

TRUST INDENTURE

BY AND BETWEEN

REDEVELOPMENT AUTHORITY OF THE CITY OF MILWAUKEE, WISCONSIN

AND

**DEUTSCHE BANK,
AS TRUSTEE**

DATED AS OF _____, 2003

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**TRUST INDENTURE
INDEX OF SERIES, MODES AND
PRINCIPAL AMOUNTS**

\$ _____ Current Interest Bonds, 2003 Series B, dated as of _____, 2003

Principal Amount

Maturity Date

Interest Rate

\$ _____ Auction Rate Securities, 2003 Series D, dated as of _____, 2003

Principal Amount

Maturity Date

Auction Agent

Broker-Dealer

\$ _____ Capital Appreciation Bonds, 2003 Series C, dated as of _____, 2003

Issue
Amount

Maturity
Date

Accreted
Value
Rate

Maturity
Amount

See Schedule I

Refer to Schedule I hereto for initial Interest Payment Dates and redemption provisions respecting the above.

TRUST INDENTURE

THIS TRUST INDENTURE, dated as of _____ 1, 2003 (the "Indenture"), by and between the Redevelopment Authority of the City of Milwaukee (the "Authority"), and Deutsche Bank, a national banking association, with its designated corporate trust office and place of business in Chicago, Illinois, in its capacity as Trustee hereunder;

W I T N E S S E T H:

WHEREAS, the Authority is authorized and empowered under Section 66.1333, Wisconsin Statutes as amended, including amendments set forth in 2003 Wisconsin Act 43, enacted August 11, 2003 ("the Act"), to issue revenue bonds to finance the payment of unfunded prior service liability contributions under the Wisconsin Retirement System for the Board of School Directors of the Milwaukee Public Schools (the "Pension Funding Plan") pursuant to and in accordance with the Act and to loan the proceeds of said bonds to the Milwaukee Board of School Directors ("the Borrower");

WHEREAS, the Borrower has requested the Authority to issue its bonds for the Pension Funding Plan and to loan the proceeds thereof to the Borrower;

WHEREAS, the Authority has deemed it advisable to enter into this Indenture and has duly authorized the issuance of an issue _____ taxable revenue bonds in the aggregate principal amount of \$ _____ to be designated "Redevelopment Authority of the City of Milwaukee, Wisconsin Taxable Pension Funding Bonds, 2003 Series (Milwaukee Public Schools)" (the "Bonds"), which shall be in such forms as in this Indenture hereinafter provided;

WHEREAS, the proceeds of the Bonds will be used for the authorized purpose of assisting the Borrower in financing the Pension Funding Plan, including the costs of issuing the Bonds, pursuant to a Loan Agreement among the Authority, the Borrower and the City of Milwaukee, Wisconsin (the "City"), dated _____, 2003 (the "Loan Agreement");

WHEREAS, the City is a party to the Loan Agreement solely in its role as custodian of the Borrower's funds and will act under the Loan Agreement solely as the agent of the Borrower and as directed by the Borrower;

WHEREAS, the Loan Agreement requires the City on behalf of the Borrower to make payment thereunder from revenues of the Borrower held by the City in amounts and at times sufficient to pay the principal of and premium, if any, and interest on the Bonds when due;

WHEREAS, as a portion of the Bonds and the related principal portion of the MPS Note will bear interest at a variable rate, the City on behalf of the Borrower may enter into a Swap Agreement whereby the Borrower's obligation to pay that portion of interest under the Loan Agreement at a variable rate on such amount will be exchanged with a swap provider so that the City on behalf of the Borrower will pay solely from Revenues a Fixed Rate of interest to such swap provider on such amount and such swap provider will pay a variable rate of interest to the City on the same amount;

WHEREAS, the Authority, the Borrower, the Department of Administration of the State of Wisconsin ("DOA"), the Department of Public Instruction of the State of Wisconsin ("DPI") and the Trustee have entered into an Agreement whereby the Borrower has directed DPI and DPI has instructed DOA to remit to the Trustee for deposit in the Bond Fund such amounts as determined by the Trustee;

WHEREAS, in connection with the issuance of the Bonds, the Authority has agreed to enter into this Indenture providing for the issuance of the Bonds;

WHEREAS, in connection with the issuance of the Bonds, the Authority has agreed to enter into the Loan Agreement, under which the Authority will agree, upon the terms and conditions set forth therein, to make a loan to the Borrower in the principal amount of the Bonds for the purpose of paying a portion of the cost of the Pension Funding Plan and under which the Borrower will be obligated to repay to the Authority its loan, together with interest thereon, in the amounts and at the times required to pay the principal of, and premium, if any, and interest on the Bonds as and when due but solely from the Revenues (as defined herein);

WHEREAS, simultaneously with the issuance of the Bonds, the City on behalf of the Borrower will issue a promissory note to be dated the date of issuance of the Bonds (the "MPS Note") as evidence of its obligation to make payments required by the Loan Agreement;

WHEREAS, under the Constitution and laws of the State of Wisconsin, including particularly the Act, the Authority is authorized to issue the Bonds as hereinafter provided, to enter into this Indenture, to lend the proceeds of the Bonds to the Borrower and to do or cause to be done all the acts and things herein provided for required to be done as hereinafter covenanted;

WHEREAS, the execution and delivery of this Indenture and the Loan Agreement and the issuance of the Bonds have been in all respects duly and validly undertaken by the Authority and all acts, conditions and things required by the Constitution and laws of the State of Wisconsin, including the Act, to happen, exist and be performed precedent to the execution and delivery of this Indenture have happened, exist and have been performed as so required in order to make this Indenture a valid trust agreement for the security of the Bonds in accordance with its terms; and

WHEREAS, the Trustee has accepted the trusts created by this Indenture and in evidence thereof has joined in the execution hereof;

NOW, THEREFORE, THIS INDENTURE WITNESSETH:

That in order to declare the terms and conditions upon which the Bonds are authenticated, issued and delivered, and in consideration of the premises and the acceptance by the Trustee of the trusts hereby created and of the purchase and acceptance of the Bonds by the Owners thereof, and for other good and valuable consideration, the receipt of which is hereby acknowledged, and in order to secure payment of the principal of, and premium, if any, and interest on the Bonds according to their tenor and effect and the performance and observance by the Authority of all covenants, agreements and conditions herein and in the Bonds contained, the Authority has acknowledged, executed, signed and delivered this Indenture and hereby assigns, confirms, pledges with and sets over and entrusts to the Trustee hereunder and its respective successors in trust and assigns, subject to the provisions of this Indenture (such being called the "Trust Estate"): (1) the Revenues; (2) the Loan Agreement (except the Authority's right to receive payments, if any, under Section 4.3(f) of the Loan Agreement) and the MPS Note and all rights, remedies and interests of the Authority under the Loan Agreement and the MPS Note and (3) all other moneys, rights and properties held by the Trustee or other depository under this Indenture.

TO HAVE AND TO HOLD, all and singular of the Trust Estate unto the Trustee, and its respective successors in trust and assigns, forever, in trust, nevertheless to inure to the use and benefit of the Owners of all the Bonds, for the securing of the observance or performance of all the terms, provisions and conditions therein and herein contained and for the equal and proportionate benefit and security of all and singular the present and future Owners of the Bonds, without preference, priority, prejudice or distinction as to lien or otherwise of any Bond over any other Bond, to the end that each of the Owners of a Bond shall have the same rights, privileges and lien under and by virtue of this Indenture, except as hereinafter otherwise specifically provided;

AND CONDITIONED THAT, if the Authority shall cause to be paid fully and promptly and indefeasibly when due all of its indebtedness, liabilities, obligations and sums at any time secured hereby, including interest, the Trustee's fees and expenses (including their respective attorneys' fees and expenses) and all other amounts due the Trustee under this Indenture, and shall promptly, faithfully and strictly keep, perform and observe, or cause to be kept, performed and observed, all of its covenants, obligations, warranties and agreements contained herein, then and in such event, this Indenture shall be and become void and of no further force and effect, otherwise the same shall remain in full force and effect.

THIS INDENTURE FURTHER WITNESSETH, and it is expressly declared, that all Bonds issued and secured hereunder are to be issued, authenticated and delivered and all income and revenue hereby pledged are to be dealt with and disposed of under, upon and subject to the terms, conditions, stipulations, covenants, agreements, trusts, uses and purposes as hereinafter expressed, and the Authority has agreed and covenanted, and does hereby agree and covenant, with the Trustee and with the respective Owners, from time to time, of the Bonds, or

any part thereof, as set forth herein; *provided* that in the performance of the agreements of the Authority herein contained any obligation it may thereby incur for the payment of money shall never constitute a general or moral obligation of the State of Wisconsin or any political subdivision thereof within the meaning of any State of Wisconsin constitutional provision or statutory limitation, and shall not be secured directly or indirectly by the full faith and credit or the general credit of the State of Wisconsin or any political subdivision thereof, but shall be payable solely out of the income and revenue derived under the Loan Agreement, the MPS Note and other moneys, rights and properties of the Trust Estate.

ARTICLE I

DEFINITIONS; COMPUTATIONS; CERTIFICATES AND OPINIONS; EVIDENCE OF ACTION BY AUTHORITY

SECTION 1.01. Definitions of Specific Terms. Unless the context shall clearly indicate some other meaning or may otherwise require, the terms defined in this Section 1.01 shall, for all purposes of this Indenture and of any indenture, resolution or other instrument amendatory hereof or supplemental hereto and of any certificate, opinion, instrument or document herein or therein mentioned, have the meanings herein specified, with the following definitions to be equally applicable to both the singular and plural forms of any terms herein defined and *vice versa*.

“AA’ Financial Commercial Paper Rate” shall mean on any date of determination for any Auction Rate Period:

(i)(A) for any Standard Auction Rate Period of 35 days or any Special Auction Rate Period of fewer than 49 days, the interest equivalent of the 30-day rate, and (B) for any Special Auction Rate Period of (1) 49 or more but fewer than 70 days, the interest equivalent of the 60-day rate; (2) 70 or more but fewer than 85 days, the arithmetic average of the interest equivalent of the 60-day and 90-day rates, (3) 85 or more but fewer than 99 days, the interest equivalent of the 90-day rate, (4) 99 or more but fewer than 120 days, the arithmetic average of the interest equivalent of the 90-day and the 120-day rates, (5) 120 or more but fewer than 141 days, the interest equivalent of the 120-day rate; (6) 141 or more but fewer than 162 days, the arithmetic average of the interest equivalent of the 120-day and 180-day rates, and (7) 162 or more but fewer than 183 days, the interest equivalent of the 180-day rate, in each case on commercial paper placed on behalf of entities whose corporate bonds are rated “Aa” by Moody’s or “AA” by S&P or Fitch, or the equivalent of such rating by Moody’s, S&P or Fitch or another rating agency, as made available on a discount basis or otherwise by the Federal Reserve Bank of New York for the Business Day immediately preceding such date of determination; or

(ii) if the Federal Reserve Bank of New York does not make available any such rate, then the arithmetic average of such rates, as quoted on a discount basis or

otherwise, by the Commercial Paper Dealers to the Auction Agent for the close of business on the Business Day immediately preceding such date of determination;

provided, that if any Commercial Paper Dealer does not quote a commercial paper rate required in order to make the foregoing determinations, the "AA" Financial Commercial Paper Rate shall be determined on the basis of such quotations as may be furnished by a substitute Commercial Paper Dealer or Dealers selected by the Authority. For the purpose of this definition, the "interest equivalent" means the equivalent yield of an interest-bearing security on a 360-day basis or a rate stated on a discount basis (a "discount rate") for commercial paper of a given number of days maturity shall be equal to the product of (A) 100, times (B) the quotient (rounded upwards to the next higher one-thousandth (0.001) of 1% of ((x) the discount rate (expressed in decimals) divided by (y) the difference between (1) 1.0 and (2) a fraction, the numerator of which shall be the product of the discount rate (expressed in decimals) times the number of days in which such commercial paper matures, and the denominator of which shall be 360).

"Accreted Value" shall mean with respect to any Capital Appreciation Bond, as of any date of calculation, the sum of the principal amount thereof and the interest accrued thereon to such date of calculation, compounded from the date of initial issuance at the applicable Accreted Value Rate to maturity thereof on the Interest Accrual Dates indicated on Schedule I hereof, assuming in any such semiannual period that such Accreted Value increases in equal daily amounts on the basis of a 360-day year comprised of twelve 30-day months.

"Accreted Value Rate" shall mean _____.

"Act" shall mean Section 66.1333, Wisconsin Statutes, as amended, including amendments set forth in 2003 Wisconsin Act 43, as it may from time to time be amended.

"Additional Bonds" shall have the meaning set forth in Section 2.03 hereof.

"Additional Payments" shall mean the Additional Payments as defined in the Loan Agreement.

"All-Hold Rate" shall mean, on any date of determination, the interest rate per annum equal to the Applicable Percentage of LIBOR on such date; provided that in no event shall the All-Hold Rate be more than the Maximum Auction Rate.

"Annual Service Charges" shall mean the fees and expenses, if authorized, due and owing to the Auction Agent, the Broker-Dealer, the Market Agent and the Insurer in accordance with the terms of the Auction Agent Agreement, the Broker-Dealer Agreement, the Market Agent Agreement and the Insurance Policy, respectively, payable from the Service Account.

“Applicable Auction Rate” shall mean the rate per annum at which interest accrues with respect to the Auction Rate Securities of each Tranche for any Auction Interest Period.

“Applicable Percentage” shall mean on any date of determination, the percentage (as such percentage may be adjusted pursuant hereto) based upon the prevailing rating of the Auction Rate Securities in effect at the close of business on the Business Day immediately preceding such date.

PREVAILING RATINGS	APPLICABLE PERCENTAGE
“Aaa”/“AAA”	175%
“Aa”/“AA”	200
“A”/“A”	250
“Baa”/“BBB”	275
Below “Baa”/Below “BBB”	300

For purposes of this definition, the “prevailing rating” of the Auction Rate Securities will be:

- (i) “AAA”/“Aaa,” if the Auction Rate Securities have a rating of “AAA” by S&P or Fitch or a rating of “Aaa” by Moody’s, or the equivalent of such ratings by a substitute rating agency or Agencies;
- (ii) if not “AA”/“Aaa,” then “AA”/“Aa,” if the Auction Rate Securities have a rating of “AA-” or better by S&P or Fitch or a rating of “Aa” or better by Moody’s, or the equivalent of such ratings by a substitute Rating Agency or Agencies;
- (iii) if not “AAA”/“Aaa” or “AA”/“Aa,” then “A”/“A,” if the Auction Rate Securities have a rating of “A-” or better by S&P or Fitch or a rating of “A” or better by Moody’s, or the equivalent of such ratings by a substitute Rating Agency or Agencies,
- (iv) if not “AAA”/“Aaa,” “AA”/“Aa,” or “A”/“A,” then “BBB”/“Baa” If the Auction Rate Securities have a rating of “BBB-” or better by S&P or Fitch or a rating of “Baa” or better by Moody’s, or the equivalent of such ratings by a substitute Rating Agency or Agencies; and
- (v) if not any of the foregoing ratings, then below “BBB”/“Baa,” whether or not the Auction Rate Securities are rated by any Rating Agency.

“Auction” shall mean the implementation of the Auction Procedures on an Auction Date.

“Auction Agent Agreement” shall mean the initial Auction Agent Agreement for Auction Rate Securities identified on Schedule I hereto, unless and until a substitute Auction Agent Agreement acceptable to the Broker-Dealer and the Insurer is entered into, after which “Auction Agent Agreement” shall mean such substitute Auction Agent Agreement in each case as from time to time amended or supplemented.

“Auction Agent” shall mean the initial Auction Agent for the Auction Rate Securities identified on Schedule I hereto, unless and until a substitute Auction Agent Agreement, acceptable to the Broker-Dealer and the Insurer, becomes effective, after which “Auction Agent” shall mean the related substitute Auction Agent.

“Auction Agent Fee” shall mean the fee set forth in the applicable Auction Agent Agreement.

“Auction Date” shall mean the Business Day immediately preceding the first day of each Auction Interest Period for each Tranche of Auction Rate Securities, other than:

- (a) each Auction Interest Period for each Tranche commencing after the ownership of the Auction Rate Securities is no longer maintained in book-entry form by the Securities Depository, or
- (b) each Auction Interest Period commencing after the occurrence and during the continuance of a Payment Default; or
- (c) any Auction Interest Period commencing less than two Business Days after the cure or waiver of a Payment Default.

“Auction Documents” shall mean, collectively, the Auction Agent Agreement, each Broker-Dealer Agreement and each Market Agent Agreement, in each case, as supplemented or amended from time to time.

“Auction Interest Period” shall mean, as to the applicable Auction Rate Securities of a Tranche, each period during which a specific Auction Rate is in effect, as a result of an Auction, for such Tranche of Auction Rate Securities, which Auction Interest Period may be a 7-, 14-, 21-, 28- or 35-day period or such other period as may be designated from time to time by the Authority and the Market Agent with the consent of the Insurer pursuant to an Auction Period Adjustment for a Tranche of Auction Rate Securities, each Auction Interest Period running from, and including, the Rate Adjustment Date and ending on, and including, the day immediately preceding the next succeeding Rate Adjustment Date, provided that the initial Auction Interest Period, if any, shall be as stated in Schedule I hereto.

“Auction Period Adjustment” shall mean an adjustment to the length of an Auction Interest Period implemented by the Authority and the Market Agent pursuant to this Indenture and the Market Agent Agreement as described below under Section _____ of this Indenture.

“Auction Procedures” shall mean the Auction and Settlement Procedures set forth in the Auction Agent Agreement.

“Auction Rate” shall mean, as to the interest rate with respect to the applicable Tranche of Auction Rate Securities, the rate of interest per annum that results from implementation of the Auction Procedures with respect to such Tranche of Auction Rate Securities, and determined as described in Section 5.03 or 5.04 of this Indenture; *provided, however,* that the Auction Rate shall not exceed 17% per annum or the Maximum Auction Rate, if lower than 17% per annum.

“Auction Rate Securities” shall mean all Bonds issued in such Mode prior to their Fixed Rate Conversion Date, if any, in any one or more Tranches.

“Auction Rate Period” shall mean the Initial Auction Rate Period and any Subsequent Auction Rate Period, including 7-, 14-, 21-, 28- and 35- day periods, or such other period as may be designated from time to time by the Authority and the Market Agent with the consent of the Insurer.

“Authority” shall mean the Redevelopment Authority of the City of Milwaukee, and its successors and assigns.

“Authorized Authority Representative” shall mean the person at the time designated by written certificate furnished to the Trustee containing the specimen signature of such person and signed on behalf of the Authority by the Secretary of the Authority, which certificate may also designate one or more alternates for such person.

“Authorized City Representative” shall mean the person at the time designated by written certificate furnished to the Trustee containing the specimen signature of such person and signed on behalf of the City by the Comptroller of the City, which certificate may also designate one or more alternates for such person.

“Authorized Denomination” shall mean (a) as to Bonds issued as Fixed Rate Bonds, \$5,000 principal amount or any integral multiple thereof; (b) as to Bonds issued as Auction Rate Securities, \$25,000 principal amount or any integral multiple thereof; and (c) as to Capital Appreciation Bonds, \$5,000 Maturity Amount or any integral multiple thereof.

“Beneficial Owner” shall mean, (a) as to Auction Rate Securities, a customer of a Broker-Dealer (other than the Authority) who is listed on the records of that Broker-Dealer (or, if applicable, the Auction Agent) as a holder of Auction Rate Securities; and (b) as to all Bonds that are not issued in the form of Auction Rate Securities, the beneficial owner of each such Bond, determined under the rules of DTC.

“Bond Fund” shall mean the special trust fund of the Authority designated as the “Milwaukee Public Schools Bond Fund” created and established under, and to be held and administered by the Trustee as provided in Section 7.01 of this Indenture and, unless the context

shall clearly indicate otherwise, shall include the “Interest Account”, the “Principal Account”, the “Redemption Account”, the “Service Account” and the “Surplus Account” created and established herein.

“Bond Proceeds Fund” shall mean the special trust fund of the Authority designated as the “Milwaukee Public Schools Bond Proceeds Fund” created and established under, and to be held and administered by the Trustee as provided in Section 6.01 of this Indenture

“Bonds” shall mean \$_____ aggregate principal amount of Redevelopment Authority of the City of Milwaukee Taxable Revenue Bonds, 2003 Series (Milwaukee Public Schools), to be issued as authorized in Section 2.02 hereof and at any time Outstanding.

“Bond Year” shall mean the twelve-month period ending on April 1 of each year to which reference is made, provided that the first Bond Year shall commence on the Closing Date and shall end on April 1, 2004.

“Borrower” shall mean the Milwaukee Board of School Directors, a body politic organized and existing under Chapter 119 of the Wisconsin Statutes.

“Broker-Dealer” shall mean any broker or dealer (each as defined in the Securities Exchange Act of 1934), commercial bank or other entity permitted by law to perform the functions required of a Broker-Dealer set forth in the Auction Procedures which is an “Authorized Broker-Dealer” under the Broker-Dealer Agreement, initially, _____ and which:

- (a) is a Securities Depository System Participant (or an affiliate of a Securities Depository System Participant);
- (b) has been appointed as such by the Authority and approved by the Insurer pursuant to Section 5.16 hereof, and
- (c) has entered into a Broker-Dealer Agreement that is in effect on the date of reference.

When used herein at a time when more than one Broker-Dealer is acting under the Indenture, the term “the Broker-Dealer” shall mean, as the context dictates, either all such Broker-Dealers collectively, or only each Broker-Dealer acting with respect to the applicable Auction Rate Securities.

“Broker-Dealer Agreement” shall mean each agreement between the Auction Agent and the applicable Broker-Dealer relating to the Auction Rate Securities pursuant to which the Broker-Dealer agrees to participate in Auctions as set forth in the Auction Procedures, as from time to time amended or supplemented, with the consent of the Insurer.

“Broker-Dealer Fee” shall mean the fee set forth in the applicable Broker-Dealer Agreement.

“Business Day” shall mean any day other than a Saturday or Sunday or any other day upon which the New York Stock Exchange or banks in the city in which the principal corporate trust office of the Trustee are authorized or obligated to close; provided that, when used in connection with Auction Rate Securities, the term “Business Day” shall mean any day other than (i) April 14, April 15, December 30, December 31, a Saturday or a Sunday and (ii) any other day upon which the New York Stock Exchange or banks in New York, New York, or in the city in which the principal corporate trust office of the Trustee is located, are authorized or obligated to close.

“Capital Appreciation Bonds” shall mean those Bonds issued in Maturity Amounts of \$5,000 or any integral multiple thereof, which by their terms accrete interest on a compounded basis payable, together with their principal amount, solely at maturity.

“City” shall mean the City of Milwaukee, Wisconsin, a municipal corporation and political subdivision of the State of Wisconsin.

“Closing Date” shall mean the date on which the Loan Agreement and the MPS Note become legally effective, the same being the date on which the Bonds are paid for by and delivered to the original purchasers thereof.

“Commercial Paper Dealers” shall mean Lehman Commercial Paper Inc., Goldman, Sachs & Co., and Merrill Lynch & Co., or in lieu of any thereof, its affiliates or successors, if such entity is a commercial paper dealer; provided that in the event that any Commercial Paper Dealer should fail to qualify as a commercial paper dealer, the Authority may appoint another organization to serve as a Commercial Paper Dealer hereunder.

“Costs of Issuance” shall mean all items of expense directly or indirectly payable by or reimbursable to the Authority and related to each Series of Bonds, including, but not limited to, costs of preparation and reproduction of documents, costs of rating agencies and costs to provide information required by rating agencies, filing and recording fees, initial fees and charges of the Trustee, initial fees and charges of the Authority, legal fees and charges, fees and disbursements of consultants and professionals, fees and expenses of the underwriter, fees and charges for preparation, execution and safekeeping of the related Series of Bonds, and any other cost, charge or fee in connection with the original execution and delivery of the related Series of Bonds.

“Costs of Issuance Fund” shall mean the Costs of Issuance Fund established in Section 6.02 of this Indenture.

“Date of Interest Accrual” shall mean the first day of any Rate Period for Auction Rate Securities.

“Date of Issuance” shall mean, as to any particular Bond, the date upon which the particular Bond was issued and delivered to the original purchaser thereof.

“DOA” shall mean the Department of Administration of the State of Wisconsin.

“DPI” shall mean the Department of Public Instruction of the State of Wisconsin.

“DPI Agreement” shall mean the Agreement of even date herewith entered into by and among the Authority, the Borrower, DOA, DPI and the Trustee, as the same may be amended or supplemented.

“DTC” shall mean The Depository Trust Company, New York, New York, a Securities Depository for the Bonds and its successors and assigns.

“Event of Default” shall mean Event of Default as defined in Section 10.01 hereof.

“Existing Owners” shall mean, with respect to Auction Rate Securities, those registered owners of such Auction Rate Securities as of the day prior to each Auction Date.

“Existing Owners Registry” shall mean, with respect to each Tranche of Auction Rate Securities, the registry of Persons who are Existing Owners of the related Tranche of Auction Rate Securities, maintained by the Auction Agent as provided in the applicable Auction Agent Agreement.

“Financial Newspaper” shall mean *The Wall Street Journal* or *The Bond Buyer*, or any other newspaper or journal printed in the English language, publishing financial news and selected by the Trustee, who shall be under no liability by reason of such selection.

“Fiscal Year” shall mean the fiscal year for the Borrower as established from time to time by the Borrower, being at the dated date of this Indenture the period from July 1 in any year to and including the following June 30.

“Fitch” shall mean Fitch Ratings, a corporation organized and existing under the laws of the State of Delaware, its successors and their assigns.

“Fixed Rate” shall mean a rate of interest that does not change during a specific term; the opposite of an adjustable or variable interest rate.

“Fixed Rate Bonds” shall mean those Bonds which, by their terms, have been issued in denominations of \$5,000 principal amount or any integral multiple thereof, bear interest at regular Fixed Rates, payable semiannually (except that the first interest period with respect thereto may be less than six months but not more than twelve months following their date of issuance). Fixed Rate Bonds are sometimes referred to herein as “Current Interest Bonds”.

“Fixed Rate Conversion” shall mean the conversion of the interest rate mode for the Bonds issued as Auction Rate Securities to a Fixed Rate.

“Fixed Rate Conversion Date” shall mean the date upon which a Fixed Rate Conversion occurs.

“Government Obligations” shall mean non-callable direct obligations of, or obligations the timely payment of the principal of and interest on which is unconditionally guaranteed by, the United States of America.

“Hold Order” shall have the meaning given to such term in the Auction Procedures.

“Indenture” shall mean this Trust Indenture by and between the Authority and Deutsche Bank, Chicago, Illinois, in its capacity as Trustee hereunder, as the same may be amended or supplemented.

“Information Services” shall mean Bloomberg Municipal Repository, 100 Business Park Drive, Skillman, New Jersey 08558; DPC Data Inc., One Executive Drive, Fort Lee, New Jersey 07024; FT Interactive Data, Attention: Repository, 100 William Street, New York, New York 10038; and Standard & Poor’s J.J. Kenny Repository, 55 Water Street, 45th Floor, New York 10041; or, in accordance with the then-current guidelines of the Securities and Exchange Commission, such other addresses and/or such other services providing information with respect to called bonds as the Authority may designate.

“Initial Auction Rate Period” shall mean with respect to Auction Rate Securities, the period from and including the Date of Issuance on such Auction Rate Securities to but excluding the Initial Interest Payment Date for such Auction Rate Securities.

“Initial Interest Payment Date” shall mean with respect to Auction Rate Securities, refers to the initial Interest Payment Date for such Auction Rate Securities set forth on Schedule I.

“Insurance Policy” shall mean the policy of municipal bond insurance issued on the Closing Date to secure the payment, when due, of principal and interest on the Bonds or any Series or Tranche thereof.

“Insured Bonds” shall mean those Bonds which are insured as to payments of principal and interest when due by the delivery of a policy of municipal bond insurance simultaneously with the Closing Date.

“Insurer” shall mean the provider of municipal bond insurance for any Series or Tranche of Bonds issued hereunder.

“Interest Accrual Date” shall mean each date established for the accrual and compounding of interest on Capital Appreciation Bonds, initially as set forth in Schedule I hereto.

“Interest Payment Date” shall mean each date upon which interest is due on the Bonds (excepting Capital Appreciation Bonds), as initially set forth in Schedule I hereto, or, in the case of Auction Rate Securities, Section 5.03 of this Indenture.

“Interest Rate Period” shall mean any designated period during which a Series of Bonds are Outstanding in the form of Auction Rate Securities or bear interest at the Index Rate.

“Investment Securities” shall mean those securities which, from time to time, are legal for the investment of funds of the City.

“ISIN Number” shall mean the unique number assigned to each Bond traded within the Euroclear System and Clearstream, Luxembourg, from and after the date upon which such trading commences.

“LIBOR” shall mean on any date of determination for any Auction Rate Period, means:

(i) subject to clause (ii) below, (A) for any Standard Auction Rate Period or any Special Auction Rate period of fewer than 49 days, the offered rate for deposits in U.S. dollars for a one-month period which appears on Telerate Page 3750 at approximately 11:00 a.m., London time, on such date, or if such date is not a London Business Day, then on the next preceding London Business day (the “calculation date”) and (b) for any Special Auction Rate period of (i) 49 or more but fewer than 70 days, such rates for deposits in U.S. dollars for a two-month period; (ii) 70 or more but fewer than 85 days, the arithmetic average of such rates for deposits in U.S. dollars for two- and three-month periods; (iii) 85 or more but fewer than 120 days, such rate for deposits in U.S. dollars for a three-month period; (iv) 120 or more but fewer than 148 days, the arithmetic average of such rates for deposits in U.S. dollars for three- and six-month periods; (v) 148 or more but fewer than 180 days, such rate for deposits in U.S. dollars for a six-month period; (vi) 180 or more but fewer than 225 days, the arithmetic average of such rates for deposits in U.S. dollars for six- and nine-month periods; (vii) 225 or more but fewer than 290 days, such rate for deposits in U.S. dollars for a nine-month period; (viii) 290 or more but fewer than 325 days, the arithmetic average of such rates for deposits in U.S. dollars for nine-month and one-year periods, and (ix) 325 days or more, such rate for deposits in U.S. dollars for a one-year period; or

(ii) if, on any calculation date, no rate appears on Telerate Page 3750 as specified in clause (i) above, the arithmetic average of the offered quotations of four major banks in the London interbank market, selected by the Market Agent for deposits in U.S. dollars for the respective periods specified in clause (i) above to prime banks in the London interbank market at approximately 11:00 a.m., London time, on such

calculation date and in a principal amount of not less than \$1,000,000 that is representative of a single transaction in such market at such time, unless fewer than two such quotations are provided, in which case, the arithmetic average of the rates quoted at approximately 11:00 a.m., New York time, on the date next preceding such calculation date by three major banks in the City of New York, selected by the Market Agent, for loans in U.S. dollars to leading European banks in a principal amount of not less than \$1,000,000 that is representative of a single transaction in such market at such time.

