means the lease, dated for convenience as of August 1, 1971, and entitled "Project Lease," to be entered into between the Authority, as lessor, and the City, as lessee.

**Revenues**

The term "Revenues" means all rentals (except Additional Rental) received by the Authority as lessor under the Project Lease, and all other revenues, proceeds, charges, income, rents, receipts, profits and benefits derived by the Authority as lessor under the Project Lease or otherwise from the use and operation of the Project or arising out of the Project (except income from the investment of the Insurance Reserve Fund), any damages received under the construction contract on account of delays in the completion of construction of the Facilities, and all rentals received by the Authority as lessor from any additions or extensions of the Project hereafter acquired or constructed.

**Resolution**

The term "Resolution" means this Resolution, adopted by the

Authority under the Law, as originally adopted or as it may from time to time be supplemented or amended by any Supplemental Resolution adopted pursuant to the provisions hereof.

**Site**

The term "Site" means that certain real property situated in the City more particularly described in Exhibit A attached to the Project Lease.

**Supplemental Resolution**

The term "Supplemental Resolution" means any resolution then in full force and effect which has been duly adopted by the Authority under the Law, or any act supplementary thereto or amendatory thereof, at a meeting of the Authority duly convened and held, at which a quorum was present and acted thereon, amendatory of or supplemental to this Resolution, but only if and to the extent that such supplemental resolution is specifically authorized hereunder.

**Trustee**

The term "Trustee" means the trustee appointed by the Authority in Section 8.01 and acting as an independent trustee with the duties and powers herein prescribed, its successors and assigns and any other corporation or association which may at any time be substituted in its place as provided in Section 8.01.

**ARTICLE II****THE BONDS**

SECTION 2.01. *Authorization; Terms of Bonds.* Bonds of the Authority in the aggregate principal amount of Nineteen Million One Hundred Thousand Dollars (\$19,100,000) are hereby authorized to be issued under and subject to the terms of this Resolution for the object and purpose of providing the funds required for the acquisition, construction and financing of the Project, including expenses incidental thereto or connected therewith. The Bonds shall be designated as the "Sacramento Community Center Authority 1971 Bonds", and shall be issued as coupon Bonds in the denomination of \$5,000 or as fully registered Bonds without coupons in the denomina-

tion of \$5,000 or any authorized multiple thereof. The Bonds shall mature on August 1 in each year, as follows:

Year	Principal Amount	Year	Principal Amount
1975 .....	\$175,000	1985 .....	\$ 350,000
1976 .....	200,000	1986 .....	375,000
1977 .....	200,000	1987 .....	400,000
1978 .....	225,000	1988 .....	425,000
1979 .....	225,000	1989 .....	450,000
1980 .....	250,000	1990 .....	475,000
1981 .....	275,000	1991 .....	525,000
1982 .....	300,000		
1983 .....	300,000		
1984 .....	325,000	2006 .....	13,625,000

Bonds maturing August 1, 1991, and prior thereto are herein for convenience sometimes called "serial Bonds" and Bonds maturing on August 1, 2006, are sometimes called "term Bonds".

The Bonds shall bear interest at such rate or rates, not to exceed seven per cent (7%) per annum, as may be fixed by the Authority at the time of sale of the Bonds. Such interest shall be payable semiannually on February 1 and August 1 in each year. The interest coupons attached to the coupon Bonds shall be numbered in consecutive numerical order and each coupon shall represent six months' interest on the coupon Bond to which it is attached.

Both the principal of and interest on the Bonds shall be payable in lawful money of the United States of America at the principal office of the Trustee, in San Francisco, California, or, in the case of coupon Bonds, at the option of the holder also at the offices of the Paying Agents in New York, New York, or in Chicago, Illinois.

The coupon Bonds shall be dated as of August 1, 1971, shall be numbered 1 to 3,820, inclusive, in consecutive numerical order, and shall bear interest from August 1, 1971. Payment of interest on the coupon Bonds due on or before maturity of such Bonds shall be made only upon presentation and surrender of the coupons representing such interest as the same respectively fall due.

The fully registered Bonds shall be dated as of August 1, 1971, and shall bear interest from the interest payment date next preceding the date of registration thereof, unless such date of registration is an interest payment date, in which event they shall bear interest from such date of registration, or unless such date of reg-

istration is prior to the first interest payment date, in which event they shall bear interest from August 1, 1971; provided, however, that if, at the time of registration of any fully registered Bond, interest is in default on outstanding Bonds, such fully registered Bond shall bear interest from the interest payment date to which interest has previously been paid or made available for payment on the outstanding Bonds. Payment of the interest on any fully registered Bond shall be made to the person appearing on the bond registration books of the Trustee as the registered owner thereof, such interest to be paid by check or draft mailed to the registered owner at his address as it appears on such registration books or at such address as he may have filed with the Trustee for that purpose.

SECTION 2.02. *Forms of Bonds.* The coupon Bonds and the interest coupons to be attached thereto, the fully registered Bonds, the Trustee's certificate of authentication and registration, the corresponding coupon bond endorsement and the assignment to appear thereon shall be in substantially the following forms, respectively, with necessary or appropriate variations, omissions and insertions, as permitted or required by this Resolution:

[FORM OF COUPON BOND]

\$5,000

No. ....

SACRAMENTO COMMUNITY CENTER  
AUTHORITY 1971 BOND

SACRAMENTO COMMUNITY CENTER AUTHORITY, a duly constituted public entity and agency in the State of California (herein called the "Authority"), for value received, hereby promises to pay (but only out of the Revenues hereinafter referred to) to the bearer hereof, on August 1, ..... (subject to any right of prior redemption hereinafter provided for), the principal sum of Five Thousand Dollars (\$5,000) in lawful money of the United States of America, and to pay interest thereon in like lawful money from the date hereof until payment of such principal sum in full, at the rate of ..... per cent (....%) per annum, payable semiannually on February 1 and August 1 in each year, but only, in the case of interest due on or before maturity, upon presentation and surrender, and according to the tenor, of the respective interest coupons hereto annexed as they

severally mature. Both the principal hereof and interest hereon are payable at the principal office of \_\_\_\_\_, the Trustee of the Authority, in San Francisco, California, or at the option of the holder, at the principal office of \_\_\_\_\_ in New York, New York, or at the office of \_\_\_\_\_ in Chicago, Illinois.

This Bond is one of a duly authorized issue of bonds of the Authority designated as the "Sacramento Community Center Authority 1971 Bonds" (herein called the "Bonds"), of an aggregate principal amount of Nineteen Million One Hundred Thousand Dollars (\$19,100,000), all of like tenor and date (except for such variation, if any, as may be required to designate varying numbers, maturities, interest rates or redemption provisions) and all issued pursuant to the provisions of Articles 1 and 2 of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (herein called the "Law") and pursuant to a Resolution of the Authority adopted on \_\_\_\_\_, 1971 (herein called the "Resolution") authorizing the issuance of the Bonds. Additional bonds may be issued on a parity with the Bonds, but only subject to the terms of the Resolution. Reference is hereby made to the Resolution (a copy of which is on file at said office of the Trustee) and all resolutions supplemental thereto and to the Law for a description of the terms on which the Bonds are issued, the provisions with regard to the nature and extent of the Revenues, as that term is defined in the Resolution, and the rights thereunder of the bearers and registered owners of the Bonds and the bearers of the appurtenant coupons and the rights, duties and immunities of the Trustee and the rights and obligations of the Authority thereunder, to all of the provisions of which Resolution the bearer of this Bond, by acceptance hereof, assents and agrees.

This Bond and the interest hereon and all other Bonds and the interest thereon (to the extent set forth in the Resolution) are payable from, and are secured by a charge and lien on, the Revenues derived by the Authority from the Project (as those terms are defined in the Resolution). As and to the extent set forth in the Resolution, all such Revenues are exclusively and irrevocably pledged to and constituted a trust fund, in accordance with the terms hereof and the provisions of the Resolution and the Law, for the security

and payment or redemption of, and for the security and payment of interest on, the Bonds; but nevertheless, in accordance with the Resolution, out of Revenues certain amounts may be applied for other purposes as provided in the Resolution.

This Bond is a special obligation of the Authority, and is not a liability of any other public agency, or a lien or charge against the property or funds of the Authority, except to the extent of the pledge of Revenues, as provided by the Resolution. Neither the payment of the principal of this Bond or any part thereof nor any interest thereon constitutes a debt, liability or obligation of the City of Sacramento or the County of Sacramento, the public agencies which are parties to the agreement creating the Authority.

The rights and obligations of the Authority and the holders of the Bonds may be modified or amended at any time in the manner, to the extent and upon the terms provided in the Resolution, but no such modification or amendment shall (1) extend the fixed maturity of this Bond or reduce the rate of interest hereon or extend the time of payment of interest, or reduce the amount of the principal hereof or reduce any premium payable upon the redemption hereof, without the consent of the holder hereof, or (2) reduce the percentage of Bonds required for the affirmative vote or written consent to an amendment or modification; all as more fully set forth in the Resolution.

The Bonds are subject to redemption, under the circumstances prescribed and as provided in the Resolution, at the option of the Authority, as a whole or in part, through the application of proceeds of insurance and eminent domain proceedings. Bonds due on or before August 1, 1981, are not otherwise subject to redemption before their respective stated maturities. Bonds due on or after August 1, 1982, are also subject to redemption prior to their respective stated maturities from any source of available funds at the option of the Authority on or after August 1, 1981, as a whole on any date, or in part on any interest payment date in inverse order of maturities and by lot within any such maturity if less than all of the Bonds of such maturity be redeemed, at the principal amount thereof and accrued interest thereon to the date fixed for redemption, plus a premium of one-half of one per cent ( $\frac{1}{2}$  of 1%) of such principal amount for each year or fraction thereof remaining between the date fixed for



redemption and August 1, 1989, except that such premium shall not exceed four per cent (4%) of such principal amount.

As provided in the Resolution, notice of redemption shall be given by publication at least once in a financial newspaper or journal, printed in the English language and circulated in New York, New York, such publication to be not less than thirty nor more than sixty days before the redemption date.

If this Bond is called for redemption and payment is duly provided therefor as specified in the Resolution, interest shall cease to accrue hereon from and after the date fixed for redemption, and coupons for such interest subsequently maturing shall be void.

If an event of default, as defined in the Resolution, shall occur, the principal of all Bonds may be declared due and payable upon the conditions, in the manner and with the effect provided in the Resolution but such declaration and its consequences may be rescinded and annulled as further provided in the Resolution.

The Bonds are issuable as coupon Bonds in the denomination of \$5,000 and as fully registered Bonds without coupons in the denomination of \$5,000 and any authorized multiple thereof. Subject to the limitations and conditions and upon payment of the charges, if any, as provided in the Resolution, fully registered Bonds may be exchanged for a like aggregate principal amount of coupon Bonds or for a like aggregate principal amount of fully registered Bonds of other authorized denominations, and coupon Bonds may be exchanged for a like aggregate principal amount of fully registered Bonds of authorized denominations.

This Bond and the coupons appertaining hereto are negotiable and transferable by delivery, and the Authority, the Trustee and any paying agent of the Authority may treat the bearer hereof, or the bearer of any coupon appertaining hereto, as the absolute owner hereof or of such coupon, as the case may be, for all purposes, whether or not this Bond or such coupon shall be overdue, and the Authority, the Trustee and any paying agent shall not be affected by any notice to the contrary.

It is hereby certified that all of the conditions, things and acts required to exist, to have happened or to have been performed precedent to and in the issuance of this Bond do exist, have happened or have been performed in due and regular time, form and manner as

required by the Law and the laws of the State of California, and that the amount of this Bond, together with all other indebtedness of the Authority, does not exceed any limit prescribed by the Law or any laws of the State of California, and is not in excess of the amount of Bonds permitted to be issued under the Resolution.

IN WITNESS WHEREOF, SACRAMENTO COMMUNITY CENTER AUTHORITY has caused this Bond to be executed in its name and on its behalf with the signature of its Chairman and its seal to be reproduced hereon and attested by its Secretary, and the interest coupons attached hereto to be executed with the facsimile signature of its Secretary, all as of August 1, 1971.

SACRAMENTO COMMUNITY CENTER AUTHORITY

By .....

*Chairman*

(Seal)

Attested:

.....  
*Secretary*

[FORM OF INTEREST COUPON]

SACRAMENTO COMMUNITY CENTER AUTHORITY, on ....., unless the Bond herein mentioned shall have been called for previous redemption and payment of the redemption price duly provided for, will pay (but only from the Revenues referred to in said Bond) to bearer at the principal office of ..... in  
..... in  
SAN FRANCISCO, CALIFORNIA, or at the principal office of \$.....  
..... in  
New York, New York, or at the office of .....  
..... in Chicago, Illinois, upon surrender hereof, the sum set forth herein in lawful money of the United States of America, being interest then due on its SACRAMENTO COMMUNITY CENTER AUTHORITY 1971 BOND, dated August 1, 1971,

No. ....

Coupon No. ....

.....  
*Secretary*

## [FORM OF FULLY REGISTERED BOND]

\$.....

No. R .....

SACRAMENTO COMMUNITY CENTER  
AUTHORITY 1971 BOND

SACRAMENTO COMMUNITY CENTER AUTHORITY, a duly constituted public entity and agency in the State of California (herein called the "Authority"), for value received, hereby promises to pay (but only out of the Revenues hereinafter referred to) to ..... or registered assigns, on August 1, ..... (subject to any right of prior redemption hereinafter provided for), the principal sum of ..... Thousand Dollars (\$.....) in lawful money of the United States of America, and to pay interest thereon in like lawful money from the interest payment date next preceding the date of registration of this Bond (unless this Bond is registered on an interest payment date, in which event it shall bear interest from such date of registration, or unless this Bond is registered prior to February 1, 1972, in which event it shall bear interest from August 1, 1971) until payment of such principal sum in full, at the rate of ..... per cent (.....%) per annum, payable semiannually on February 1 and August 1 in each year. Both the principal hereof and interest hereon are payable at the principal office of ..... the Trustee of the Authority, in San Francisco, California.