“LIBOR Spread” shall mean the percentage of LIBOR established on the Closing Date for the affected Bonds, as provided on Schedule I hereto.

“Loan Agreement” shall mean the Loan Agreement of even date herewith entered into by and among the Authority, the City and the Borrower, as the same may be amended or supplemented.

“Loan Default Event” shall mean a Loan Default Event pursuant to Section 6.1 of the Loan Agreement.

“Loan Payments” shall mean the portion of the Payments required to be paid pursuant to Section 4.3(d) and (e) of the Loan Agreement and the MPS Note.

“London Business Day” shall mean a day that is a Business Day and a day on which dealings in deposits in U.S. dollars are transacted, or with respect to any future date, are expected to be transacted, in the London, U.K., interbank market.

“Market Agent” shall mean the market agent or market agents appointed pursuant to Section 5.14 of this Indenture, their successors and assigns.

“Market Agent Agreement” shall mean any Market Agent Agreement entered into with respect to Auction Rate Securities, including that certain Market Agent Agreement delivered on the Closing Date, as it may from time to time be amended or supplemented with the Insurer’s consent.

“Maturity Amount” shall mean the Accreted Value of any Capital Appreciation Bond on its maturity date.

“Maximum Auction Rate” shall mean on any date of determination for any Auction Rate Period, means the interest rate per annum equal to the lowest on such date of:

- (i) the Applicable Percentage of the higher of (A) the Reference Rate for an Auction Rate Period of 35 days (unless the Auction Rate Period is of 7, 14, 21 or 28 days’ duration, in which event such number of days, as appropriate, shall be used to determine the corresponding period) on such date and (B) LIBOR, if any, for an Auction Rate Period of 35 days (unless the Auction Rate Period is of 7, 14, 21 or 28 days’

duration, in which event, such number of days, as appropriate, shall be used to determine the corresponding period) on such date, unless:

(1) such Auction Rate Period is proposed to be a Special Auction Rate Period, in which case, the Applicable Percentage is the highest of:

(a) the higher of (I) the Reference Rate for an Auction Rate Period equal in length to the then-ending Auction Rate Period on such date and (II) LIBOR, if any, for an Auction Rate Period equal in length to the then-ending Auction Rate Period on such date;

(b) the higher of (I) the Reference Rate for such Special Auction Rate Period on such date and (II) LIBOR, if any, for such Special Auction Rate Period on such date, and

(c) the higher of (I) the Reference Rate for a Standard Auction Rate Period on such date and (II) LIBOR, if any, for a Standard Auction Rate Period on such date; or

(2) such Auction Rate Period succeeds a Special Auction Rate Period and an Auction for a Standard Auction Rate Period at which Sufficient Clearing Bids existed has not occurred since such Special Auction Rate Period, in which case, the higher of:

(a) the Auction Rate for the then-ending Auction Rate Period, and

(b) the Applicable Percentage of the higher of (I) the higher of (aa) the Reference Rate for an Auction Rate Period equal in length to the then-ending Auction Rate Period on such date and (bb) LIBOR, if any, for an Auction Rate Period equal in length to the then-ending Auction Rate Period on such date and (II) the higher of (aa) the Reference Rate for an Auction Rate Period equal in length to such Special Auction Rate Period and (bb) LIBOR, if any, for an Auction Rate Period equal in length to such Special Auction Rate Period;

(ii) 17% per annum; and

(iii) the maximum rate, if any, established under the laws of the State for obligations of public agencies such as the Authority.

“Minimum Auction Rate” shall mean on any date of determination, the rate per annum equal to 80% of the greater of (a) LIBOR, or (b) the applicable Reference Rate in effect on the applicable Auction Date; provided, however, that in no event shall such Minimum

Auction Rate exceed the lesser of (i) 17% per annum, and (ii) the maximum rate, if any, established under the laws of the State for obligations of public agencies such as the Authority.

“Mode” shall mean the principal amount, Authorized Denomination, interest rate and payment structure, including any methodology for the reset thereof, for any Series of Bonds. This Indenture authorizes the issuance of Bonds in the following Modes: Current Interest Bonds, Auction Rate Securities and Capital Appreciation Bonds.

“Moody’s” shall mean Moody’s Investors Service, its successors and their assigns, and, if such corporation shall for any reason no longer perform the functions of a securities rating agency, “Moody’s” shall be deemed to refer to any other nationally recognized rating agency designated by the Authority.

“MPS Note” shall mean the promissory note of the City on behalf of the Borrower, to be executed by the City and assigned by the Authority to the Trustee to evidence the obligation of the Borrower to the Authority to repay the loan to be made by the Authority to the Borrower pursuant to the Loan Agreement and to make the Additional Payments specified therein.

“Non-Payment Rate” shall mean for Auction Rate Securities of each Tranche, on any date of determination, the interest rate per annum equal to the Maximum Auction Rate, provided that in no event shall the Non-Payment Rate be more than the maximum rate permitted by State law.

“Notice of Cure of Payment Default” shall mean a notice substantially in the form appended to the form of Auction Rate Security in Exhibit C.

“Notice of Payment Default” shall mean a written notice as to a payment default of Auction Rate Securities, in form and substance acceptable to the applicable Auction Agent.

“Notice of Percentage Change” shall mean a written notice to the Trustee, the Broker-Dealer and the Auction Agent substantially in the form set forth in Exhibit D hereto.

“Opinion of Counsel” shall mean a written opinion of counsel of recognized national standing in the field of law relating to municipal bonds, appointed and paid by the Authority, and acceptable for the Insurer.

“Original Purchaser; Original Purchaser of the Bonds” shall mean the original purchaser of one or more Series of Bonds.

“Outstanding” or “outstanding”, when used with respect to any Bond shall mean, as of any date, any Bond theretofore or thereupon being authenticated and delivered pursuant to this Indenture, except:

(i) any Bond cancelled by the Trustee or delivered to the Trustee for cancellation at or prior to such date;

(ii) any Bond in lieu of or in substitution for which another Bond shall have been issued under Sections 3.03, 4.03, 4.04 or 4.05 hereof; and

(iii) any Bond or portion thereof deemed to have been paid in accordance with Section 13.01 hereof.

“Overdue Rate” shall mean, as to any Auction Rate Securities, on any date of determination and for any Standard Auction Rate Period, the interest rate per annum equal to 265% of the Reference Rate equal in length to the then-ending Standard Auction Rate Period, and for any Special Auction Rate Period, the interest rate per annum equal to 265% of LIBOR equal in length to the then-ending Special Auction Rate Period; provided that in no event shall the Overdue Rate exceed the lesser of (1) 17% per annum and (2) the maximum rate on such date permitted by State law for public agencies such as the Authority.

“Owner or Owners” shall mean in reference to any Bond or Bonds means the registered owner thereof, as shown on the registration books maintained by the Trustee hereunder.

“Payments” shall mean, collectively, the Loan Payments and the Additional Payments.

“Payment Default” shall mean the default of the Authority, or the Trustee on behalf of the Authority, in the due and punctual payment of (a) any installment of interest on the Bonds or (b) any principal of, premium, if any, or interest on, the Bonds at their maturity (whether on the Stated Maturity Date, prior redemption or otherwise), which default shall continue for a period of two Business Days and which in either case is followed by the failure of the applicable Insurer to make, in accordance with the related Insurance Policy, due and punctual payments to or on behalf of the Owners of the Bonds of such installments or payments described in clause (a) or (b), if so required under such Insurance Policy.

“Pension Funding Plan” shall mean the funding of the obligation of the Borrower to the Wisconsin Retirement System, consisting of unfunded prior service liability contributions in the amount of \$_____ and may also include any future unfunded prior service liability contributions.

“Potential Beneficial Owner” shall mean a customer of a Broker-Dealer that is not a Beneficial Owner of Auction Rate Securities but that wishes to purchase Auction Rate Securities, or that is a Beneficial Owner of Auction Rate Securities that wishes to purchase an additional principal amount of Auction Rate Securities.

“Potential Owner” shall mean a Broker-Dealer (or any such other person as may be permitted by the Authority) that is not an Existing Owner or that is an Existing Owner that

wishes to become the Existing Owner of an additional principal amount of Auction Rate Securities.

“Principal Amount” shall mean as to any Fixed Rate Bond or Auction Rate Bonds, the principal amount thereof or as to any Capital Appreciation Bond, the Accreted Value thereof as of the most recent compounding date.

“Principal Payment Date” shall mean April 1 in each year, commencing April 1, 20__, and any date that Bonds (or a portion thereof of the principal then redeemed) are redeemed in whole or in part.

“Qualified Swap Agreement” or “Swap Agreement” shall mean (i) any ISDA Master Swap Agreement, by and between the City on behalf of the Borrower and a Qualified Swap Provider, which includes Schedule A thereto and the applicable Commitment, (a) that is entered into by the City on behalf of the Borrower with an entity that is a Qualified Swap Provider at the time the arrangement is entered into; (b) which provides that the City shall pay to such entity an amount based on the interest accruing at a Fixed Rate on an amount equal to the notional amount set forth therein, and that such entity shall pay to the City an amount based on the interest accruing at a variable rate computed according to a formula set forth in the Swap Agreement (which need not be the same formula by which the Auction Rate, if applicable, is calculated) on such notional amount or that one shall pay to the other any net amount due under such arrangement, and (c) which has been designated in writing to the Trustee by an Authorized City Representative as a Qualified Swap Agreement. Any Qualified Swap Agreement shall be subject to the prior written approval of the Insurer.

“Qualified Swap Provider” shall mean with respect to the counterparty under any other Swap Agreement meeting the requirements of the definition thereof, a financial institution approved by the City and the Insurer, and (A) the long-term, unsecured and unsubordinated obligations of which are rated at the time of execution of the related Qualified Swap Agreement by two of the following three agencies: Moody’s, S&P or Fitch either directly or by virtue of a guarantee, as A3 by Moody’s or A- by S&P or Fitch.

“Rate Adjustment Date” shall mean with respect to each Tranche of the Auction Rate Securities, the date on which a new Interest Rate becomes effective with respect to such Tranche of Auction Rate Securities, and shall mean the initial Rate Adjustment Date and, thereafter, the first Business Day following each Rate Determination Date (which, until an Auction Period Adjustment, generally is each fourth Wednesday, or the next Business Day if such Wednesday is not a Business Day).

“Rate Determination Date” shall mean, initially, those dates set forth for the Tranches of Auction Rate Securities on Schedule I hereto, and thereafter, the Business Day immediately preceding the first day of each related Auction Interest Period, other than: (i) an Auction Interest Period which commences on a Fixed Rate Conversion Date; (ii) each Auction Interest Period commencing after the ownership of Auction Rate Securities is no longer maintained in Book-Entry Form; (iii) each Auction Interest Period commencing after and during

the continuance of a Payment Default; or (iv) an Auction Interest Period commencing less than two Business Days after the cure or waiver of a Payment Default. Notwithstanding the foregoing, the Rate Determination Date for one or more Auction Interest Periods may be changed as described under Section 5.10 of this Indenture.

“Rate Period” shall mean that period commencing on a Date of Interest Accrual and ending on the earlier of the Fixed Rate Conversion Date or the stated maturity date of the affected Auction Rate Security.

“Rate Period Days” shall mean for any Auction Rate Period or Interest Period, the number of days that would constitute such Auction Rate Period or Interest Period but for the application of Section 5.10 of this Indenture.

“Rating Agencies or Rating Agency” shall mean one or all of Moody’s, S&P or Fitch, or, in the event that Moody’s, S&P or Fitch no longer maintains a rating on the Bonds, any other nationally recognized bond rating agency then maintaining a rating on the Bonds, but, in each instance, only so long as Moody’s, S&P, Fitch or another nationally recognized rating agency then maintains a rating on the Bonds, and is acceptable to the Insurer.

“Record Date” shall mean, with respect to (a) Fixed Rate Bonds, the fifteenth day (whether or not such day is a Business Day) of the month immediately preceding each Interest Payment Date; (b) Auction Rate Securities, the fifth day (whether or not such day is a Business Day) immediately preceding each Interest Payment Date; or (c) Capital Appreciation Bonds, the fifteenth day (whether or not such day is a Business Day) of the month immediately preceding the maturity thereof.

“Reference Rate” shall mean (i) for a Standard Auction Rate Period or any Special Auction Rate Period of at least 35 but fewer than 180 Rate Period Days, the “AA” Financial Commercial Paper Rate or the Applicable LIBOR Percentage for such Auction Rate Period, whichever is lesser; (ii) for an Auction Rate Period of more than 180 but fewer than 365 Rate Period Days, the Treasury Rate for such Auction Rate Period, and (iii) for an Auction Rate Period of more than 364 Rate Period Days, the Treasury Note Rate for such Auction Rate Period.

“Regular Interest Payment Date” shall mean those dates identified on Schedule I hereto on which payments of interest on the Auction Rate Securities are due.

“Regular Record Date” shall mean, with respect to Auction Rate Securities, the second Business Day immediately preceding each Interest Payment Date.

“Revenues” shall mean (a) all monies and investment securities in the School Operations Fund established and maintained by the Borrower in accordance with Section 119.46, Wisconsin Statutes, as the same may be amended or renumbered from time to time, or any similar fund or account hereafter established by the Borrower, but only to the extent monies therein have been appropriated by the Milwaukee Board of School Directors for Payments, (b) State Aid, (c) earnings on the investments held by the Trustee in the trust funds established under

the Indenture and (d) any other income, revenues and monies derived by the Authority under the Loan Agreement and the MPS Note. The term “Revenues” shall not include monies received as proceeds for the sale of the Bonds or from the sale of any other bonds, notes or evidences of indebtedness.

“School Operations Fund” shall mean the School Operations Fund established by Section 119.46, Wisconsin Statutes, held by the City on behalf of the Borrower.

“Securities Act” shall mean the Securities Act of 1933, as amended.

“Securities Depository” shall mean: The Depository Trust Company, 55 Water Street, 50th Floor, New York, New York 110041-0099, Fax-(212) 855-7232; or such other addresses and/or such other securities depository as the Authority may designate to the Trustee.

“Sell Order” shall have the meaning given to such term in the Auction Procedures.

“Serial Bonds” shall mean Bonds for which no sinking fund payments are provided.

“Series” shall mean all of the Bonds designated as being within a certain series, as indicated on the inside cover hereof, regardless of variations in maturity date, interest rate (but within the same Mode), redemption and other provisions, and any Bonds thereafter issued in transfer or exchange for such Bonds pursuant to this Indenture.

“Service Account” shall mean that account maintained by the Trustee for the payment of Additional Payments and amounts due under a Qualified Swap Agreement, other than Swap Payments, as provided in Section 7.01 of this Indenture.

“Short-Term School Order Notes” shall mean the Notes of the City issued on behalf of the Borrower in each year pursuant to Section 67.12, Wisconsin Statutes, which are payable from State Aid.

“Special Auction Rate Period” shall mean a Subsequent Auction Rate Period, other than a Standard Auction Rate Period, designated pursuant to Section 5.11 of this Indenture that consists of a specified number of Rate Period Days not fewer than 28 and not more than 1,820 and evenly divisible by seven, subject to adjustment as provided in said Section. Insurer consent is required for any Auction Rate Period which exceeds 35 days.

“S&P” shall mean Standard & Poor’s Ratings Group, its successors and their assigns, and, if such corporation shall for any reason no longer perform the functions of a securities rating agency, “S&P” shall be deemed to refer to any other nationally recognized rating agency designated by the Authority.

“Standard Auction Rate Period” shall mean any Auction Rate Period consisting of 7, 14, 21, 28 or 35 Rate Period Days, or such other period as may be designated from time to time by the Authority and the Market Agent with the consent of the Insurer.

“State” shall mean the State of Wisconsin.

“State Aid” shall mean the general school aid payments made by the State to the Borrower pursuant to Section 121.15, Wisconsin Statutes, as the same may be amended or renumbered from time to time, or any other payments made directly or indirectly by the State to the Borrower in partial or full replacement or substitution for the school aid payments now made under Section 121.15, Wisconsin Statutes. The term “State Aid” does not include intradistrict aid paid by the State to the Borrower under Section 121.85(6)(a), (am) and (ar), Wisconsin Statutes, as the same may be amended or renumbered from time to time.

“Stated Maturity Date” shall mean the date given as the stated maturity date on each Bond.

“Submission Deadline” shall mean 1:00 p.m., New York time, on any Auction Date or such other time on any Auction Date by which Broker-Dealers are required to submit Orders (as defined in Section 5.05(a)(i) of this Indenture) to the Auction Agent, as specified by the Auction Agent from time to time.

“Subsequent Auction Rate Period” shall mean the period from and including the Initial Interest Payment Date for Auction Rate Securities to but excluding the next Regular Interest Payment Date for Auction Rate Securities and each period thereafter from and including one Regular Interest Payment Date to but excluding the next succeeding Regular Interest Payment Date; provided that if any Subsequent Auction Rate Period is a Special Auction Rate Period consisting of more than 91 days, such term shall mean the period commencing on the first day of such Special Auction Rate Period and ending on the last day of the last Interest Period thereof, provided, further, that the Subsequent Auction Rate Period shall normally begin on the respective Interest Payment Date after the end of such Special Auction Rate Period, and the Auction therefor shall normally be held on the preceding Business Day.

“Substitute Commercial Paper Dealer” shall mean Lehman Brothers, Inc., or their affiliates or successors, if such affiliate or successor is a commercial paper dealer, provided that neither such person nor any of its affiliates or successors shall be a Commercial Paper Dealer.

“Sufficient Clearing Bids” shall mean having the meaning set forth in Section 5.05(c)(i)(B)(III) of this Indenture.

“Supplemental Indenture” shall mean any other indenture between the Trustee and the Authority, entered into pursuant to and in compliance with the provisions of Article XII hereof amending or supplementing the provisions of this Indenture as originally executed or as theretofore amended or supplemented.

“Swap Payments” shall mean any of the periodic interest payments due from the City and payable to the Trustee pursuant to the terms of a Qualified Swap Agreement.

“Telerate Page 3750” shall mean the display designated on page 3750 on Moneyline Telerate, Inc. (or such other page as may subsequently replace the 3750 page on that service or such other service as may be nominated by the British Banker’s Association for the purpose of displaying London interbank offered rates for U.S. dollar deposits).

“Tender Price” shall mean the price at which Auction Rate Securities are tendered for purchase upon conversion to Fixed Rate Bonds, comprised of the principal amount thereof, plus interest, if any, accrued to the date of purchase, being payable solely from the proceeds of remarketing of said Auction Rate Securities in the form of Fixed Rate Bonds.

“Term Bonds” shall mean Bonds which are payable on or before their maturity dates from sinking fund payments established for that purpose and calculated to retire such Bonds or before their specified maturity dates.

“Tranche” shall mean the designated portion of a Series of Bonds sharing a particular Mode, and other characteristics, designated as such on the inside cover hereof. Each Tranche of Bonds within a Series of Bonds must be within the same Mode.

“Transfer Amount” shall mean, (a) as to any Fixed Rate Bond or Auction Rate Security, the aggregate Principal Amount thereof, or (b) as to any Capital Appreciation Bond, the Accreted Value or the Maturity Amount thereof.

“Treasury Note Rate” shall mean (a) the bond equivalent yield, calculated in accordance with prevailing industry conventions, of the rate on the most recently auctioned direct obligation of the United States Government having a remaining maturity closest to the length of the applicable Auction Rate Period; as quoted in The Wall Street Journal on such date for the Business Day next preceding such date, or (b) in the event that such rate is not published in The Wall Street Journal, then the bond equivalent yield, calculated in accordance with prevailing industry conventions, as calculated by reference to the arithmetic average of the bid price quotations of the most recently auctioned direct obligation of the United States Government having a remaining maturity closest to the length of the applicable Auction Rate Period, based on bid price quotations on such date obtained by the Auction Agent from the U.S. Government Securities Dealers.

“Treasury Rate” shall mean on any date of determination for any Auction Rate Period, (A) the bond equivalent yield, calculated in accordance with prevailing industry convention, of the rate on the most recently auctioned direct obligation of the United States Government having a maturity at the time of issuance of 364 days or less and with a remaining maturity closest to the length of the applicable Auction Rate Period, as quoted in The Wall Street Journal on such date for the Business Day next preceding such date; or (B) in the event that such rate is not published in The Wall Street Journal, then the bond equivalent yield, calculated in accordance with prevailing industry convention, as calculated by reference to the arithmetic

average of the bid price quotations of the most recently auctioned direct obligation of the United States Government having a maturity at the time of issuance of 364 days or less and with a remaining maturity closest to the length of such Auction Rate Period, based on bid price quotations on such date obtained by the Auction Agent from the U.S. Government Securities Dealers.

“Trust Estate” shall mean the Revenues, the Loan Agreement and the MPS Note and all rights, remedies and interests of the Authority under the Loan Agreement (except the Authority’s right to receive payments, if any, under Section 4.3 of the Loan Agreement) and the MPS Note and all of the moneys, rights and properties held by the Trustee or other depository under this Indenture.

“Trustee” shall mean Deutsche Bank, a national banking association with its designated corporate trust office and place of business in Chicago, Illinois, and qualified to accept the trusts hereunder, having been appointed by the Authority as Trustee hereunder and serving as such hereunder, and its successor as Trustee hereunder as provided in Section 8.13 of this Indenture.

“Undelivered Bond” shall mean any Auction Rate Security which constitutes an Undelivered Bond under the provisions of the Indenture.

“U.S. Government Securities Dealers” shall mean Lehman Brothers Inc. or its affiliates or successors, provided that any such entity is a dealer in U.S. Government securities.

SECTION 1.02. Definitions of General Terms. Whenever in this Indenture any governmental unit including the Authority or any official, officer, director or department of a governmental unit, is defined or referred to, such definition or reference shall be deemed to include the governmental unit or official, officer, board, agency, commission, body or department succeeding to or in whom or which is vested, the functions, rights, powers, duties and obligations of such governmental unit, official, officer, director or department, as the case may be, encompassed by this Indenture.

Unless the context shall clearly indicate otherwise or may otherwise require, in this Indenture words importing persons include firms, partnerships, associations, corporations (public and private), public bodies and natural persons, and also include executors, administrators, trustees, receivers or other representatives.

Unless the context shall clearly indicate otherwise or may otherwise require computation on other than an annual basis, in this Indenture whenever any interest rate or rate of interest is defined or referred to, such rate shall be a rate per annum.

Unless the context shall clearly indicate otherwise or may otherwise require, in this Indenture (not including in such term wherever used in this paragraph any Supplemental Indenture): (i) references to articles, sections and other subdivisions, whether by number or letter or otherwise, are to the respective or corresponding articles, sections and subdivisions of this

Indenture, as such articles, sections or subdivisions may be amended from time to time; (ii) the terms “herein”, “hereunder”, “hereby”, “hereto”, “hereof” and any similar terms, refer to this Indenture and to this Indenture as a whole and not to any particular article, section or subdivision hereof; (iii) the word “heretofore” means before the time of effectiveness of this Indenture; and the word “hereafter” means after the time of effectiveness of this Indenture; (iv) pronouns of any gender shall include correlative words of the other genders; and (v) references to Principal Amount, in the case of Capital Appreciation Bonds, means the Accreted Value thereof.

SECTION 1.03. Computations. Unless the facts shall then be otherwise, all computations required for the purposes of this Indenture shall be made on the assumption that the principal and interest on all Bonds shall be paid as and when the same become due.

SECTION 1.04. Certificates and Opinions. Each certificate or opinion with respect to compliance with a condition or covenant provided for in this Indenture shall include: (1) a statement that the person making such certificate or opinion has read such covenant or condition; (2) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based; (3) a statement that, in the opinion of such person, such person has made such examination or investigation as is necessary to enable such person to express an informed opinion as to whether or not such covenant or condition has been complied with; and (4) a statement as to whether or not, in the opinion of such person, such condition or covenant has been complied with.

Any certificate required by or on behalf of the Authority, the City or the Borrower may be based, insofar as it relates to legal or accounting matters, upon an opinion or representation of counsel, accountants or auditors, unless the person signing such certificate knows or has reason to know that such opinion or representation is erroneous.

Any opinion of counsel required by or for the purposes of this Indenture may be based, insofar as it relates to factual matters or information in the possession of the Authority, the City or the Borrower, upon a certificate or opinion of, or representation by, the proper officer or officers of the Authority, the City or the Borrower, unless such counsel knows or has reason to know that such certificate or opinion or representation is erroneous. Any such certificate or opinion may be, but need not be, combined in a single instrument with any other certificate or opinion.

SECTION 1.05. Evidence of Action by Authority. Except as otherwise specifically provided in this Indenture, any request, direction, command, order, notice, certificate or other instrument of, by or from the Authority shall be effective and binding upon it for the purposes of this Indenture if the seal of the Authority shall be affixed thereto or impressed thereon and if the same shall be signed by the Authority or such other person or persons as may be designated and authorized by the Secretary of the Authority to sign for or on behalf of the Authority. 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.

ARTICLE II

AUTHORIZATION OF BONDS

SECTION 2.01. Limitation on Issuance of Bonds. No Bonds may be issued under the provisions of this Indenture except in accordance with the provisions of this Article II.

SECTION 2.02. Authorization of Bonds. (a) For the purpose of providing moneys to assist the Borrower in the financing of a portion of the cost of the Pension Funding Plan (including the costs of issuance of the Bonds), there is hereby created and established an issue of revenue bonds of the Authority in the aggregate principal amount of \$_____ to be designated and known as the “Redevelopment Authority of the City of Milwaukee, Wisconsin Taxable Pension Funding Bonds, 2003 Series (Milwaukee Public Schools)” (hereinbefore defined as the “Bonds”). The Bonds and the interest payable thereon are special limited obligations of the Authority payable solely from the payments to be made by the Borrower pursuant to the Loan Agreement and the MPS Note and the other moneys, rights and properties pledged hereunder and secured by a pledge and assignment from the Authority to the Trustee of the Loan Agreement and the MPS Note.

(b) The Bonds shall be secured by the assignments, pledges and charges made or created herein for the payment and security of the Bonds and by a lien on the proceeds thereof, the Loan Agreement, the proceeds of the MPS Note and the other moneys, rights, properties and securities from time to time held hereunder, subject only to the provisions of this Indenture permitting the application of the proceeds of the Bonds, the MPS Note and such other moneys, rights, properties and securities for the purposes and on the terms and conditions hereof, over and ahead of any claims, encumbrances or obligations of any nature hereafter arising or incurred. The foregoing lien, pledges, charges and assignments shall be valid from the time of the effectiveness of this Indenture, as set forth in Section 14.11, and the Loan Payments made under the MPS Note and the Loan Agreement shall be immediately subject thereto upon receipt by the Trustee. At such time as the Loan Payments have been made in full with respect to a Fiscal Year, State Aid for such Fiscal Year shall be released from the forgoing lien, pledge, charge and assignment for the remainder of such Fiscal Year.

(c) The Bonds shall not constitute a general obligation of the City or any other political subdivision of the State or a charge upon the general fund of the City and the full faith and credit of the City is not pledged to the payment of the principal and interest on the Bonds. No Owners of the Bonds shall have the right to compel any exercise of the taxing power of the City to pay principal of the Bonds or the interest thereon. The Bonds are not secured directly or indirectly by the full faith and credit or the general credit of the City or any other political subdivision of the State or by any revenues or taxes of the City or any other political subdivision of the State other than the Payments to be made by the City on behalf of the Borrower pursuant to the Loan Agreement and the MPS Note and the City shall not be obligated to make any appropriation to make such payments; provided, however, that State Aid may be applied to payment of the Bonds as provided in Section 7.02 hereof.

(d) The covenants and agreements herein set forth to be performed by the Authority shall be for the benefit, security and protection of all Owners of the Bonds.

(e) The validity of the Bonds shall neither be dependent upon nor be affected by the validity or regularity of any proceedings relating to the financing of the Pension Funding Plan nor the use and application of the proceeds of the Bonds. Each Bond shall contain a recital that it is issued pursuant to the Act which recital shall be conclusive evidence of its validity and of the regularity of its issuance.

(f) The Bonds shall be issued under this Indenture for the purpose of paying a portion of the cost of the Pension Funding Plan, including costs incurred in connection with the issuance of the Bonds.

(g) The Bonds shall be fully registered Bonds in Authorized Denomination (depending upon their mode and shall mature on the dates and in the principal amounts, and shall bear or accrete interest, on the Interest Payment Dates, as set forth on Schedule I hereto. Interest accrued on the Bonds shall be computed upon the basis of a three hundred and sixty (360) day year, consisting of twelve (12) thirty (30) day months.

(h) The principal amount of the Bonds shall be payable in lawful money of the United States of America upon surrender at the designated corporate trust office of the Trustee; provided, however, that payments of principal of Auction Rate Securities, at maturity or upon earlier redemption, shall be made by wire transfer of immediately available funds to the Securities Depository so long as the Auction Rate Securities are in book-entry form, unless such method of payment of principal shall have been modified by written agreement among the Trustee, the Securities Depository and the Auction Agent.

Except as provided in the paragraph immediately below, interest with respect to the Bonds, shall be payable on each Interest Payment Date by the Trustee by check mailed on the date on which such interest is due, to the Owners as of the close of business on the Regular Record Date for such Interest Payment Date to the addresses of Owners appearing on the books of registry maintained by the Trustee pursuant to Section 4.02.

In the case of Bonds of a Series held by any Owner in an aggregate Principal Amount of \$1,000,000 or more as shown on the books of registry maintained by the Trustee, who, prior to the Regular Record Date next preceding any Interest Payment Date, has provided the Trustee by written notice of wire transfer instructions, interest shall be paid on each Interest Payment Date in immediately available funds in accordance with such wire transfer instructions provided by that Owner. Unless otherwise requested by the Securities Depository, payments of interest on Auction Rate Securities shall be made to the Securities Depository in the foregoing manner while the Auction Rate Securities are in book-entry form; provided, however, that such manner may be modified by written agreement among the Trustee, the Securities Depository and the Auction Agent.