This Bond is one of a duly authorized issue of bonds of the Authority designated as the "Sacramento Community Center Authority 1971 Bonds" (herein called the "Bonds"), of an aggregate principal amount of Nineteen Million One Hundred Thousand Dollars (\$19,100,000), all of like tenor and date (except for such variation, if any, as may be required to designate varying numbers, maturities, interest rates or redemption provisions) and all issued pursuant to the provisions of Articles 1 and 2 of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (herein called the "Law") and pursuant to a Resolution of the Authority adopted on ....., 1971 (herein called the "Resolution") authorizing the issuance of the Bonds. Additional bonds may be issued on a parity with the Bonds, but only subject to the terms of the Resolution. Reference is hereby made to the Resolution (a copy of which is on file at

said office of the Trustee) and all resolutions supplemental thereto and to the Law for a description of the terms on which the Bonds are issued, the provisions with regard to the nature and extent of the Revenues, as that term is defined in the Resolution, and the rights thereunder of the bearers and registered owners of the Bonds and the bearers of the appurtenant coupons and the rights, duties and immunities of the Trustee and the rights and obligations of the Authority thereunder, to all of the provisions of which Resolution the registered owner of this Bond, by acceptance hereof, assents and agrees.

This Bond and the interest hereon and all other Bonds and the interest thereon (to the extent set forth in the Resolution) are payable from, and are secured by a charge and lien on, the Revenues derived by the Authority from the Project (as those terms are defined in the Resolution). As and to the extent set forth in the Resolution, all such Revenues are exclusively and irrevocably pledged to and constituted a trust fund, in accordance with the terms hereof and the provisions of the Resolution and the Law, for the security and payment or redemption of, and for the security and payment of interest on, the Bonds.

This Bond is a special obligation of the Authority, and is not a liability of any other public agency, or a lien or charge against the property or funds of the Authority, except to the extent of the pledge of Revenues, as provided by the Resolution. Neither the payment of the principal of this Bond or any part thereof nor any interest thereon constitutes a debt, liability or obligation of the City of Sacramento or the County of Sacramento, the public agencies which are parties to the agreement creating the Authority.

The rights and obligations of the Authority and the holders of the Bonds may be modified or amended at any time in the manner, to the extent and upon the terms provided in the Resolution, but no such modification or amendment shall (1) extend the fixed maturity of this Bond or reduce the rate of interest hereon or extend the time of payment of interest, or reduce the amount of the principal hereon or reduce any premium payable upon the redemption hereof, without the consent of the holder hereof, or (2) reduce the percentage of Bonds required for the affirmative vote or written consent to an

amendment or modification; all as more fully set forth in the Resolution.

The Bonds are subject to redemption, under the circumstances prescribed and as provided in the Resolution, at the option of the Authority, as a whole or in part, through the application of proceeds of insurance and eminent domain proceedings. Bonds due on or before August 1, 1981, are not otherwise subject to redemption before their respective stated maturities. Bonds due on or after August 1, 1982, are also subject to redemption prior to their respective stated maturities from any source of available funds at the option of the Authority on or after August 1, 1981, as a whole on any date, or in part on any interest payment date in inverse order of maturities and by lot within any such maturity if less than all of the Bonds of such maturity be redeemed, at the principal amount thereof and accrued interest thereon to the date fixed for redemption, plus a premium of one-half of one per cent ( $\frac{1}{2}$  of 1%) of such principal amount for each year or fraction thereof remaining between the date fixed for redemption and August 1, 1989, except that such premium shall not exceed four per cent (4%) of such principal amount.

As provided in the Resolution, notice of redemption shall be given by publication at least once in a financial newspaper or journal, printed in the English language and circulated in New York, New York, such publication to be not less than thirty nor more than sixty days before the redemption date. Notice of redemption hereof shall also be mailed, not less than thirty nor more than sixty days prior to the redemption date, to the registered owner of this Bond, but neither failure to mail such notice nor any defect in the notice so mailed shall affect the sufficiency of the proceedings for redemption.

If this Bond is called for redemption and payment is duly provided therefor as specified in the Resolution, interest shall cease to accrue hereon from and after the date fixed for redemption.

If an event of default, as defined in the Resolution, shall occur, the principal of all Bonds may be declared due and payable upon the conditions, in the manner and with the effect provided in the Resolution but such declaration and its consequences may be rescinded and annulled as further provided in the Resolution.

The Bonds are issuable as coupon Bonds in the denomination of \$5,000 and as fully registered Bonds without coupons in the denom-

ination of \$5,000 and any authorized multiple thereof. Subject to the limitations and conditions and upon payment of the charges, if any, as provided in the Resolution, fully registered Bonds may be exchanged for a like aggregate principal amount of coupon Bonds or for a like aggregate principal amount of fully registered Bonds of other authorized denominations, and coupon Bonds may be exchanged for a like aggregate principal amount of fully registered Bonds of authorized denominations.

This Bond is transferable by the registered owner hereof, in person or by his attorney duly authorized in writing, at said office of the Trustee, but only in the manner, subject to the limitations and upon payment of the charges provided in the Resolution, and upon surrender and cancellation of this Bond. Upon such transfer a new fully registered Bond or Bonds without coupons, of authorized denomination or denominations, for the same aggregate principal amount will be issued to the transferee in exchange herefor.

The Authority and the Trustee may treat the registered owner hereof as the absolute owner hereof for all purposes, and the Authority and the Trustee shall not be affected by any notice to the contrary.

It is hereby certified that all of the conditions, things and acts required to exist, to have happened or to have been performed precedent to and in the issuance of this Bond do exist, have happened or have been performed in due and regular time, form and manner as required by the Law and the laws of the State of California, and that the amount of this Bond, together with all other indebtedness of the Authority, does not exceed any limit prescribed by the Law or any laws of the State of California, and is not in excess of the amount of Bonds permitted to be issued under the Resolution.

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

IN WITNESS WHEREOF, SACRAMENTO COMMUNITY CENTER AUTHORITY has caused this Bond to be executed in its name and on its behalf with the signature of its Chairman and its seal to be reproduced hereon and attested by its Secretary, all as of August 1, 1971.

SACRAMENTO COMMUNITY CENTER AUTHORITY

(Seal)

By .....  
*Chairman*

Attested:

.....  
*Secretary*

[FORM OF TRUSTEE'S CERTIFICATE OF AUTHENTICATION  
AND REGISTRATION TO APPEAR ON REGISTERED BONDS]

This is one of the Bonds described in the within-mentioned Resolution which has been authenticated and registered this ..... day of ....., .....

.....  
.....  
*as Trustee*

By .....  
*Authorized Officer*



## [FORM OF CORRESPONDING COUPON BOND ENDORSEMENT]

*Notice: No writing below except by the Trustee*

This Registered Bond is issued in lieu of or in exchange for coupon Bond(s) of this issue, interest rate and maturity, numbered .....

.....  
 .....  
 .....  
 in the denomination of \$5,000 each, not contemporaneously outstanding aggregating the face value hereof; and coupon Bond(s) of this issue and of the same interest rate and maturity aggregating the face value hereof [and bearing the above serial number(s) which has (have) been reserved for such coupon Bond(s)] will be issued in exchange for this Registered Bond and upon surrender and cancellation thereof and upon payment of charges, all as provided in the within-mentioned Resolution.

## [FORM OF ASSIGNMENT]

For value received the undersigned do(es) hereby sell, assign and transfer unto ..... the within-mentioned Registered Bond and hereby irrevocably constitute(s) and appoint(s) ..... attorney, to transfer the same on the books of the Trustee with full power of substitution in the premises.

.....  
 Dated: .....

NOTE: The signature(s) on this Assignment must correspond with the name(s) as written on the face of the within Registered Bond in every particular, without alteration or enlargement or any change whatsoever.

SECTION 2.03. *Execution of Bonds.* The Bonds shall be executed on behalf of the Authority by the signature of its Chairman and attested on behalf of the Authority by the signature of its Secretary who are in office on the date of the adoption of this Resolution or at any time thereafter, and the seal of the Authority shall be impressed, imprinted or reproduced by facsimile thereon. Either of such signa-

tures may be affixed by facsimile thereof, provided that one of such signatures shall be manually signed on each Bond. The interest coupons attached to the Bonds shall bear the facsimile of the signature of the Secretary of the Authority who is in office on the date of the adoption of this Resolution or at any time thereafter. If any officer whose signature appears on any Bond or coupon ceases to be such officer before delivery of the Bonds to the purchaser, such signature, either on the Bonds or the coupons, or on both, shall nevertheless be as effective as if the officer had remained in office until the delivery of the Bonds to the purchaser. Also any Bond or coupon may be signed and attested on behalf of the Authority by such persons as at the actual date of the execution of such Bond or coupon shall be the proper officers of the Authority although at the nominal date of such Bond or coupon any such person shall not have been such officer of the Authority.

Only such of the fully registered Bonds as shall bear thereon a certificate of authentication and registration in the form hereinbefore recited, executed and dated by the Trustee, shall be valid or obligatory for any purpose or entitled to the benefits of this Resolution, and such certificate of the Trustee shall be conclusive evidence that the Bonds so registered have been duly authenticated, registered and delivered hereunder and are entitled to the benefits of this Resolution.

SECTION 2.04. *Transfer of Coupon Bonds.* All coupon Bonds shall be negotiable and transferable by delivery. The Authority, the Trustee and any Paying Agent may treat the bearer of any coupon Bond, whether or not such Bond shall be overdue, and the bearer of any coupon, whether or not such coupon shall be overdue, as the absolute owner of such Bond or coupon for the purpose of receiving payment thereof and for all other purposes whatsoever, and the Authority, the Trustee and any Paying Agent shall not be affected by any notice to the contrary.

SECTION 2.05. *Transfer of Fully Registered Bonds.* Any fully registered Bond may, in accordance with its terms, be transferred upon the books required to be kept pursuant to the provisions of Section 2.07 by the person in whose name it is registered, in person

or by his duly authorized attorney, upon surrender of such fully registered Bond for cancellation, accompanied by delivery of a written instrument of transfer in a form approved by the Trustee, duly executed.

Whenever any Bond shall be issued under this Resolution as a fully registered Bond, there shall be reserved by the Trustee unissued an aggregate principal amount of coupon Bonds, of the same maturity and of the denomination of \$5,000, equal to the principal amount of such registered Bond, and in such case the serial number or numbers of the coupon Bond or Bonds so reserved, together with an appropriate statement as to such reservation, shall be endorsed on such registered Bond.

Whenever any fully registered Bond or Bonds without coupons shall be surrendered for transfer, the Authority shall execute and the Trustee shall authenticate and deliver a new fully registered Bond or Bonds, for like aggregate principal amount, which shall have endorsed thereon the same coupon Bond serial number or numbers so reserved.

No transfer of fully registered Bonds shall be required to be made during the fifteen days next preceding each interest payment date.

SECTION 2.06. *Exchange of Bonds.* Fully registered Bonds may be exchanged at the office of the Trustee for a like aggregate principal amount of coupon Bonds (or for a like aggregate principal amount of fully registered Bonds of other authorized denominations) of the same maturity, and coupon Bonds may be exchanged at said office of the Trustee for a like aggregate principal amount of fully registered Bonds of authorized denominations of the same maturity. All coupon Bonds surrendered for exchange and delivered in exchange shall have attached thereto all unmatured coupons appertaining thereto (together with any matured coupons in default). The Trustee shall preserve coupon Bonds surrendered to it for exchange, and may subsequently reissue said coupon Bonds in exchange for a like aggregate principal amount of fully registered Bonds, as hereinabove provided, after detaching all matured interest coupons appertaining thereto. The Authority may charge a sum not exceeding \$5.00 for each new Bond issued upon any exchange (except in the

case of any exchange of temporary Bonds for definitive Bonds and except in the case of the first exchange of any definitive Bond in the form in which it is originally issued to the original purchaser thereof) and the Trustee shall require the payment by the Bondholder requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange.

SECTION 2.07. *Bond Register.* The Trustee will keep or cause to be kept, at its principal office in San Francisco, California, sufficient books for the registration and transfer of the Bonds, which shall at all times be open to inspection by the Authority; and, upon presentation for such purpose, the Trustee shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on said books, Bonds as hereinbefore provided.

SECTION 2.08. *Temporary Bonds.* The Bonds may be initially issued in temporary form exchangeable for definitive Bonds when ready for delivery. The temporary Bonds may be printed, lithographed or typewritten, shall be of such denominations as may be determined by the Authority, shall be without coupons and may contain such reference to any of the provisions of this Resolution as may be appropriate. Every temporary Bond shall be executed by the Authority and be authenticated by the Trustee upon the same conditions and in substantially the same manner as the definitive fully registered Bonds. If the Authority issues temporary Bonds it will execute and furnish definitive Bonds without delay, and thereupon the temporary Bonds may be surrendered, for cancellation, in exchange therefor at the principal office of the Trustee in San Francisco, California, and the Trustee shall deliver in exchange for such temporary Bonds an equal aggregate principal amount of definitive coupon Bonds or definitive fully registered Bonds of authorized denominations, of the same maturity or maturities. Until so exchanged, the temporary Bonds shall be entitled to the same benefits under this Resolution as definitive Bonds authenticated and delivered hereunder.