(i) The Bonds shall be registered, and may be transferred and exchanged, as provided in this subsection (j) and in Section 4.03 of this Indenture.

(i) Except as otherwise provided in this subsection (j), the Bonds shall be registered in the name of Cede & Co., as nominee of DTC, and, unless maintained in the custody of the Trustee on behalf of DTC, will be maintained in the custody of DTC. The Authority, at the direction of the City, may discontinue use of DTC as depository for the Bonds at any time.

(ii) Registered ownership of the Bonds may be transferred on the books of registry of the Authority maintained by the Trustee and Bonds may be delivered in physical form to the following:

(1) any successor of DTC or its nominee;

(2) any substitute depository to which the Trustee does not object, upon the resignation of DTC or its successor (or any substitute depository or its successor) from its functions as depository; or

(3) any person, upon (a) the resignation of DTC or its successor (or substitute depository or its successor) from its functions as depository, or (b) termination by the Authority, at the direction of the City, of the use of DTC (or substitute depository or its successor) pursuant to subsection (n) (i) of this Section 2.02.

(iii) Any party required to provide notice to DTC or its nominee as registered owner hereunder shall have a method to verify subsequently the use of the means and timeliness of such notice.

(iv) The Trustee, the Authority and the City shall be entitled to treat the person in whose name any Bond is registered (initially DTC or its nominee) as the absolute owner thereof for all purposes of this Indenture and any applicable laws, notwithstanding any notice to the contrary received by any of them; and the Authority, the Trustee and the City shall have no responsibility for transmitting payments to, communication with, notifying or otherwise dealing with any Beneficial Owners. Neither the Authority, the Trustee nor the City will have any responsibility or obligations, legal or otherwise, to the Beneficial Owners or to any other party including DTC or its successor (or substitute depository or its successor), except to the registered owner of any Bond on the books of the Trustee.

By purchase and acceptance of a beneficial ownership interest in a Bond, the original purchasers and any Beneficial Owner agree that the Authority, the City and the Trustee shall have no responsibility or liability for any action or inaction by DTC or any of its participants or nominees in connection with the Bonds, including but not limited to any failure on the part of DTC or any of its participants to deliver to Beneficial Owners any notice which is permitted or required to be given to the Owners under this Indenture.

SECTION 2.03. Conditions for the Issuance of Additional Bonds. At the request of the Borrower, the Authority may at any time issue additional bonds on a parity with the Bonds (“Additional Bonds”), but only subject to the following specific conditions, which are hereby made conditions precedent to the issuance of any such Additional Bonds:

(a) The Authority shall be in compliance with all agreements and covenants contained herein.

(b) The Borrower shall be in compliance with the Loan Agreement including its obligation to make appropriations for Payments and Swap Payments as provided therein.

(c) The Loan Agreement shall have been amended or supplemented to provide for payments by the Borrower sufficient to pay principal of, and interest and premium on, such Additional Bonds, and the Borrower shall have delivered its note in such amount.

(d) The DPI Agreement shall be amended, if necessary, to include the Additional Bonds.

(e) The issuance of such Additional Bonds, other than Additional Bonds issued to refund Bonds, shall not cause the ratings by the Rating Agencies on the Outstanding Bonds to be reduced.

(f) The issuance of such Additional Bonds shall have been authorized pursuant to the Act and shall have been provided for by a Supplemental Indenture which shall specify the following:

(1) The purpose for which such Additional Bonds are to be issued; provided that such Additional Bonds shall be applied solely for (i) the purpose of funding the obligation of the Borrower to the Wisconsin Retirement System, consisting of unfunded prior service liability contributions and/or for payments of all costs incidental to or connected with the issuance of Additional Bonds for such purpose, and/or (ii) the purpose of refunding any Bonds then Outstanding, including payment of all costs incidental to or connected with such refunding;

(2) The authorized principal amount and designation of such Additional Bonds;

(3) The date and the maturity dates of and the sinking fund payments dates, if any, for such Additional Bonds;

(4) The Interest Payment Dates for such Additional Bonds;

(5) The denomination or denominations of and method of numbering such Additional Bonds;

(6) The redemption premiums, if any, and the redemption terms, if any, for such Additional Bonds;

(7) The amount, if any, to be deposited from the proceeds of sale of such Additional Bonds in the Interest Account hereinafter referred to; and

(8) Such other provisions (including the requirements of a book-entry Bond registration system, if any) as are necessary or appropriate and not inconsistent herewith.

SECTION 2.04. Procedure for the Issuance of Additional Bonds. At any time after the sale of any Additional Bonds in accordance with the Act, the Authority shall execute such Additional Bonds for issuance hereunder and shall deliver them to the Trustee, and thereupon such Additional Bonds shall be delivered by the Trustee to the purchaser thereof upon the request of an Authorized Authority Representative, but only upon receipt by the Trustee of the following documents or money or securities, all of such documents dated or certified, as the case may be, as of the date of delivery of such Additional Bonds by the Trustee:

(a) An executed copy of the Supplemental Indenture authorizing the issuance of such Additional Bonds;

(b) A written request of an Authorized Authority Representative as to the delivery of such Additional Bonds;

(c) An Opinion of Counsel to the effect that (1) the Authority has executed and delivered the Supplemental Indenture, and the Supplemental Indenture is valid and binding upon the Authority and (2) such Additional Bonds are valid and binding obligations of the Authority entitled to the benefits of the Act and hereof; and such Additional Bonds have been duly and validly issued in accordance with the Act and herewith; and

(d) Such further documents, money or securities as are required by the provisions of the Supplemental Indenture providing for the issuance of such Additional Bonds.

SECTION 2.05. Special Covenants as to Book-Entry System for Auction Rate Securities. So long as Bonds are Outstanding in the form of Auction Rate Securities, such Bonds must be lodged with DTC as the Securities Depository.

(a) Transfers Outside Book-Entry System. DTC may determine to discontinue providing its services with respect to the Auction Rate Securities at any time by giving notice to the Authority and the Trustee and discharging its responsibilities with respect thereto under applicable law. The Trustee shall notify the Authority in the event any such notice is received from DTC. The Authority, at the request or with the consent of DTC and without the consent of any other Person, may terminate the services of DTC with respect to the Auction Rate Securities if the Authority or DTC determines that:

(i) DTC is unable to discharge its responsibilities with respect to the Auction Rate Securities, or

(ii) a continuation of the requirement that all of the Outstanding Auction Rate Securities be registered in the Registration Books kept by the Trustee in the name of the Nominee, or any other nominee of DTC, is not in the best interest of the Beneficial Owners of the Auction Rate Securities.

Upon the termination of the services of DTC with respect to the Auction Rate Securities pursuant to clause (ii) above, or upon any other discontinuance or termination of the services of DTC with respect to the Auction Rate Securities after which no substitute securities depository willing to undertake the functions of DTC hereunder can be found which, in the opinion of the Authority, is willing and able to undertake such functions upon reasonable and customary terms, the Trustee is obligated to deliver Auction Rate Securities at the expense of the Beneficial Owners of the Auction Rate Securities, as described the Indenture, and the Auction Rate Securities shall no longer be restricted to being registered in the registration books kept by the Trustee in the name of the Nominee of DTC, but may be registered in whatever name or names Auction Rate Security Owners transferring or exchanging Auction Rate Securities shall designate, in accordance with the provisions of this Indenture.

(b) Payments and Notices. Notwithstanding any other provision of Section 2.02 to the contrary, so long as any Auction Rate Security is registered in the name of the Nominee, all payments with respect to principal, premium, if any, and interest evidenced by such Auction Rate Security and all notices with respect to such Auction Rate Security shall be made and given, respectively, in the manner prescribed by DTC from time to time. Owners of Auction Rate Securities shall have no lien or security interest in any rebate or refund paid by DTC to the Trustee or the City which arises from the payment by the Trustee of principal of or interest on the Auction Rate Securities in immediately available funds to DTC.

(c) Tenders and Deliveries. So long as Cede & Co. is the sole registered Owner of the Auction Rate Securities, all deliveries of Auction Rate Securities shall be made pursuant to DTC's procedures as in effect from time to time, and neither the Authority or the Trustee shall have any responsibility for or liability with respect to the implementation of such procedures.

SECTION 2.06. Application of Bond Proceeds. From the proceeds of the sale of the Bonds, including the interest accrued thereon from the date thereof to the date of delivery thereof and payment therefor, there shall be deposited:

(a) with the Trustee for deposit into the Interest Account in the Bond Fund, an amount equal to the accrued interest on the Bonds from their date to the Closing Date, which, together with the interest earnings thereon, will be applied toward the payment of interest on the first Interest Payment Date on April 1, 2004;

(b) with the Trustee for deposit into the Costs of Issuance Fund, an amount sufficient to pay the Costs of Issuance of the Bonds; and

(c) with the Trustee for deposit into the Bond Proceeds Fund, the balance of the proceeds from the sale of the Bonds to be paid out in accordance with Section 6.01 of this Indenture.

SECTION 2.07. Delivery of the Bonds. The Bonds shall be executed by the Authority substantially in the form and the manner herein set forth and shall be deposited with the Trustee for authentication, but before the Bonds shall initially be authenticated and delivered by the Trustee, there shall be filed with the Trustee the following:

(a) an order executed by an Authorized Authority Representative directing the authentication and delivery of the Bonds by the Trustee to the original purchasers thereof through the facilities of DTC upon payment to the Trustee, pursuant to Section 2.04 hereof, of the purchase price therein set forth;

(b) a fully executed counterpart of this Indenture;

(c) a fully executed counterpart of the Loan Agreement;

(d) a fully executed counterpart of the DPI Agreement;

(e) a fully executed counterpart of the Market Agent Agreement;

(f) a fully executed counterpart of the Auction Agent Agreement;

(g) a fully executed counterpart of the Broker-Dealer Agreement;

(h) a fully executed counterpart of the Swap Agreement;

(i) the Insurance Policy;

(j) an opinion of Hawkins, Delafield & Wood, New York, New York, and Quarles & Brady LLP, Milwaukee, Wisconsin as to the validity of the Bonds;

(k) the fully executed MPS Note;

(l) certified copy of the resolution of the Commissioners of the Authority, authorizing issuance of the Bonds and approving other matters;

(m) certified copy of the resolution of the Borrower requesting issuance of the Bonds;

(n) certified copy of the resolution of the Common Council of the City approving issuance of the Bonds and other matters related thereto;

(o) any other document, certificate or opinion which the Trustee may reasonably request in connection with the initial issuance of the Bonds.

When the documents mentioned in clauses (a) through (o), inclusive, of this Section 2.05 shall have been filed with the Trustee, and when the Bonds shall have been executed and authenticated as required by this Indenture, the Trustee shall deliver the Bonds pursuant to the order of the Authority mentioned in clause (a) of this Section 2.05, but only upon payment to the Trustee, as set forth in Section 2.04 hereof, of the purchase price of the Bonds specified in such order.

ARTICLE III

REDEMPTION OF BONDS

SECTION 3.01. Optional Redemption. The Bonds shall be subject to redemption, or shall be issued without the option of redemption, at the option of the Authority as directed by the City, as set forth for each Series and Tranche in Schedule I hereto.

SECTION 3.02. Mandatory Sinking Fund Redemption of Bonds. Any Bonds subject to mandatory sinking fund redemption prior to maturity as provided on Schedule I shall be redeemed, in part, on April 1 of each year according to the schedule and in the Principal Amounts set forth in Schedule I, from mandatory sinking account payments, at a redemption price equal to the sum of the Principal Amount thereof, without premium, plus accrued interest thereon to the redemption date.

SECTION 3.03. Mandatory Redemption. The Bonds shall be subject to mandatory redemption prior to their respective maturity dates, at a redemption price equal to the principal amount thereof together with the accrued interest on such principal amount to the date fixed for redemption in whole at any time on any Business Day upon the declaration of acceleration of payments due under the Loan Agreement following a Loan Default Event under Section 6.1 of the Loan Agreement; *provided, however*, that if such declaration of acceleration is rescinded and annulled pursuant to Section 6.2 of the Loan Agreement, then the Bonds shall, upon such rescission and annulment, no longer be subject to such redemption by reason of such rescinded acceleration.

SECTION 3.04. Selection of Bonds to be Redeemed. If less than all Outstanding Bonds of a Series or Tranche maturing by their terms on any one date are to be redeemed at any one time, the Trustee shall select the Bonds of such Series or Tranche and maturity date to be redeemed pro rata among affected Bonds of such Series or Tranche and shall promptly notify the Authority in writing of the certificate numbers of the Bonds so selected for redemption. For purposes of such selection, Fixed Rate Bonds shall be deemed to be composed of \$5,000 multiples, Auction Rate Securities shall be deemed to be composed of \$25,000 multiples, and Capital Appreciation Bonds shall be deemed to be composed of \$5,000 multiples of their Maturity Amount, and any such multiple may be separately redeemed.

SECTION 3.05. Notice of Redemption. In the event any of the Bonds are called for redemption, without any further direction, the Trustee shall give notice, in the name and for and on behalf of the Authority by mailing a copy of the redemption notice by first class mail, postage prepaid, not less than thirty (30) days nor more than sixty (60) days prior to the date fixed for redemption to (i) the respective Owners of the Bonds designated for redemption at their addresses appearing on the registration books of the Trustee, (ii) the Securities Depository, (iii) one or more Information Services and (iv) as to Auction Rate Securities only, the Auction Agent. Notice of redemption to the Securities Depository and the Information Services shall be given by registered mail or overnight delivery or facsimile transmission. Each notice of redemption shall state the date of such notice, the redemption price, if any (including the name and address of the Trustee), the CUSIP Number and ISIN Number (if any) of the maturity or maturities, and, if less than all of any such maturity is to be redeemed, the distinctive certificate numbers of the Bonds of such maturity, to be redeemed and, in the case of Bonds to be redeemed in part only, the respective portions of the Principal Amount thereof to be redeemed. Each such notice shall also state that on said date there will become due and payable on each of said Bonds the redemption price, if any, thereof and in the case of a Bond to be redeemed in part only, the specified portion of the Principal Amount thereof to be redeemed, together with interest accrued thereon to the redemption date, and that from and after such redemption date interest thereon shall cease to accrue, and shall require that such Bonds be then surrendered at the address of the Trustee specified in the redemption notice. Failure to give notice by mailing to the Owner of any Bond designated for redemption or to any Information Service shall not affect the validity of the proceedings for the redemption of any other Bond, if notice of such redemption shall have been mailed so as to give notice substantially in the manner herein provided.

In the event of redemption of Bonds (other than sinking fund redemptions, if any), the Trustee shall mail a notice of redemption upon receipt of a written request of an Authorized Authority Representative but only after the Authority shall file a Certificate of an Authorized Authority Representative with the Trustee to the effect that on or before the date set for redemption, the Authority shall have deposited with or otherwise made available to the Trustee for deposit in the Bond Fund the money required for payment of the redemption price, including accrued interest, of all Bonds then to be called for redemption (or the Trustee determines that money will be deposited with or otherwise made available to it in sufficient time for such purpose), together with the estimated expense of giving such notice, and the notice sent by the Trustee shall include a statement to the effect that the redemption is conditioned upon the receipt of the appropriate funds required to pay the redemption price by the Trustee on or prior to the scheduled redemption date.

If notice of redemption has been duly given as aforesaid and money for the payment of the redemption price of the Bonds called for redemption is held by the Trustee, then on the redemption date designated in such notice Bonds so called for redemption shall become due and payable, and from and after the date so designated interest on such Bonds shall cease to accrue, and the Owners of such Bonds shall have no rights in respect thereof except to receive payment of the redemption price thereof.

All Bonds redeemed in whole pursuant to the provisions of this Section shall be cancelled by the Trustee and shall be destroyed with a certificate of destruction furnished to the Authority and shall not be reissued. The Authority agrees to reimburse the Trustee for costs incurred in connection with the microfilming or creation of some other permanent record relating thereto, but only from Revenues.

SECTION 3.06. Cancellation of Redeemed Bonds. Any Bonds surrendered or redeemed pursuant to the provisions of this Article III shall be forthwith cancelled by the Trustee.

ARTICLE IV

GENERAL TERMS AND PROVISIONS OF BONDS

SECTION 4.01. Execution and Authentication of Bonds. The Bonds shall be executed by the Chairperson of the Authority and attested by the Executive Director-Secretary of the Authority, or in lieu thereof, shall bear lithographed or engraved facsimiles of such officers' signatures, and shall be sealed with the seal of the Authority, or in lieu thereof shall bear a lithographed or engraved facsimile of such seal.

Bonds bearing the manual signatures of the officers of the Authority authorized to execute such Bonds in office on the date of such manual signing thereof and Bonds bearing the facsimile signatures of the officers of the Authority authorized to execute such Bonds in office on the date of the reproducing of such facsimile signature on such Bonds shall be valid obligations in accordance with their terms, notwithstanding that before the delivery thereof and payment therefor the persons whose signatures appear thereon shall have ceased to be such officers.

Only Bonds having endorsed thereon a certificate of authentication substantially in the form set forth in Exhibit A hereto, duly executed by the Trustee, shall be entitled to any right or benefit under this Indenture. No Bonds shall be valid or obligatory for any purpose unless and until such certificate of authentication shall have been duly executed by the Trustee, and such certificate of the Trustee upon a Bond shall be conclusive evidence that such Bond has been duly authenticated and delivered under this Indenture and that the Owner thereof is entitled to the benefits of this Indenture. The Trustee's certificate of authentication on any Bond shall be deemed to have been duly executed if signed by an authorized officer of the Trustee.

SECTION 4.02. Books of Registry. The Trustee shall keep or cause to be kept at its designated corporate trust office books (herein referred to as the "books of registry" or "registration books") for the registration and transfer of the Bonds. Upon presentation at its designated corporate trust office for such purpose the Trustee, under such reasonable regulations as it may prescribe, shall register or transfer, or cause to be registered or transferred, on such books of registry, the Bonds as hereinafter set forth. The books of registry shall at all times

during business hours be open for inspection by the Authority, the City and the Borrower or their duly authorized agents or representatives.

SECTION 4.03. Transfer, Registration and Exchange of Bonds. The transfer of any Bonds may be registered only upon the books of registry required to be kept by the Trustee pursuant to Section 4.02 hereof and only upon surrender thereof to the Trustee, together with an assignment duly executed by the registered owner or its agent duly authorized in writing and accompanied by a guarantee of signature, each in such form as shall be satisfactory to the Trustee. Upon any such registration of transfer the Authority shall execute and the Trustee shall authenticate and deliver in exchange for such Bonds a new Bond or Bonds registered in the name of the transferee or transferees in a like form and for a like aggregate principal amount, of any denomination or denominations authorized by this Indenture. No transfer of any Bond shall be effective until entered on the books of registry.

Any Bond surrendered in any such registration of transfer shall forthwith be cancelled by the Trustee. Any Bonds registered and transferred to a new registered Owner pursuant to this Section 4.03 shall be delivered to the Owner at the designated corporate trust office of the Trustee or sent by first class mail to the Owner at his request, risk and expense.

Bonds, upon surrender thereof at the designated corporate trust office of the Trustee together with an assignment duly executed by the Owner or his authorized agent and accompanied by a guarantee of signature, each in such form as shall be satisfactory to the Trustee, may, at the option of the Owner thereof, be exchanged for an equal aggregate principal amount of Bonds of any denomination or denominations authorized by this Indenture and in the same form as the Bonds surrendered for exchange. All Bonds so surrendered pursuant to this Section 4.03 shall forthwith be cancelled by the Trustee.

Any Bonds to be delivered to the Owner upon any such exchange shall be delivered to the Owner at the designated corporate trust office of the Trustee or sent by first class mail to the Owner thereof at his request, risk and expense.

Any taxes or other governmental charges required to be paid with respect to the registration of transfer or exchange of the Bonds shall be paid by the Owner requesting registration of such transfer or exchange, as a condition precedent to the exercise of such privilege. The Authority or the Trustee, or both, may charge the Borrower for every registration of transfer or exchange sufficient to reimburse it for any and all costs required to be paid in respect thereof.

SECTION 4.04. Lost, Stolen, Destroyed or Mutilated Bonds. In the event any Bond is lost, stolen, destroyed, wholly or in part, or so defaced as to impair its value to the Owner, the Trustee shall, upon compliance with the terms provided by law, authenticate and deliver a new Bond of like date and tenor in exchange or replacement therefor against delivery for cancellation of such mutilated Bond, or in lieu of and in replacement of a destroyed, stolen or lost Bond, and upon payment by the Owner of the reasonable fees and expenses of the Trustee and the Authority and the reasonable charges of the Trustee in connection therewith and, in the

event that the Bond is destroyed, stolen or lost, his filing with the Trustee of evidence satisfactory to it that the Bond was destroyed, stolen or lost, of his ownership thereof, and furnishing the Trustee and the Authority such security and indemnity as is satisfactory to them. Any replacement Bond issued under the provisions of this Section 4.04 in exchange or substitution for the defaced, mutilated or partly destroyed Bond or in substitution for the allegedly lost, stolen or wholly destroyed Bond shall be entitled to the identical benefits under this Indenture as was the original Bond in lieu of which such replacement Bond is issued. Each such replacement Bond shall be prepared in substantially the same manner and form as the original.

Notwithstanding the foregoing provisions of this Section 4.04, if the lost, stolen, destroyed, defaced or mutilated Bond has matured or been called for redemption and the date fixed for redemption thereof has arrived, at the option of the Trustee, payment of the amount due thereon may be made without the issuance of any replacement Bond upon receipt of like evidence, indemnity, security and payment of expenses and the surrender for cancellation of the defaced or mutilated or partly destroyed Bond and upon such other conditions as the Trustee may prescribe.

Except as provided in this sentence and as permitted in the following paragraph, any replacement Bond shall be in the form of the Bond being replaced, and be dated the date of its issuance and bear such number as shall be assigned thereto by the Trustee in accordance with Section 2.02(i) hereof. Immediately below the number assigned by the Trustee, the word "Replacement" shall be inserted to identify the Bond as a replacement Bond. The Trustee shall make an appropriate notation in the books of registry that a replacement Bond has been issued in exchange or substitution for the defaced, mutilated, lost, stolen, or wholly or partly destroyed Bond.

There may be imprinted or affixed on the face and the panel portion of any duplicate Bond a mark to identify such Bond as a replacement Bond.

Prior to arranging for the preparation or printing of a replacement Bond, the Trustee may require a deposit by the Owner to secure the Trustee and the Authority for costs and expenses incurred by them in the preparation, printing, execution and issuance of such replacement Bond.

Any amount of such deposit received by the Trustee in excess of the amount required to reimburse the Trustee or the Authority for costs and expenses shall be returned to the party which made the deposit.

Any defaced, mutilated or partly destroyed Bond surrendered to the Trustee in substitution for a new Bond pursuant to this Section 4.04 shall be cancelled by the Trustee.

SECTION 4.05. Temporary Bonds. Pending the preparation of definitive Bonds, interim receipts or certificates (herein referred to as "temporary Bonds") may initially be issued, exchangeable for definitive Bonds when the latter are ready for delivery. Such temporary

Bonds may be printed, lithographed or typewritten, shall be of such denomination or denominations as may be determined by the Authority and may contain such references to any of the provisions of this Indenture as may be appropriate. If temporary Bonds are issued, the Authority will cause to be furnished duly executed definitive Bonds without delay, and thereupon the temporary Bonds may be surrendered for cancellation at the designated corporate trust office of the Trustee in exchange for definitive Bonds and without charge for such exchange, and the Trustee shall deliver in exchange for such temporary Bonds so surrendered an equal aggregate principal amount of definitive duly executed Bonds, of authorized denominations. Until so exchanged, the temporary Bonds shall be entitled to the same benefits under this Indenture as definitive Bonds.

Nothing in this Indenture shall prevent the Authority from delivering, and the Authority is hereby expressly permitted to deliver, Bonds in typewritten form to DTC as registered owner thereof.

SECTION 4.06. Disposition of Bonds. Any Bond surrendered to the Trustee for payment shall be cancelled upon such payment by the Trustee. The Trustee shall destroy any cancelled Bond which has been paid and which bears any date two (2) years prior to the date of destruction. The Bonds shall be destroyed by burning, machine shredding, chemical disintegration or such other method as is determined by the Trustee and approved by the Authority. When the Trustee shall destroy any Bond, it shall maintain a certificate of such destruction, and upon written request by the Authority, the City or the Borrower, provide a copy of such certificate of destruction to the Authority, the City or the Borrower, as the case may be.

SECTION 4.07. Forms of Bonds. The Bonds and the authentication endorsements and assignments to appear thereon shall be substantially in the respective forms set forth as Exhibit A, B and C hereto attached and by this reference herein incorporated. The Trustee and the Authority shall not be liable for any defect or inaccuracy in any CUSIP number that appears on any Bond or in any redemption notice. The Trustee may, in its discretion, include in any redemption notice a statement to the effect that the CUSIP and or ISIN numbers, if assigned, on the Bonds have been assigned by an independent service and are included in such notice solely for the convenience of the Owners and that neither the Trustee nor the Authority shall be liable for any inaccuracies in such numbers.

ARTICLE V

AUCTION RATE BONDS

SECTION 5.01. Auction Interest Periods. After the Initial Auction Rate Period for any Bonds issued as Auction Rate Securities, each Auction Interest Period shall be that period established in accordance with the definition of Subsequent Auction Interest Period.

SECTION 5.02. Dated Date of Auction Rate Securities, Initial Accrual of Interest. Each Auction Rate Security shall be dated its Dated Date. Interest thereon shall be payable from the Interest Payment Date next preceding the date of execution thereof, unless:

(a) it is executed on an Interest Payment Date, in which event interest with respect thereto shall be payable from such Interest Payment Date, or

(b) it is executed after a Regular Record Date and on or before the following Interest Payment Date, in which event interest with respect thereto shall be payable from such Interest Payment Date; or

(c) it is executed on or before the first Regular Record Date, in which event interest with respect thereto shall be payable from its Dated Date,

provided, however, that if, as of the date of execution of any Auction Rate Security, interest is in default with respect to any Outstanding Auction Rate Security, interest on such Auction Rate Security shall be payable from the Interest Payment Date to which interest has previously been paid or made available for payment with respect to the Outstanding Auction Rate Securities.

SECTION 5.03. Interest on Auction Rate Securities - General.

(a) Auction Rate Securities shall bear interest at an Auction Rate (computed on the basis of a 360-day year and a 30-day month.

(b) Interest on Auction Rate Securities shall accrue at the Auction Rate for each Auction Rate Period and shall be payable in arrears, commencing on the Initial Interest Payment Date specified in Schedule I and, so long as each Subsequent Auction Rate Period is a Standard Auction Rate Period, on each succeeding Thursday with respect to Auction Rate Securities bearing interest on the basis of 7 Rate Period Days, or the fifth Thursday with respect to Auction Rate Securities bearing interest on the basis of 14, 21, 28 or 35 Rate Period Days thereafter, provided that, if the Authority at the direction of the City, subject to the conditions set forth in Section 5.10 of this Indenture designates a Subsequent Auction Rate Period as a Special Auction Rate Period that consists of:

(i) fewer than 92 Rate Period Days, interest shall be payable on the Thursday after the last day of such Special Auction Rate Period,

(ii) 92 or more but fewer than 183 Rate Period Days, interest shall be payable on the thirteenth Thursday after the first day of such Special Auction Rate Period and on the day after the last day of such Special Auction Rate Period, or

(iii) 183 or more Rate Period Days, interest shall be payable on each succeeding thirteenth Thursday after the first day of such Special Auction Rate Period and on the day after the last day of such Special Auction Rate Period;

(each date referred to above and in subsection (c) of this Section, subject to the following proviso, being a “Regular Interest Payment Date” for Auction Rate Securities), provided further, that, subject to Section 2.02 of this Indenture, if

(A) (1) DTC shall make available to its participants and members, in next-day funds in New York, New York, on Interest Payment Dates, the amount then due as interest or shall make available to its participants and members, in funds immediately available in New York, New York, on Interest Payment Dates, such amount, but shall not have so advised the applicable Auction Agent and the Trustee of such availability and (2)(I) such Thursday is not a Business Day, or (II) the Friday following such Thursday is not a Business Day, then the Regular Interest Payment Date shall be the first Business Day that is immediately preceded by a Business Day that falls after such Thursday, and is immediately followed by a Business Day, or

(B) (1) DTC shall make available to its participants and members, in funds immediately available in New York, New York, on Interest Payment Dates, the amount then due as interest and shall have so advised the applicable Auction Agent and the Trustee of such availability and (2) such Thursday is not a Business Day, then the Regular Interest Payment Date shall be the first Business Day that is immediately preceded by a Business Day (which need not be consecutive) that falls after such Thursday, and

at maturity, whether that date be the Stated Maturity Date, prior redemption or otherwise, and whether or not a Regular Interest Payment Date (each date of payment of interest for Auction Rate Securities being herein referred to as an “Interest Payment Date”).

(C) After any Special Auction Rate Period, interest shall be payable, subject to the last proviso of subsection (b) above, on each succeeding Thursday with respect to Auction Rate Securities bearing interest on the basis of 7 Rate Period Days or the fifth Thursday with respect to Auction Rate Securities bearing interest on the basis of 14, 21, 28 or 35 Rate Period Days after the last day of such Special Auction Rate Period, subject in each case to the option of the Authority at the direction of the City to further designate from time to time any Subsequent Auction Rate Period thereof as a Special Auction Rate Period.

(D) Notwithstanding the foregoing, so long as _____ is the Insurer for Bonds issued hereunder in the form of Auction Rate Securities, in the event that Owners of such Auction Rate Securities are at the time looking to the Policy for payments of interest thereon, the Policy may be drawn upon no more frequently than once per calendar month, and payments of interest on such Auction Rate Securities during such a period would be made no more frequently than are such drawings under the Policy.