SECTION 2.09. *Bonds Mutilated, Lost, Destroyed or Stolen.* If any Bond shall become mutilated, the Authority, at the expense of

the owner of said Bond, shall execute, and the Trustee shall thereupon authenticate, if necessary, and deliver a new Bond of like tenor and number (having annexed appropriate coupons corresponding to those, if any, annexed to the mutilated Bond) in exchange and substitution for the Bond so mutilated, but only upon surrender to the Trustee of the Bond so mutilated together with any unpaid coupons thereto appertaining. Every mutilated Bond so surrendered to the Trustee shall be cancelled by it and delivered to, or upon the order of, the Authority. If any Bond shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Authority and the Trustee and, if such evidence be satisfactory to both and indemnity satisfactory to them shall be given the Authority, then the Authority, at the expense of the owner, shall execute, and the Trustee shall thereupon authenticate, if necessary, and deliver, a new Bond of like tenor and number (having annexed appropriate coupons corresponding to those, if any, annexed to the lost, destroyed or stolen Bond) in lieu of and in substitution for the Bond so lost, destroyed or stolen. The Authority may require payment of a sum not exceeding the actual cost of preparing each new Bond issued under this section and of the expenses which may be incurred by the Authority and the Trustee in the premises. Any Bond or coupon issued under the provisions of this section in lieu of any Bond or coupon alleged to be lost, destroyed or stolen shall constitute an original additional contractual obligation on the part of the Authority whether or not the Bond or coupon so alleged to be lost, destroyed or stolen be at any time enforceable by anyone, and shall be equally and proportionately entitled to the benefits of this Resolution with all other Bonds and coupons secured by this Resolution.

### ARTICLE III

#### ISSUE OF BONDS

SECTION 3.01. *Issuance of Bonds.* At any time after the adoption of this Resolution, the Authority may execute and deliver Bonds in the aggregate principal amount of not to exceed Nineteen Million One Hundred Thousand Dollars (\$19,100,000).

SECTION 3.02. *Application of Proceeds of Bonds.* The proceeds received by the Authority from the sale of the Bonds shall be de-

posited with the Trustee, who shall forthwith set aside such proceeds in the following respective funds:

(a) The Trustee shall set aside in the Interest Fund (established pursuant to Section 5.02) an amount, including any accrued interest or premium received upon the sale of the Bonds, sufficient to pay the interest becoming due and payable on the Bonds on and before August 1, 1974.

(b) The Trustee shall set aside in the Working Capital Fund (established pursuant to Section 5.03) the sum of Two Thousand Five Hundred Dollars (\$2,500).

(c) The Trustee shall set aside the remainder of said proceeds in a separate fund to be known as the "Construction Fund," which the Trustee shall establish and maintain.

SECTION 3.03. *Construction Fund.* The moneys in the Construction Fund shall be held by the Trustee in trust and applied to the costs of site acquisition and construction of the Facilities (including interest during construction if funds are not otherwise available therefor and reimbursement to the City of architectural fees, engineering fees, inspection costs and site development costs expended for the Project) and of expenses incidental thereto or connected therewith, including apparatus, equipment and furnishings for the Project, fees and expenses of the Trustee, expenses in connection with the preparation, issuance, sale and delivery of the Bonds, legal fees and expenses of counsel, title insurance costs and similar expenses.

Before any payment is made from the Construction Fund by the Trustee, the Authority shall cause to be filed with the Trustee—

(a) in the case of payment of any cost of construction of the Facilities pursuant to the construction contract, an Engineer's Certificate, showing the item number of the payment and the amount to be paid, with the approval of the Controller of the City or his duly authorized representative endorsed thereon;  
or

(b) in the case of payment of any other cost of acquisition, construction or financing of the Project or expense incidental thereto or connected therewith, a Requisition of the Authority, with the approval of the Controller of the City or his duly au-

thorized representative endorsed thereon, showing with respect to each payment to be made—

- (1) the item number of the payment;
- (2) the name of the person to whom payment is due;
- (3) the amount to be paid; and
- (4) the purpose for which the obligation to be paid was incurred.

Each such Engineer's Certificate and each such Requisition of the Authority approved by said Controller shall state, and shall be sufficient evidence to the Trustee—

(a) that obligations in the stated amounts have been incurred by the Authority and that each item thereof is a proper charge against the Construction Fund; and

(b) that there has not been filed with or served upon the Authority notice of any lien, right to lien or attachment upon, or claim affecting the right to receive payment of, any of the moneys payable to any of the persons named in such Engineer's Certificate or Requisition of the Authority, which has not been released or will not be released simultaneously with the payment of such obligation, other than materialmen's or mechanics' liens accruing by mere operation of law.

Upon receipt of each such Engineer's Certificate and of each such Requisition of the Authority, the Trustee shall pay the amount set forth in such Engineer's Certificate or such Written Requisition as directed by the terms thereof.

When the Facilities shall have been completed, a Certificate of the Authority stating the fact and date of such completion and stating that all of such costs of construction and all expenses incidental thereto or connected therewith have been determined and paid, together with an Engineer's Certificate stating the fact and date of such completion, shall be delivered to the Trustee by the Authority. Upon the receipt of such certificates, the Trustee shall deposit any moneys remaining in the Construction Fund in the Revenue Fund.

SECTION 3.04. *Issuance of Additional Bonds.* In addition to the Bonds authorized to be issued under this Resolution, the Authority may by Supplemental Resolution establish one or more other

issues of Additional Bonds on a parity with the Bonds, and may issue and deliver such Additional Bonds in such principal amount as shall be determined by the Authority, but only upon compliance by the Authority with the provisions of Section 3.05, and subject to the following specific conditions which are hereby made conditions precedent to the issuance of such Additional Bonds:

(a) Such Additional Bonds shall have been authorized to finance the completion of the Project or an addition to the Project, and the issuance thereof shall have been determined and declared by the Authority, in a Supplemental Resolution, to be necessary for that purpose.

(b) The Authority shall be in compliance with all covenants and undertakings set forth in this Resolution.

(c) The Supplemental Resolution authorizing issuance of such Additional Bonds shall require that the proceeds of the sale of such Additional Bonds shall be applied solely for the completion of the Project or an addition thereto and expenses and costs incidental thereto, including costs and expenses incidental to the issuance and sale of such Additional Bonds and interest on said Additional Bonds during the actual period of completion of the Project or such addition, and for a period not to exceed twelve (12) months thereafter.

(d) Such Additional Bonds shall be equally and ratably secured with all other Bonds herein authorized, without preference or priority of any of the Bonds over any other Bonds.

(e) The Additional Bonds shall be payable as to principal on August 1 of each year in which principal falls due, and payable as to interest on February 1 and August 1 of each year.

(f) The Authority shall have entered into a lease or revised lease with the City in and by which the City obligates itself in the manner provided in the Project Lease to make payments of rental to the Authority for the use of the Project or the addition thereto at the times and in the amounts sufficient to provide for the payment of the principal of and interest on such Additional Bonds as such principal and interest become due and to make all other payments in the manner provided in the Project Lease.

SECTION 3.05. *Proceedings for the Issuance of Additional Bonds.* Whenever the Authority shall determine to issue Additional



Bonds pursuant to Section 3.04, the Authority shall adopt a Supplemental Resolution determining that the issuance of such Additional Bonds is necessary for the completion of the Project or for an addition to the Project, specifying the principal amount of such Additional Bonds and prescribing the terms and conditions of such Additional Bonds and the funds to be established for the security and payment thereof.

Such Supplemental Resolution shall prescribe the form or forms of such Additional Bonds and shall provide for the distinctive designation, denominations, methods of numbering, date, maturity dates, interest rates, redemption terms, places of payment of principal and interest and whether such Additional Bonds are to be coupon Bonds with or without provision for registration as to principal only or fully registered Bonds or a combination thereof, and shall also provide for the continuation of the Revenue Fund herein provided for and for the creation of appropriate principal funds, interest funds, reserve funds, if any, and other funds applicable to, and required for the security of, the Additional Bonds. Such Supplemental Resolution may also prescribe any other provisions respecting the Additional Bonds not inconsistent with the terms of this Resolution.

Before such Additional Bonds shall be issued and delivered, the Authority shall file the following documents with the Trustee:

(a) The Certificate of the Authority certifying that the issuance of such Additional Bonds is necessary to provide for the completion of the Project or for an addition to the Project, and setting forth the estimated cost of completion thereof or the addition thereto and the estimated date of completion of construction.

(b) A certified copy of the Supplemental Resolution authorizing such Additional Bonds.

(c) An opinion of counsel stating that the execution and delivery of the Additional Bonds have been sufficiently and duly authorized by the Authority; that the issuance of the Additional Bonds is authorized by the Law; that the Additional Bonds, when duly executed and delivered, will be valid and binding obligations of the Authority, payable from Revenues in accordance with the terms of this Resolution and the Supplemental Resolution authorizing the issuance of such Additional Bonds; and that upon the delivery of

the Additional Bonds the aggregate principal amount of Bonds then outstanding will not exceed the amount at the time permitted by law or the then limits of indebtedness of the Authority, if any.

(d) The Certificate of the Authority certifying that the requirements set forth in Section 3.04 have been either met or provided for, together with a copy of the lease to the City required by said section.

SECTION 3.06. *Construction Contract.* Prior to initial delivery of Bonds authorized hereunder, the Authority will enter into a construction contract providing for the construction of the Facilities and will agree with the City and the contractor, as provided in the Agreement, that the Authority will make all payments pursuant to such construction contract. The contract price will not exceed the moneys to be available in the Construction Fund for such purposes as such moneys are needed to pay the contractor. A copy of said contract will be filed in the office of the Trustee, not later than the date of the delivery of the Bonds. The Authority covenants that, not later than twenty-four hours after the delivery of the Bonds, the Authority will notify the contractor under said contract to commence work thereunder and will at all times thereafter cause the work of construction of the Facilities to be diligently prosecuted to completion.

The Authority covenants that, without the approval of the holders of at least sixty per cent (60%) in aggregate principal amount of the Bonds at the time outstanding, it will not make any changes in said contract which will substantially reduce or diminish the capacity, adaptability or usefulness of the Facilities for the purposes for which they were designed. The Authority further covenants that it will not make any changes in the construction contract which will materially increase the total cost of construction of the Facilities above the price set forth therein unless the City shall have authorized such changes and (i) the balance then on hand in the Construction Fund, together with investment earnings to be received thereon, shall be sufficient to pay all costs and expenses then payable, or which thereafter may become payable, from said fund, including all sums then and thereafter payable pursuant to the construction contract and the increase in total cost resulting from such changes, or (ii) the City shall have deposited with the Trustee (or, in a manner satisfactory to the

Trustee, shall have guaranteed to deposit with the Trustee) such amount as shall be required to increase the balance in said fund to an amount sufficient to pay all such costs and expenses. The Trustee shall set aside in the Construction Fund all amounts so deposited.

SECTION 3.07. *Insurance Reserve Fund.* The Trustee shall establish and maintain and hold in trust for as long as any of the Bonds are outstanding, a special fund designated as the "Insurance Reserve Fund." The Trustee shall deposit in the Insurance Reserve Fund the sum of Five Hundred Thousand Dollars (\$500,000) which will be received from the City as a contribution pursuant to the Law prior to the delivery of the Bonds. The moneys in the Insurance Reserve Fund shall be disbursed by the Trustee upon the Request of the Authority in the following manner and in the following order of priority:

(a) The Trustee shall apply such moneys to the payment of losses sustained by reason of accident to or destruction of any structure constituting any part of the Project not covered by the insurance required by Section 6.14(a). Any such payments of moneys from the Insurance Reserve Fund shall be applied in the same manner as the proceeds of such insurance are required to be applied by Section 6.14(a).

(b) The Trustee shall apply such moneys to the payment of the loss of rental income from the Project not covered by the insurance required by Section 6.14(c). Any such payments of moneys from the Insurance Reserve Fund shall be applied in the same manner as the proceeds of rental income insurance are required to be applied by Section 6.14(c).

(c) The Trustee shall apply such moneys for the final retirement of Bonds outstanding whether by the payment of principal of and interest on the last maturity of Bonds or the call and redemption thereof.

Upon discharge, by payment at maturity or call and redemption, of all of the Bonds outstanding, all moneys in the Insurance Reserve Fund shall be disbursed by the Trustee to the City.

**ARTICLE IV****REDEMPTION OF BONDS**

SECTION 4.01. *Terms of Redemption.* The Authority shall have the right, on any date, to redeem the Bonds, as a whole or in part, from proceeds of insurance or proceeds of eminent domain proceedings, upon the terms and conditions of, and as provided for in, Sections 6.14 and 6.18, respectively, at the principal amount thereof and accrued interest thereon to the date fixed for redemption. If less than all of the outstanding Bonds are to be redeemed as hereinabove provided, the Trustee shall determine, as nearly as practicable, a principal amount in each maturity to be redeemed so that approximately equal annual debt service will prevail. Bonds due on or before August 1, 1981, shall not be otherwise subject to redemption before their respective stated maturities. Bonds due on or after August 1, 1982, shall also be subject to redemption prior to their respective stated maturities from any source of available funds at the option of the Authority on or after August 1, 1981, as a whole on any date, or in part on any interest payment date in inverse order of maturities and by lot within any such maturity if less than all of the Bonds of such maturity be redeemed, at the principal amount thereof and accrued interest thereon to the date fixed for redemption, plus a premium of one-half of one per cent ( $\frac{1}{2}$  of 1%) of such principal amount for each year or fraction thereof remaining between the date fixed for redemption and August 1, 1989, except that such premium shall not exceed four per cent (4%) of such principal amount.