SECTION 5.04. Interest on Auction Rate Securities During Subsequent Auction Rate Periods. The rate of interest on Auction Rate Securities during each Subsequent Auction Rate Period therefor shall be equal to the Auction Rate, provided that:

(a) if a Notice of Percentage Change and the Applicable Percentage used to determine the Maximum Auction Rate shall have been given by the applicable Market Agent in accordance with Section 5.09 of this Indenture and because of a failure to satisfy the condition set forth in clause (ii) of Section 5.09(c) of this Indenture, such adjustment shall not have taken effect, an Auction shall not be held on the Auction Date immediately preceding the next succeeding Subsequent Auction Rate Period, the rate of interest for such Subsequent Auction Rate Period shall equal the Maximum Auction Rate on such Auction Date, and the length of such Subsequent Auction Rate Period shall be 7 Rate Period Days,

(b) if a notice of Fixed Rate Conversion of the Auction Rate Securities shall have been given by the Authority in accordance with Section 5.12 of this Indenture and because of the failure to satisfy one or more of the conditions set forth in the applicable Section, such Conversion shall not have taken effect, the rate of interest for the next succeeding Subsequent Auction Rate Period shall equal the Maximum Auction Rate on the proposed effective Fixed Rate Conversion Date and the length of such Subsequent Auction Rate Period shall be 7 Rate Period Days;

(c) if on any Auction Date, an Auction is not held for any other reason, the rate of interest for the next succeeding Subsequent Auction Rate Period shall equal the Maximum Auction Rate on such Auction Date, and the length of such Subsequent Auction Rate Period shall be 7 Rate Period Days; and

(d) if a notice of a change in the length of a Standard Auction Rate Period shall have been given by the Authority at the direction of the City in accordance with Section 5.10 of this Indenture and because of a failure to satisfy the condition set forth in clause (c) of Section 5.10 of this Indenture, such change in length of the Standard Auction Rate Period shall not have taken effect, the rate of interest for the next succeeding Subsequent Auction Rate Period shall equal the Maximum Auction Rate on the proposed date of such change in length of the Standard Auction Rate Period, and the length of such Subsequent Auction Rate Period will be 7 Rate Period Days.

(e) Notwithstanding the foregoing, if

(i) the ownership of Auction Rate Securities is no longer maintained in book-entry form by the Securities Depository, no further Auctions will be held, and the applicable Auction Rate for any Subsequent Auction Rate Period commencing after the delivery of certificated securities representing the Auction Rate Securities shall equal the Maximum Auction Rate as determined by the Auction Agent on the Business Day immediately preceding the first day of such Subsequent

Auction Rate Period, and the length of such Subsequent Auction Rate Period shall be 7 Rate Period Days;

(ii) a Payment Default shall have occurred during any Auction Rate Period (other than an Auction Rate Period consisting of more than 364 Rate Period Days), the rate of interest for each Subsequent Auction Rate Period commencing thereafter to and including the Subsequent Auction Rate Period, if any, during which, or commencing less than two Business Days after all such Payment Defaults are cured, shall equal the Overdue Rate for a Standard Auction Rate Period on the first day of each such Subsequent Auction Rate Period; or

(iii) a Payment Default shall have occurred during a Special Auction Rate Period consisting of more than 364 Rate Period Days, (i) the rate of interest for the portion of such Special Auction Rate Period during which such Payment Default shall not have been cured shall equal the Overdue Rate for such Special Auction Rate Period on the day of the occurrence of such Payment Default and (ii) if such Payment Default shall have not been cured at least two Business Days prior to the next succeeding Subsequent Auction Rate Period, the rate of interest for such Subsequent Auction Rate Period and for each Subsequent Auction Rate Period commencing thereafter, to and including the Subsequent Auction Rate Period, if any, during which, or commencing less than two Business Days after, such Payment Default is cured, shall equal the Overdue Rate for such Special Auction Rate Period on the first day of each such Subsequent Auction Rate Period.

Following the Trustee's delivery of a Notice of Cure of Payment Default to the Auction Agent, the restrictions set forth in clauses (ii) and (iii) above shall be suspended and the interest rate shall be established pursuant to the Auction Procedures.

SECTION 5.05. Auction Procedures. Subject to the provisions of subsection (b) of this Section, Auctions shall be conducted on each Auction Date in the following manner:

(a) (i) Prior to the Submission Deadline on each Auction Date:

(A) each Beneficial Owner of Auction Rate Securities may submit to a Broker-Dealer by telephone or facsimile transmission information as to:

(I) the principal amount of Outstanding Auction Rate Securities, if any, held by such Beneficial Owner which such Beneficial Owner desires to continue to hold, without regard to the Auction Rate for the next succeeding Auction Rate Period;

(II) the principal amount of Outstanding Auction Rate Securities, if any, which such Beneficial Owner offers to sell, if the Auction Rate for the next succeeding Auction Rate Period shall be less than the rate per annum specified by such Beneficial Owner; and/or

(III) the principal amount of Outstanding Auction Rate Securities, if any, held by such Beneficial Owner which such Beneficial Owner offers to sell, without regard to the Auction Rate that may be set for the next succeeding Auction Rate Period; and

(B) one or more Broker-Dealers may contact Potential Beneficial Owners to determine the principal amount of Auction Rate Securities which each such Potential Beneficial Owner offers to purchase if the Auction Rate for the next succeeding Auction Rate Period shall not be less than the rate per annum specified by such Potential Beneficial Owner.

For the purposes hereof, the communication to a Broker-Dealer of information referred to in paragraphs (A) or (B) of this clause is hereinafter referred to as an "Order" and each Beneficial Owner and each Potential Beneficial Owner placing an Order is hereinafter referred to as a "Bidder;" an Order containing the information referred to (x) in paragraph (A)(I) hereof is hereinafter referred to as a "Hold Order," (y) in paragraph (A)(II) or (B) hereof is hereinafter referred to as a "Bid," and (z) in paragraph (A)(III) hereof is hereinafter referred to as a "Sell Order." The submission by a Broker-Dealer of an Order to the Auction Agent shall likewise be referred to herein as an "Order," and an Existing Owner or Potential Owner who places an Order with the Auction Agent or on whose behalf an Order is Placed with the Auction Agent shall likewise be referred to herein as a "Bidder."

(ii) (A) Subject to the provisions of subsection (b) of this Section, a Bid by a Beneficial Owner or an Existing Owner shall constitute an irrevocable offer to sell:

(I) the principal amount of Outstanding Auction Rate Securities specified in such Bid if the Auction Rate determined as provided in this Section shall be less than the rate specified therein; or

(II) such principal amount or a lesser principal amount of Outstanding Auction Rate Securities to be determined as set forth in subsection (d)(i)(D) of this Section if the Auction Rate determined as provided in this Section shall be equal to the rate specified therein; or

(III) such principal amount of Outstanding Auction Rate Securities if the rate specified therein shall be higher than the Maximum Auction Rate, or such principal amount or a lesser principal amount of Outstanding Auction Rate Securities to be determined as set forth in subsection (d)(ii)(C) of this Section if the rate specified therein shall be higher than the Maximum Auction Rate and Sufficient Clearing Bids do not exist.

(B) Subject to the provisions of subsection (b) of this Section, a Sell Order by a Beneficial Owner shall constitute an irrevocable offer to sell:

(I) the principal amount of Outstanding Auction Rate Securities specified in such Sell Order if Sufficient Clearings Bids exist; or

(II) such principal amount or a lesser principal amount of Outstanding Auction Rate Securities as set forth in clause (C) of paragraph (ii) of subsection (d) of this Section if Sufficient Clearing Bids do not exist.

(C) Subject to the provisions of subsection (b) of this Section, a Bid by a Potential Beneficial Owner or a Potential Owner shall constitute an irrevocable offer to purchase:

(I) the principal amount of Outstanding Auction Rate Securities specified in such Bid if the Auction Rate determined as provided in this Section shall be higher than the rate specified therein; or

(II) such principal amount or a lesser principal amount of Outstanding Auction Rate Securities as set forth in subsection (d)(i)(E) of this Section if the Auction Rate determined as provided in this Section shall be equal to the rate specified therein.

(b) (ii) Each Broker-Dealer shall submit in writing to the Auction Agent prior to the Submission Deadline on each Auction Date all Orders obtained by such Broker-Dealer, designating itself (unless otherwise permitted by the Authority at the direction of the City) as an Existing Owner in respect of the principal amount of Auction Rate Securities subject to Orders submitted or deemed submitted to it by Beneficial Owners or by Potential Beneficial Owners, and shall specify with respect to each such Order:

(A) the name of the Bidder placing such Order (which shall be the Broker-Dealer, unless otherwise permitted by the Authority at the direction of the City),

(B) the aggregate principal amount of Auction Rate Securities that are the subject of such Order,

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

(I) the principal amount of Auction Rate Securities, if any, subject to any Hold Order placed by such Existing Owner;

(II) the principal amount of Auction Rate Securities, if any, subject to any Bid placed by such Existing Owner and the rate specified in such Bid; and

(III) the principal amount of Auction Rate Securities, if any, subject to any Sell Order placed by such Existing Owner, and

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

(ii) If any rate specified in any Bid contains more than three figures to the right of the decimal point, the Auction Agent shall round such rate up to the next highest one thousandth (.001) of 1%.

(iii) If an Order or Orders covering all Outstanding Auction Rate Securities held by any Existing Owner is not submitted to the Auction Agent prior to the Submission Deadline, the Auction Agent shall deem a Hold Order to have been submitted on behalf of such Existing Owner covering the principal amount of Outstanding Auction Rate Securities held by such Existing Owner and not subject to an Order submitted to the Auction Agent.

(iv) None of the Authority, the Trustee or the Auction Agent shall be responsible for any failure of a Broker-Dealer to submit an Order to the Auction Agent on behalf of any Existing Owner, Beneficial Owner, Potential Owner or Potential Beneficial Owner, nor shall any such party be responsible for failure by a Securities Depository to effect any transfer or to provide the Auction Agent with current information regarding registration of transfers.

(v) If any Existing Owner submits to the Auction Agent, through a Broker-Dealer, one or more Orders covering in the aggregate more than the principal amount of Outstanding Auction Rate Securities held by such Existing Owner, such Orders shall be considered valid as follows and in the following order of priority:

(A) all Hold Orders shall be considered valid, but only up to and including in the aggregate the principal amount of Auction Rate Securities held by such Existing Owner, and if the aggregate principal amount of Auction Rate Securities subject to such Hold Orders exceeds the aggregate principal amount of Outstanding Auction Rate Securities held by such Existing Owner, the aggregate principal amount of Auction Rate Securities subject to each such Hold Order shall be reduced pro rata to cover the aggregate principal amount of Outstanding Auction Rate Securities held by such Existing Owner;

(B) (I) any Bid shall be considered valid up to and including the excess of the principal amount of Outstanding Auction Rate Securities held by such Existing Owner over the aggregate principal amount of Auction Rate Securities subject to any Hold Orders referred to in clause (A) of this paragraph (v);

(II) subject to subclause (I) of this clause (B), if more than one Bid with the same rate is submitted on behalf of such Existing Owner and the aggregate principal amount of Outstanding Auction Rate Securities subject to such Bids is greater than such excess, such Bids shall be considered valid up to and including the amount of such excess, and the principal amount of Auction Rate Securities subject to each Bid with the same rate shall be reduced pro rata to cover the principal amount of Auction Rate Securities equal to such excess;

(III) subject to subclause (I) and (II) of this clause (B), if more than one Bid with different rates is submitted on behalf of such Existing Owner, such Bids shall be considered valid first in the ascending order of their respective rates until the highest rate is reached at which such excess exists and then at such rate up to and including the amount of such excess, and

(IV) in any such event, the aggregate principal amount of Outstanding Auction Rate Securities, if any, subject to Bids not valid under this clause (B) shall be treated as the subject of a Bid by a Potential Owner at the rate therein specified, and

(C) all Sell Orders shall be considered valid up to and including the excess of the principal amount of Outstanding Auction Rate Securities held by such Existing Owner over the aggregate principal amount of Auction Rate Securities subject to Hold Orders referred to in clause (A) of this paragraph and valid Bids referred to in clause (B) of this paragraph.

(vi) If more than one Bid for Auction Rate Securities is submitted by or on behalf of any Potential Owner, each Bid submitted shall be a separate Bid with the rate and principal amount therein specified.

(vii) Any Bid or Sell Order submitted by an Existing Owner covering an aggregate principal amount of Auction Rate Securities not equal to \$25,000 or an integral multiple thereof shall be rejected and shall be deemed a Hold Order. Any Bid submitted by a Potential Owner covering an aggregate principal amount of Auction Rate Securities not equal to \$25,000 or an integral multiple thereof shall be rejected.

(viii) Any Bid submitted by an Existing Owner or a Potential Owner specifying a rate lower than the Minimum Auction Rate, if any, shall be treated as a Bid specifying the Minimum Auction Rate, if any.

(c) (i) Not earlier than the Submission Deadline on each Auction Date, the Auction Agent shall assemble all valid Orders submitted or deemed submitted to it by the Broker Dealers (each such Order as submitted or deemed submitted by a Broker-Dealer being hereinafter referred to individually as a "Submitted Hold Order," a "Submitted Bid" or a "Submitted Sell Order," as the case may be, or as a "Submitted Order") and shall determine:

(A) the excess of the total principal amount of Outstanding Auction Rate Securities over the sum of the aggregate principal amount of Outstanding Auction Rate Securities subject to Submitted Hold Orders (such excess being hereinafter referred to as the “Available Auction Rate Securities”), and

(B) from the Submitted Orders whether:

(I) the aggregate principal amount of Outstanding Auction Rate Securities subject to Submitted Bids by Potential Owners specifying one or more rates equal to or lower than the Auction Rate Securities Maximum Auction Rate,

exceeds or is equal to the sum of.

(II) the aggregate principal amount of Outstanding Auction Rate Securities subject to Submitted Bids by Existing Owners specifying one or more rates higher than the Maximum Auction Rate; and

(III) the aggregate principal amount of Outstanding Auction Rate Securities subject to Submitted Sell Orders

(in the event such excess or such equality exists (other than because the sum of the principal amounts of Auction Rate Securities in subclauses (II) and (III) above is zero because all of the Outstanding Auction Rate Securities are subject to Submitted Hold Orders), such Submitted Bids in subclause (I) above being hereinafter referred to collectively as “Sufficient Clearing Bids”), and

(C) if Sufficient Clearing Bids exist, the lowest rate specified in such Submitted Bids (the “Winning Bid Rate”) which if:

(I) (aa) each such Submitted Bid from Existing Owners specifying such lowest rate and (bb) all other Submitted Bids from Existing Owners specifying lower rates were rejected, thus entitling such Existing Owners to continue to hold the principal amount of Auction Rate Securities subject to such Submitted Bids; and

(II) (aa) each such Submitted Bid from Potential Owners specifying such lowest rate and (bb) all other Submitted Bids from Potential Owners specifying lower rates were accepted, would result in such Existing Owners described in clause (B)(1) above continuing to hold an aggregate principal amount of Outstanding Auction Rate Securities which, when added to the aggregate principal amount of Outstanding Auction Rate Securities to be purchased by such Potential

Owners described in clause (B)(II) above, would equal not less than the Available Auction Rate Securities.

(ii) Promptly after the Auction Agent has made the determinations pursuant to subsection (c)(i) hereof, the Auction Agent, by telecopy confirmed in writing, shall advise the Authority and the Trustee of the Maximum Auction Rate and the Minimum Auction Rate, if any, and the components thereof on the Auction Date and, based on such determinations, the Auction Rate for the next succeeding Auction Rate Period as follows:

(A) if Sufficient Clearing Bids exist, that the Auction Rate for the next succeeding Auction Rate Period shall be equal to the Winning Bid Rate so determined;

(B) if Sufficient Clearing Bids do not exist (other than because all of the Outstanding Auction Rate Securities are subject to Submitted Hold Orders), that the Auction Rate for the next succeeding Auction Rate Period shall be equal to the Maximum Auction Rate, which succeeding Auction Rate Period shall be 7 Rate Period Days; or

(C) if all Outstanding Auction Rate Securities are subject to Submitted Hold Orders, that the Auction Rate for the next succeeding Auction Rate Period shall be equal to the All-Hold Rate on such Auction Date.

(d) Existing Owners shall continue to hold the principal amount of Auction Rate Securities that are subject to Submitted Hold Orders, and, based on the determinations made pursuant to subsection (c)(i) of this Section, Submitted Bids and Submitted Sell Orders shall be accepted or rejected and the Auction Agent shall take such other action as set forth below:

(i) If Sufficient Clearing Bids have been made, all Submitted Sell Orders shall be accepted and, subject to the provisions of subsection (d)(iv) and (v) hereof, Submitted Bids shall be accepted or rejected as follows in the following order of priority and all other Submitted Bids shall be rejected:

(A) Any Existing Owner's Submitted Bids specifying any rate that is higher than the Winning Bid Rate shall be accepted, thus requiring each such Existing Owner to purchase the aggregate principal amount of Auction Rate Securities subject to such Submitted Bids,

(B) Any Existing Owner's Submitted Bids specifying any rate that is lower than the Winning Bid Rate shall be rejected, thus entitling each such Existing Owner to continue to hold the aggregate principal amount of Auction Rate Securities subject to such Submitted Bids,

(C) Any Potential Owner's Submitted Bids specifying any rate that is lower than the Winning Bid Rate shall be accepted, thus requiring each such

Potential Owner to purchase the aggregate principal amount of Auction Rate Securities subject to such Submitted Bids,

(D) Any Existing Owner's Submitted Bid specifying a rate that is equal to the Winning Bid Rate shall be rejected, thus entitling such Existing Owner to continue to hold the aggregate principal amount of Auction Rate Securities subject to such Submitted Bid, unless the aggregate principal amount of Outstanding Auction Rate Securities subject to all such Submitted Bids shall be greater than the principal amount of Auction Rate Securities (the "remaining principal amount") equal to the excess of the Available Auction Rate Securities over the aggregate principal amount of Auction Rate Securities subject to Submitted Bids described in clauses (B) and (C) of this paragraph (i), in which event such Submitted Bid of such Existing Owner shall be rejected in part, and such Existing Owner shall be entitled to continue to hold the principal amount of Auction Rate Securities subject to such Submitted Bid, but only in an amount equal to the aggregate principal amount of Auction Rate Securities obtained by multiplying the remaining principal amount by a fraction, the numerator of which shall be the principal amount of Outstanding Auction Rate Securities held by such Existing Owners subject to such Submitted Bid and the denominator of which shall be the sum of the principal amount of Outstanding Auction Rate Securities subject to such Submitted Bids made by all such Existing Owners that specified a rate equal to the Winning Bid Rate; and

(E) Each Potential Owner's Submitted Bid specifying a rate that is equal to the Winning Bid Rate shall be accepted but only in an amount equal to the principal amount of Auction Rate Securities obtained by multiplying the excess of the aggregate principal amount of Available Auction Rate Securities over the aggregate principal amount of Auction Rate Securities subject to Submitted Bids described in clauses (B), (C) and (D) of this paragraph by a fraction, the numerator of which shall be the aggregate principal amount of Outstanding Auction Rate Securities subject to such Submitted Bids and the denominator of which shall be the sum of the principal amount of Outstanding Auction Rate Securities subject to Submitted Bids made by all such Potential Owners that specified a rate equal to the Winning Bid Rate.

(ii) If Sufficient Clearing Bids have not been made (other than because all of the Outstanding Auction Rate Securities are subject to Submitted Hold Orders), subject to the provisions of paragraph (iv) of this subsection, Submitted Orders shall be accepted or rejected as follows in the following order of priority and all other Submitted Bids shall be rejected:

(A) Any Existing Owner's Submitted Bids specifying any rate that is equal to or lower than the Maximum Auction Rate shall be rejected, thus entitling

such Existing Owners to continue to hold the aggregate principal amount of Auction Rate Securities subject to such Submitted Bids;

(B) Any Potential Owner's Submitted Bids specifying any rate that is equal to or lower than the Maximum Auction Rate shall be accepted and any rate that is higher than the Maximum Auction Rate shall be rejected, thus requiring such Potential Owners to purchase the aggregate principal amount of Auction Rate Securities subject to such Submitted Bids; and

(C) Each Existing Owner's Submitted Bid specifying any rate that is higher than the Maximum Auction Rate and the Submitted Sell Order of each Existing Owner shall be accepted, thus entitling each Existing Owner that submitted any such Submitted Bid or Submitted Sell Order to sell the subject to such Submitted Bid or Submitted Sell Order, but in both cases only in an amount equal to the aggregate principal amount of Auction Rate Securities obtained by multiplying the aggregate principal amount of Auction Rate Securities subject to Submitted Bids described in clause (B) of this paragraph by a fraction, the numerator of which shall be the aggregate principal amount of Outstanding Auction Rate Securities held by such Existing Owner subject to such Submitted Bid or Submitted Sell Order and the denominator of which shall be the aggregate principal amount of Outstanding Auction Rate Securities subject to all such Submitted Bids and Submitted Sell Orders.

(iii) If all Outstanding Auction Rate Securities are subject to Submitted Hold Orders, all Submitted Bids shall be rejected.

(iv) If, as a result of the procedures described in paragraphs (i) or (ii) of this subsection, any Existing Owner would be entitled or required to sell, or any Potential Owner would be entitled or required to purchase, a principal amount of Auction Rate Securities that is not equal to \$25,000 or an integral multiple thereof the Auction Agent shall, in such manner as, in its sole discretion, it shall determine, round up or down the principal amount of Auction Rate Securities to be purchased or sold by any Existing Owner or Potential Owner so that the principal amount of Auction Rate Securities purchased or sold by each Existing Owner or Potential Owner shall be equal to \$25,000 or an integral multiple thereof.

(v) If, as a result of the procedures described in paragraph (ii) of this subsection, any Potential Owner would be entitled or required to purchase less than \$25,000 principal amount or an integral multiple thereof of Auction Rate Securities, the Auction Agent shall, in such manner as, in its sole discretion, it shall determine, allocate Auction Rate Securities for purchase among Potential Owners so that only Auction Rate Securities in principal amounts of \$25,000 or an integral multiple thereof are purchased by any Potential Owner, even if such allocation results in one or more of such Potential Owners not purchasing any Auction Rate Securities.

(e) Based on the results of each Auction, and in accordance with the Settlement Procedures set forth in the applicable Auction Agent Agreement, the Auction Agent shall determine the aggregate principal amount of Auction Rate Securities to be purchased and the aggregate principal amount of Auction Rate Securities to be sold by Potential Owners and Existing Owners and, with respect to each Potential Owner and Existing Owner, to the extent that such aggregate principal amount of Auction Rate Securities to be sold differs from such aggregate principal amount of Auction Rate Securities to be purchased, determine to which other Potential Owner's) or Existing Owner's) they shall deliver, or from which other Potential Owner's) or Existing Owner's) they shall receive, as the case may be, Auction Rate Securities.

SECTION 5.06. Deposit and Application of Interest Payments. The following times and dates are modified as required by the terms of any Insurance Policy applicable to the Bonds at the time payments of interest are required to be made to the respective Owner thereof. The Trustee is instructed to comply with the particular term of the Policy in order to insure timely and full payment of interest on the Bonds covered thereby,

(a) During any period while Auction Rate Securities are Outstanding, the Authority shall pay to the Trustee not later than 5:00 P.M., New York time, on the third Business Day next preceding each Regular Interest Payment Date an aggregate amount of funds available on such Regular Interest Payment Date in New York equal to the aggregate amount of interest payable on the Auction Rate Securities on such Regular Interest Payment Date.

(b) Not later than 12:15 P.M., New York time, on the third Business Day next preceding each Regular Interest Payment Date that is immediately preceded by an Auction Date, the Trustee shall determine the payment (or nonpayment, as the case may be) of the aggregate amount of interest payable on the Auction Rate Securities on such Regular Interest Payment Date. So long as no Payment Default with respect to the Auction Rate Securities has previously occurred and is continuing and the ownership of the Auction Rate Securities is maintained in book-entry form by the Securities Depository, (i) if the Trustee determines that a Payment Default has occurred, the Trustee shall immediately send a notice thereof to the Auction Agent and to the Owners of the Auction Rate Securities by telecopy or similar means, and (ii) if all such nonpayments are cured prior to 1:00 P.M., New York time, on such Regular Interest Payment Date, the Trustee shall immediately send a notice thereof to the Auction Agent and to the Owners of the Auction Rate Securities by telecopy or similar means.

(c) The Trustee shall calculate the amount of interest due and payable on each Interest Payment Date by 10:00 A.M., New York time, on the third Business Day next preceding such Interest Payment Date or date set for purchase, as the case may be and shall immediately notify the Authority of such amount. In preparing such calculation, the Trustee may rely on calculations or other services provided by the Market Agent, the Auction Agent, the Authority or any person or persons selected by the Trustee in its discretion.

SECTION 5.07. Calculation of Maximum Auction Rate, Minimum Auction Rate, All-Hold Rate and Overdue Rate During Auction Rate Period. The Auction Agent shall

calculate the Maximum Auction Rate, the All-Hold Rate and the Minimum Auction Rate, if any, on each Auction Date. If the ownership of the Auction Rate Securities is no longer maintained in book-entry form by DTC, the Auction Agent shall calculate the Maximum Auction Rate on the Business Day immediately preceding the first day of each Subsequent Auction Rate Period commencing after the delivery of certificates representing the Auction Rate Securities pursuant to Section 2.03 of this Indenture. If a Payment Default shall have occurred, the Auction Agent shall calculate the Overdue Rate (i) as of the first day of the Subsequent Auction Rate Period commencing after the occurrence of and during the continuance of such Payment Default, (ii) on the date of the occurrence of a Payment Default during a Special Auction Rate Period consisting of more than 364 Rate Period Days and (iii) as of the first day of any Subsequent Auction Rate Period commencing after the occurrence of a Payment Default to and including the Subsequent Auction Rate Period, if any, commencing less than two Business Days after all such Payment Defaults are cured.

SECTION 5.08. Notification of Payment Dates. Promptly after the Date of Interest Accrual and each Regular Interest Payment Date and in any event at least 10 days prior (unless the then current Auction Rate Period is a Standard Auction Rate Period of 7 Rate Period Days, in which case, at least 6 days prior) to the next Interest Payment Date following the Date of Accrual or such Regular Interest Payment Date, as the case may be, the Auction Agent shall advise the Trustee and any Paying Agent, so long as no Payment Default has occurred and is continuing and the ownership of the Auction Rate Securities is maintained in book-entry form by DTC, of such next succeeding Interest Payment Date and, if such next succeeding Interest Payment Date is not also a Regular Interest Payment Date, of the next succeeding Regular Interest Payment Date. In the event that any day that is scheduled to be an Interest Payment Date shall be changed after the Auction Agent shall have given the notice referred to in the preceding sentence, not later than 9:15 A.M., New York time, on the Business Day next preceding the earlier of the new Interest Payment Date or the previous Interest Payment Date, the Auction Agent will, by such means as the Auction Agent deems practicable, give notice of such change to the Trustee and to any Paying Agent, so long as no Payment Default has occurred and is continuing and the ownership of the Auction Rate Securities is maintained in book-entry form by DTC.

SECTION 5.09. Adjustment in Percentages.

(a) During any period while Auction Rate Securities are Outstanding, the Market Agent may with the consent of the Insurer adjust the percentage used in determining the Minimum Auction Rate and the Applicable Percentage used in determining the Maximum Auction Rate if any such adjustment is necessary, in the judgment of the Market Agent, to reflect any Change of Preference Law such that the Maximum Auction Rate and Minimum Auction Rate shall have substantially equal market values before and after such Change of Preference Law. In making any such adjustment, the Market Agent shall take the following factors, as in existence both before and after such Change of Preference Law, into account:

- (i) short-term taxable market rates and indices of such short-term rates

- (ii) the market supply and demand for short-term taxable securities;
- (iii) yield curves for short-term and long-term taxable securities or obligations having a credit rating that is comparable to the Auction Rate Securities;
- (iv) general economic conditions, and
- (v) economic and financial factors present in the securities industry that may affect or that may be relevant to the Auction Rate Securities.

(b) The Market Agent shall communicate its determination to adjust the percentage used in determining the Minimum Auction Rate and the Applicable Percentage used in determining the Maximum Auction Rate pursuant to subsection (a) of this Section by means of Notice of Percentage Change delivered at least 10 days prior to the Auction Date on which the Market Agent desires to effect the change to the Authority, the Trustee and the Auction Agent in substantially the form set forth herein as Appendix D.

(c) An adjustment in the percentage used to determine the Minimum Auction Rate and the Applicable Percentage used to determine the Maximum Auction Rate shall take effect on an Auction Date only if.

(i) the Trustee, the Insurer and the Auction Agent receive, by 11:00 A.M., New York time, on the Business Day immediately preceding such Auction Date, a certificate from the Market Agent by telecopy or similar means, in substantially the form of Appendix D, authorizing the adjustment of the percentage used to determine the Minimum Auction Rate and the Applicable Percentage used to determine the Maximum Auction Rate which shall be specified in such authorization, and

(ii) the Trustee, the Insurer and the Auction Agent receive by 9:30 A.M., New York time, on such Auction Date, an opinion of Bond Counsel to the effect that the adjustment in the percentage used to determine the Minimum Auction Rate and the Applicable Percentage used to determine the Maximum Auction Rate is authorized by this Agreement.

SECTION 5.10. Change in Standard Auction Rate Period.

(a) While any Auction Rate Securities are Outstanding, the Authority at the direction of the City, at its option, with the consent of the Insurer, may from time to time on any Interest Payment Date change the length of the Standard Auction Rate Period on all or a portion of any Auction Rate Securities from one period to another in order to accommodate economic and financial factors that may affect or be relevant to the length of the Standard Auction Rate Period and the interest rate home by such Auction Rate Securities. The Authority at the direction of the City shall initiate the change in the length of a Standard Auction Rate Period by giving written notice to the Trustee, the Auction Agent, the Broker-Dealers, the Insurer and the Securities Depository that the Standard Auction Rate Period will change if the conditions

described below are satisfied and the proposed effective date of the change, at least ten Business Days prior to the Auction Date for such Standard Auction Rate Period and that such Auction Rate Securities are subject to mandatory tender for purchase on the Interest Payment Date immediately following the Auction Date on which there has been a successful Auction of such Auction Rate Securities for the first Standard Auction Rate Period.

(b) The change in the length of a Standard Auction Rate Period shall not be allowed unless Sufficient Clearing Bids existed at both the Auction before the date which the notice of the proposed change was given as provided in (a) above and the Auction immediately preceding the proposed change.

(c) The change in length of a Standard Auction Rate Period shall take effect only if (A) the Trustee and the Auction Agent receive by 11:00 a.m., New York time, on the Business Day before the Auction Date for the first such Standard Auction Rate Period, a certificate from the Authorized Authority Representative, authorizing the change in the length of the Standard Auction Rate Period specified in such certificate, and (B) Sufficient Clearing Bids exist at the Auction on the Auction Date for such first Standard Auction Rate Period. If the condition referred to in (A) above is not met, the Auction Rate for the next Auction Rate Period shall be determined pursuant to the Auction Procedures and the Auction Rate Period shall be the Auction Rate Period determined without reference to the proposed change. If the condition referred to in (B) above is not met, the Auction Rate for the next Auction Rate Period shall be the rate in effect for the proceeding Auction Period, and the Standard Auction Rate Period shall be 7 Rate Period Days.

(d) Any Auction Rate Securities for which the Standard Auction Rate Period is changed shall be subject to mandatory tender for purchase on the Interest Payment Date immediately following the Auction Date on which there has been a successful Auction of such Auction Rate Securities (subject to the availability of fund sufficient to pay the Tender Price of such Auction Rate Securities having been provided to the Trustee through the Remarketing of such Securities) at a price equal to the principal amount being tendered and accrued interest thereon.

SECTION 5.11. Designation of Special Auction Rate Periods.

(a) The Authority at the direction of the City, at its option, with the consent of the Insurer, may designate any succeeding Subsequent Auction Rate Period as a Special Auction Rate Period. A designation of a Special Auction Rate Period shall be effective only if (i) notice thereof shall have been given in accordance with subsection (c) and subsection (d)(i) of this Section, (ii) an Auction shall have been held on the Auction Date for such Special Auction Rate Period and Sufficient Clearing Bids shall have existed in such Auction, and (iii) if any notice of redemption shall have been mailed by the Trustee, the related redemption price shall be on deposit with the Trustee.

(b) In the event the Authority at the direction of the City wishes to designate a Subsequent Auction Rate Period as a Special Auction Rate Period, but the day following what

would otherwise be the last day of such Special Auction Rate Period is not a Thursday that is a Business Day, then the Authority at the direction of the City shall designate such Subsequent Auction Rate Period as a Special Auction Rate Period consisting of the period commencing on the first day following the end of the immediately preceding Auction Rate Period and ending on the first preceding day that is followed by a Thursday that is a Business Day preceding what would otherwise be such last day.

(c) If the Authority at the direction of the City proposes to designate any succeeding Subsequent Auction Rate Period as a Special Auction Rate Period pursuant to subsection (a) of this Section, not less than 20 (or such lesser number of days as may be agreed to from time to time by the Auction Agent and the Insurer) nor more than 30 days prior to the date the Authority at the direction of the City proposes to designate as the first day of such Special Auction Rate Period (which shall be the day that would otherwise be the first day of the next succeeding Auction Rate Period), the Authority at the direction of the City shall give written notice thereof to the Trustee, the Insurer, the Auction Agent, the Market Agent and the Securities Depository. Each such notice shall state (i) that the Authority at the direction of the City may exercise its option to designate a succeeding Subsequent Auction Rate Period as a Special Auction Rate Period, specifying the first and last days thereof, and the conditions thereto and (ii) that the Authority at the direction of the City will, by 11:00 A.M., New York time, on the second Business Day next preceding the first day of such proposed Special Auction Rate Period (or by such later time or date, or both, as may be agreed to by the Auction Agent) notify the Auction Agent of either (x) its determination, to exercise such option, in which case, the Authorized Authority Representative shall specify the Special Auction Rate Period designated, or (y) its determination not to exercise such option.

(d) No later than 11:00 A.M., New York time, on the second Business Day next preceding the first day of any proposed Special Auction Rate Period as to which notice has been given as set forth in subsection (c) of this Section (or such later time or date, or both, as may be agreed to by the Auction Agent), the Authorized Authority Representative shall deliver to the Auction Agent either:

(i) (A) a notice stating (1) that the Authority at the direction of the City has determined to designate the next succeeding Auction Rate Period as a Special Auction Rate Period, specifying the same and the first day thereof, (2) the Auction Date immediately prior to the first day of such Special Auction Rate Period, (3) that such Special Auction Rate Period shall not commence if (x) an Auction shall not be held on such Auction Date for any reason or (y) an Auction shall be held on such Auction Date but Sufficient Clearing Bids shall not exist in such Auction, (4) the Regular Interest Payment Dates during such Special Auction Rate Period and (B) an opinion of Bond Counsel to the effect that such designation of a Special Auction Rate Period is authorized by this Trust Agreement, or

(ii) a notice stating that the Authority at the direction of the City has determined not to exercise its option to designate a Special Auction Rate Period and that the next succeeding Auction Rate Period shall be a Standard Auction Rate Period.

(e) If the Authority at the direction of the City fails to deliver either of the notices or the opinion described in subsection (d)(i) or (ii) of this Section with respect to any designation of any proposed Special Auction Rate Period to the Auction Agent by 11:00 A.M., New York time, on the second Business Day next preceding the first day of such proposed Special Auction Rate Period (or by such later time or date, or both, as may be agreed to by the Auction Agent), the Authority at the direction of the City shall be deemed to have delivered a notice to the Auction Agent with respect to such Special Auction Rate Period to the effect set forth in paragraph (ii) of subsection (d) of this Section.

SECTION 5.12. Conversion of Auction Rate Securities to Fixed Interest Rate Bonds. (a) At the option of the Authority at the direction of the City, with the prior written consent of the Insurer, the Qualified Swap Counterparty and the Swap Policy Provider (if the affected Auction Rate Securities are covered by a Qualified Swap Agreement), all but not less than all of any Series of Bonds may be converted from Auction Rate Securities to Fixed Rate Bonds as follows:

(i) The Fixed Rate Conversion Date shall be an Interest Payment Date.

(ii) The Authority at the direction of the City shall give written notice of any such conversion to the Trustee, the applicable Auction Agent, the Insurer, the Qualified Swap Counterparty and the Swap Policy Provider (if applicable) and the applicable Broker-Dealer not less than fifteen (15) days nor more than thirty (30) days prior to the date on which the Trustee is required to notify the affected Owners of the conversion of the applicable Tranche or Series pursuant to subparagraph (iii) immediately below. Such notice shall specify the proposed Fixed Rate Conversion Date of the applicable Tranche and the principal amount of Auction Rate Securities to be converted to Fixed Rate Bonds bearing interest at fixed interest rates. Together with such notice, the Authority at the direction of the City shall file with the applicable Broker-Dealer and the Trustee a form of Opinion of Counsel addressed to the Broker Dealer, the Trustee, the Authority and the Insurer to the effect that the conversion of the Auction Rate Securities of the applicable Tranche to fixed interest rates will not adversely affect the validity of the Fixed Rate Bonds under State law. No conversion shall become effective unless on or before the proposed Fixed Rate Conversion Date the Authority at the direction of the City shall also file with the Trustee an Opinion of Counsel addressed to the Trustee, the Authority and the Insurer substantially in the form described in the immediately preceding sentence, dated the Fixed Rate Conversion Date.

(iii) Not fewer than forty (40) days prior to the Fixed Rate Conversion Date established for the applicable Series or Tranche, the Trustee shall mail a written notice of the conversion to the Owners of all Auction Rate Securities (with a copy to the Insurer

and the Auction Agent) of the applicable Series or Tranche to be converted, which notice shall:

- (1) specify the Fixed Rate Conversion Date established for the applicable Bonds,
- (2) notify such Owners that the Auction Rate Securities of the applicable Series or Tranche to be converted will be subject to mandatory tender for purchase on such Fixed Rate Conversion Date at a price equal to 100% of the principal amount of such Auction Rate Securities, plus interest accrued and unpaid with respect thereto, if any, to but not including the Fixed Rate Conversion Date;
- (3) notify such Owners that in the event of a failed conversion, or in the event the Authority at the direction of the City exercises its right of election to revoke the conversion pursuant to subparagraph (v) below, such Auction Rate Securities will not be subject to mandatory tender, will be returned to their Owners, will automatically convert to the Auction Interest Period in effect immediately prior to the Fixed Rate Conversion Date and will bear interest at the Maximum Auction Rate;
- (4) set forth the time, the place and the manner for tendering such Auction Rate Securities for purchase, and
- (5) set forth any other matters required to be stated pursuant to this paragraph.

(iv) Not later than 12:00 noon, New York time, on the Business Day immediately preceding the Fixed Rate Conversion Date established for the applicable Series or Tranche, at the direction of the Authority at the direction of the City, the applicable Broker-Dealer shall determine, by offering for sale and using at least its best efforts to find purchasers for the Tranches of Auction Rate Securities which are to be converted to Fixed Rate Bonds:

- (1) the fixed interest rate(s) applicable to such Bonds after such Fixed Rate Conversion Date;
- (2) the allocation of such Bonds between Serial Bonds and Term Bonds, which allocation shall be made in such manner as shall:
 - A. produce the lowest aggregate interest payable with respect to the Auction Rate Securities to be converted to Fixed Rate Bonds,
 - B. establish mandatory Redemption Dates and related principal amounts for Serial Bonds, if any, and establish

mandatory redemption dates and related Principal Amounts for Term Bonds other than Serial Bonds, if any, which are consistent, on a pro rata basis, with the principal of such Bonds prior to such Fixed Rate Conversion Date; subject to the Insurer's approval,

C. permit Bond Counsel to render the opinion described in subparagraph (ii) above;

provided, however, that if Bond Counsel is unable to render such opinion because of the allocation procedures set forth in this subparagraph (iv), all such converted Bonds shall be redesignated as Serial Bonds with mandatory redemption dates and related principal amounts which are consistent, on a pro rata basis, with the applicable principal of such Bonds prior to the Fixed Rate Conversion Date, subject to the Insurer's approval of the new redemption dates and principal amounts.

Such determination shall be conclusive and binding upon the Authority, the Trustee and the Owners of the Auction Rate Securities of the applicable Series or Tranche to be converted to which such rate or rates will be applicable. Not later than 5:00 p.m., New York time, on the date of determination of the fixed interest rate(s), as provided in the first sentence of this subparagraph, the applicable Broker-Dealer shall notify the Authority and the Trustee of the following by facsimile notice:

(3) the aggregate principal amount of the Bonds bearing interest at Fixed Rates as a result of such Fixed Rate Conversion;

(4) a schedule of the mandatory redemption dates and related principal amounts of converted Bonds which the Authority at the direction of the City has redesignated as Serial Bonds and which the Insurer has approved; and

(5) a schedule of the mandatory redemption dates and related principal amounts of converted Bonds which are to be Term Bonds, if any, and which the Insurer has approved.

If necessary or appropriate in the Opinion of Counsel, the Authority shall execute and deliver a supplement to this Indenture setting forth, among other things, the terms of the Fixed Rate Bonds,

(v) The Authority as directed by the City may revoke its election to effect a conversion of the applicable Series or Tranche of the Auction Rate Securities to Fixed Rate Bonds by giving written notice of such revocation to the Trustee, the Insurer, the Qualified Swap Provider (if applicable), the Swap Policy Provider (if applicable), and the applicable Broker-Dealer and at any time prior to the Business Day immediately preceding the Fixed Rate Conversion Date.

(vi) Auction Rate Securities of the applicable Series or Tranche which are to be converted to Fixed Rate Bonds shall be subject to mandatory tender for purchase on a proposed Fixed Rate Conversion Date (subject to the availability of funds sufficient to pay the Tender Price of such Auction Rate Securities having been provided to the Trustee through the remarketing of such Bonds) at a price equal to 100% of the principal amount of such Auction Rate Securities, if any, plus interest accrued and unpaid with respect thereto to, but not including, the Fixed Rate Conversion Date.

(vii) If on a proposed Fixed Rate Conversion Date, any condition precedent to such conversion required under this paragraph shall not be satisfied, the Trustee shall give written notice by first-class mail, postage prepaid, as soon as practicable and in any event not later than the next succeeding Business Day to the Owners of the applicable Series or Tranche to be converted that such conversion has not occurred, that the particular Auction Rate Securities to be converted shall not be purchased on the failed Fixed Rate Conversion Date, that the Auction Agent shall continue to implement the Auction Procedures on the Auction Dates with respect to the Auction Rate Securities which otherwise would have been converted, excluding, however, the Auction Date falling on the Business Day next preceding the failed Fixed Rate Conversion Date, and that the interest rate with respect to the affected Bonds shall continue to be the applicable Auction Rate, provided, however, that the interest rate on the Auction Rate Securities during the Auction Interest Period commencing on such failed Fixed Rate Conversion Date shall be the Maximum Auction Rate until the next scheduled Auction Date.

(b) Purchase of Auction Rate Securities.

(1) Mandatory Tender for Purchase Upon Conversion to Fixed Interest Rates. The Auction Rate Securities shall be subject to mandatory tender for purchase if at any time the Trustee gives written notice mailed to the Owners of the affected Auction Rate Securities, in accordance with the procedures set forth in subsection (2) immediately below, that, at the option of the Authority as directed by the City, particular Auction Rate Securities are to be converted to a Fixed Rate pursuant to the provisions of the immediately preceding paragraph; subject to the availability of funds sufficient to pay the Tender Price of such Auction Rate Securities having been provided to the Trustee through the remarketing of such Auction Rate Securities. The Auction Rate Securities of such Series or Tranche subject to mandatory tender shall be purchased or deemed purchased at the Tender Price.

(2) Notice of Mandatory Tender for Purchase. In connection with any mandatory tender for purchase of any Auction Rate Securities of any Series or Tranche in accordance with the immediately preceding paragraphs, the Trustee shall give written notice to the affected Owners and to the Auction Agent by facsimile transmission, to be received no later than 2:00 p.m. New York time, on the day the notice is sent:

A. that the Tender Price of any Auction Rate Security subject to mandatory tender for purchase shall be payable only upon surrender of that Auction Rate Security to the Trustee at its Principal Office for delivery of Auction Rate Securities, accompanied by an

instrument of transfer, in form satisfactory to the Trustee, executed in blank by the duly authorized attorney for such Owner or Owners, with such signature guaranteed in the manner set forth in the form attached to the Auction Rate Securities;

B. that, provided that moneys sufficient to effect such purchase have been provided through the remarketing of such Auction Rate Securities by the applicable Broker-Dealer, and provided that the Authority as directed by the City has not exercised its right of election to revoke the conversion pursuant to paragraph (a)(v) of this Section, Auction Rate Securities subject to mandatory tender for purchase shall be purchased on the Tender Date;

C. that if any Owner of an Auction Rate Security subject to mandatory tender for purchase does not in fact surrender such Auction Rate Security to the Trustee for purchase on the Tender Date, then such Auction Rate Security, on and after such Tender Date, shall be deemed to be an Undelivered Auction Rate Security, that no interest shall accrue with respect to such Auction Rate Security on and after such Tender Date and that the Auction Rate Security shall have no rights under the Indenture other than to receive payment of the Tender Price; and

D. that, in the event moneys sufficient to pay the Tender Price of such Auction Rate Securities have not been provided to the Trustee through the remarketing of such Auction Rate Securities, such Auction Rate Securities shall not be purchased or deemed purchased and shall continue to have interest accrue with respect thereto as if such failed purchase had not occurred.

If the circumstances described in subparagraph D above should occur, then the affected Auction Rate Securities shall not be purchased or deemed purchased and shall continue to have interest accrue thereon as described in subparagraph D above. The Insurance Policy may not be drawn upon to purchase any Auction Rate Securities hereunder.

(3) Undelivered Auction Rate Securities. The following provisions shall apply to Auction Rate Securities not delivered by a date established for its surrendered, properly endorsed by its Owner (each, an “Undelivered Auction Rate Security”):

A. The Trustee may refuse to accept delivery of any Undelivered Auction Rate Security for which a proper instrument of transfer has not been provided, provided, however, that such refusal shall not affect the validity of the purchase of such Undelivered Auction Rate Security.

B. If funds in the amount of the purchase price of the Undelivered Auction Rate Security are available for payment to the Owners thereof on the Tender Date and at the time specified, then, from and after the Tender Date and time of such required delivery

(1) such Undelivered Auction Rate Security shall be deemed to be purchased and shall no longer be deemed to be Outstanding under this Trust Agreement,

(2) interest shall no longer accrue with respect to such Undelivered Auction Rate Security; and

(3) funds in the amount of the purchase price of the Undelivered Auction Rate Security shall be held uninvested by the Trustee for the benefit of the Owner thereof (provided that such Auction Rate Security shall have no right to any investment proceeds derived from such funds), to be paid on delivery (and proper endorsement) of such Undelivered Auction Rate Security to the Trustee at its Principal Office for delivery of the Auction Rate Securities. Any money which the Trustee segregates and holds in trust for the payment of the Tender Price of any Auction Rate Security which remains unclaimed for two years after the date of purchase shall be paid to the Authority. After the payment of such unclaimed money to the Authority, the former Owner of such Auction Rate Security shall look only to the Authority for the payment of the Tender Price. The Authority shall not be liable for any interest on unclaimed money and shall not be regarded as a trustee of such money.

(c) Determination by Trustee; Notice of Tender. For purposes of this Section, the Trustee shall determine timely and proper delivery of Auction Rate Securities and the proper endorsement of Auction Rate Securities delivered. Such determination shall be binding on the Owners of such Auction Rate Securities, the Authority, and the Broker-Dealer, absent manifest error.

SECTION 5.13. Transfer and Exchange of Auction Rate Securities.

(a) The registration of any Auction Rate Security may, in accordance with its terms, be transferred upon the Registration Books by the Person in whose name it is registered, in Person or by his attorney duly authorized in writing upon surrender of such Auction Rate Security for cancellation at the Office of the Trustee, accompanied by delivery of a written instrument of transfer in a form acceptable to the Trustee, duly executed. Whenever any Auction Rate Security shall be surrendered for registration of transfer, the Trustee shall execute and deliver a new Auction Rate Security or Auction Rate Securities for a like aggregate principal amount in authorized denominations. The Trustee shall require the payment by the Auction Rate Security Owners requesting such transfer of any tax or other governmental charge required to be paid with respect to such transfer. The cost of printing any Auction Rate Securities and any services rendered or any expenses incurred by the Trustee in connection with any transfer shall be paid by the Authority. The Trustee shall not be required to transfer:

(i) any Auction Rate Securities during the period between the date fifteen (15) days prior to the date of selection of Auction Rate Securities for redemption and such date of selection, or

(ii) any Auction Rate Securities selected for redemption.

(b) Auction Rate Securities may be exchanged, upon surrender thereof, at the Office of the Trustee for a like aggregate principal amount of Auction Rate Securities of other Authorized Denominations of the same maturity. Whenever any Auction Rate Security or

Auction Rate Securities shall be surrendered for exchange, the Trustee shall execute and deliver a new Auction Rate Security or Auction Rate Securities for like aggregate principal amount in Authorized Denominations. The Trustee shall require the payment by the Auction Rate Security Owners requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange. The cost of printing any Auction Rate Securities and any services rendered or any expenses incurred by the Trustee in connection with any exchange shall be paid by the Authority. The Trustee shall not be required to exchange:

(i) any Auction Rate Securities during the period between the date fifteen (15) days prior to the date of selection of Auction Rate Securities for redemption and such date of selection, or

(ii) any Auction Rate Securities selected for redemption.

SECTION 5.14. Market Agent. The Authority hereby authorizes and expressly directs the Trustee, as agent for the Beneficial Owners of the Auction Rate Securities, to enter into a Market Agent Agreement relating to any Auction Rate Securities with a Market Agent with the consent of the Insurer. The Market Agent shall serve in such capacity under the terms and provisions hereof and of the applicable Market Agent Agreement. The Market Agent shall be a member of the National Association of Securities Dealers, Inc., having capitalization of at least \$25,000,000, and be authorized by law to perform all the duties imposed upon it by this Indenture and the Market Agent Agreement. The Market Agent will promptly resign following receipt of a request by the Trustee or the Insurer (with a copy to any Qualified Swap Provider, any Swap Policy Provider, the Authority and the Trustee) or at any time, with the prior written consent of the Insurer, upon and pursuant to the written direction of the Authority or the Beneficial Owners of at least two-thirds of the aggregate principal amount of the Auction Rate Securities then Outstanding filed with the Market Agent, the Insurer, any Qualified Swap Provider, any Swap Policy Provider, and the Authority, provided that such removal shall not take effect until the appointment by the Authority of a substitute Market Agent and the successors acceptance of their duties and obligations pursuant to appropriate documentation. The Market Agent may also resign upon 30 days' prior written notice delivered to the Trustee, provided that such resignation shall not take effect until the appointment by the Authority of a substitute Market Agent. If the Authority is unable to appoint a substitute Market Agent within 30 days following receipt of such written notice of resignation, the Market Agent may petition the appropriate court having jurisdiction to appoint a substitute Market Agent. Notwithstanding the provisions of this paragraph, the Market Agent may be removed at any time, at the request of the Authority as directed by the City with the consent of the Insurer, for any breach of its obligations under Section 5.14 of this Trust Agreement or under the Market Agent Agreement. Any substitute Market Agent must be approved by the Insurer.

The periodic fees of the Market Agent shall be invoiced to the Trustee with a copy to the Authority, and Paid from the Service Account.

The Trustee shall not be liable under any circumstances for any action taken, suffered or omitted by the Market Agent and shall be indemnified as set forth herein.

SECTION 5.15. Auction Agent.

(a) The Authority authorizes and expressly directs the Trustee, as agent for the Beneficial Owners of the Auction Rate Securities, to enter into an Auction Agent Agreement relating to Auction Rate Securities with a designated Auction Agent, including any Auction Agent for Auction Rate Securities as may be appointed on Schedule I hereto. Any Auction Agent shall be:

(i) subject to the written approval of the applicable Broker-Dealer and the Insurer; and either:

(A) a bank or trust company duly organized under the laws of the United States of America or any state or territory thereof having its principal place of business in New York, New York, or such other location as approved by the Trustee and the Market Agent in writing and having a combined capital stock or surplus of at least \$15,000,000, or

(B) a member of the National Association of Securities Dealers, Inc., having a capitalization of at least \$15,000,000,

and, in either case, authorized by law to perform all the duties imposed upon it under the applicable Auction Agent Agreement and Section 5.05 hereof. The Auction Agent may at any time resign and be discharged of its duties as Auction Agent and obligations under the Auction Agent Agreement by giving at least 90 days' prior notice to the Trustee, the Authority, the Insurer, any Qualified Swap Provider, any Swap Policy Provider and the Market Agent. The Auction Agent may be removed at any time by a request of the Trustee or the Insurer (with a copy to the Trustee and the Authority) and upon thirty - days notice to the Auction Agent or upon the written direction of the Authority or, with the prior written consent of the Insurer, any Qualified Swap Provider (if applicable), any Swap Policy Provider (if applicable), the Beneficial Owners of at least two-thirds of the aggregate principal amount of the Auction Rate Securities then Outstanding, by an instrument signed by such Beneficial Owners or their attorneys and filed with the Auction Agent, the applicable Broker-Dealer, the Trustee, the Insurer, any Qualified Swap Provider (if applicable), any Swap Policy Provider (if applicable), and the Market Agent upon at least 30 days' prior notice. Neither resignation nor removal of the Auction Agent pursuant to the provisions of the preceding two sentences shall be effective until and unless a Substitute Auction Agent has been appointed and has accepted such appointment. A substitute Auction Agent Agreement shall be entered into with any substitute Auction Agent. Notwithstanding the foregoing, the Auction Agent may terminate the Auction Agent Agreement if, within 45 days after notifying the Trustee, the applicable Broker-Dealer, the Authority, the Insurer and the Market Agent in writing that it has not received payment of any Auction Agent Fee due it in accordance with the terms of the Auction Agent Agreement, the Auction Agent does not receive such payment. The Trustee shall not be liable for any action taken, suffered or omitted by the Auction Agent.

(b) The periodic fees of the Auction Agent shall be invoiced to the Trustee, with a copy to the Authority, and paid from the Service Account.

(c) If the Auction Agent shall resign or be removed or be dissolved, or if the property or affairs of the Auction Agent shall be taken under the control of any state or federal court or administrative body because of bankruptcy or insolvency, or for any other reason, the Trustee, at the direction of the Authority, with the consent of the Insurer, the Qualified Swap Provider (if applicable), the Swap Policy Provider (if applicable), shall use its best efforts to appoint a substitute Auction Agent for such Series of Bonds.

(d) The Auction Agent is acting as agent for the Beneficial Owners of the Auction Rate Securities in connection with Auctions. In the absence of bad faith, negligent failure to act or negligence on its part, the applicable Auction Agent shall not be liable for any action taken, suffered or omitted or any error of judgment made by it in the performance of its duties under the Auction Agent Agreement and shall not be liable for any error of judgment made in good faith unless the Auction Agent shall have been guilty of gross negligent in ascertaining (or failing to ascertain) the pertinent facts.

(e) Notwithstanding the provisions of paragraph (a) of this Section, the Auction Agent may be removed at any time, at the request of the Authority as directed by the City, with the consent of the Insurer, the Qualified Swap Provider (if applicable) and the Swap Policy Provider (if applicable), for any breach of its obligations under the related Auction Agent Agreement.

SECTION 5.16. Broker-Dealers.

(a) The Auction Agent will enter into a Broker-Dealer Agreement with a Broker-Dealer for the Auction Rate Securities, including any Broker-Dealer Agreement with a Broker-Dealer appointed on Schedule I hereto. The Authority as directed by the City may, from time to time, with the consent of the Insurer approve one or more additional Persons to serve as Broker-Dealers under Broker-Dealer Agreements and shall be responsible for providing such Broker-Dealer Agreements to the Trustee and the applicable Auction Agent, with the consent of the Original Purchaser of the Bonds, promptly following the execution thereof.

(b) The periodic fees of the Broker-Dealer shall be invoiced to the Trustee, with a copy to the Authority, and paid from the Service Account

(c) Any Broker-Dealer may be removed at any time, at the request of the Authority as directed by the City, for any breach of its obligations hereunder or under the Broker-Dealer Agreement, provided that at least one Broker-Dealer Agreement must be in effect immediately following such removal.

SECTION 5.17. No Authority or Trustee Liability for Auction Failures. Neither the Authority nor the Trustee shall be responsible for any failure of a Broker-Dealer to submit an Order (as defined in the applicable Auction Agent Agreement) to the Auction Agent

on behalf of any Owners or prospective Owners, nor shall the Authority nor the Trustee be responsible for failure by any Securities Depository to effect any transfer or to provide the Auction Agent with current information regarding registration of transfers. The Authority shall have no liability if there are not Sufficient Clearing Bids (as such term is defined in the applicable Auction Agent Agreement) from time to time pursuant to the Auction Procedures.

ARTICLE VI

ESTABLISHMENT OF THE BOND PROCEEDS FUND AND COSTS OF ISSUANCE FUND

SECTION 6.01. Bond Proceeds Fund. There is hereby created and established a special trust fund to be designated the “Milwaukee Public Schools Bond Proceeds Fund” (hereinafter referred to as the “Bond Proceeds Fund”). The Trustee shall hold and administer the Bond Proceeds Fund.

There shall be deposited into the Bond Proceeds Fund the amount of \$_____, which represents the amount of the proceeds of the sale of the Bonds, less original issue discount (exclusive of accrued interest thereon from their date to the Closing Date) and less the amount to be deposited into the Costs of Issuance Fund, which, pursuant to Section 2.03(b) of this Indenture, is to be used and applied to the payment of the cost of the Pension Funding Plan.

The moneys on deposit from time to time in the Bond Proceeds Fund shall be held under and subject to this Indenture; shall be subject to the liens, pledges, charges, assignments and trusts created hereby for the security and benefit of the Owners of the Bonds; and, together with interest earned thereon, shall be used and applied solely to the payment of the cost of the Pension Funding Plan. The Trustee shall pay from the Bond Proceeds Fund on _____, _____, to the Wisconsin Retirement System the amount of \$_____.

SECTION 6.02. Costs of Issuance Fund. There is hereby created and established a special trust fund to be designated the “Milwaukee Public Schools Costs of Issuance Fund” (hereinafter referred to as the “Cost of Issuance Fund”). The Trustee shall hold and administer the Costs of Issuance Fund.

There shall be deposited into the Costs of Issuance Fund the amount of \$_____, which is to be applied to the payment of the Costs of Issuance.

SECTION 6.03. Investment of Funds. Moneys in the Bond Proceeds Fund and Costs of Issuance Fund shall be invested and reinvested by the Trustee pursuant to the same provisions applicable to the investment of moneys in the Bond Fund as provided for in Section 7.04 hereof.

ARTICLE VII

CREATION OF BOND FUND AND ACCOUNTS; APPLICATION AND INVESTMENT OF REVENUES

SECTION 7.01. Creation of Bond Fund and Accounts.

(a) The following Bond Fund and accounts, each of which shall be a special fund or account to be held by the Trustee, are hereby created and designated as set forth below:

Bond Fund

- (i) Interest Account
- (ii) Principal Account
- (iii) Redemption Account
- (iv) Service Account, and
- (v) Surplus Account

The designation of the Fund and each account set forth above shall include the term “Milwaukee Public Schools”. The Fund and each account is, however, sometimes referred to as set forth above.

(b) The Bond Fund and accounts therein shall be held in the custody of the Trustee. All moneys required to be deposited with or paid to the Trustee under any provision of this Indenture shall be held by the Trustee in trust and applied only in accordance with the provisions of this Indenture and shall be trust funds for the purposes of this Indenture.

The Trustee shall establish and maintain within the Principal Account a separate subaccount for the Term Bonds of each Series and maturity, designated as the “____ Mandatory Sinking Account” (each, a “Mandatory Sinking Account”), inserting therein the maturity and Series (if more than one such account is established for such series) designation of such Bonds. With respect to each Mandatory Sinking Account, on each Principal Payment Date for the applicable Term Bonds, the Trustee shall apply the mandatory sinking account payment required on that date to the redemption (or payment at maturity, as the case may be) of Term Bonds of the series and maturity for which such Mandatory Sinking Account was established, upon the notice and in the manner provided in Article III.

All money in the Principal Account shall be used and withdrawn by the Trustee solely for the purpose of paying the principal of the Bonds as they shall become due and payable, whether at maturity or redemption, except that any money in any Mandatory Sinking Account shall be used and withdrawn by the Trustee only to purchase or to redeem or to pay Term Bonds for which such Mandatory Sinking Account was created.

SECTION 7.02. Deposit of Loan Payments. The Trustee shall deposit the Loan Payments (including State Aid remitted by DPI to the Trustee as Loan Payments) or other

money set forth below in the Bond Fund and credit the accounts therein set forth below in the order set forth below:

(a) On or before January 1 in each year, into the Bond Fund for credit to the Interest Account and Principal Account therein, the amounts required, together with other funds available therefor in the Interest Account and Principal Account in the Bond Fund, to pay the interest and principal payable on the Outstanding Bonds due in the period from the following April 1 through the following September 30.