SECTION 4.02. *Selection of Bonds for Redemption.* Whenever less than all of the Bonds of any maturity are called for redemption, the Trustee shall select the coupon Bond serial numbers of the Bonds of such maturity to be redeemed, from the coupon Bond serial numbers of the outstanding Bonds of such maturity, by lot in any manner which the Trustee deems fair. The Trustee shall promptly notify the Authority in writing of the numbers of the Bonds so selected for redemption.

SECTION 4.03. *Notice of Redemption.* Notice of redemption (except as provided below) shall be given by publication at least

once prior to the redemption date in a financial newspaper or journal, such publication to be not less than thirty nor more than sixty days before such redemption date.

Each notice of redemption shall state the redemption date, the place of redemption and the redemption price, shall designate the serial numbers of the Bonds to be redeemed by giving the individual numbers of each Bond or by stating that all Bonds between two stated numbers, both inclusive, have been called for redemption, and shall require that such Bonds be then surrendered with, in the case of coupon Bonds, all interest coupons maturing on or subsequent to the said redemption date for redemption at the said redemption price, and shall also state that the interest on the Bonds in such notice designated for redemption shall cease to accrue from and after such redemption date and that on said date there will become due and payable on each of said Bonds the principal amount thereof to be redeemed, interest accrued thereon to the redemption date and the premium thereon, if any (such premium to be specified). If any of the coupon Bond serial numbers so chosen shall be the serial numbers of coupon Bonds then reserved against outstanding registered Bonds, such notice shall specify the respective serial numbers of such reserved coupon Bonds, and if the serial numbers of all the coupon Bonds reserved against any particular registered Bond shall not have been chosen so that less than the whole of the principal of such registered Bond shall be redeemable, the said notice shall also state that such registered Bond is to be redeemed in part only.

A similar notice shall also be mailed to the original purchaser of the Bonds, or if the original purchaser is a syndicate, to the managing member of such syndicate, and to the respective registered owners of any Bonds designated for redemption at their addresses appearing on the bond registration books at least thirty days but not more than sixty days prior to the redemption date, which notice shall, in addition to setting forth the above information, set forth, in the case of each registered Bond called only in part, the portion of the principal thereof which is to be redeemed; provided that neither failure to mail such notice nor any defect in any notice so mailed shall affect the sufficiency of the proceedings for the redemption of such Bonds.

In case of the redemption as herein permitted of all of the Bonds then outstanding, or of all of the Bonds of any maturity, notice of redemption shall be given by publication and mailing in the same manner as for partial redemption of Bonds, except that the notice of redemption need not specify the serial numbers of the Bonds to be redeemed. If at the time of giving notice of redemption no Bonds are outstanding except registered Bonds, publication of such notice shall be deemed to have been waived if such notice shall have been mailed to each registered owner of such Bonds at his address as it appears on the registration books or at such address as he may have filed with the Trustee for that purpose.

Notice of redemption of Bonds shall be given by the Authority or, at the request of the Authority, by the Trustee for and on behalf of the Authority.

SECTION 4.04. *Partial Redemption of Registered Bond.* Upon surrender of any fully registered Bond redeemed in part only, the Authority shall execute and the Trustee shall authenticate and deliver to the registered owner thereof, at the expense of the Authority, a new Bond or Bonds of authorized denominations equal in aggregate principal amount to the unredeemed portion of the Bond surrendered and of the same interest rate and the same maturity, which new Bond or Bonds may be, at the option of the registered owner, either a coupon Bond or Bonds with all unmatured coupons appertaining thereto or a fully registered Bond or Bonds of authorized denominations. The registered owner of any fully registered Bond may, in lieu of surrendering such Bond for a new Bond, endorse on the reverse of such Bond a notation of such partial redemption, in such form as may be satisfactory to the Authority and the Trustee and under such conditions as the Trustee may approve. Such partial redemption shall be valid upon payment of the amount thereby required to be paid to such registered owner, and the Authority and the Trustee shall be released and discharged from all liability to the extent of such payment, irrespective of whether such endorsement shall or shall not have been made upon the reverse of such fully registered Bond by such registered owner and irrespective of any error or omission in such endorsement.

SECTION 4.05. *Effect of Redemption.* When notice of redemption has been duly given as aforesaid, and moneys for payment of the redemption price being held by the Trustee, the Bonds so called for redemption shall, on the redemption date designated in such notice, become due and payable at the redemption price specified in such notice, and from and after the date so designated interest on the Bonds so called for redemption shall cease to accrue, the coupons for interest thereon maturing subsequent to the redemption date shall be void, said Bonds shall cease to be entitled to any benefit or security under this Resolution, and the holders of said Bonds shall have no rights in respect thereof except to receive payment of the redemption price thereof. The Trustee shall, upon surrender for payment of any of said Bonds, together with all coupons thereto appertaining unmatured at the redemption date, pay such Bonds at the redemption price aforesaid.

All unpaid interest installments represented by coupons which shall have matured on or prior to the date of redemption designated in such notice shall continue to be payable to the bearers severally and respectively upon the presentation and surrender of such coupons.

All Bonds redeemed pursuant to the provisions of this Article IV and the appurtenant coupons, if any, shall be cancelled upon surrender thereof and delivered to the Authority, and no Bonds shall be issued in place thereof.

SECTION 4.06. *Rescission of Notice of Redemption.* The Authority may, at its option, prior to the date fixed for redemption in any notice of redemption rescind and cancel such notice of redemption.

## ARTICLE V

### REVENUES

SECTION 5.01. *Pledge of Revenues, Revenue Fund.* The Authority hereby transfers, assigns and sets over to the Trustee all of the Revenues, and all of the Revenues are hereby irrevocably pledged to the punctual payment of the principal of and interest on the Bonds, and the Revenues shall not be used for any other purpose while any of the Bonds remain outstanding, except that out of Revenues there

may be apportioned and paid such sums, for such purposes, as are expressly permitted by Section 5.02. Said pledge shall constitute a first, direct and exclusive charge and lien on the Revenues for the payment of the Bonds in accordance with the terms thereof.

All Revenues to which the Authority may at any time be entitled shall be paid directly to the Trustee, and all of the Revenues collected or received by the Authority shall be deemed to be held and to have been collected or received by the Authority as the agent of the Trustee, and if received by the Authority at any time shall be deposited by the Authority with the Trustee within one business day after the receipt thereof, and all such Revenues shall be forthwith deposited by the Trustee upon the receipt thereof in a special fund, designated as the "Revenue Fund", which fund is hereby created. The Revenue Fund shall be maintained by the Trustee, separate and apart from all other funds, so long as any of the Bonds remain outstanding. All moneys at any time deposited in the Revenue Fund shall be held by the Trustee in trust for the benefit of the holders from time to time of the Bonds and the coupons appertaining thereto and shall be dispersed, allocated and applied solely for the uses and purposes hereinafter in this Article V set forth, subject, however, to the provisions of Section 5.05.

SECTION 5.02. *Allocation of Revenues to Special Funds.* Upon receipt thereof, the Trustee shall deposit in the Revenue Fund all Revenues. The Trustee shall thereupon deposit all moneys in the Revenue Fund in one or more of the funds set forth in this Section 5.02, each of which the Trustee shall establish, maintain, and hold in trust, and the moneys in each of which shall be disbursed and applied only as hereinafter authorized. Such Revenues shall be so deposited in the following order of priority, the requirements of each such fund at the time of deposit to be satisfied before any transfer is made to any fund subsequent in priority:

(a) *Interest Fund.* The Trustee, on or before each August 15 (commencing on August 15, 1974), shall deposit in the Interest Fund (the initial payment into which is provided for in Section 3.02) an amount which, together with any balance then on deposit in said fund, will be sufficient to pay the aggregate amount of interest becoming due and payable on the outstanding Bonds on the next two succeeding interest payment dates.



Any moneys in the Interest Fund not then required for the payment of interest on the next two succeeding interest payment dates shall be carried forward and applied to the payment of interest on any subsequent interest payment date. Moneys in the Interest Fund shall be used and withdrawn by the Trustee solely for the purpose of paying the interest on the Bonds when due and payable (including accrued interest on any Bonds redeemed prior to maturity), subject, however, to the provisions of Section 5.05.

(b) *Redemption Fund.* The Trustee, on or before each August 15 (commencing on August 15, 1974), after making the deposit required on such date by subsection (a) above, shall deposit in the Redemption Fund an amount which, together with any balance then on deposit in said fund, will be sufficient to pay the aggregate amount of principal becoming due and payable on the outstanding serial Bonds on the next succeeding Bond maturity date.

Any moneys in the Redemption Fund not then required for the payment of principal on the next maturity date shall be carried forward and applied to the payment of principal on any subsequent maturity date. Moneys in the Redemption Fund shall be used and withdrawn by the Trustee solely for the purpose of paying the principal of the serial Bonds when due and payable, subject, however, to the provisions of Section 5.05.

(c) *Sinking Fund.* The Trustee, on or before each August 15 (commencing on August 15, 1991) shall deposit in the Sinking Fund the following amounts in anticipation of the following minimum sinking fund payment dates, and such minimum sinking fund payments are hereby pledged to the purchase or redemption of the term Bonds, subject, however, to the provisions of Section 5.05, as follows:

Minimum Sinking Fund Payment Dates August 1	Amount of Minimum Sinking Fund Payment	Minimum Sinking Fund Payment Dates August 1	Amount of Minimum Sinking Fund Payment
1992 .....	\$550,000	1999 .....	\$ 875,000
1993 .....	600,000	2000 .....	925,000
1994 .....	625,000	2001 .....	1,000,000
1995 .....	675,000	2002 .....	1,050,000
1996 .....	725,000	2003 .....	1,125,000
1997 .....	775,000	2004 .....	1,200,000
1998 .....	825,000	2005 .....	1,300,000
		2006 .....	1,375,000

The Trustee shall apply moneys in the Sinking Fund to the purchase of term Bonds, if available, as and when and at such prices (including brokerage and other expenses but excluding accrued interest which is payable from the Interest Fund) as he may in his discretion determine, except that the purchase price (excluding accrued interest), shall not exceed the principal amount of such Bonds (excluding accrued interest). All Bonds purchased pursuant to this section and appurtenant coupons shall be cancelled by the Trustee and delivered by the Trustee to, or upon the order of, the Authority.

The Trustee shall apply all moneys available in the Sinking Fund on any June 15 (to the extent practicable) to the redemption of term Bonds on the next succeeding August 1 upon the notice and in the manner provided in Article IV. The Trustee shall give notice of all such redemptions without any request therefor by the Authority.

(d) *Operation and Maintenance Fund.* After making the deposits required by subsections (a) through (c) above, if at any time the Authority shall operate the Project, the Trustee shall deposit in the Operation and Maintenance Fund all amounts budgeted for the payment of all costs of maintenance and operation of the Project during the then current fiscal year, including costs of repairs and replacements, labor costs and insurance. Moneys in the Operation and Maintenance Fund shall be disbursed by the Trustee to pay such costs upon the Request of the Authority. Moneys in the Operation and Maintenance Fund shall be used and withdrawn by the Trustee solely for the foregoing purposes, subject, however, to the provisions of Section 5.05.

(e) *Surplus Revenue Fund.* After making the deposits required by subsections (a) through (d) above, the Trustee on or before each August 15 (commencing on August 15, 1974) shall deposit any available Revenues in the Surplus Revenue Fund. The Trustee shall, on the first business day after making each deposit in the Surplus Revenue Fund, determine if any moneys then in the Surplus Revenue Fund shall be required for the payment of principal and interest on any succeeding interest payment date (assuming for the purpose of such determination that the City will pay when due all payments of Base Rental required by Section 3(a) of the Project Lease), and shall hold any such moneys in the Surplus Revenue Fund for transfer to the Interest Fund, the Redemption Fund and the Sinking Fund

when so needed. Except as hereinabove provided, moneys in the Surplus Revenue Fund may be used (i) for the redemption of Bonds upon the notice and in the manner provided in Article IV; (ii) for the purchase of Bonds at such prices as the Authority may deem advisable, but not to exceed the par value thereof, or, in the case of Bonds which by their terms are subject to call and redemption, the highest redemption price (excluding accrued interest) or the then current redemption price (excluding accrued interest), whichever is lower; (iii) for transfer to the Working Capital Fund or the Operation and Maintenance Fund; (iv) for transfer to the Construction Fund for changes, alterations and additions to the Project; or (v) for transfer to the City. The Trustee shall apply moneys in the Surplus Revenue Fund for any of the above purposes upon the Request of the Authority. Moneys in the Surplus Revenue Fund shall be used and withdrawn by the Trustee solely for the foregoing purposes, subject, however, to the provisions of Section 5.05.

SECTION 5.03. *Working Capital Fund.* The Trustee shall establish, and maintain and hold in trust so long as any of the Bonds are outstanding, a special fund designated as the "Working Capital Fund." The Trustee shall deposit in the Working Capital Fund (the initial payment into which is provided for in Section 3.02) all amounts received from the City as Additional Rental under the Project Lease. The moneys in the Working Capital Fund shall be disbursed by the Trustee upon the Request of the Authority for the payment of taxes and assessments and administrative costs of the Authority, including salaries, wages, all expenses, compensation and indemnification of the Trustee payable by the Authority under this Resolution, fees of auditors, accountants, attorneys or engineers, insurance premiums and all other necessary administrative costs of the Authority or charges required to be paid by it in order to maintain its existence or to comply with the terms of the Bonds or of this Resolution. The Trustee shall, from time to time and as often as necessary to replenish and maintain a balance of Two Thousand Five Hundred Dollars (\$2,500) in said fund, give notice to the City of such Additional Rental required to be paid pursuant to the Project Lease. Moneys in the Working Capital Fund shall be used and withdrawn by the Trustee solely for the foregoing purposes, subject, however, to the provisions of Section 5.05.