(b) On or before August 1 in each year, into the Bond Fund for credit to the Interest Account and Principal Account therein, the amounts required, together with other funds available therefor in the Interest Account and Principal Account in the Bond Fund, to pay the interest and principal payable on the Outstanding Bonds due in the period from the following October 1 through the following March 31.

(c) On or before the State Aid distribution date next preceding April 1 in each year, into the Bond Fund, if the deposits are not made as provided in paragraph (a) hereof for credit to the Interest Account and Principal Account therein from moneys received under the DPI Agreement, the amount required, together with other funds available therefor in the Interest Account and Principal Account in the Bond Fund, to be applied by the Trustee to pay the interest and principal payable on the Outstanding Bonds becoming due in the period referred to in Section 7.02(a).

(d) On or before the State Aid distribution date next preceding October 1 in each year, into the Bond Fund, if the deposits are not made as provided in paragraph (b) hereof for credit to the Interest Account and Principal Account therein from moneys received under the DPI Agreement, the amount required, together with other funds available therefor in the Interest Account and Principal Account in the Bond Fund, to be applied by the Trustee to pay the interest and principal payable on the Outstanding Bonds becoming due in the period referred to in Section 7.02(b).

(e) On the last Business Day prior to the day on which any redemption is to occur (other than a redemption funded by monies in a Mandatory Sinking Account of the Principal Account), into the Bond Fund for credit to the Redemption Account therein the amount required (including any accrued and unpaid interest on the Bonds then being redeemed to such redemption date), with other moneys available therefor in such Redemption Account, to pay the redemption price of the Bonds then being redeemed.

(f) In establishing the amounts of the Authority's obligations (i) the debt service for Auction Rate Securities payable from that portion of the MPS Note not subject to a Qualified Swap Agreement shall be calculated at the actual average interest rate for any Auction Rate Securities Outstanding during the twelve calendar months immediately preceding the month in each year in which the Borrower's budget is approved by the Board and the succeeding January 1 for the budget as subsequently revised, plus 200 basis points (2.00%); and the debt service for all other Bonds then Outstanding shall be calculated at (ii) the rate prescribed under

the applicable Qualified Swap Agreement, if any, for Auction Rate Securities payable from that portion of the MPS Note subject to a Qualified Swap Agreement, and (iii) the actual rate for Fixed Rate Bonds.

If other moneys are received by the Trustee as advance payments of Loan Payments to be applied to the redemption of all or a portion of the Bonds, such moneys shall be deposited in the Bond Fund for credit to the Redemption Account therein unless otherwise required to be deposited in a Mandatory Sinking Account for the payment of Term Bonds.

SECTION 7.03. Application of Moneys in the Bond Fund. The Bond Fund shall be used for the purpose of making scheduled payments of principal of and interest on the Bonds and of making payments of the redemption price of Bonds then subject to redemption in the manner herein provided. The moneys in the Bond Fund shall be applied as follows:

(a) Interest Account. The Trustee shall make interest payments to the Owners in accordance with the terms of this Indenture from moneys described in Sections 7.02(a) or 7.02(b) hereof.

(b) Principal Account. The Trustee shall make all principal payments at maturity of the Bonds, and all mandatory sinking account payments in accordance with Schedule I, to the Owners thereof in accordance with the terms of this Indenture from moneys described in Sections 7.02(a) or 7.02(b) hereof.

(c) Redemption Account. The Trustee shall call on the date set for the redemption thereof, as provided in Article III of this Indenture, a principal amount of Bonds then subject to redemption. The Trustee shall apply the amount credited to the Redemption Account equal to the principal amount of and premium, if any, and unpaid and accrued interest on Bonds then subject to redemption to the payment of the redemption price of such Bonds on the redemption date from moneys described in Section 7.02(c) hereof. This paragraph (c) does not apply to Term Bonds to be redeemed from a Mandatory Sinking Account referred to in Section 7.01(b).

All moneys in the Redemption Account on the last Business Day prior to a maturity date shall be transferred to the Principal Account.

Upon the retirement of any portion of the Bonds by redemption pursuant to the provisions of this Section 7.03, the Trustee shall file with the Authority, the City and the Borrower a statement stating the amounts of the Bonds so redeemed and setting forth the date of their redemption and the amount paid as principal, premium, if any, and interest thereon.

(d) Service Account. An amount equal to the Annual Service Charges and Additional Payments shall be deposited into the Service Account. On each date provided therefor in the Market Agent Agreement, the Auction Agent Agreement and the Broker-Dealer Agreement, the Trustee shall pay, upon receipt of appropriate invoices, the fees then due to the Market Agent, the Auction Agent and the Broker-Dealer, as set forth therein, from amounts on

deposit in the Service Account. The Trustee shall also pay Additional Payments from the Service Account.

(e) Surplus Account. Following the payments set forth above, any moneys remaining in the Bond Fund and not set aside to make future Payments or Swap Payments may be deposited by the Trustee in the Surplus Account or retained in the Bond Fund as directed by the City. Moneys deposited in the Surplus Account, including any earnings thereon, shall be released from the Surplus Account on the day following the final Interest Payment Date occurring during each Bond Year, and transferred to the Borrower to be used for any lawful purpose thereof. Any moneys remaining in the Surplus Account after the final payment of the Bonds is made shall be returned to the Borrower.

SECTION 7.04. Creation of Deposit Fund and Transfers Therefrom. The Trustee shall establish a special fund designated as the “Milwaukee Public Schools Deposit Fund” (the “Deposit Fund”). The Deposit Fund shall be funded and applied solely in accordance with this Section; it is intended for the proper matching of debt service payments on the Auction Rate Securities with the related Swap Payments, if any, payable from that portion of the MPS Note covered by Qualified Swap Agreements, and the required netting of such payments in order to assure full and timely payments to the Owners of the Auction Rate Securities affected by such Qualified Swap Agreements (collectively, “Swapped Bonds”).

On or before the date that is two (2) Business Days prior to each Interest Payment Date for Swapped Bonds, the Trustee shall transfer into the Deposit Fund from moneys on deposit in the Interest Account in the Bond Fund the amount that is necessary in order to make Swap Payments for all Swapped Bonds.

So long as the interest rate on the Swapped Bonds is equal to or less than the interest rate under the Qualified Swap Agreement (the “Swap Rate”), the Trustee will withdraw from the Bond Fund an amount equal to the difference between the Swap Rate and the interest rate on the Swapped Bonds and, on the Business Day immediately preceding each Interest Payment Date for Swapped Bonds, shall transfer to the Qualified Swap Provider such net amount. In the event that the interest rate on the Swapped Bonds exceeds the Swap Rate, the Trustee shall accept for deposit into the Deposit Fund an amount from the Qualified Swap Provider equal to the difference between the interest rate on the Swapped Bonds and the Swap Rate. Payments received to the Deposit Fund from the Qualified Swap Provider shall be transferred to the Interest Account in the Bond Fund and applied to the payment of interest on Bonds.

SECTION 7.05. Application of Moneys. All amounts in the Bond Fund shall be used and withdrawn by the Trustee solely for the purpose of paying the amounts described as follows, and in the following order of priority:

(a) to Owners, on each Interest Payment Date, in amounts representing the interest and the principal amount then due and owing, and

(b) to the Market Agent, the Auction Agent, the Broker-Dealer and the Insurer, the Annual Service Charges specified in the Market Agent Agreement, the Auction Agent Agreement, the Broker-Dealer Agreement and the Insurance Policy; and

(c) to the Qualified Swap Provider (if any) such amounts determined in accordance with Section 7.04.

(d) any amounts payable to the Qualified Swap Provider (if any) under the Swap Agreement (if any) not described in clause (c) above; and

(e) after the final Interest Payment Date occurring in each Bond Year, any Surplus to the Surplus Account or retained in the Bond Fund as directed by the City.

SECTION 7.06. Investment of Funds. Moneys in the Bond Fund and the Accounts in the Bond Fund shall be invested or reinvested by the Trustee or a wholly-owned subsidiary of the Trustee, at the written direction of the City so to the extent reasonable and practicable, such investments to be in Investment Securities maturing in the amounts and at the times as determined by the City so that the payments required to be made from the Bond Fund and such Accounts may be made when due.

The Trustee shall be authorized to sell any investment when necessary to make the payments to be made from the funds and accounts therein. All earnings on and income from moneys in such funds and accounts created hereby shall be considered to be Revenues and shall be deposited in the Bond Fund for use and application as are all other moneys deposited in that Fund. The Trustee or its wholly-owned subsidiary shall, in the statements required by Section 8.07 of this Indenture, set forth the Investment Securities held separately in, and the earnings realized on investment for, each fund and account hereunder. Subject to the provisions of Article VIII hereof, the Trustee or its wholly-owned subsidiary shall not be liable for any depreciation in the value of the Investment Securities acquired hereunder or any loss suffered in connection with any investment of funds made by it in accordance herewith, including, without limitation, any loss suffered in connection with the sale of any investment pursuant hereto.

The Trustee or its wholly-owned subsidiary may make any and all such investments through its own investment department.

All Investment Securities shall constitute a part of the respective funds and accounts therein from which the investment in Investment Securities was made.

ARTICLE VIII

PARTICULAR COVENANTS OF THE AUTHORITY

SECTION 8.01. Covenant as to Payments and Other Income. The Authority has made provision for the collection of the Payments payable pursuant to Article IV of the Loan Agreement. The Authority agrees that, except as herein and in the Loan Agreement provided, it

will not pledge, convey, encumber or otherwise dispose of any part of the Revenues or assign its rights under the Loan Agreement or the MPS Note.

SECTION 8.02. Payment of Principal, Premium, If Any, and Interest. The Authority has made provision for the prompt payment from the Revenues of the principal of and premium, if any, and interest on every Bond issued under this Indenture at the places, on the dates and in the manner provided herein and in such Bonds according to the true intent and meaning thereof. The principal, premium, if any, and interest (except interest paid from the proceeds of the Bonds) are payable solely from the Revenues, and nothing in the Bonds or this Indenture shall be considered as assigning or pledging any other funds or assets of the Authority other than the Revenues and the right, title and interest of the Authority in the Loan Agreement and the MPS Note in the manner and to the extent herein specified. No Owner shall have the right to compel any exercise of the taxing power of the State of Wisconsin or any political subdivision thereof to pay the principal of the Bonds or the premium, if any, or interest thereon.

SECTION 8.03. Performance of Covenants by the Authority. The Authority covenants that it will faithfully perform at all times any and all covenants, undertakings, stipulations and provisions on its part to be performed, contained in this Indenture, in any and every Bond executed, authenticated and delivered hereunder and in all its proceedings pertaining thereto; *provided, however*, that the Authority shall not be obligated to take any action or execute any instrument pursuant to any provision hereof until it shall have been requested to do so by the City, the Borrower or by the Trustee or shall have received the instrument to be executed and at the Authority's option shall have received from the City or the Borrower assurance satisfactory to the Authority that the Authority shall be reimbursed for its reasonable expenses incurred or to be incurred in connection with taking such action or executing such instrument. The Authority covenants that it is duly authorized under the Constitution and laws of the State of Wisconsin, including particularly and without limitation, the Act, to issue the Bonds authorized hereby, to execute this Indenture, to grant the security interest herein provided, to assign the Loan Agreement and the MPS Note and to pledge the amounts hereby pledged in the manner and to the extent herein set forth; that all action on its part for the issuance of Bonds and the execution and delivery of this Indenture has been duly and effectively taken; and that the Bonds in the hands of the Owners thereof are and will be valid special limited obligations of the Authority according to the terms thereof and hereof.

SECTION 8.04. Rights Under the Loan Agreement and the MPS Note. The Loan Agreement, a duly executed counterpart of which has been filed with the Trustee, sets forth the covenants and obligations of the Authority, the City and the Borrower and reference is hereby made to the same for a detailed statement of such covenants and obligations of the City and the Borrower thereunder. Subsequent to the issuance of the Bonds and prior to their payment in full or provision for payment thereof in accordance with the provisions hereof, neither the Loan Agreement nor the MPS Note may be effectively amended, changed, modified, altered or terminated except in accordance with the provisions of Article XI hereof. The Authority agrees that the Trustee, in its name or in the name of the Authority, may enforce all rights of the Authority and all obligations of the City and the Borrower under and pursuant to the

Loan Agreement and the MPS Note for and on behalf of the Owners, whether or not the Authority is in default hereunder. The MPS Note heretofore delivered to the Trustee evidences the obligation of the City on behalf of the Borrower to make certain specified payments under the Loan Agreement. Nothing herein contained shall be construed to prevent the Authority from enforcing directly any or all of its rights to administrative compensation or indemnification under the Loan Agreement.

SECTION 8.05. Protection of Security. Except to the extent permitted under this Indenture, the Authority shall not take any action in such manner or to such an extent as might prejudice the security or the payment of the Bonds according to the terms thereof nor take any action by which the rights, payment or security of the Bonds might be impaired or diminished.

SECTION 8.06. Taking Any Further Action Required for the Purposes of this Indenture. The Authority shall, at any and all times, adopt, make, do, execute, acknowledge, deliver, register, file and record or cause to be adopted, made, done, executed, acknowledged, delivered, registered, filed and recorded, or make adequate provision therefor, all such other and further ordinances, resolutions, acts, deeds, demands, conveyances, assignments, transfers, assurances and instruments and give such further notices and do such further acts, as may be reasonably necessary, proper or desirable for the better assuring, pledging and assigning the Revenues and other moneys, rights and properties pledged, assigned or charged hereunder or intended so to be, or which the Authority may hereafter become bound to pledge, assign or charge, or for the carrying out more effectively the purposes and intent, and the facilitating of the performance, of this Indenture.

SECTION 8.07. Delegation of the Comptroller of the City. The Commissioner of the Authority in its resolution approving the Indenture has authorized the Comptroller of the City to take all such actions and give all such directions and approvals as are required under the Indenture, unless the Authority directs the Trustee otherwise. The Authority has also authorized the Comptroller to act as Authorized Authority Representative under the Indenture, unless the Authority directs the Trustee otherwise.

ARTICLE IX

CONCERNING THE TRUSTEE

SECTION 9.01. Appointment of Trustee. Deutsche Bank, Chicago, Illinois, has been appointed the Trustee hereunder and, by the execution of this Indenture, accepts such appointment and without further act, deed or conveyance, shall be fully vested with all the estate, properties, rights, powers, trusts, duties and obligations of the Trustee hereunder.

The Trustee is being appointed by the Authority as, and shall be, the paying agent of the Authority for the payment of all principal of and premium, if any, and interest on the Bonds. The Trustee shall set up suitable accounts for the deposit of the Loan Payments and for

the payment of the Bonds and the interest thereon and for all other payments provided or required by this Indenture, including, without limiting the generality of any of the foregoing, setting up the Bond Fund and Accounts created by Article VI hereof.

SECTION 9.02. Indemnification of Trustee as Condition for Remedial Action. The Trustee shall be under no obligation to institute any suit, or to take any remedial proceeding under this Indenture, or to enter any appearance or in any way defend in any suit in which it may be made defendant, or to take any steps in the execution of the trusts hereby created or in the enforcement of any rights and powers hereunder, until it shall be indemnified to its satisfaction against any and all costs and expenses, outlays and counsel fees and other reasonable disbursements, and against all liability; the Trustee may, nevertheless, begin suit, or appear in and defend suit, or do anything else in its judgment proper to be done by it as such Trustee, without indemnity, and in such case the Trustee shall be reimbursed from the Additional Payments required to be made pursuant to the Loan Agreement for all costs and expenses, outlays and counsel fees and other reasonable disbursements incurred in connection therewith.

SECTION 9.03. Trustee Not Liable for Failure of the Authority, the City or the Borrower. The Trustee shall not be liable or responsible because of the failure of the Authority, the City or the Borrower or any of their employees or agents to make any collections or deposits or to perform any act herein required of the Authority, the City or the Borrower. The Trustee shall not be responsible for the application of any of the proceeds of the Bonds or any other moneys deposited with and paid out, withdrawn or transferred hereunder if such application, payment, withdrawal or transfer shall be made in accordance with the provisions of this Indenture. The immunities and exemptions from liability of the Trustee hereunder shall extend to its directors, officers, employees and agents.

SECTION 9.04. Certain Duties and Responsibilities of the Trustee.
(a) Except during the continuance of an Event of Default specified in Section 10.01 of this Indenture of which the Trustee has been notified or is deemed to have notice as provided in Section 9.08 hereof,

(i) the Trustee shall undertake to perform such duties and only such duties as are specifically set forth in this Indenture, and no implied covenants or obligations shall be read into this Indenture against the Trustee; and

(ii) in the absence of bad faith on its part, the Trustee may conclusively rely upon any instrument, not only as to its due execution, validity and effectiveness, but also as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to such Trustee and conforming to the requirements of this Indenture which Trustee shall in good faith believe to be genuine, to have been signed or presented by the person or parties purporting to sign the same and to conform to the provisions of this Indenture; but in the case of any such certificates or opinions which by any provision hereof are specifically required to be furnished to a

Trustee, such Trustee shall be under a duty to examine the same to determine whether or not they conform to the requirements of this Indenture.

(b) In case an Event of Default specified in Section 10.01 of this Indenture has occurred and is continuing of which the Trustee has been notified or is deemed to have notice as provided in Section 9.08 hereof, the Trustee shall exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in such exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs.

(c) Whether or not herein expressly so provided, every provision of this Indenture relating to the conduct or affecting the liability of or affording protection to the Trustees shall be subject to the provisions of this Section 9.04.

(d) None of the provisions of this Indenture shall be construed to relieve the Trustee from liability for negligent action, negligent failure to act or willful misconduct, except that

(i) this subsection (d) shall not be construed to limit the effect of subsection (a) of this Section 9.04;

(ii) the Trustee shall not be liable for any error of judgment made in good faith by any one of its officers, unless it shall be proved that the Trustee was negligent;

(iii) in the absence of bad faith on its part, the Trustee shall be protected and shall incur no liability in acting or proceeding or in not acting or not proceeding upon any resolution, order, notice, telegram, request, consent, waiver, certificate, statement, affidavit, voucher, requisition, bond or other paper or document which such Trustee shall reasonably believe to be genuine and to have been adopted or signed by the proper board or person or to have been prepared and furnished pursuant to any of the provisions of this Indenture, or upon the written opinion of any attorney, accountant or other expert reasonably believed by such Trustee to be qualified in relation to the subject matter, and the Trustee shall be under no duty to make any investigation or inquiry as to any statements contained or matters referred to in any such instrument but may accept and rely upon the same as conclusive evidence of the truth and accuracy of such statements;

(iv) the Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Owners of not less than a majority in aggregate principal amount of the Outstanding Bonds relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under the provisions of this Indenture; and

(v) no provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its respective duties hereunder, or in the exercise of any of its respective rights or powers, if

it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

(e) Notwithstanding anything contained elsewhere in this Indenture, the Trustee shall have the right to reasonably require, in respect of the payment or withdrawal of any moneys or the taking of any action whatsoever within the purview of this Indenture, any showings, certificates, opinions, appraisals or other information, or corporate action or evidence thereof, in addition to that required by the terms hereof as a condition of such action by the Trustee.

(f) The Trustee may execute any of the trusts or powers hereof and perform any of its respective duties by or through attorneys, agents or receivers, and shall not be responsible for any negligence or misconduct on the part of any such attorney, agent or receiver appointed by it if such Trustee shall have exercised due care and diligence in appointing or selecting such person, and shall be entitled to advice of counsel concerning all matters of the trusts hereof and the duties hereunder, and may in all cases pay such reasonable compensation to all such attorneys, agents and receivers as may reasonably be employed in connection with the trusts hereof. The Trustee may act upon the opinion or advice of experienced and independent counsel and shall not be responsible for any loss or damage resulting from any action or nonaction in good faith in reliance upon such opinion or advice.

(g) Whenever in the administration of this Indenture the Trustee shall deem it desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, the Trustee (unless other evidence be herein specifically prescribed) may, in the absence of bad faith on its part, rely upon a certificate of an Authorized City Representative or an Authorized Authority Representative.

(h) The Trustee shall not be required to give any bonds or surety in respect of the execution of their trusts and powers hereunder.

(i) The Trustee shall, on a timely basis, determine whether a "Deficiency" (as defined in the DPI Agreement) exists and, in such event, shall send the notice described therein to the parties to the DPI Agreement to ensure that State Aid payments are provided to the Trustee so that principal and interest payments on the Bonds will be paid when due.

SECTION 9.05. Limitations on Obligations and Responsibilities of Trustee.

The Trustee, except as to the acceptance of the trusts by its execution of this Indenture and the performance of its responsibilities hereunder, shall have no responsibility in respect of the validity, sufficiency, due execution or acknowledgment of this Indenture, or in respect of the validity of the Bonds or the due execution or issuance thereof. The Trustee shall be under no obligation to see that any duties herein or in the Loan Agreement imposed upon the Authority, the City or the Borrower or any party other than itself in its capacity as Trustee, or any covenants herein contained on the part of any party other than itself in its capacity as Trustee to be performed, shall be done or performed, and the Trustee shall be under no obligation for failure to see that any such duties or covenants are so done or performed.

SECTION 9.06. Compensation and Indemnification of Trustee. The City on behalf of the Borrower has agreed in the Loan Agreement (1) to pay to the Trustee from time to time reasonable compensation for all services rendered by such Trustee hereunder (which compensation shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust); (2) except as otherwise expressly provided herein, to reimburse the Trustee upon its request for all reasonable expenses, disbursements and advances incurred or made by such Trustee in accordance with any provision of this Indenture (including the reasonable compensation and the expenses and disbursements of its agents and counsel), except any such expense, disbursement or advance as may be attributable to its negligence or bad faith; and (3) to jointly and severally indemnify the Trustee for, and to hold it harmless against, any loss, liability or expense incurred without negligence or bad faith on its part, arising out of or in connection with the acceptance or proper administration of the trust created by and under this Indenture, including the costs and expenses of defending itself against any claim or liability in connection with the exercise or performance of any of its powers or duties hereunder.

SECTION 9.07. Statements from Trustee. It shall be the duty of the Trustee, on or before the fifteenth (15th) day of each month, and at such other reasonable time or times as may be determined by the Authority or the City or the Borrower, to file with the Authority, upon the written request thereof, the City and the Borrower a statement setting forth in respect of the preceding calendar month:

- (a) the amount withdrawn or transferred by it and the amount received by it and held on account of each Fund under the provisions of this Indenture,
- (b) the amount on deposit with it at the end of such month to the credit of each such Fund or Account,
- (c) monthly account of reconciliation and income which includes a brief description of all obligations held by it as an investment of moneys in each such Fund or Account,
- (d) the amount applied to the redemption of the Bonds under the provisions of Article III and Section 7.03 of this Indenture and the amount of the Bonds remaining Outstanding, and
- (e) any other information which the Authority, the City or the Borrower may reasonably request.

All records and files pertaining to the Bonds, the City and the Borrower in the custody of the Trustees shall be open at all reasonable times to the inspection of the Authority, the City and the Borrower and their respective agents and representatives.

SECTION 9.08. Notice of Default. Except upon the happening of any Event of Default specified in clause (a) or (b) of Section 10.01 of this Indenture, the Trustee shall not be deemed to have notice of any Event of Default hereunder, unless specifically notified in

writing of such Event of Default by the Authority, the City or the Borrower or the Owners of not less than twenty-five percent (25%) in aggregate principal amount of the Bonds Outstanding and such written notice shall state that it is a “notice of default”.

SECTION 9.09. Trustee May Deal in Bonds. The bank or trust company acting as Trustee under this Indenture, and their directors, officers, employees or agents, may in good faith buy, sell, own, hold and deal in the Bonds issued under and secured by this Indenture, and may join in the capacity of a Owner in any action which any Owner may be entitled to take with like effect as if such bank or trust company were not the Trustee under this Indenture.

SECTION 9.10. Trustee Not Responsible For Recitals. The recitals, statements and representations contained herein and in the Bonds and in any disclosure document relating to the Bonds as the same may be amended from time to time (excluding any information therein concerning the Trustee) shall be taken and construed as made by and on the part of the Authority, and not by the Trustee, and the Trustee assumes, and shall be under, no responsibility for the correctness of the same or for the recording or re-recording or filing or re-filing of this Indenture or any supplements thereto or any instruments of further assurance (including financing statements) except as otherwise provided herein.

SECTION 9.11. Qualification of the Trustee. There shall at all times be a Trustee hereunder which shall be a trust company or bank in good standing located in or incorporated under the laws of the United States of America or a state thereof, having reported capital and unimpaired surplus of not less than \$_____, duly authorized to exercise corporate trust powers and subject to examination by federal or state authority. The Trustee hereunder shall not be required to maintain, and any successor Trustee shall not be required to have, an office in the city in which the designated corporate trust office of the initial Trustee hereunder is located.

If at any time the Trustee shall cease to be eligible in accordance with the provisions of this Section 9.11, it shall resign immediately in the manner and with the effect specified in Section 9.12 hereof.

SECTION 9.12. Resignation and Removal of Trustee. (a) No resignation or removal of the Trustee and no appointment of a successor Trustee pursuant to this Article IX shall become effective until the acceptance of appointment by the successor Trustee under Section 9.13 hereof.

(b) The Trustee may resign at any time by giving not less than sixty (60) days written notice thereof to the Authority and the City. If an instrument of acceptance by a successor Trustee shall not have been delivered to the Trustee within sixty (60) days after the giving of such notice of resignation, the retiring Trustee may petition any court of competent jurisdiction for the appointment of a successor Trustee.

(c) The Trustee may be removed at any time by demand of the Owners of a majority in principal amount of the Bonds then Outstanding, signed in person by such Owners or

by their attorneys, legal representatives or agents and delivered to such Trustee, the Authority and the City (such demand to be effective only when received by such Trustee, the Authority and the City).

(d) If at any time:

(1) the Trustee shall cease to be eligible under Section 9.11 hereof and shall fail to resign after written request by the Authority or by a Owner who shall have been a *bona fide* Owner for at least six (6) months, or

(2) the Trustee shall become incapable of acting or shall be adjudged a bankrupt or insolvent, or a receiver of such Trustee or of its property shall be appointed, or any public officer shall take charge or control of such Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation, then, in either such case, (i) the Authority may remove, and the City may request the Authority to remove, the Trustee; or (ii) any Owner who has been a *bona fide* Owner for at least six (6) months may, on behalf of itself and all others similarly situated, petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor.

(e) If the Trustee shall resign, be removed or become incapable of acting, or if a vacancy shall occur in the office of the Trustee for any cause, the Authority at the direction of the City shall promptly appoint a successor. The City shall have the right to request the appointment of a particular qualified institution as such successor. Within one year after such resignation, removal or incapability, or the occurrence of such vacancy, a successor Trustee may be appointed by an instrument or concurrent instruments in writing executed by the Owners of a majority in principal amount of the Bonds then Outstanding delivered to the Authority and the retiring Trustee, and, upon such delivery, the successor Trustee so appointed shall, forthwith upon its acceptance of such appointment, become the successor Trustee and supersede the successor Trustee appointed by the Authority.

(f) The Trustee or successor trustee shall give notice to the Authority and the City and the Owners of Bonds of each resignation and each removal of a Trustee and each appointment of a successor Trustee in the manner set forth in Section 14.03 hereof with respect to a Owner and Section 14.09 hereof with respect to the Authority and the City. Each notice shall include the name and address of the designated corporate trust office of the successor Trustee.

SECTION 9.13. Successor Trustee. Every successor Trustee appointed hereunder shall execute, acknowledge and deliver to its predecessor, and also to the Authority and the City, an instrument in writing accepting such appointment hereunder, and thereupon such successor Trustee, without any further act, shall become fully vested with all the rights, immunities, powers and trusts, and subject to all the duties and obligations, of its predecessor; but such predecessor shall, nevertheless, on written request of its successor or of the Authority and upon payment of expenses, charges and other disbursements of such predecessor which are payable pursuant to the provisions of Sections 9.02 and 9.06 hereof, execute and deliver an

instrument transferring to such successor Trustee all the rights, immunities, powers and trusts of such predecessor hereunder; and every predecessor Trustee shall deliver all property and moneys held by it hereunder to its successor, subject, nevertheless, to Sections 9.02 and 9.06 hereof. Should any instrument in writing from the Authority be required by any successor Trustee for more fully and certainly vesting in such Trustee the rights, immunities, powers and trusts hereby vested or intended to be vested in the successor Trustee, any such instrument in writing shall and will, on request, be executed, acknowledged and delivered by the Authority.

Notwithstanding any of the foregoing provisions of this Article IX, any bank or trust company having power to perform the duties and execute the trusts of this Indenture and otherwise qualified to act as Trustee hereunder with or into which the bank or trust company acting as Trustee may be converted, merged or consolidated, or to which the corporate trust business assets as a whole or substantially as a whole of such bank or trust company may be sold, shall be deemed the successor of the Trustee.

SECTION 9.14. Appointment of Paying Agents; Each Paying Agent to Hold Money in Trust. The Trustee shall serve as Paying Agent hereunder. The Authority may at the request of the City appoint an additional Paying Agent or Paying Agents for the Bonds. Each such Paying Agent shall hold in trust subject to the provisions of this Indenture for the benefit of the Owners all sums held by such Paying Agent for the payment of the principal of and premium, if any, and interest on the Bonds. Any such Paying Agent may be any person or corporation authorized to perform such functions.

SECTION 9.15. Continuing Disclosure. Pursuant to that certain Continuing Disclosure Agreement, dated as of the date hereof (the "Continuing Disclosure Agreement"), by and between the City, the Borrower and the Trustee, the City and the Borrower have undertaken all responsibility for compliance with, and the Authority shall have no responsibility or liability to the Owners of the Bonds or any other person with respect to, any reports, notices or disclosures required by or provided pursuant to the Continuing Disclosure Agreement. The Trustee hereby covenants and agrees with the Owners from time to time of the Bonds that it will comply with and carry out all of the provisions of the Continuing Disclosure Agreement. Notwithstanding any other provision of this Indenture, failure of the City, the Borrower or the Trustee to perform in accordance with the Continuing Disclosure Agreement or this Section 9.15 shall not constitute a default or an Event of Default hereunder or under the Loan Agreement, and the rights and remedies provided herein or therein upon the occurrence of such a default or an Event of Default shall not apply to any such failure, but the Continuing Disclosure Agreement may be enforced only as provided therein.

ARTICLE X

EVENTS OF DEFAULT; REMEDIES UPON OCCURRENCE THEREOF

SECTION 10.01. Events of Default. Each of the following is hereby defined as and declared to be and shall constitute an “Event of Default”:

(a) Payment of the principal of or premium, if any, on any Bond (whether by virtue of maturity, proceedings for redemption or otherwise) shall not be made when the same shall become due and payable; *provided* that, with respect to any payment of principal of or premium, if any, on a Bond called for redemption (other than upon declaration of acceleration after a Loan Default Event), such nonpayment shall have continued for three (3) Business Days; or

(b) Payment of any installment of interest on any Bond shall not be made when the same shall become due and payable and such nonpayment shall continue for three (3) Business Days; or

(c) Failure by the Authority to perform duly and punctually any of the covenants, conditions, agreements, provisions or obligations, other than as set forth in clauses (a) and (b) above, contained in the Bonds or in this Indenture or in any Supplemental Indenture on the part of the Authority to be performed, and such failure shall continue for sixty (60) days after written notice specifying such failure and requiring the same to be remedied is given to the Authority and the City by the Trustee or to the Trustee, the Authority and the City by the Owners of not less than twenty-five percent (25%) in aggregate principal amount of the Bonds then Outstanding (determined in accordance with the provisions of Section 10.03 hereof) or any Owners’ Committee (as provided for in Section 9.08); *provided* that if any such failure shall be such that it cannot be cured or corrected within such sixty (60) day period, it shall not constitute an Event of Default hereunder if curative or corrective action is instituted within such period and diligently pursued until the failure of performance is cured or corrected.

SECTION 10.02. Notice to Owners and Others Upon Occurrence of an Event of Default or a Failure to Deposit. The Trustee shall give notice to the Owners of Bonds of all Events of Default under Section 10.01 (a) and (b) within five (5) days, and Events of Default under Section 10.01 (c) within fifteen (15) days, after the Trustee has been notified thereof or is deemed to have notice thereof as provided in Section 8.08 hereof, unless the Event of Default shall have been cured before the giving of such notice or unless the Trustee shall deem it in the best interest of the Owners to defer or withhold notice under this Section 10.02.

SECTION 10.03. Declaration of Principal and Interest As Due. Upon the occurrence and continuance of any Event of Default of which the Trustee has been notified or is deemed to have notice as provided in Section 9.08 hereof, then and in every case the Trustee by a notice in writing to the Authority and the City may, and, upon the written request of the Owners of not less than twenty-five percent (25%) in principal amount of the Bonds then Outstanding

(determined in accordance with the provisions of Section 11.03 hereof) and with the consent of the Insurer shall, declare the principal (or redemption price) of and accrued interest on such principal amount of all the Bonds then Outstanding (if not then due and payable) to be due and payable immediately, and upon such declaration the same shall become due and be immediately due and payable, anything contained in the Bonds or in this Indenture to the contrary notwithstanding. If, however, at any time after the principal (or redemption price) of the Bonds shall have been so declared to be due and payable, and before the entry of final judgment or decree in any suit, action or proceeding instituted on account of such Event of Default, or before the completion of the enforcement of any other remedy under this Indenture, moneys shall have accumulated in the Bond Fund sufficient to pay the principal of and premium, if any, and interest on all matured Bonds and all Bonds (or portions of the principal amount thereof) then or theretofore required to be redeemed pursuant to any provisions of this Indenture and all arrears of interest and interest then due, if any, upon Bonds then Outstanding and if the fees, compensation, expenses, disbursements, advances and liabilities of the Trustee and all other amounts then payable by the City under the Loan Agreement and the MPS Note (including additional interest on overdue interest to the extent permitted by law at the rate borne by the Bonds plus two per centum (2%) per annum, but excluding principal (or redemption price) and interest not then due except by reason of the aforesaid declaration) shall have been paid or a sum sufficient to pay the same shall have been deposited with the Trustee, and every other Event of Default known to the Trustee in the observance or performance of any covenant, condition or agreement contained in the Bonds or in this Indenture (other than default in the payment of the principal of and interest on such Bonds then due only because of a declaration under this Section 10.03) shall have been remedied to the satisfaction of the Trustee or, the City shall be taking, or shall be causing to be taken, appropriate action in good faith to effect its cure, then and in every such case the Trustee may, and upon the written request or direction of the Owners of not less than a majority in principal amount of the Bonds (determined in accordance with the provisions of Section 10.03 hereof) not then due by their terms (other than because of a declaration under this Section 9.03) and then Outstanding shall, by written notice to the Authority, rescind and annul such declaration and its consequences. No such rescission or annulment pursuant to the next preceding sentence shall extend to or affect any subsequent default or impair any right consequent thereto.

SECTION 10.04. Action by Trustee Upon Occurrence of Event of Default.

Upon the occurrence and continuation of an Event of Default the Trustee (i) for and on behalf of the Owners of the Bonds, shall have the same rights hereunder which are possessed by any Owners of the Bonds; (ii) shall be authorized to proceed, in its own name and as trustee of an express trust; (iii) may pursue any available remedy by action at law or suit in equity to enforce the payment of the principal (or redemption price) of and interest on the Bonds; (iv) may file such proofs of claim and other papers or documents as may be necessary or advisable in order to have the claims of such Trustee and of the Owners of the Bonds allowed in any judicial proceedings relative to the Authority, the City or the Borrower, their respective creditors, their respective property or the Bonds; and (v) may, and upon the written request or direction of the Owners of not less than twenty-five percent (25%) in aggregate principal amount of the Bonds then Outstanding shall, proceed to protect and enforce all rights of the Owners and the Trustee

under and as permitted by this Indenture and the laws of the State, by such means or appropriate judicial proceedings as shall be suitable or deemed by it most effective in the premises, including the appointment of temporary trustees and any actions, suits or special proceedings at law or in equity or in bankruptcy or by proceedings in the office of any board or officer having jurisdiction, or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Indenture, or in aid of execution of any power granted in this Indenture or to enforce any other legal or equitable right or remedy vested in the Owners of the Bonds or the Trustee by this Indenture or by such laws, or for the appointment of a receiver. All rights of action (including the right to file proofs of claim) under this Indenture or under any of the Bonds may be enforced by the Trustee without the possession of any of the Bonds or the production thereof in any trial or other proceedings relating thereto. Any such suit or proceeding instituted by the Trustee shall be brought in its name and as trustee of an express trust without the necessity of joining as plaintiffs or defendants any Owners of the Bonds, and any recovery or judgment shall be for the equal benefit of the Owners of the Outstanding Bonds.

In the enforcement of any remedy under this Indenture the Trustee shall be entitled to sue for, enforce payment of and receive any and all amounts, then or during any Event of Default becoming, and at any time remaining, due from the City on behalf of the Borrower and unpaid under the Loan Agreement and the MPS Note for principal, interest or otherwise under any of the provisions of this Indenture or of the Bonds, with interest on overdue payments if such interest then is permitted by the laws of the State, together with any and all costs and expenses of collection and of all proceedings hereunder and under such Bonds, without prejudice to any other right or remedy of the Trustee or of the Owners, and to recover and enforce judgment or decree against the City on behalf of the Borrower under the Loan Agreement and the MPS Note, but solely as provided herein and in such Bonds, for any portion of such amounts remaining unpaid, with interest, costs and expenses, and to collect in any manner provided by law, the moneys adjudged or decreed to be payable. Any such judgment shall be recovered by the Trustee, in its own name and as trustee of an express trust.

SECTION 10.05. Powers of Trustee With Respect to Loan Agreement and Other Agreements. If the payments required to be paid to the Trustee under the Loan Agreement and the MPS Note or other agreement pledged and assigned hereunder, as the case may be, are not paid when due or upon the happening and continuance of an Event of Default set forth in clause (a) or (b) of Section 10.01 hereof, the Trustee, in its own name and as trustee of an express trust, shall be entitled and empowered to institute any action or proceedings at law or in equity for the collection of all payments due and unpaid under the Loan Agreement and the MPS Note or other agreement, as the case may be, and required to be paid to the Trustee and may prosecute any such action or proceedings to judgment or final decree, and may enforce any such judgment or final decree against the City on behalf of the Borrower or the obligor under any other agreement, as the case may be.

Nothing herein contained shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Owners any plan of reorganization, arrangement,

adjustment or composition affecting the Bonds or the rights of any Owner thereof, or to authorize the Trustee to vote in respect of the claim of any Owners in any such proceeding.

The provisions of this Section 10.05 shall not be construed as in any way limiting the powers of the Trustee, with respect to defaults by the Authority or by the City on behalf of the Borrower under the Loan Agreement and the MPS Note or by any obligor under any other agreement pledged and assigned hereunder, as the case may be, whether such powers be expressly or implicitly granted to the Trustee elsewhere in this Indenture or in the Loan Agreement or the MPS Note or other agreement, as the case may be, or as a denial that the Trustee has any such other powers, but the powers granted to the Trustee by this Section 10.05 shall be supplemental, additional and cumulative to all other powers possessed by the Trustee with respect to defaults under this Indenture or under the Loan Agreement, the MPS Note or other agreements pledged and assigned hereunder, as the case may be.

SECTION 10.06. Disposition of Moneys in Event of Insufficiencies in Funds and Accounts. All moneys received by the Trustee pursuant to any right given or action taken under the provisions of this Article X, after payment of the costs and expenses of the proceedings resulting in the collection of such moneys and of the expenses, fees and advances incurred or made by the Trustee (including reasonable expenses, fees and advances incurred by its counsel) hereunder, shall be deposited in the applicable Bond Fund. If at any time the moneys in the Bond Fund shall not be sufficient to pay the principal (or the redemption price) of or interest on the Bonds as the same become due and payable (whether at maturity or upon proceedings for the redemption thereof or by acceleration or otherwise), the moneys in the Bond Fund, together with any other moneys then available or thereafter becoming available for such purpose, whether through the exercise of the remedies provided for in this Article X or otherwise, shall be applied as follows:

(a) Unless the principal of all the Bonds shall have become due and payable or shall have been declared due and payable pursuant to the provisions of Section 10.03 hereof, all such moneys shall be applied:

First: to the payment to the persons entitled thereto of all installments of interest then due, in the order of the maturity of the installments of such interest, and if the amount available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or preference except as to any difference in the respective rates of interest specified in the Bonds;

Second: to the payment to the persons entitled thereto of unpaid principal which shall have become due, in the order of the dates such principal became due, with interest upon such principal from the respective dates upon which such principal became due, and, if the amount available shall not be sufficient to pay in full the principal due on any particular date, together with such interest, then first to the payment of such interest, ratably according to the amount of such interest due on such date and then to the payment

of such principal, ratably according to the amount of such principal due on such date, to the persons entitled thereto without any discrimination or preference; and

Third: to the payment of the principal of and interest on the Bonds, to the purchase and retirement of Bonds and to the redemption of Bonds, all in accordance with the provisions of this Indenture.

(b) If the principal of any of the Bonds shall have become due and payable or shall have been declared due and payable pursuant to the provisions of Section 10.03, all such moneys shall be applied to the payment of the principal and interest then due and unpaid, with interest on such principal as aforesaid, without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or preference except as to any difference in the respective rates of interest specified in the Bonds.

(c) If the principal of all the Bonds shall have been declared due and payable pursuant to the provisions of Section 10.03 hereof, and if such declaration shall thereafter have been rescinded and annulled pursuant to the provisions of such Section 10.03, then, subject to the provisions of subparagraph (b) above of this paragraph in the event that the principal of all the Bonds shall later become due and payable or be declared due and payable pursuant to the provisions of Section 10.03 hereof, the moneys then held in the Bond Fund shall be applied to the payment of the principal (or redemption price) on all matured Bonds and all Bonds (or portions of the principal amount thereof) then or theretofore required to be redeemed pursuant to any provisions of this Indenture (excluding principal not then due except by reason of such declaration) and all arrears of interest and interest then due, if any, upon all Bonds then Outstanding, and any moneys thereafter deposited in such Bond Fund shall be applied in accordance with the provisions of Article V hereof.

Whenever moneys are to be applied by the Trustee pursuant to the provisions of subparagraphs (a) and (b) of this Section 10.06: (i) such moneys shall be applied by the Trustee at such times, and from time to time, as the Trustee in its sole discretion shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future; (ii) the deposit of such moneys, in trust for the proper purpose, shall constitute proper application by the Trustee; and (iii) the Trustee shall incur no liability whatsoever to the Authority, to any Owner or to any other person for any delay in applying any such moneys, so long as the Trustee acts with reasonable diligence, having due regard to the circumstances, and ultimately applies the same in accordance with such provisions of this Indenture as may be applicable at the time of application by the Trustee. Whenever the Trustee shall exercise such discretion in applying such moneys, it shall fix the date (which shall be an Interest Payment Date unless the Trustee shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such date shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the fixing of any such date, and shall not be required to

make payment to the Owner of any unpaid Bond until such Bond shall be surrendered to the Trustee for appropriate endorsement, or for cancellation if fully paid.

SECTION 10.07. Effect of Delay or Omission; Waiver of Default; Direction of Remedial Proceedings by the Owners. No delay or omission of the Trustee or of any Owner of the Bonds to exercise any right or power accruing upon any default or Event of Default shall impair any such right or power or shall be construed to be a waiver of any such default or acquiescence therein.

Anything in this Indenture to the contrary notwithstanding, the Owners of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding shall be authorized and empowered and have the right, by an instrument or concurrent instruments in writing delivered to the Trustee on behalf of the Owners of the Bonds then Outstanding, to consent to the waiver of any Event of Default or its consequences, and the Trustee shall waive any Event of Default and its consequences upon the written request of the Owners of such majority; *provided, however*, that there shall not be waived (i) any default in payment of principal when due; or (ii) any default in payment when due of interest unless, in either case, prior to such waiver all arrears in principal and interest, with additional interest, to the extent permitted by law, at the rate borne by the Bonds plus two per centum (2%) per annum, and all fees and expenses of the Trustee shall have been paid or provided for. No such waiver shall extend to or affect any other existing or subsequent default or Event of Default or impair any rights or remedies consequent thereon.

Anything in this Indenture to the contrary notwithstanding, the Owners of not less than twenty-five percent (25%) in aggregate principal amount of the Bonds at the time Outstanding shall be authorized and empowered and have the right, in accordance with the provisions of law and this Indenture, by an instrument or concurrent instruments in writing delivered to the Trustee to direct the time and method of conducting all proceedings to be taken to enforce the provisions of this Indenture for any remedy to be taken by the Trustee or available to the Trustee or available to the Owners of the Bonds, or exercising any trust or power conferred upon the Trustee hereunder; *provided* (1) such direction shall not be in conflict with any rule of law or with this Indenture, or expose the Trustee to personal liability, or be unduly prejudicial to Owners not joining therein, or be contrary to the direction of other Owners of at least an equal principal amount of the Bonds, at the time Outstanding, and (2) the Trustee may take any other action deemed proper by the Trustee which is not inconsistent with such direction.

SECTION 10.08. Owners' Committee. Upon the occurrence and continuance of any Event of Default hereunder, if the Trustee shall have failed or refused, for a period of sixty (60) days after its receipt of notice of such Event of Default, to comply with the written request or direction of the Owners of not less than twenty-five percent (25%) in principal amount of Bonds Outstanding referred to in clause (v) of Section 10.04 and in Section 10.07 hereof after such Owners have offered to the Trustee reasonable indemnity against the cost, expenses, and liabilities to be incurred in compliance with such request and if no direction inconsistent with such request has been given to the Trustee during such sixty (60) day period by the Owners of

not less than twenty-five percent (25%) in aggregate principal amount of the Bonds then Outstanding, the Owners of not less than twenty percent (20%) in aggregate principal amount of the Bonds then Outstanding may call a meeting of the Owners of Bonds for the purpose of electing a committee of bondholders (a "Owners' Committee"). Such meeting shall be called and proceedings thereat shall be conducted as provided for other meetings of Owners pursuant to Section 11.02 hereof. At such meeting the Owners of not less than a majority in principal amount of the Bonds Outstanding must be present in person or by proxy in order to constitute a quorum for the transaction of business, less than a quorum, however, having power to adjourn from time to time without any other notice than the announcement thereof at the meeting. A quorum being present at such meeting, the Owners present in person or by proxy may, by a majority of the votes cast, elect one or more persons, who may or may not be Owners, to the Owners' Committee which shall act as trustee for all Owners. The Owners present in person or by proxy at such meeting, or at any adjourned meeting thereof, (i) shall prescribe the manner in which the successors of the persons elected to the Owners' Committee at such Owners' meeting shall be elected or appointed; (ii) may prescribe rules and regulations governing the exercise by the Owners' Committee of the power conferred upon it herein; and (iii) may provide for the termination of the existence of the Owners' Committee. The Owners' Committee elected by the Owners in the manner herein provided, and their successors, as a Committee, are hereby declared to be trustees for the Owners of all the Bonds then Outstanding, and are empowered to exercise in the name of the Owners' Committee as trustee, all the rights and powers conferred in this Article IX on the Trustee hereunder or any Owner.

SECTION 10.09. Suits or Actions by Owners; Any Owner May Enforce Overdue Payment of His Bond or Interest Thereon. No Owner of any of the Bonds shall have the right to institute any suit, action or proceeding in equity or at law for the execution of any trust hereunder or for any other remedy hereunder unless there shall have occurred an Event of Default of which the Trustee has been notified or is deemed to have notice as provided in Section 9.08 hereof, and such Owners previously shall have given to the Trustee written notice of the Event of Default on account of which such suit, action or proceeding is to be instituted, and unless also the Owners of not less than twenty-five percent (25%) in aggregate principal amount of the Bonds then Outstanding shall have made written request of the Trustee after the right to exercise such powers or right of action, as the case may be, shall have accrued, and shall have afforded the Trustee a period of sixty (60) days either to proceed to exercise the powers hereinabove granted or to institute such action, suit or proceeding in its or their name, the Trustee shall have been indemnified by Owners against the costs, expenses and liabilities to be incurred in compliance with such request, and shall not have received an inconsistent direction from the Owners of not less than twenty-five percent (25%) in aggregate principal amount of the Bonds then Outstanding and the Trustee shall have refused or neglected to comply with such request within a reasonable time. It is understood and intended that no one or more Owners of the Bonds hereby secured shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security of this Indenture, or to enforce any right hereunder except in the manner herein provided; that all proceedings at law or in equity shall be instituted, had and maintained in the manner herein provided and for the benefit of all Owners of such Outstanding Bonds; and that any individual rights of action or other right given to one or more of such

Owners by law are restricted by this Indenture to the rights and remedies herein provided. Notwithstanding the foregoing, the Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of any of the Owners, unless such Owners shall have offered to the Trustee reasonable security or indemnity against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction.

Notwithstanding any other provision of this Indenture, the right of any Owner to receive payment of the principal of and premium, if any, and interest on such Bond on or after the respective due dates expressed in such Bond, or to institute suit for the enforcement of any such payment on or after such respective due dates, shall not be impaired or affected without the consent of such Owner, except that no Owner of any such Bond shall have the right to institute any such suit if and to the extent that the institution or prosecution thereof or the entry of judgment therein would, under applicable law, result in the surrender, impairment, waiver or loss of the lien of this Indenture.

SECTION 10.10. Costs and Expenses of Certain Suits. The Authority, the Trustee and the Owners of the Bonds agree that a court may in its discretion require, in any suit for the enforcement of any right or remedy under this Indenture or in any suit against the Trustee for any action taken or omitted by it as the Trustee, the filing by any party litigant in such suit of an undertaking to pay the costs of such suit, and that such court may in its discretion assess reasonable costs, including reasonable attorneys' fees, against any party litigant in such suit, having due regard to the merits and good faith of the claims or defenses made by such party litigant; *provided* that the provisions of this Section 10.10 shall not apply to any suit instituted by the Trustee, to any suit instituted by any Owner, or group of Owners, holding in the aggregate more than ten percent (10%) in principal amount of the Bonds then Outstanding, or to any suit instituted by any Owner for the enforcement of the payment of the principal of or interest on any Bond, on or after the respective due dates expressed in such Bond.

SECTION 10.11. Remedies Not Exclusive. No remedy by the terms of this Indenture conferred upon or reserved to the Trustee or the Owners of the Bonds is intended to be exclusive of any other remedy so conferred or reserved or to be exclusive of other remedies now or hereafter existing at law or in equity or by statute, and each and every such remedy shall be cumulative and shall be in addition to any other remedy given hereunder to the Trustee or to the Owners of the Bonds or now or hereafter existing at law or in equity or by statute. Every such right, power and remedy given hereunder or by law or in equity or by statute may be exercised from time to time and as often as may be deemed expedient.

SECTION 10.12. Effect of Abandonment of Proceedings on Default. In case any proceeding taken by the Trustee or the Owners of the Bonds on account of any Event of Default shall have been discontinued or abandoned for any reason, then and in every such case the Authority, the Trustee and the Owners shall be restored to their former positions and rights hereunder, respectively, and all rights, remedies, powers and duties of the Trustee shall continue as though no such proceeding had been taken.

SECTION 10.13. Interest on Overdue Amounts. To the extent permitted by law, all amounts which are due and payable but which have not been so paid under this Indenture shall bear interest at the rate of interest on the Bonds until paid.

ARTICLE XI

EXECUTION OF INSTRUMENTS BY BONDHOLDERS AND OWNERSHIP OF BONDS; EXCLUSION OF BONDS OWNED BY THE CITY OR THE BORROWER

SECTION 11.01. Execution of Requests, Directions and Consents and Other Instruments and Proof of Same; Ownership of Bonds and Proof of Same. Any request, direction, consent or other instrument required by this Indenture to be signed or executed by Owners of Bonds may be signed or executed by such Owners in person or by agent or agents duly appointed in writing, and may be in any number of concurrent writings of substantially similar tenor. Proof of the execution of any such request, direction, consent or other instrument or of a writing appointing any such agent, and of the holding or ownership of Bonds, shall be sufficient for any purpose of this Indenture and shall be conclusive in favor of the Trustee hereunder with regard to any action taken by it under such request, direction, consent or other instrument in writing appointing any such agent, if made in the following manner:

(a) the fact and date of the execution by any person of any such request, direction, consent or other instrument in writing may be proved in any reasonable manner which the Trustee deems sufficient; and

(b) the ownership of Bonds shall be proved by the books of registry kept under the provisions of this Indenture.

Any request, direction, consent or vote of the Owner of any Bond shall bind and be conclusive upon the Owner of such Bond giving such request, direction or consent or casting such vote and upon every future Owner of the same Bond in respect of anything done or suffered to be done by the Trustee or otherwise, or by the Owners of other Bonds, in pursuance of such request, direction, consent or vote, and whether or not such future Owner has knowledge of or information as to such request, direction, consent or vote; *provided* that any request, direction, consent or vote of the Owner required by any of the provisions hereof may be revoked by the Owner giving such request, direction, consent or vote or by a subsequent Owner if such revocation in writing is filed with the Trustee, prior to the time when the request, direction, consent or vote of the percentage of the Owners of the Bonds required by such provision shall have been given and action taken by the Trustee or otherwise, or by the Owners of other Bonds, under authority of such request, direction, consent or vote.

The payment of or on account of principal to or upon the order of the person in whose name the Bonds shall at the time be registered on such books of registry, and the payment of interest to or upon the order of any person in whose name the Bonds shall at the time be

registered on such books of registry, shall be valid and effectual fully to satisfy and discharge all liability hereunder or upon the Bonds to the extent of the sum or sums so paid.

The Authority at the request of the City may establish a record date for the taking of any action by the Owners.

SECTION 11.02. Meetings of Owners. The Trustee or the Owners of not less than twenty percent (20%) in aggregate principal amount of the Bonds then Outstanding may at any time call a meeting of the Owners of the Bonds for the purpose of the consenting to, the approving, the requesting or the directing by the Owners of the Bonds of any action required to be consented to or approved by them hereunder or which they may request or direct hereunder to be taken, or for the making by the Owners of any appointments they may make hereunder, or for the purpose of taking any other action which the Owners may take hereunder, or for any other purpose concerning the payment and security of the Bonds hereunder. Every such meeting shall be held at such place in the City of New York, State of New York, in the City of Chicago, State of Illinois, or in the City of Milwaukee, State of Wisconsin, as may be specified in the notice calling such meeting. Written notice of such meeting, stating the place and time of the meeting and in general terms the business to be submitted, shall be mailed to the Owners whose names and addresses then appear upon the books of registry by the Trustee or the Owners calling such meeting, not less than twenty (20) days nor more than sixty (60) days before such meeting. Any meeting of Owners shall, however, be valid without notice if the Owners of all Bonds then Outstanding are present in person or by proxy or if notice is waived before or within thirty (30) days after the meeting by those not so present.

Attendance and voting by Owners at meetings thereof may be in person or by proxy. Owners of Bonds may, by an instrument in writing under their hands, appoint any person or persons, with full power of substitution, as their proxy to attend and vote at any meeting for them.

Persons named by the Trustee, or elected by the Owners of a majority in principal amount of the Bonds represented at the meeting in person or by proxy in the event the Trustee is not represented at such meeting, shall act as temporary Chairman and temporary Secretary of any meeting of Owners. A permanent Chairman and a permanent Secretary of such meeting shall be elected by the Owners of a majority in principal amount of the Bonds represented at such meeting in person or by proxy. The permanent Chairman of the meeting shall appoint two (2) Inspectors of Votes who shall count all votes cast at such meeting, except votes on the election of Chairman and Secretary as aforesaid, and who shall make and file with the Secretary of the meeting and the Trustee their verified report of all such votes cast at the meeting.

The Owners of not less than the principal amount of the Bonds required by the provisions hereof to consent to, approve, request or direct any action to be taken at a meeting of Owners, or required by the provisions hereof to make any appointments to be made at such meeting, or required by the provisions hereof to take any other action to be taken at such meeting, must be present at such meeting in person or by proxy in order to constitute a quorum

for the transaction of such business, less than a quorum, however, having power to adjourn the meeting from time to time without notice of such adjournment other than the announcement thereof at the meeting; *provided, however*, that if such meeting is adjourned by less than a quorum for more than ten (10) days, notice of such adjournment shall be given by the Trustee at least five (5) days prior to the adjourned date of the meeting.

Any Owner shall be entitled in person or by proxy to attend and vote at such meeting as Owner of the Bond or Bonds registered in his name without producing such Bond or Bonds. Such persons and their proxies shall, if required, produce such proof of personal identity as shall be satisfactory to the Secretary of the meeting.

All proxies presented at such meeting shall be delivered to the Inspector of Votes and filed with the Secretary of the meeting. The right of a proxy for a Owner to attend the meeting and act and vote thereat may be proved (subject to the Trustee's right to require additional proof) by a written proxy executed by such Owner as aforesaid.

The officers or nominees of the Trustee may be present or represented at such meeting and take part therein, but shall not be entitled to vote thereat, except for such officers or nominees who are Owners or proxies for Owners (including the Trustee). The costs and expenses of the Trustee and its counsel to attend such meeting shall be borne by the Owners so calling such meeting.

The vote at any such meeting of the Owner of any Bond, or his proxy, entitled to vote thereat shall be binding upon such Owner and upon every subsequent Owner of such Bond (whether or not such subsequent Owner has notice thereof).

SECTION 11.03. Exclusion of Bonds. In determining whether the Owners of the requisite aggregate principal amount of Bonds have concurred in any demand, request, direction, consent, vote or waiver under this Indenture, any Bonds which are owned by or on behalf of or for the account of the Authority, the City or the Borrower and, except for the purposes of Section 13.01 hereof, any Bonds which are deemed no longer Outstanding hereunder shall be disregarded and not included for the purpose of any such determination, and such Bonds shall not be entitled to vote upon, consent to or concur in any action provided in this Indenture, except that for the purposes of determining whether the Trustee shall be protected in relying on any such demand, request, direction, consent, vote or waiver only Bonds which the Trustee knows are owned as aforesaid shall be disregarded. The Trustee may require each Owner or Bonds, before his demand, request, direction, consent, vote or waiver shall be deemed effective, to reveal if the Bonds as to which such demand, request, direction, consent, vote or waiver is made, granted, cast or given are disqualified as provided in this Section 11.03.

ARTICLE XII

AMENDING AND SUPPLEMENTING THE INDENTURE OR THE LOAN AGREEMENT

SECTION 12.01. Amending and Supplementing Indenture Without Consent of Owners. The Authority and the Trustee, from time to time and at any time, without the consent or concurrence of any Owner, enter into Supplemental Indentures (i) to make any changes, modifications, amendments or deletions to this Indenture that may be required to permit this Indenture to be qualified under the Trust Indenture Act of 1939 of the United States of America; or (ii) that the Authority and the Trustee may deem necessary or desirable and which shall not materially adversely affect the interests of the Owners including, without limitation, any one or more of the following purposes:

(a) either (1) to make any changes or corrections in this Indenture or any Supplemental Indenture as to which the Authority shall have been advised by counsel that the same are required for the purpose of curing or correcting any ambiguity or defective or inconsistent provision or omission or mistake or manifest error contained in this Indenture or Supplemental Indenture, or (2) to insert in this Indenture such provisions clarifying matters or questions arising under this Indenture;

(b) to add additional covenants and agreements of the Authority for the purpose of further securing the payment of the Bonds;

(c) to surrender any right, power or privilege reserved to or conferred upon the Authority by the terms of this Indenture;

(d) to confirm as further assurance any lien, pledge or charge, or the subjection to any lien, pledge or charge, created or to be created by the provisions of this Indenture or any Supplemental Indenture;

(e) to grant to or confer upon the Owners any additional rights, remedies, powers, authority or security that lawfully may be granted to or conferred upon them, or to grant to or confer upon the Trustee for the benefit of the Owners any additional rights, duties, remedies, power or authority;

(f) to provide for the issuance of Bonds in book entry or coupon form, if at the time permitted by applicable law, or to change any provisions hereof with respect to the issuance of the Bonds in book-entry form; and

(g) to provide for the issuance of Additional Bonds in accordance with Sections 2.03 and 2.04.