SECTION 5.04. *Assignment of Revenues to Trustee.* The Authority hereby transfers, assigns and sets over to the Trustee all of the Revenues. The Trustee shall be entitled to collect and receive all of the Revenues, and all of the Revenues collected or received by the Authority shall be deemed to be held, and to have been collected or received, by the Authority as the agent of the Trustee, and shall forthwith be paid by the Authority to the Trustee.

SECTION 5.05. *Reimbursement of Rental.* All moneys in any of the funds established pursuant to Sections 5.01 and 5.02 may be used at any time for reimbursement to the City for any rental therefore paid by the City under the Project Lease for a period of time during which the payment of rental under the Project Lease is abated pursuant to Section 20 thereof and for which no other moneys (including proceeds of the rental income insurance required by Section 6.14(c)) are available.

## ARTICLE VI

### COVENANTS OF THE AUTHORITY

SECTION 6.01. *Payment of Principal and Interest.* The Authority will punctually pay the principal and the interest (and premium, if any) to become due in respect of every Bond issued hereunder at the times and places and in the manner provided herein and in the Bonds and in the coupons thereto appertaining, according to the true intent and meaning thereof. When and as paid in full, all Bonds and all coupons appurtenant thereto, if any, shall be cancelled by the Trustee, and they shall thereafter be delivered to, or upon the order of, the Authority.

SECTION 6.02. *Extension or Funding of Interest Coupons.* In order to prevent any accumulation of coupons after maturity, the Authority will not, directly or indirectly, extend or assent to the extension of the time for the payment of any coupon or any claim for interest on any of the Bonds, and will not, directly or indirectly, be a party to or approve any such arrangement by purchasing or funding such coupons or claims or in any other manner. In case any such coupon or claim for interest shall be extended or funded, whether or not with the consent of the Authority, such coupon or

claim for interest so extended or funded shall not be entitled, in case of default hereunder, to the benefits of this Resolution, except subject to the prior payment in full of the principal of all of the Bonds then outstanding and of all coupons and claims for interest which shall not have been so extended or funded.

SECTION 6.03. *Construction of Facilities.* The Authority will forthwith construct or cause the construction of the Facilities in conformity with the plans and specifications prepared by the Architect and filed with the Trustee prior to the issuance and delivery of the Bonds (subject to any changes approved in accordance with Section 3.06), and in conformity with the Project Lease and with law and all requirements of all governmental authorities having jurisdiction thereover, and it will complete such construction with all expedition practicable, using for such purpose the proceeds of sale of the Bonds and additional funds otherwise available which the Authority has determined will be available in an amount sufficient to provide therefor. The Authority will also file with the Trustee a copy of any plans and specifications for the Facilities hereafter prepared.

SECTION 6.04. *Maintenance of Revenues.* The Authority will promptly collect all rents and charges due for the occupancy or use of the Project as the same become due, and will promptly and vigorously enforce its rights against any tenant or other person who does not pay such rents or charges as they become due. The Authority will at all times maintain and vigorously enforce all of its rights under the Project Lease.

SECTION 6.05. *Accounting Records and Reports.* The Authority shall keep (or cause to be kept) proper books of record and account in which complete and correct entries shall be made of all transactions relating to the receipts, disbursements, allocation and application of the Revenues, and such books shall be available for inspection by the Trustee and by any holder of Bonds, or his agent or representative, at reasonable hours and under reasonable conditions. Not more than one hundred and twenty (120) days after the close of each fiscal year, the Authority shall furnish, to any Bondholder who may so request, a complete financial statement covering receipts,

disbursements, allocation and application of all income and Revenues for such fiscal year, and including a profit and loss statement and balance sheet, accompanied by an audit report and opinion of an independent certified public accountant to be employed by the Authority with the consent of the Trustee. Such audit report shall also show the types and amounts of insurance coverage in force for such fiscal year, and the expiration dates thereof. Such financial statement shall also be filed with the Trustee.

SECTION 6.06. *Compliance with Resolution.* The Authority will faithfully observe and perform all the covenants, conditions and requirements of this Resolution, and will not suffer or permit any default to occur hereunder, nor do or permit to be done in, upon or about the Project, or any part thereof, anything that might in any-wise weaken, diminish or impair the security intended to be given pursuant to this Resolution.

SECTION 6.07. *Estates.* The Authority, as lessor in the Project Lease, is or will be on the date of the delivery of the Bonds, the owner in fee simple of the premises described in Exhibit A attached thereto and there will be no interest or estate in said premises which is superior or prior to said fee simple estate, other than easements, rights of way, exceptions or conditions in deeds of record which do not impair or materially interfere with the use of the Site for the purposes of the Project; the Authority will have good right, full power and lawful authority to lease the Site in the manner and form provided in the Project Lease, and the Project Lease will be duly and regularly executed. Without the written consent of the Trustee, the Authority will not alter, modify or cancel, or agree or consent to alter, modify or cancel, the Project Lease; but, with the written consent of the Trustee, the Authority may consent to alterations or modifications thereof. The Trustee shall give such written consent only (i) if, in the opinion of the Trustee, such alterations or modifications will not result in any impairment of the security hereby given or intended to be given for the payment of the Bonds, or (ii) if the Trustee first obtains the written consent of the holders of at least sixty per cent (60%) in principal amount of the Bonds then outstanding to such alterations or modifications, exclusive of Bonds

disqualified as provided in Section 9.03. Any such written consents shall be obtained in the manner provided in Section 9.02, except that in lieu of a Supplemental Resolution as provided in Section 9.02, the Authority shall adopt a resolution expressing its consent to such alteration or modification.

The Authority will not do or permit anything to be done, or omit or refrain from doing anything, in any case where any such act done or permitted to be done, or any such omission of or refraining from action, would or might be a ground for cancellation or termination of the Project Lease by the lessee thereunder. The Authority, immediately upon its receiving or giving any notice, communication or other document in any way relating to or affecting its fee simple estate in the Site, which may or can in any manner affect such estate of the Authority, will deliver the same, or a copy thereof, to the Trustee.

SECTION 6.08. *Payment of Taxes.* The Authority will pay or cause to be paid all taxes, assessments and other governmental charges, if any, that may be levied, assessed or charged upon the Project, or upon the Revenues or any part thereof, promptly as and when the same shall become due and payable; and the Authority will, upon request of the Trustee, from time to time keep the Trustee advised of such payments, and deliver such evidence thereof as the Trustee may reasonably require. The Authority will not suffer the Project, or any part thereof, to be sold for any taxes, assessments or other charges whatsoever, or to be forfeited therefor.

SECTION 6.09. *Observance of Laws and Regulations.* The Authority will well and truly keep, observe and perform all valid and lawful obligations or regulations now or hereafter imposed on it by contract, or prescribed by any law of the United States, or of the State of California, or by any officer, board or commission having jurisdiction or control, as a condition of the continued enjoyment of any and every right, privilege or franchise now owned or hereafter acquired by the Authority, including its right to exist and carry on business as a public agency and entity, to the end that such rights, privileges and franchises shall be maintained and preserved,

and shall not become abandoned, forfeited or in any manner impaired.

SECTION 6.10. *Maintenance and Repair of Project.* The Authority shall maintain or cause to be maintained in good condition and keep in good repair the Project and all buildings, facilities and equipment now or hereafter constituting any part of the same, and shall not commit or allow any waste with respect to the Project.

SECTION 6.11. *Other Liens.* The Authority shall keep the Project and all parts thereof free from judgments, from mechanics' and materialmen's liens (except those arising from the construction of the Facilities) and free from all liens, claims, demands and encumbrances of whatsoever nature or character, to the end that the security provided pursuant to this Resolution may at all times be maintained and preserved, and the Authority shall keep the Project free from any claim or liability which, in the judgment of the Trustee (and its determination thereof shall be final), might embarrass or hamper the Authority in conducting its business or operating the Project. The Trustee at its option (after first giving the Authority ten days' written notice to comply therewith and failure of the Authority to so comply within said ten-day period) may defend against any and all actions or proceedings in which the validity of this Resolution is or might be questioned, or may pay or compromise any claim or demand asserted in any such actions or proceedings; provided, however, that, in defending against such actions or proceedings or in paying or compromising such claims or demands, the Trustee shall not in any event be deemed to have waived or released the Authority from liability for or on account of any of its covenants and warranties contained herein, or from its liability hereunder to defend the validity of this Resolution and the pledge herein made and to perform such covenants and warranties.

SECTION 6.12. *Against Encumbrances or Sales.* So long as any Bonds are outstanding, the Authority will not create or suffer to be created any mortgage, pledge, lien or charge upon the Project or any part thereof or the Revenues, or upon any real or personal property essential to the operation of the Project, other than the pledge, lien



and charge provided for in this Resolution, and will not issue any bonds or obligations payable from Revenues or secured by a pledge, lien or charge upon Revenues, other than the Bonds, and will not sell or otherwise dispose of any property essential to the proper operation of the Project or to the maintenance of the Revenues.

SECTION 6.13. *Compliance with Contracts.* The Authority shall comply with the terms, covenants and provisions, express or implied, of all contracts for the use of the Project, or any part thereof, by the Authority, and all other contracts and agreements affecting or involving the Project or the business of the Authority.

SECTION 6.14. *Insurance.* (a) The Authority shall maintain or cause to be maintained, at all times while any of the Bonds are outstanding, fire and lightning insurance (with an extended coverage endorsement and with a vandalism and malicious mischief endorsement) and earthquake insurance (provided, however, that after completion of construction of the Facilities, such earthquake insurance need be maintained only if it is obtainable at reasonable cost on the open market from reputable insurance companies) and war damage insurance (if and when such insurance is obtainable from the United States of America, or any agency thereof, or any corporation formed thereby), either separately or as a part of comprehensive insurance carried by the City under the Project Lease, on all structures constituting any part of the Project in an amount equal to one hundred per cent (100%) of the replacement cost of such structures, (less the appropriate deductible amount), except that such insurance may be in a lesser amount equal to the principal amount of then outstanding Bonds. All insurance required to be maintained pursuant to this Section 6.14(a) may be subject to deductible clauses providing for deductible amounts not exceeding the standard deductible amount for any one loss available on the date of purchase of such insurance. Said extended coverage endorsement shall, as nearly as practicable, cover loss or damage by explosion, windstorm, hail, riot, civil commotion, aircraft, vehicle damage, smoke and such other hazards as are normally covered by such endorsement. Each such policy of insurance shall contain a standard replacement cost endorsement providing for no

deduction for depreciation and a stipulated amount endorsement. Each such policy of insurance shall be in form satisfactory to the Trustee and shall contain a clause making all losses payable to the Trustee as its interest may appear.

Any proceeds of any such insurance against accident to or destruction of any structure constituting any part of the Project collected by the Authority in the event of any such accident or destruction shall be deposited by the Authority with the Trustee in a special fund in trust and shall be applied and disbursed by the Trustee as follows:

(1) If the Authority decides that such proceeds are to be utilized for the repair, reconstruction or replacement of the damaged or destroyed portion of the Project, evidenced by a Statement of the Authority filed with the Trustee, then the Authority shall repair, reconstruct or replace such portion of the Project to at least the same good order, repair and condition as it was in prior to the damage or destruction, in so far as the same may be accomplished by the use of said proceeds. The Trustee shall permit withdrawals of said proceeds from time to time upon receiving the Request of the Authority, stating that the Authority has expended moneys or incurred liabilities in an amount equal to the amount therein requested to be paid over to it for the purpose of such repair, reconstruction or replacement, and specifying the items for which such moneys were expended, or such liabilities were incurred, in such reasonable detail as the Trustee may in its discretion require. Any balance of said proceeds not required for such repair, reconstruction or replacement shall be treated by the Trustee as Revenues and applied in the manner provided by Section 5.02.

(2) After completion of construction of the Facilities, if the Authority decides that such proceeds are to be utilized for the redemption of Bonds, evidenced by a Statement of the Authority filed with the Trustee, then the Trustee shall apply such proceeds to the redemption of Bonds in the manner provided in Article IV.

(b) The Authority shall maintain or cause to be maintained, at all times while any of the Bonds are outstanding, public liability insurance with limits of not less than Five Hundred Thousand Dollars (\$500,000) for one person and One Million Dollars (\$1,000,000) for

more than one person involved in one accident, to protect the Authority, its board members, officers, agents and employees and the Trustee from all direct or contingent loss or liability for damages for bodily injury or death occasioned by reason of the Authority's operations, including any use or occupancy of the Project. The Authority shall also cause to be maintained, so long as any of the Bonds are outstanding, insurance against liability for property damage resulting from any casualty attributable to the Authority's operations, in an amount not less than Two Hundred Fifty Thousand Dollars (\$250,000) for each accident.

The Authority shall maintain or cause workmen's compensation insurance to be maintained to cover all persons employed in connection with the Project and to cover full liability for compensation under the Workmen's Compensation Insurance and Safety Act now in force in California, or any act hereafter enacted as an amendment or supplement thereto or in lieu thereof. Such insurance shall be issued by a responsible carrier authorized under the laws of the State of California to insure employers against such liability based upon death or bodily injury claims made by, for or on behalf of any person incurring or suffering injury or death during or in connection with the construction of the Facilities or the business of the Authority.

(c) The Authority shall maintain or cause rental income insurance to be maintained on the Project, at all times while any of the Bonds are outstanding, in an amount not less than the total Base Rental payable by the City pursuant to the Project Lease for a period of at least twenty-four (24) months, plus the Additional Rental expected to be payable pursuant to the Project Lease for such period, to insure against loss of rental income from the Project caused by perils covered by the insurance required by subsection (a) of this section. Any such insurance policy shall be in form satisfactory to the Trustee and shall contain a loss payable clause making any loss thereunder payable to the Trustee, as its interest may appear. Any proceeds of such insurance shall be used first to reimburse the City for any rental theretofore paid to the Authority under the Project Lease which is subject to abatement as therein provided for the period of time during which the City does not have the use and occupancy of the Project, and any balance remaining shall be applied as provided in Section 5.02 (to the extent required to meet principal and

interest payments on the Bonds) and in Section 5.03 (to the extent required for the payment of costs payable from the Working Capital Fund).

(d) The Authority will also provide at its own expense, upon the delivery of the Bonds, a title insurance policy with endorsement so as to be payable to the Trustee for the use and benefit of the holders of the Bonds. Such policy shall be in form satisfactory to the Trustee and in the amount of Nineteen Million One Hundred Thousand Dollars (\$19,100,000), and shall insure the Authority's fee simple title in the real property described in the Project Lease. All proceeds received by the Trustee under said policy shall be applied and disbursed by the Trustee in the same order and priority and for the same purposes as are provided in Section 6.18 relating to proceeds received in eminent domain proceedings except that the term "eminent domain proceedings" as used in Section 6.18 shall be read as "proceedings affecting the title of the Authority."

(e) The Authority shall deliver to the Trustee in the month of July in each year a schedule, in such detail as the Trustee in its discretion may request, setting forth the insurance policies then in force pursuant to this section, the names of the insurers which have issued the policies, the amounts thereof and the property and risks covered thereby. Each such insurance policy shall require that the Trustee shall be given ten days' notice of any intended cancellation thereof or reduction of coverage provided thereby. If so requested in writing by the Trustee, the Authority shall also deliver to the Trustee duplicate originals or certified copies of each insurance policy described in such schedule, provided that delivery to the Trustee of the insurance policies under the provisions of this section shall not confer responsibility upon the Trustee as to the sufficiency of coverage or amounts of said policies.

SECTION 6.15. *Prosecution and Defense of Suits.* The Authority shall promptly, upon request of the Trustee or any Bondholder, from time to time take such action as may be necessary or proper to remedy or cure any defect in or cloud upon the title to the Project, whether now existing or hereafter developing and shall prosecute all such suits, actions and other proceedings as may be appropriate for such purpose and shall indemnify and save the Trustee and every

Bondholder harmless from all loss, cost, damage and expense, including attorneys' fees, which they or any of them may incur by reason of any such defect, cloud, suit, action or proceeding.

The Authority shall defend against every suit, action or proceeding at any time brought against the Trustee or any Bondholder upon any claim arising out of the receipt, application or disbursement of any of the Revenues or involving the rights of the Trustee or any Bondholder under this Resolution; provided, that the Trustee or any Bondholder at its or his election may appear in and defend any such suit, action or proceeding. The Authority shall indemnify and hold harmless the Trustee and the Bondholders against any and all liability claimed or asserted by any person, arising out of such receipt, application or disbursement, and shall indemnify and hold harmless the Bondholders against any attorneys' fees or other expenses which any of them may incur in connection with any litigation to which any of them may become a party by reason of his ownership of Bonds. Notwithstanding any contrary provision hereof, this covenant shall remain in full force and effect, even though all indebtedness and obligations issued hereunder may have been fully paid and satisfied.

SECTION 6.16. *Recordation and Filing.* The Authority shall record and file the Project Lease and all such documents as may be required by law (together with whatever else may be necessary or be reasonably required by the Trustee), all in such manner, at such times and in such places as may be required by law in order fully to preserve, protect and perfect the security of the Bondholders.

SECTION 6.17. *City Budgets.* The Authority shall supply to the Trustee, prior to the beginning of each fiscal year of the City, a determination that the City has made adequate provision in its proposed annual budget for the payment of rentals due under the Project Lease in the fiscal year covered by such budget. Such determination shall be made as soon as practicable after the first publication of any notice of public hearing upon the proposed budget of the City for the then ensuing fiscal year and shall be made, in any event, not later than the date fixed for any public hearing on the proposed budget. The determination given by the Authority to the Trustee shall be that the amounts so budgeted are fully adequate for the payment of all rentals

due under the Project Lease in the then ensuing fiscal year. If in the opinion of the Trustee the amounts so budgeted are not adequate for the payment of rentals due under the Project Lease, the Authority will take such action as may be necessary to cause such annual budget to be amended, corrected or augmented so as to include therein the amounts required to be raised by the City in the then ensuing fiscal year for the payment of rentals due under the Project Lease and will notify the Trustee of the proceedings then taken or proposed to be taken by the Authority. The Authority will keep the Trustee advised of all proceedings thereafter taken by the Authority.

SECTION 6.18. *Eminent Domain.* If all or any part of the Project shall be taken by eminent domain proceedings (or sold to a government threatening to exercise the power of eminent domain), the proceeds therefrom shall be deposited with the Trustee in a special fund in trust and shall be applied and disbursed by the Trustee as follows:

(a)(1) If the Trustee determines that such eminent domain proceedings have not materially affected the operation of the Project or the ability of the Authority to meet any of its obligations hereunder, and if the Trustee determines that such proceeds are not needed for repair or rehabilitation of the Project, the Trustee shall treat such proceeds as Revenues and shall apply such proceeds as provided in Section 5.02.

(2) If the Trustee determines that such eminent domain proceedings have not materially affected the operation of the Project or the ability of the Authority to meet any of its obligations hereunder, and if the Trustee determines that such proceeds are needed for repair or rehabilitation of the Project, the Trustee shall pay to the Authority, or to its order, from said proceeds such amounts as the Authority may expend for such repair or rehabilitation, upon the filing with the Trustee of such Requisitions of the Authority, certificates of architects or engineers and other documents as the Trustee may at its discretion request.

(3) In making any such determination (including the determination mentioned in the following subsection (b)) the Trustee may obtain, but shall not be required to obtain, at the expense of the Authority, the report of an independent engineer or other

independent professional consultant. Any such determination by the Trustee shall be final.

(b) If less than all of the Project shall have been taken in such eminent domain proceedings, and if the Trustee determines that such eminent domain proceedings have materially affected the operation of the Project or the ability of the Authority to meet any of its obligations hereunder, the Trustee shall apply such proceeds to the redemption of Bonds in the manner provided in Article IV.

(c)(1) If all of the Project shall have been taken in such eminent domain proceedings and if such proceeds, together with any other moneys then available to the Trustee for the purpose, are sufficient to provide for the payment of the entire amount of principal then due or to become due upon the Bonds, together with the interest thereon, so as to enable the Authority to retire all of the Bonds then outstanding by redemption or by payment at maturity, the Trustee shall apply such proceeds to the payment of such interest and to such retirement.

(2) If all of the Project shall have been taken in such eminent domain proceedings and if such proceeds, together with any other moneys then available to the Trustee for the purpose, are insufficient to provide moneys for the purposes specified in paragraph (1) of this subsection (c), the Trustee shall apply such proceeds in accordance with the provisions of Section 7.02 so far as the same may be applicable.

(d) After all of the Bonds have been retired and the entire amount of principal due or to become due upon the Bonds, together with the interest thereon, have been paid in full, the Trustee shall pay the remainder of such proceeds to the City and the Authority in accordance with their respective interests.

SECTION 6.19. *Validity of Bonds.* The validity of the authorization and issuance of any of the Bonds shall not be dependent on or affected in any way by (a) any proceedings taken by the Authority or the City for the acquisition, construction or completion of the Project or any part thereof, or (b) any contracts made by the Authority or the City in connection therewith, or (c) the failure to complete the Project or any part thereof. The recital contained in the Bonds that

the same are regularly issued pursuant to the Law shall be conclusive evidence of their validity and of compliance with the provisions of the Law in their issuance.

SECTION 6.20. *Further Assurances.* Whenever and so often as requested so to do by the Trustee, the Authority will promptly execute and deliver or cause to be executed and delivered all such other and further instruments, documents or assurances, and promptly do or cause to be done all such other and further things, as may be necessary or reasonably required in order to further and more fully vest in the Trustee and the Bondholders all rights, interest, powers, benefits, privileges and advantages conferred or intended to be conferred upon them by this Resolution.

## ARTICLE VII

### EVENTS OF DEFAULT AND REMEDIES OF BONDHOLDERS

SECTION 7.01. *Events of Default and Acceleration of Maturities.* If one or more of the following events (herein called "events of default") shall happen, that is to say—

(a) if default shall be made in the due and punctual payment of the principal of, or premium (if any) on, any Bond when and as the same shall become due and payable, whether at maturity as therein expressed, by proceedings for redemption, by declaration or otherwise;

(b) if default shall be made in the due and punctual payment of any installment of interest on any Bond when and as such interest installment shall become due and payable, and such default shall have continued for a period of thirty (30) days;

(c) if default shall be made by the Authority in the observance of any of the covenants, agreements or conditions on its part in this Resolution or in the Bonds contained, and such default shall have continued for a period of sixty (60) days after written notice thereof, specifying such default and requiring the same to be remedied, shall have been given to the Authority by the Trustee, or to the Authority and the Trustee by the holders of not less than twenty-five percent (25%) in aggregate principal amount of the Bonds at the time outstanding; or



(d) if, under the provisions of any law for the relief or aid of debtors, any court of competent jurisdiction shall assume custody or control of the Authority or of the whole or any substantial part of its property, and such custody or control shall not be terminated or stayed within sixty (60) days from the date of assumption of such custody or control;

then and in each and every such case during the continuance of such event of default, the Trustee or the holders of not less than a majority in aggregate principal amount of the Bonds at the time outstanding shall be entitled, upon notice in writing to the Authority, to declare the principal of all the Bonds then outstanding, and the interest accrued thereon, to be due and payable immediately, and upon any such declaration the same shall become and shall be immediately due and payable, anything in this Resolution or in the Bonds contained to the contrary notwithstanding.

This provision, however, is subject to the condition that if, at any time after the principal of the Bonds shall have been so declared due and payable, the Authority shall pay to or shall deposit with the Trustee a sum sufficient to pay all principal on the Bonds maturing prior to such declaration and all matured installments of interest (if any) upon all the Bonds, and any and all other defaults known to the Trustee (other than in the payment of principal of and interest on the Bonds due and payable solely by reason of such declaration) shall have been made good or cured to the satisfaction of the Trustee, or provision deemed by the Trustee to be adequate shall have been made therefor, then, and in every such case, the holders of not less than a majority in aggregate principal amount of the Bonds then outstanding, by written notice to the Authority and to the Trustee, may, on behalf of the holders of all of the Bonds, rescind and annul such declaration and its consequences; but no such rescission and annulment shall extend to or shall affect any subsequent default, or shall impair or exhaust any right or power consequent thereon.

SECTION 7.02. *Application of Funds Upon Acceleration.* All of the Revenues and all sums in the Revenue Fund upon the date of the declaration of acceleration as provided in Section 7.01, and all sums thereafter received by the Trustee hereunder shall be applied by the Trustee in the order following upon presentation of the several Bonds

and coupons, and the stamping thereon of the payment if only partially paid, or upon the surrender thereof if fully paid—

*First*, to the payment of the costs and expenses of the Trustee and of the Bondholders in declaring such event of default, including reasonable compensation to its or their agents, attorneys and counsel;

*Second*, to the payment of the whole amount then owing and unpaid upon the Bonds for principal and interest, with interest on the overdue principal and installments of interest at the rate of seven per cent (7%) per annum (but such interest on overdue installments of interest shall be paid only to the extent funds are available therefor following payment of principal and interest and interest on overdue principal, as aforesaid), and in case such moneys shall be insufficient to pay in full the whole amount so owing and unpaid upon the Bonds, then to the payment of such principal and interest without preference or priority of principal over interest, or of interest over principal, or of any installment of interest over any other installment of interest, ratably to the aggregate of such principal and interest.

SECTION 7.03. *Suits at Law or in Equity and Mandamus.* In case one or more of the events of default shall happen, then and in every such case the holder of any Bond at the time outstanding shall be entitled to proceed to protect and enforce the rights vested in such holder by this Resolution by such appropriate judicial proceeding as such holder shall deem most effectual to protect and enforce any such right, either by suit in equity or by action at law, whether for the specific performance of any covenant or agreement contained in this Resolution, or in aid of the exercise of any power granted in this Resolution, or to enforce any other legal or equitable right vested in the holders of Bonds by this Resolution or by law. The provisions of this Resolution shall constitute a contract with the holders of the Bonds, and such contract and the duties of the Authority and of the members, officers and employees thereof shall be enforceable by any Bondholder by mandamus or other appropriate suit, action or proceeding in any court of competent jurisdiction.

SECTION 7.04. *Non-waiver.* Nothing in this Article VII or in any other provision of this Resolution, or in the Bonds or in the coupons, shall affect or impair the obligation of the Authority, which is

absolute and unconditional, to pay the principal of and interest (and premium, if any) on the Bonds to the respective holders of the Bonds and coupons at the respective dates of maturity, or upon call for redemption, as herein provided, out of the Revenues herein pledged for such payments or affect or impair the right of action, which is also absolute and unconditional, of such holders to institute suit to enforce such payment by virtue of the contract embodied in the Bonds and coupons. No delay or omission of the Trustee or of any holder of any of the Bonds or coupons to exercise any right or power arising upon the happening of any event of default shall impair any such right or power or shall be construed to be a waiver of any such event of default or an acquiescence therein, and every power and remedy given by this Article VII to the Trustee or to the holders of Bonds may be exercised from time to time and as often as shall be deemed expedient by the Trustee or the holders of Bonds.

SECTION 7.05. *Remedies Not Exclusive.* No remedy herein conferred upon or reserved to the Trustee or to the holders of Bonds is intended to be exclusive of any other remedy, 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 or otherwise.

## ARTICLE VIII

### THE TRUSTEE AND THE PAYING AGENTS

SECTION 8.01. *Appointment of Trustee.* The Authority will appoint, prior to the delivery of the Bonds, a Trustee for the Authority for the purpose of receiving all moneys which the Authority is required to deposit with the Trustee hereunder, and to allocate, use and apply the same as provided in this Resolution. The Authority agrees that it will maintain a Trustee having a principal office in San Francisco, California and an office in Sacramento, California, with a combined capital and surplus of at least Fifty Million Dollars (\$50,000,000), and subject to supervision or examination by Federal or state authority, so long as any Bonds are outstanding. If such bank or trust company publishes a report of condition at least annually pursuant to law or to the requirements of any supervising or examining authority above referred to then for the purpose of this section

the combined capital and surplus of such bank or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

The Trustee is hereby authorized to redeem the Bonds and interest coupons appertaining thereto when duly presented for payment at maturity, or on redemption, or on purchase by the Trustee prior to maturity, and to cancel all Bonds and coupons upon payment thereof. The Trustee shall keep accurate records of all funds administered by it and of all Bonds and coupons paid and discharged. The Authority is hereby authorized to compensate the Trustee for its services rendered pursuant to the provisions of this Resolution. All moneys deposited under the provisions of this Resolution with the Trustee shall be held in trust and applied only in accordance with the provisions of this Resolution.

The Authority may remove the Trustee initially appointed, and any successor thereto, and may appoint a successor or successors thereto; provided that any such successor shall be a bank or trust company meeting the requirements in this Section 8.01 set forth.

The Trustee may at any time resign by giving written notice to the Authority and by giving the Bondholders notice by publication of such resignation, which notice shall be published at least once in a financial newspaper or journal. Upon receiving such notice of resignation, the Authority shall promptly appoint a successor Trustee. Any resignation or removal of the Trustee and appointment of a successor Trustee shall become effective upon acceptance of appointment by the successor Trustee.

SECTION 8.02. *Appointment of Paying Agents.* The Authority will appoint, prior to the delivery of the Bonds, Paying Agents for the purpose of paying the principal of and interest on any of the coupon Bonds presented for payment in New York, New York, or Chicago, Illinois. The Authority agrees that, so long as any Bonds are outstanding and unpaid, it will maintain Paying Agents for the payment of the principal of, and the interest (and premium, if any) on, the coupon Bonds in New York, New York and in Chicago, Illinois. The Authority may remove any Paying Agent and any successor thereto, and appoint a successor thereto; but any such successor shall be a bank or trust company doing business and having an office either

in New York, New York, or in Chicago, Illinois, as the case may be. Any such Paying Agent designated by the Authority shall continue to be the Paying Agent of the Authority for the purpose of paying the principal of and interest on the coupon Bonds in New York, New York, or in Chicago, Illinois, as the case may be, until the designation of a successor as such Paying Agent. The Trustee shall enter into such credit arrangements with each Paying Agent as shall be necessary and desirable in order to enable such Paying Agent to carry out the duties of its office. The Paying Agents are hereby authorized to redeem the coupon Bonds and interest coupons appertaining thereto when duly presented for payment at maturity, or on redemption prior to maturity, and to cancel all coupon Bonds and coupons upon payment thereof and to return the same so cancelled to the Trustee. The Paying Agents shall keep accurate records of all coupon Bonds and coupons paid and discharged. The Authority is hereby authorized to compensate the Paying Agents for their respective services rendered pursuant to the provisions of this Resolution.

SECTION 8.03. *Liability of Agents.* The recitals of facts, covenants and agreements herein and in the Bonds contained shall be taken as statements, covenants and agreements of the Authority, and neither the Trustee nor any Paying Agent assumes any responsibility for the correctness of the same, or makes any representations as to the validity or sufficiency of this Resolution or of the Bonds or coupons, or shall incur any responsibility in respect thereof, other than in connection with the duties or obligations herein or in the Bonds assigned to or imposed upon them, respectively.

SECTION 8.04. *Security for Deposits.* Moneys allocated to any of the funds established pursuant to this Resolution may, and upon the Request of the Authority shall, be deposited by the Trustee in banks, including the Trustee, in time or demand deposits. Moneys so deposited shall be secured at all times, in the manner provided by law, by direct obligations of the United States of America, obligations the principal of and interest on which are guaranteed by the United States of America, or bonds of the State of California or of any county, city or school district within said State, of a market value at least equal to the amount required by law, but in no event less than the amount of moneys in each of said funds to be so secured.

SECTION 8.05. *Investment of Moneys in Funds.* Any moneys in any of the funds established by the Trustee pursuant to Sections 3.02, 3.07, 5.02 and 5.03 (except the Operation and Maintenance Fund) may, and upon the Request of the Authority shall, be invested in Federal Securities (subject in each case to the limitations as to maturities hereinafter in this section set forth).

Moneys in the Interest Fund, the Redemption Fund and the Sinking Fund (to the extent not used to purchase outstanding term Bonds) may be invested in obligations which will, as nearly as practicable, mature on or before the respective semiannual interest payment dates, annual serial Bond maturity dates or minimum Sinking Fund payment dates on which such moneys will be needed for the payment of interest or the retirement of Bonds. Moneys in the Surplus Revenue Fund, which have not been otherwise set aside in accordance with Section 5.02(e), shall be invested only in obligations having maturity dates which will, as nearly as practicable, mature on or before the next dates on which such moneys may be applied to the purchase or redemption of outstanding Bonds. Moneys in all other funds (except the Insurance Reserve Fund) which may be invested as in this section provided may be invested in obligations which will, as nearly as practicable, mature on or before the date on which the invested moneys are required for expenditure. Moneys in the Insurance Reserve Fund may be invested in obligations at least fifty per cent (50%) of which mature within one year of investment.

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

Any income, profit or loss on such investments shall be deposited in or charged to the respective funds from which such investments were made and any interest on any deposit of funds shall be deposited in the fund from which such deposit was made, except that any such interest, income or profit from the deposits or investments of the Interest Fund and the Working Capital Fund prior to the completion of construction of the Facilities shall be deposited in the Construction Fund.

SECTION 8.06. *Notice to Agents.* The Trustee and any Paying Agent shall be protected in acting upon any notice, resolution, request, consent, order, certificate, report, Bond or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. The Trustee and any Paying Agent may consult with counsel, who may be of counsel to the Authority, 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 it hereunder in good faith and in accordance therewith.

Neither the Trustee nor any Paying Agent shall be bound to recognize any person as the holder of a Bond unless and until such Bond is submitted for inspection, if required, and his title thereto satisfactorily established, if disputed.

Whenever the Trustee or any Paying Agent shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of bad faith on the part of the Trustee or Paying Agent, be deemed to be conclusively proved and established by a Certificate of the Authority, and such certificate shall be full warrant to the Trustee or Paying Agent for any action taken or suffered under the provisions of this Resolution upon the faith thereof, but in its discretion the Trustee or any Paying Agent may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may seem reasonable.

## ARTICLE IX

### MODIFICATION OR AMENDMENT OF THE RESOLUTION

SECTION 9.01. *Amendments Permitted.* This Resolution and the rights and obligations of the Authority and of the holders of the Bonds and the coupons may be modified or amended at any time by a Supplemental Resolution which shall become effective when the written consents of the holders of sixty per cent (60%) in aggregate principal amount of the Bonds then outstanding, exclusive of Bonds disqualified as provided in Section 9.03, shall have been filed with the Trustee. No such modification or amendment shall (1) extend the fixed maturity of any Bond or reduce the interest rate thereon or

extend the time of payment of interest, or reduce the amount of principal thereof or reduce any premium payable upon the redemption thereof, without the express consent of the holder of such Bond, or (2) reduce the percentage of Bonds required for the affirmative vote or written consent to an amendment or modification of this Resolution, or (3) modify any of the rights or obligations of the Trustee without its written assent thereto.

This Resolution and the rights and obligations of the Authority and of the holders of the Bonds and the coupons may also be modified or amended at any time by a Supplemental Resolution, without the consent of any Bondholders, but only to the extent permitted by law and only for any one or more of the following purposes—

(a) to add to the covenants and agreements of the Authority in this Resolution contained, other covenants and agreements thereafter to be observed, or to surrender any right or power herein reserved to or conferred upon the Authority; and

(b) to cure, correct or supplement any ambiguous or defective provision contained in this Resolution or in regard to questions arising under this Resolution, as the Authority may deem necessary or desirable and not inconsistent with this Resolution, and which shall not adversely affect the interest of the holders of the Bonds.

SECTION 9.02. *Procedure for Amendment with Written Consent of Bondholders.* The Authority may at any time adopt a Supplemental Resolution amending the provisions of this Resolution or any Supplemental Resolution, to the extent that such amendment is permitted by Section 9.01, to take effect when and as provided in this section. A copy of such Supplemental Resolution, together with a request to Bondholders for their consent thereto, shall be mailed by the Authority to each owner of any fully registered Bonds and to each holder of any coupon Bonds who shall have filed with the Trustee an address for notices, but failure to mail copies of such Supplemental Resolution and request shall not affect the validity of the Supplemental Resolution when assented to as in this section provided. Notice of the fact of the adoption of such Supplemental Resolution (stating that a copy thereof is available for inspection at the office of the Authority) shall be published at least once a week for two successive



weeks in a financial newspaper or journal, the first publication to be made not more than fifteen days after the date of adoption of such Supplemental Resolution.

Such Supplemental Resolution shall not become effective unless there shall be filed with the Trustee the written consents of the holders of sixty per cent (60%) in aggregate principal amount of the Bonds then outstanding (exclusive of Bonds disqualified as provided in Section 9.03) and a notice shall have been published as hereinafter in this section provided. Each such consent shall be effective only if accompanied by proof of ownership of the Bonds for which such consent is given, which proof shall be such as is permitted by Section 11.08. Any such consent shall be binding upon the holder of the Bonds giving such consent and on any subsequent holder (whether or not such subsequent holder has notice thereof) unless such consent is revoked in writing by the holder giving such consent or a subsequent holder by filing such revocation with the Trustee prior to the date when the notice hereinafter in this section provided for has been published.

After the holders of the required percentage of Bonds shall have filed their consents to the Supplemental Resolution, the Authority shall mail and publish a notice to the Bondholders in the manner hereinbefore provided in this section for the mailing of the Supplemental Resolution and publication of the notice of adoption thereof, stating in substance that the Supplemental Resolution has been consented to by the holders of the required percentage of Bonds and will be effective as provided in this section (but failure to mail copies of said notice shall not affect the validity of the Supplemental Resolution or consents thereto), and proof of the publication of such notice shall be filed with the Trustee. A record, consisting of the papers required by this section to be filed with the Trustee, shall be proof of the matters therein stated until the contrary is proved. The Supplemental Resolution shall become effective upon the filing with the Trustee of the proof of the publication of such last-mentioned notice, and the Supplemental Resolution shall be deemed conclusively binding upon the Authority and the holders of all Bonds and coupons at the expiration of sixty (60) days after such filing, except in the event of a final decree of a court of competent jurisdiction setting

aside such consent in a legal action or equitable proceeding for such purpose commenced within such sixty (60) day period.

SECTION 9.03. *Disqualified Bonds.* Bonds owned or held by or for the account of the Authority, the City or the County or by any obligor on the Bonds, or by any person directly or indirectly controlled or controlled by, or under direct or indirect common control with the Authority, the City or the County (except any Bonds held in any pension or retirement fund) shall not be deemed outstanding for the purpose of any vote, consent, waiver or other action or any calculation of outstanding Bonds provided for in this Resolution, and shall not be entitled to vote upon, consent to, or take any other action provided for in this Resolution.

SECTION 9.04. *Effect of Supplemental Resolution.* From and after the time any Supplemental Resolution becomes effective pursuant to this Article IX, this Resolution shall be deemed to be modified and amended in accordance therewith, the respective rights, duties and obligations under this Resolution of the Authority and all holders of Bonds outstanding (or of interest coupons appertaining thereto, whether attached thereto or detached therefrom) shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modification and amendment, and all the terms and conditions of any such Supplemental Resolution shall be deemed to be part of the terms and conditions of this Resolution for any and all purposes.

The Authority may adopt appropriate regulations to require each Bondholder, before his consent provided for in this Article IX shall be deemed effective, to reveal if the Bonds as to which such consent is given are disqualified as provided in Section 9.03.

SECTION 9.05. *Endorsement or Replacement of Bonds Issued After Amendments.* The Authority may determine that Bonds issued and delivered after the effective date of any action taken as provided in this Article IX shall bear a notation, by endorsement or otherwise, in form approved by the Authority, as to such action. In that case, upon demand of the holder of any Bond outstanding at such effective date and presentation of his Bond for the purpose at the office of the Authority or at such other office as the Authority may

select and designate for that purpose, a suitable notation shall be made on such Bond. The Authority may determine that new Bonds, so modified as in the opinion of the Authority is necessary to conform to such Bondholders' action, shall be prepared, executed and delivered. In that case, upon demand of the holder of any Bonds then outstanding, such new Bonds shall be exchanged in the principal office of the Trustee in San Francisco, California, without cost to such holder, for Bonds of the same character then outstanding, upon surrender of such Bonds with all unmatured coupons appertaining thereto, if any.

SECTION 9.06. *Amendatory Endorsement of Bonds.* The provisions of this Article shall not prevent any Bondholder from accepting any amendment as to the particular Bonds held by him, provided that due notification thereof is made on such Bonds.

## ARTICLE X

### DEFEASANCE

SECTION 10.01. *Discharge of Resolution.* If the Authority shall pay and discharge the entire indebtedness on all Bonds outstanding in any one or more of the following ways—

(a) by well and truly paying or causing to be paid the principal of (including redemption premiums, if any) and interest on all Bonds outstanding, as and when the same become due and payable;

(b) by depositing with the Trustee, in trust, at or before maturity, money in the necessary amount to pay or redeem all Bonds outstanding;

(c) by delivering to the Trustee, for cancellation by it, all Bonds outstanding, together with all unpaid coupons thereto belonging; and

(d) by depositing with the Trustee, in trust, Federal Securities or general obligation bonds of the State of California in such amount as the Trustee shall determine will, together with the income or increment to accrue thereon, be fully sufficient to pay and discharge the indebtedness on all Bonds at or before their respective maturity dates;

and if the Authority shall also pay or cause to be paid all other sums payable hereunder by the Authority, then and in that case, at the election of the Authority (evidenced by a Statement of the Authority signifying its intention to pay and discharge all such indebtedness and that this Resolution and all other obligations of the Authority under this Resolution shall cease and terminate, which shall be filed with the Trustee), and notwithstanding that any Bonds or interest coupons shall not have been surrendered for payment, the pledge of the Revenues provided for in this Resolution and all other obligations of the Authority under this Resolution shall cease and terminate, except only the obligation of the Authority to pay or cause to be paid to the holders of the Bonds and interest coupons not so surrendered and paid all sums due thereon. The discharge of the obligations of the Authority under this Resolution shall be without prejudice to the rights of the Trustee to charge for and be reimbursed by the Authority for any expenditures which it may thereafter incur in connection herewith.

The Authority may at any time surrender to the Trustee for cancellation by it any Bonds previously issued and delivered, together with all unpaid coupons thereto belonging, which the Authority may have acquired in any manner whatsoever, and such Bonds and coupons, upon such surrender and cancellation, shall be deemed to be paid and retired.

SECTION 10.02. *Discharge of Liability on Bonds and Coupons.* Upon the deposit with the Trustee, in trust, at or before maturity, of money or Federal Securities or general obligation bonds of the State of California in the necessary amount to pay or redeem outstanding Bonds (whether upon or prior to their maturity or the redemption date of such Bonds), provided that if such Bonds are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given as in Article IV provided or provisions satisfactory to the Trustee shall have been made for the giving of such notice, all liability of the Authority in respect of such Bonds and the coupons appertaining thereto shall cease, determine and be completely discharged and the holders thereof shall thereafter be entitled only to payment out of the money or Federal Securities or general obligation bonds of the State of California deposited with the Trustee as afore-

said for their payment, subject, however, to the provisions of Section 10.03.

SECTION 10.03. *Payment of Bonds and Coupons after Discharge of Resolution.* Notwithstanding any provisions of this Resolution, any moneys deposited with the Trustee or any Paying Agent in trust for the payment of the principal of, or interest or premium on, any Bonds and remaining unclaimed for six years after the principal of all the outstanding Bonds has become due and payable (whether at maturity or upon call for redemption or by declaration as provided in this Resolution) shall then be repaid to the Authority upon a Request of the Authority, and the holders of such Bonds and coupons shall thereafter be entitled to look only to the Authority for payment thereof, and all liability of the Trustee or any Paying Agent with respect to such moneys shall thereupon cease; provided, however, that before the repayment of such moneys to the Authority as aforesaid, the Trustee or any Paying Agent, as the case may be, may (at the cost of the Authority) first publish at least once in a financial newspaper or journal, a notice, in such form as may be deemed appropriate by the Trustee or such Paying Agent, with respect to the Bonds or coupons so payable and not presented and with respect to the provisions relating to the repayment to the Authority of the moneys held for the payment thereof. In the event of the repayment of any such moneys to the Authority as aforesaid, the holders of the Bonds and coupons in respect of which such moneys were deposited shall thereafter be deemed to be general creditors of the Authority for amounts equivalent to the respective amounts deposited for the payment of such Bonds and coupons and so repaid to the Authority (without interest thereon).

## ARTICLE XI

### MISCELLANEOUS

SECTION 11.01. *Liability of Authority Limited to Revenues.* Notwithstanding anything in this Resolution contained, the Authority shall not be required to advance any moneys derived from any source of income other than the Revenues for the payment of the principal of or interest (and premium, if any) on the Bonds or for the mainte-

nance and operation of the Project. Nevertheless, the Authority may, but shall not be required to, advance for any of the purposes hereof any funds of the Authority which may be made available to it for such purposes.

SECTION 11.02. *Successor Is Deemed Included in All References to Predecessor.* Whenever in this Resolution or any Supplemental Resolution either the Authority or the Trustee or any Paying Agent is named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all the covenants and agreements in this Resolution contained by or on behalf of the Authority, the Trustee or any Paying Agent shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

SECTION 11.03. *Limitation of Rights to Parties and Bondholders.* Nothing in this Resolution or in the Bonds or coupons expressed or implied is intended or shall be construed to give to any person other than the Authority, the Trustee, the Paying Agents, and the holders of the Bonds and coupons issued hereunder, any legal or equitable right, remedy or claim under or in respect of this Resolution or any covenant, condition or provision therein or herein contained; and all such covenants, conditions and provisions are and shall be held to be for the sole and exclusive benefit of the Authority, the Trustee, the Paying Agents, and the holders of the Bonds and coupons issued hereunder.

SECTION 11.04. *Waiver of Notice.* Whenever in this Resolution the giving of notice by mail or otherwise is required, the giving of such notice may be waived in writing by the person entitled to receive such notice and in any such case the giving or receipt of such notice shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

SECTION 11.05. *Destruction of Bonds and Coupons.* Whenever in this Resolution provision is made for the cancellation by the Trustee and the delivery to the Authority of any Bonds or any coupons, the Trustee may, upon the Request of the Authority, in lieu of such

cancellation and delivery, destroy such Bonds and coupons (in the presence of an officer of the Authority if the Authority shall so require), and deliver a certificate of such destruction to the Authority.

SECTION 11.06. *Separability of Invalid Provisions.* In case any one or more of the provisions contained in this Resolution or in the Bonds or coupons shall for any reason be held to be invalid, illegal or unenforceable in any respect, then such invalidity, illegality or unenforceability shall not affect any other provision of this Resolution, and this Resolution shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein. The Authority hereby declares that it would have adopted this Resolution and each and every other section, paragraph, sentence, clause or phrase hereof and authorized the issuance of the Bonds pursuant thereto irrespective of the fact that any one or more sections, paragraphs, sentences, clauses or phrases of this Resolution may be held illegal, invalid or unenforceable. If, by reason of the judgment of any court, the Trustee or any successor Trustee is rendered unable to perform its duties hereunder, and if no successor Trustee be then appointed, all such duties and all of the rights and powers of the Trustee hereunder shall be assumed by and vest in the Treasurer of the Authority in trust for the benefit of the Bondholders.

SECTION 11.07. *Notice to Authority and Trustee.* Any notice to or demand upon the Trustee may be served or presented, and such demand may be made, at the principal office of the Trustee in San Francisco, California. Any notice to or demand upon the Authority shall be deemed to have been sufficiently given or served for all purposes by being deposited, postage prepaid, in a post office letter box, addressed to the Authority, in care of its Secretary, City Hall, 915 I Street, Sacramento, California 95814, or to the Authority at such other address as may be filed in writing by the Authority with the Trustee.

SECTION 11.08. *Evidence of Rights of Bondholders.* Any request, consent or other instrument required by this Resolution to be signed and executed by Bondholders may be in any number of concurrent writings of substantially similar tenor and may be signed or

executed by such Bondholders in person or by agent or agents duly appointed in writing. Proof of the execution of any such request, consent or other instrument or of a writing appointing any such agent, or of the holding by any person of Bonds transferable by delivery, shall be sufficient for any purpose of this Resolution and shall be conclusive in favor of the Trustee and of the Authority if made in the manner provided in this section.

The fact and date of the execution by any person of any such request, consent or other instrument or writing may be proved by the affidavit of a witness of such execution or by the certificate of any notary public or other officer of any jurisdiction, authorized by the laws thereof to take acknowledgments of deeds, certifying that the person signing such request, consent or other instrument acknowledged to him the execution thereof.

The amount of Bonds transferable by delivery held by any person executing any such request, consent or other instrument or writing as a Bondholder, the distinguishing numbers of the Bonds held by such person, and the date of his holding the same, may be proved by a certificate executed by any trust company, bank, banker or other depository (wherever situated), if such certificate shall be deemed by the Trustee to be satisfactory, showing that at the date therein mentioned such person had on deposit with such depository, or exhibited to it, the Bonds therein described; or such facts may be proved by the certificate or affidavit of the person executing such request, consent or other instrument or writing as a Bondholder, if such certificate or affidavit shall be deemed by the Trustee to be satisfactory. The Trustee and the Authority may conclusively assume that such ownership continues until written notice to the contrary is served upon the Trustee. The fact and the date of execution of any request, consent or other instrument and the amount and distinguishing numbers of Bonds held by the person so executing such request, consent or other instrument may also be proved in any other manner which the Trustee may deem sufficient. The Trustee may nevertheless, in its discretion, require further proof in cases where it may deem further proof desirable. The ownership of fully registered Bonds by any person executing any such request, consent or other instrument in writing as a Bondholder shall be proved by the bond registration books held by the Trustee.



Any request, consent or declaration of the holder of any Bond shall bind every future holder of the same Bond and the holder of every Bond issued in exchange therefor or in lieu thereof, in respect of anything done or suffered to be done by the Trustee or the Authority in pursuance of such request, consent or declaration.

In determining whether the holders of the requisite aggregate principal amount of Bonds have concurred in any action pursuant to this Resolution, Bonds which are disqualified as provided in Section 9.03, shall be disregarded and deemed not to be outstanding for the purpose of any such determination, provided, that, for the purpose of determining whether the Trustee shall be protected in relying on any such demand, request, direction, consent or waiver, only Bonds which the Trustee knows to be so disqualified shall be disregarded. Bonds so disqualified which have been pledged in good faith may be regarded as outstanding for the purpose of this section if the pledgee shall establish to the satisfaction of the Trustee the pledgee's right to vote such Bonds and that the pledgee is not a person whose ownership of the Bonds would cause the Bonds to be disqualified pursuant to Section 9.03. In case of a dispute as to such right, any decision by the Trustee taken upon the advice of counsel shall be full protection to the Trustee.

SECTION 11.09. *Article and Section Headings.* The headings or titles of the several Articles and Sections hereof, and any table of contents appended to copies hereof, shall be solely for convenience of reference and shall not affect the meaning, construction or effect of this Resolution. All references herein to "Articles," "Sections" and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Resolution; and the words "herein", "hereof", "hereunder" and other words of similar import refer to this Resolution as a whole and not to any particular Article, Section or subdivision hereof.

SECTION 11.10. *Funds and Accounts.* Any fund required by this Resolution to be established and maintained by the Trustee may be established and maintained in the accounting records of the Trustee either as a fund or an account, and may, for the purposes of such records, any audits thereof and any reports or statements with re-

spect thereto, be treated either as a fund or as an account; but all such records with respect to all such funds shall at all times be maintained in accordance with sound accounting practices and with due regard for the protection of the security of the Bonds and the rights of every holder thereof.

SECTION 11.11. *Repeal of Inconsistent Resolutions.* Any resolution of the Authority, and any part of any resolution, inconsistent with this Resolution, is hereby repealed to the extent of such inconsistency.

SECTION 11.12. *Waiver of Personal Liability.* No member, officer, agent or employee of the Authority shall be individually or personally liable for the payment of the principal of or interest on the Bonds; but nothing herein contained shall relieve any such member, officer, agent or employee from the performance of any official duty provided by law.

SECTION 11.13. *Publication for Successive Weeks.* Any publication to be made under the provisions of this Resolution in successive weeks may be made in each instance upon any business day of the week and need not be made on the same day of any succeeding week or in the same newspaper for any or all of the successive publications, but may be made in different newspapers.

SECTION 11.14. *Effective Date of Resolution.* This Resolution shall take effect from and after its adoption.

PASSED AND ADOPTED this 28th day of July, 1971, by the following vote:

*Ayes:* Members Walter Christensen, Alfred Riolo, Edmond Combatalade, David Rust

*Noes:* None

*Absent:* Member George Artz

THOMAS W. OLDHAM

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*Secretary of*  
*Sacramento Community Center Authority*

(SEAL)

## SECRETARY'S CERTIFICATE

I, Thomas W. Oldham, Secretary of Sacramento Community Center Authority (the "Authority"), hereby certify as follows:

The foregoing is a full, true and correct copy of a resolution duly adopted at a special meeting of the members of the Authority duly and regularly held at the regular meeting place thereof on July 28, 1971, of which meeting all of the members of the Authority had due notice and at which a majority thereof were present;

At said meeting said resolution was adopted by the following vote:

*Ayes:* Members Walter Christensen, Alfred Riolo, Edmond Combatalade, David Rust

*Noes:* None

*Absent:* Member George Artz

I have carefully compared the same with the original minutes of said meeting on file and of record in my office; and the foregoing is a full, true and correct copy of the original resolution adopted at said meeting and entered in said minutes;

Said resolution has not been amended, modified or rescinded since the date of its adoption, and the same is now in full force and effect.

Dated: July 28, 1971.

THOMAS W. OLDHAM

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*Secretary of*  
*Sacramento Community Center Authority*

(Seal)