SECTION 12.02. Amending and Supplementing Indenture with Consent of Owners. With the consent of the Owners of not less than a majority in aggregate principal

amount of the Bonds then Outstanding, the Authority and the Trustee from time to time and at any time may enter into a Supplemental Indenture for the purpose of adding any provisions to, or changing in any manner or eliminating any of the provisions of, this Indenture, or modifying or amending the rights and obligations of the Authority hereunder, or modifying or amending in any manner the rights of the Owners of Bonds then Outstanding; *provided* that, without the specific consent of the Owner of each Bond Outstanding which would be affected thereby no Supplemental Indenture amending or supplementing the provisions hereof shall: (a) change the fixed maturity date for the payment of the principal of any Bond, or the dates for the payment of interest thereon, or reduce the principal amount of any Bond or the rate of interest thereon; or (b) reduce the aforesaid percentage of Bonds the Owners of which are required to consent to any Supplemental Indenture amending or supplementing the provisions of this Indenture; or (c) give to any such Bond any preference over any other such Bond secured hereby; or (d) authorize the creation of any pledge of Payments prior or superior to the pledge of and lien and charge thereon created herein for the payment of the Bonds; or (e) effect any change in the redemption provisions relating to the Bonds; or (f) deprive any Owners in any material respect of the security afforded by this Indenture. A modification or amendment of the provisions of Article V hereof with respect to the Bond Fund or any other Funds or Accounts established thereby shall not be deemed a change in the terms of payment; *provided* that no such modification or amendment shall, except upon the consent of the Owners of all Bonds Outstanding affected thereby, reduce the amount or amounts required to be deposited in the applicable Bond Fund. Nothing in this paragraph contained, however, shall be construed as making necessary the approval of the Owners of the execution of any Supplemental Indenture authorized by the provisions of Section 12.01 hereof.

The proof of the giving of any consent by any Owner required by this Section 11.02 and of the holding of the Bonds for the purpose of giving consents shall be made in accordance with the provisions of Article X hereof. It shall not be necessary that the consent of the Owners approve the particular form of wording of the proposed amendment or supplement of the Supplemental Indenture effecting such amendment or supplement, but it shall be sufficient if such consent approve the substance of the proposed amendment or supplement. After the Owners of the required percentage of Bonds shall have filed their consents to the amending or supplementing hereof pursuant to this Section 12.02, the Authority shall mail a copy of notice of such consent, postage prepaid, to each Owner at his or her address appearing upon the books of registry and to the Trustee. Nothing contained in this paragraph, however, shall be construed as requiring the giving of notice of any amending or supplementing of this Indenture authorized by this Section 12.02. A record of the consents shall be filed with the Trustee, and shall be proof of the matters therein stated until the contrary is proved. No action or proceeding to set aside or invalidate such Supplemental Indenture or any of the proceedings for its adoption shall be instituted or maintained unless such action or proceeding is commenced within sixty (60) days after the mailing of the notice required by this paragraph.

If payment of debt service on a Bond is insured or otherwise credit enhanced, the issuer of the policy or credit enhancement may, at the option of the Authority, be considered as

the Owner of such Bond for purposes of consenting to amendments as provided by this Section 12.02.

SECTION 12.03. Notation upon Bonds; New Bonds Issued upon Amendments. The Bonds delivered after the effective date of any action affecting such Bonds and taken as provided in this Article XII, if any, may and shall if required by the Trustee bear a notation as to such action, by endorsement or otherwise and in form approved by the Authority. In that case, upon demand of any Owner at such effective date and upon presentation of such Bonds at the designated corporate trust office of the Trustee or other transfer agent or registrar hereunder for such Bonds, and at such additional offices, if any, as the Authority may select and designate for that purpose, a suitable notation shall be made on such Bonds.

SECTION 12.04. Effectiveness of Supplemental Indenture. Upon the execution pursuant to this Article XII and applicable law by the Authority and the Trustee of any Supplemental Indenture amending or supplementing the provisions of this Indenture and the delivery to the Trustee of an opinion of Bond Counsel required by Section 12.08 hereof, or upon such later date as may be specified in such Supplemental Indenture, (i) this Indenture and the Bonds shall be modified and amended in accordance with such Supplemental Indenture; (ii) the respective rights, limitations of rights, obligations, duties and immunities under this Indenture of the Authority, the Trustee and the Owners shall thereafter be determined, exercised and enforced under this Indenture subject in all respects to such modifications and amendments; and (iii) all of the terms and conditions of any such Supplemental Indenture shall be a part of the terms and conditions of the Bonds and of this Indenture for any and all purposes.

SECTION 12.05. Supplemental Loan Agreements and Amendments to Loan Agreement Not Requiring the Consent of the Owners. The Authority, the City and the Borrower may, with the written consent of the Trustee and without notice to or consent of any Owner, from time to time and at any time, agree to such supplemental loan agreements supplementing the Loan Agreement or amendments to the Loan Agreement as shall not be inconsistent with the terms and provisions of this Indenture and, in the opinion of the Authority, shall not materially adversely affect the interests of the Owners (which supplemental loan agreements or amendments to the Loan Agreement shall thereafter form a part of the Loan Agreement), including, without limitation:

(a) either (1) to make any changes or corrections in the Loan Agreement or any supplemental loan agreement as to which the Authority shall have been advised by counsel that the same are required for the purpose of curing or correcting any ambiguity or defective or inconsistent provision or omission or mistake or manifest error contained in the Loan Agreement or any supplemental loan agreement, or (2) to insert in the Loan Agreement such provisions clarifying matters or questions arising under the Loan Agreement as are necessary or desirable if such provisions shall not materially and adversely affect the rights of the Owners; or

(b) to grant to or confer upon the Trustee for the benefit of the Owners any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the Owners or the Trustee.

SECTION 12.06. Notice and Consent for Supplemental Loan Agreements Requiring the Consent of the Owners. Except for supplemental loan agreements or amendments provided for in Section 12.05 of this Article XII and subject to Section 8.05 of this Indenture, neither the Authority nor the Trustee shall agree or consent, as the case may be, to any supplemental loan agreement or amendment to the Loan Agreement unless notice of the proposed execution of such supplemental loan agreement or amendment shall have been given and the Owners shall have consented to and approved the execution thereof in the same manner and form as provided for in Section 12.02 of this Indenture in the case of Supplemental Indentures.

If payment of debt service on a Bond is insured or otherwise credit enhanced, the issuer of the policy or credit enhancement may, at the option of the Authority, be considered as the Owner of such Bond for purposes of consenting to amendments as provided by this Section 12.06.

SECTION 12.07. Effectiveness of Supplemental Loan Agreement. Upon the execution pursuant to this Article XII and applicable law by the Authority, the City and the Borrower of any supplemental Loan Agreement amending or supplementing the provisions of the Loan Agreement and the delivery to the Trustee of the opinion of Bond Counsel required by Section 12.08 hereof, or upon such later date as may be specified in such supplemental Loan Agreement, (i) the Loan Agreement shall be modified and amended in accordance with such supplemental Loan Agreement; (ii) the respective rights, limitations of rights, obligations, duties and immunities thereunder of the Authority, the City and the Borrower shall thereafter be determined, exercised and enforced thereunder subject in all respects to such modifications and amendments; and (iii) all of the terms and conditions of any such supplemental Loan Agreement shall be a part of the terms and conditions thereof for any and all purposes.

SECTION 12.08. Opinions of Bond Counsel. No Supplemental Indenture or supplemental loan agreement or amendment to the Loan Agreement shall be entered into unless a written opinion of Bond Counsel shall be delivered to the Trustee to the effect that (a) the execution of such Supplemental Indenture or supplemental loan agreement or amendment to the Loan Agreement is permitted by the provisions of this Article XII, (b) such Supplemental Indenture or such supplemental loan agreement or amendment to the Loan Agreement is in due form and the provisions thereof are valid, and (c) that the provisions of such Supplemental Indenture or supplemental loan agreement or amendment to the Loan Agreement do not materially adversely affect the interests of the Owners for purposes of Sections 12.01(ii) and 12.05 hereof; and, subject to the provisions of Section 9.04 hereof, the Trustee may rely on any such opinion.

ARTICLE XIII

DEFEASANCE; MONEYS HELD FOR PAYMENT OF DEFEASED BONDS

SECTION 13.01. Discharge of Liens and Pledges; Bonds No Longer Deemed to be Outstanding Hereunder. The obligations of the Authority under this Indenture and the liens, pledges, charges, trusts, covenants and agreements of the Authority herein made or provided for, shall be, subject to the terms of Section 13.02, fully discharged and satisfied as to the Bonds or portion thereof and the Bonds shall no longer be deemed to be Outstanding hereunder:

(a) when the Bonds shall have been cancelled, or shall have been surrendered for cancellation and are subject to cancellation, or shall have been redeemed by the Trustee from moneys held by it under this Indenture; or

(b) if the Bonds have not been cancelled or so surrendered for cancellation or subject to cancellation, or so redeemed, when payment of the principal of and premium, if any, on the Bonds, plus interest on such principal to the due date thereof (whether such due date occurs by reason of maturity or upon redemption or prepayment, or otherwise) either (i) shall have been made or caused to be made in accordance with the terms thereof, or (ii) shall have been provided for by irrevocably depositing with the Trustee in trust, and irrevocably appropriating and setting aside exclusively for such payment (1) moneys sufficient to make such payment, or (2) Government Obligations maturing as to principal and interest in such amount and at such times as will insure the availability of sufficient moneys to make such payment, or (3) a combination of both such moneys and Government Obligations, whichever the Authority deems to be in its best interest, and all necessary and proper fees, compensation and expenses of the Trustee pertaining to the Bonds with respect to which such deposit is made, shall have been paid or the payment thereof provided to the satisfaction of the Trustee.

At such time as the Bonds shall be deemed to be no longer Outstanding hereunder, as aforesaid, such Bonds shall cease to accrue interest from the due date thereof (whether such due date occurs by reason of maturity, or upon redemption or prepayment, or otherwise) and, except for the purposes of any such payment from such moneys or Government Obligations, shall no longer be secured by or entitled to the benefits of this Indenture.

Any such moneys so deposited with the Trustee as provided in this Section 13.01 may at the written direction of the City also be invested and reinvested in Government Obligations, maturing in the amounts and times as hereinbefore set forth, and all income from all Government Obligations in the hands of the Trustee pursuant to this Section 13.01 which is not required for the payment of the Bonds and interest thereon with respect to which such moneys shall have been so deposited shall be paid to the City on behalf of the Borrower or if any Bonds are then Outstanding, be deposited in the Bond Fund and credited to the Interest Account therein

as and when realized and collected, for use and application as are other moneys credited to such Account.

Anything in this Article XIII to the contrary notwithstanding, if moneys or Government Obligations have been deposited or set aside with the Trustee pursuant to this Section 13.01 for the payment of the Bonds and the Bonds shall be deemed to have been paid in full, no amendment to the provisions of this Article XIII shall be made without the consent of the Owners of the Bonds affected thereby.

SECTION 13.02. Release of Indenture; Termination of Right, Title and Interest of Trustee. When the Bonds shall be deemed to be paid in accordance with the provisions of Section 13.01 hereof, then and in that case all right, title and interest of the Trustee under this Indenture shall thereupon cease, determine and become void, and the Trustee in such case shall release this Indenture, shall execute such documents to evidence such release as may be reasonably required and prepared by the Authority and furnish the Authority with the same, and shall turn over to the City on behalf of the Borrower any surplus moneys and balances remaining in any of the funds and accounts created in or held under this Indenture, other than moneys and Government Obligations held by it pursuant to Section 13.01 hereof or the provisions of Section 13.03 hereof for the redemption, payment or prepayment of the Bonds; otherwise, this Indenture shall be, continue and remain in full force and effect.

SECTION 13.03. Bonds Not Presented for Payment When Due; Moneys Held for the Bonds after Due Date of Bonds. Subject to the provisions of the next sentence of this Section 13.03, if the Bonds shall not be presented for payment when the principal thereof shall become due, whether at maturity or at the date fixed for the redemption thereof, or otherwise, and if moneys or Government Obligations shall at such due date be held by the Trustee in trust for that purpose sufficient and available to pay the principal (or redemption price) of the Bonds, together with all interest due on such principal (or redemption price) to the due date thereof or to the date fixed for redemption thereof, all liability of the Authority, the City and the Borrower for such payment shall forthwith cease, determine and be completely discharged, and thereupon it shall be the duty of the Trustee to hold such moneys or Government Obligations, without liability to the Owners for interest thereon, in trust for the benefit of the Owners, which thereafter shall be restricted exclusively to such moneys or Government Obligations for any claim of whatever nature on its part on or with respect to the Bonds, including for any claim for the payment thereof. Any such moneys or Government Obligations held by the Trustee for the Owners for four years and eleven months after the principal (or redemption price) of the Bonds or any portion thereof with respect to which such moneys or Government Obligations have been so set aside has become due and payable (whether at maturity or upon redemption or prepayment or otherwise) and not so applied to the payment of Bonds shall unless otherwise required by law, be paid to the Borrower (along with any investment earnings thereof and thereafter the Trustee shall have no further duties or responsibilities with respect to such moneys).

ARTICLE XIV

MISCELLANEOUS

SECTION 14.01. Benefits of Indenture Limited to Authority, the City, the Borrower, Trustee and the Owners of the Bonds. With the exception of rights or benefits herein expressly conferred, nothing expressed or mentioned in or to be implied from this Indenture or the Bonds is intended or should be construed to confer upon or give to any person other than the Authority, the City, the Borrower, the Trustee and the Owners of the Bonds any legal or equitable right, remedy or claim under or by reason of or in respect to this Indenture or any covenant, condition, stipulation, promise, agreement or provision herein contained. This Indenture and all of the covenants, conditions, stipulations, promises, agreements and provisions hereof are intended to be and shall be for and inure to the sole and exclusive benefit of the Authority, the City, the Borrower, the Trustee and the Owners of the Bonds as herein and therein provided.

SECTION 14.02. Indenture a Contract; Indenture Binding Upon Successors or Assigns of the Authority. In consideration of the acceptance of the Bonds by any who shall hold the same from time to time, each of the obligations, duties, limitations and restraints imposed by this Indenture upon the Authority or any employee thereof shall be deemed to be a covenant between the Authority and every Owner and this Indenture and every provision and covenant hereof shall be a contract by the Authority with the Owners of the Bonds issued hereunder to secure the full and final payment of the principal of and the interest on the Bonds executed and delivered hereunder. The provisions of the Act shall be a contract by the Authority with the Owners and the duties of the Authority and any employee thereof under the Act shall be enforceable by the Owners. This Indenture shall be enforceable by the Owners, by mandamus or other appropriate suit, action or proceeding in any court of competent jurisdiction. The covenants and agreements herein set forth to be performed by the Authority and any employee thereof, shall be for the benefit, security and protection of the Owners. All the terms, provisions, conditions, covenants, warranties and agreements contained in this Indenture shall be binding upon the assigns of the Authority, and shall inure to the benefit of the Trustee, its successors or substitutes in trust and assigns, and the Owners.

SECTION 14.03. Notice to Owners of Bonds. Except as is otherwise provided in this Indenture, any provision for the mailing of a notice or other paper to any Owner shall be fully complied with if it is mailed, postage prepaid, to such Owner at its address appearing upon the books of registry kept pursuant to Section 4.02 hereof.

SECTION 14.04. Waiver of Notice. Whenever in this Indenture the giving of notice by mail, publication, or otherwise is required, the giving of such notice may be waived by the person entitled to receive such notice, and in any 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 14.05. Effect of Saturdays, Sundays and Non-Business Days.

Except as otherwise specifically provided herein, whenever this Indenture requires any action to be taken on a Saturday, Sunday or other day which is not a Business Day, such action shall be taken on the first (1st) Business Day occurring thereafter. Except as otherwise specifically provided herein, whenever in this Indenture the time within which any action is required to be taken or within which any right will lapse or expire shall terminate on a Saturday, Sunday or other day which is not a Business Day, such time shall continue to run until midnight on the next succeeding Business Day.

SECTION 14.06. Partial Invalidity.

If any one or more of the covenants or agreements or portions thereof provided in this Indenture on the part of the Authority or the Trustee to be performed should be determined by a court of competent jurisdiction to be contrary to law, then such covenant or covenants, or such agreement or agreements, or such portions thereof, shall be deemed severable from the remaining covenants and agreements or portions thereof provided in this Indenture and the invalidity thereof shall in no way affect the validity of the other provisions of this Indenture or of the Bonds, but the Owners shall retain all the rights and benefits accorded to them hereunder and under any applicable provisions of law.

If any provisions of this Indenture shall be held or deemed to be or shall, in fact, be inoperative or unenforceable or invalid in any particular case in any jurisdiction or jurisdictions or in all jurisdictions, or in all cases because it conflicts with any constitution or statute or rule of public policy, or for any other reason, such circumstances shall not have the effect of rendering the provision in question inoperative or unenforceable or invalid in any other case or circumstance, or of rendering any other provision or provisions herein contained inoperative or unenforceable or invalid to any extent whatsoever.

SECTION 14.07. Law and Place of Enforcement of Indenture.

This Indenture shall be construed and interpreted in accordance with the laws of the State of Wisconsin and all suits and actions arising out of this Indenture shall be filed and maintained in any court of competent jurisdiction in the State of Wisconsin.

SECTION 14.08. Requests, Approvals and Directions of Authority.

Whenever in this Indenture a request, approval, direction or other action is required of the Authority, such request, approval, direction or other action shall be in the form of and evidenced by a certificate of an Authorized Authority Representative unless otherwise provided herein.

SECTION 14.09. Notices; Demands; Requests. All notices, demands, directions and requests to be given to or made hereunder by the Borrower, the Authority, the Trustee and the Bond Insurer shall be given or made in writing and shall be deemed to be properly given or made if sent by first class United States mail, postage prepaid, addressed as follows:

- (a) As to the City - City of Milwaukee
City Hall
200 East Wells Street
Milwaukee, Wisconsin, 53209
Attention: Comptroller

- (b) As to the Borrower - Milwaukee Public Schools
5225 West Vliet Street
Milwaukee, Wisconsin 53208
Attention: Comptroller

- (c) As to the Authority - Redevelopment Authority of the City of Milwaukee
809 North Broadway, 2nd Floor
Milwaukee, Wisconsin 53202
Attention: Economic Development Officer

- (d) As to the Trustee - Deutsche Bank
[address to come]

Any such notice, demand, direction or request may also be transmitted to the appropriate above-mentioned party by telegram, telecopy, telex or similar means and shall be deemed to be properly given or made at the time of such transmission if, and only if, such transmission of notice shall be in writing and sent as specified above.

Any notice, demand, direction or request given or transmitted to the Trustee or the Authority shall be effective only upon receipt.

Any of such addresses may be changed at any time upon written notice of such change sent by first class United States mail, postage prepaid, to the other parties by the party affecting the change.

SECTION 14.10. Effect of Article and Section Headings and Table of Contents. The heading or titles of the several Articles and Sections hereof, and any table of

contents appended hereto or to copies hereof, shall be solely for convenience of reference and shall not affect the meaning of construction, interpretation or effect of this Indenture.

SECTION 14.11. Indenture May be Executed in Counterparts; Effectiveness of Indenture. This Indenture may be simultaneously executed in counterparts. Each such counterpart so executed shall be deemed to be an original, and all together shall constitute but one and the same instrument. This Indenture shall take effect immediately upon the execution and delivery hereof as of the Closing Date. Notwithstanding the actual date hereof, for convenience and purposes of reference this Indenture shall be dated as of _____ 1, 2003 may be cited and referred to as the “Indenture dated as of _____ 1, 2003”.

SECTION 14.12. Liability of Authority Limited to Revenues. Notwithstanding anything in this Indenture or in the Bonds contained, the Authority shall not be required to advance any moneys derived from any source other than the Revenues and other assets pledged under this Indenture for any of the purposes in this Indenture mentioned, whether for the payment of the principal or redemption price of or interest on the Bonds or for any other purpose of this Indenture. 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 14.13. Waiver of Personal Liability. No Commissioner, officer, agent or employee of the Authority shall be individually or personally liable for the payment of the principal of or premium, if any, or interest on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof; but nothing herein contained shall relieve any such member, officer, agent or employee from the performance of any official duty provided by law or by this Indenture.

IN WITNESS WHEREOF, the Authority and _____, as Trustee, have caused this Indenture to be executed in their respective names and their respective seals to be hereunto affixed and attested by their duly authorized officers, all as of the date first above written.

(SEAL)

REDEVELOPMENT AUTHORITY OF THE
CITY OF MILWAUKEE, WISCONSIN

By: _____
Executive Director - Secretary

By: _____
Chair

DEUTSCHE BANK, as Trustee

By: _____
Title

EXHIBIT A

**UNITED STATES OF AMERICA
STATE OF WISCONSIN
REDEVELOPMENT AUTHORITY OF THE CITY OF MILWAUKEE, WISCONSIN
TAXABLE PENSION FUNDING BOND, 2003 SERIES B
(MILWAUKEE PUBLIC SCHOOLS)**

No. R- _____ \$ _____

MATURITY DATE DATE OF BOND CUSIP NUMBER INTEREST RATE

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: _____

THE REDEVELOPMENT AUTHORITY OF THE CITY OF MILWAUKEE, WISCONSIN (hereinafter referred to as the "Authority"), a duly created and validly existing public body corporate and politic created and existing under the laws of the State of Wisconsin, for value received, hereby promises to pay, but solely from the revenues, income and other moneys hereinafter specified and not otherwise, to the registered owner named above, or registered assigns, the principal amount specified above on the maturity date specified above (subject to the right of prior redemption hereinafter mentioned), upon presentation and surrender of this Bond, and to pay interest on such principal amount, but solely from such revenues, income and other moneys hereinafter specified and not otherwise, on April 1, 2004 and on each October 1 and April 1 thereafter and on the maturity date or any other date on which the Bonds of the Series of which this Bond is one are redeemed in whole or in part (with respect to the portion of the principal then redeemed) (an "Interest Payment Date") from the date hereof, or from the Interest Payment Date next preceding the date of authentication hereof to which interest shall have been paid, unless the date of authentication is an Interest Payment Date, in which case from such date, or, if the date of authentication is after the Record Date next preceding the next succeeding Interest Payment Date, from the next succeeding Interest Payment Date, until the payment of such principal amount in full, at the interest rate per annum, such interest being payable on each Interest Payment Date in each year, by check mailed to the registered owner hereof at his address as it appears as of the fifteenth (15th) day of the month preceding such Interest Payment Date, or, if such day is not a Business Day, the next preceding Business Day (the "Record Date") on the books of registry kept pursuant to the Indenture hereinafter mentioned; *provided, however*, that interest due at the time the principal amount of this Bond is paid shall be paid upon presentation and surrender of this Bond. If interest is in default it shall be paid to the registered owner as set forth on such books of registry as of a special record date

as set forth in the Indenture herein referred to. The principal of and premium, if any, on this Bond is payable at the designated corporate trust office of Deutsche Bank in Chicago, Illinois, or its successor, as trustee (the "Trustee"). Principal of and premium, if any, and interest on this Bond are payable in lawful money of the United States of America.

This Bond is one of a series of Bonds of the Authority, each designated "Redevelopment Authority of the City of Milwaukee, Wisconsin Taxable Pension Funding Bond, 2003 Series ____ (Milwaukee Public Schools)" issued in the aggregate principal amount of _____ Dollars (\$_____) (the "Bonds"). This Bond and the series of which it is one are authorized to be issued and are issued under, pursuant to and in full compliance with the Constitution and statutes of the State of Wisconsin, including particularly Section 66.1333, Wisconsin Statutes, as amended, including amendments set forth in 2003 Wisconsin Act 43, enacted August 11, 2003 (as the same may from time to time be amended, the "Act"), and a Trust Indenture, dated as of _____, ____ (herein called the "Indenture"), by and between the Authority and the Trustee. The Bonds are issued under the aforesaid Indenture for the purpose of making a loan to the Milwaukee Board of School Directors ("the Borrower") pursuant to a Loan Agreement, dated as of _____, ____ (herein called the "Loan Agreement"), by and among the Authority, the Borrower and the City of Milwaukee, Wisconsin (the "City") for the purpose of financing unfunded prior service liability contributions under the Wisconsin Retirement System for the Borrower. Under the Loan Agreement and the promissory Note delivered to the Trustee by the City (the "MPS Note"), the City, on behalf of the Borrower is required to make payments to the Trustee for deposit into the Bond Fund established by the Indenture in an amount sufficient to pay principal of and premium, if any, and interest on the Bonds when due.

A copy of the Loan Agreement is on file at the designated corporate trust office of the Trustee, and reference is hereby directed to the Loan Agreement for the provisions thereof.

A copy of the Indenture is on file at the designated corporate trust office of the Trustee. Reference is hereby directed to the Indenture for the provisions, among others, with respect to the custody and application of the proceeds of the Bonds, the collection and disposition of revenues, a description of the nature and extent of the security for the Bonds, the funds and moneys pledged for the payment of the principal of and premium, if any, and interest on the Bonds; the nature and extent and manner of enforcement of the pledge; the terms and conditions upon which this Bond and the series of which it is one are issued and upon which other Bonds (or Notes of the City of Milwaukee, Wisconsin) may hereafter be issued payable as to principal, interest and premium on a parity with this Bond out of the aforesaid revenues, income and other moneys and equally and ratably secured therewith; the rights and remedies of the registered owners of the Bonds with respect thereto; the conditions for and the extent of alteration, modification and amendment of the Indenture; the terms and conditions upon which this Bond and the issue of which it is one are issued; the rights, duties and obligations of the Authority and the Trustee thereunder; the terms and provisions upon which the liens, pledges, charges, trusts and covenants made therein may be discharged at or prior to the maturity, purchase or redemption of this issue and this Bond thereafter will no longer be secured by the Indenture or be deemed to be outstanding thereunder, if moneys or certain specified securities

shall have been deposited with the Trustee sufficient and held in trust solely for the payment thereof; and for all other terms and provisions thereof. The provisions of the Act and the Indenture shall be a contract with the registered owner of this Bond, and the duties of the Authority and any employee thereof under the Act and the Indenture shall be enforceable by the registered owner hereof, by mandamus or other appropriate suit, action or proceeding, in any court of competent jurisdiction in the State of Wisconsin.

The Bonds are special limited obligations of the Authority payable solely from the moneys and revenues received from the payments made by the City on behalf of the Borrower pursuant to the Loan Agreement and the MPS Note and from moneys attributable to proceeds of the Bonds, or the income from the temporary investment thereof, and from amounts held under the Indenture and not from any other fund or source. Pursuant to the Indenture, the Authority has assigned its rights (with certain exceptions) in the Loan Agreement and the MPS Note to the Trustee to secure the payment of the principal and interest on the Bonds. The Bonds are and shall be secured by a prior and paramount lien and charge on such moneys and revenues, subject only to the senior lien of the City's outstanding \$150,000,000 Short-Term Promissory MPS Notes, 2003 M5, maturing June 30, 2004. The Bonds shall not constitute a general or moral obligation of the City and the full faith and credit of the City are not pledged to the payment of the principal of and premium, if any, and interest on the Bonds. The Bonds are payable solely from the moneys and revenues pledged to the payment thereof. The Bonds are not secured directly or indirectly by the general credit of the City or by any revenues or taxes of the City other than moneys derived under the Loan Agreement and the MPS Note. No Owner or registered owner of the Bonds shall have the right to compel any exercise of the taxing power of the City to pay the principal of the Bonds or the interest thereon.

The Bonds are not subject to optional redemption prior to their respective maturities.

The Bonds shall be subject to mandatory redemption prior to their respective stated maturities at any time on a Business Day, in whole or in part as set forth in the Indenture, at a redemption price equal to the principal amount thereof, together with the interest accrued on such principal amount to the date fixed for the redemption thereof, upon the occurrence of events which result in amounts due under the Loan Agreement and the MPS Note being accelerated in accordance with the terms thereof.

Each notice of redemption shall state the date of such notice, the date of issue and maturity date of the Bonds, the redemption date, the redemption price, the place or places of redemption, including the name and address of each redemption agent, the principal amount and, if less than all of the Bonds are to be redeemed, the distinctive certificate numbers of the Bonds or portions thereof to be redeemed, and the CUSIP and ISIN numbers, if any, of such Bonds to be redeemed, 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 such date there will become due and payable on each of such Bonds the principal amount thereof to be redeemed and premium, if any, and interest accrued thereon to the redemption date. The failure to give

notice to any Owner or any defects in such notice shall not affect the proceedings for the redemption of the Bonds as to which no such failure or defect has occurred.

Except as otherwise specifically provided in the Indenture, notice of redemption shall be given by mailing a copy of the redemption notice by first class mail, postage prepaid, not less than thirty (30) days nor more than sixty (60) days, prior to the date fixed for redemption to the registered owners of such Bonds to be redeemed at the addresses shown on the books of registry.

The Bonds may be transferred or exchanged by the registered owner hereof, in person or by his agent duly authorized in writing, at the designated corporate trust office of the Trustee but only in the manner, subject to limitations and upon payment of the charges, if any, provided in the Indenture and upon the surrender hereof to the Trustee for cancellation. Upon such transfer or exchange, a new Bond or Bonds of authorized denominations and of the same aggregate principal amount, interest rate and maturity as the Bond surrendered will be issued in exchange herefor. The Trustee shall not be required to transfer or exchange Bonds after a Record Date or fifteen (15) days prior to the mailing of a notice of redemption.

The term "Business Day" means any day other than a Saturday, Sunday or other day on which The New York Stock Exchange, Inc. or banks are authorized or required to close in New York, New York, Milwaukee, Wisconsin, or any city in which is located the designated corporate trust office of the Trustee.

This Bond shall not be entitled to any security, right or benefit under the Indenture or become valid or obligatory for any purpose until it shall have been authenticated by the Trustee by its execution of the certificate of authentication endorsed hereon.

It is hereby certified, recited and declared that all acts, conditions and things required by the Constitution and laws of the State of Wisconsin and the Indenture to exist, to have happened and to have been performed precedent to and in the issuance of this Bond and the issue of which this Bond is a part, do exist, have happened and have been performed in due time, form and manner as required by such Constitution, laws and the Indenture; that the amount of this Bond and the issue of which this Bond is a part does not exceed any constitutional or statutory limitations of indebtedness; and that provision has been made for the payment of the principal of and interest on this Bond and the Series of which it is a part as provided in the Indenture.

IN WITNESS WHEREOF, the Authority has caused this Bond to be executed in the name of and for the Authority by the manual or facsimile signatures of the Chairman and Secretary of the Authority, and to bear a lithographed or facsimile of the seal of the Authority.

REDEVELOPMENT AUTHORITY OF THE
CITY OF MILWAUKEE, WISCONSIN

[SEAL]

Attest:

Executive Director - Secretary

By: _____
Chair

CERTIFICATE OF AUTHENTICATION

This Bond is one of an issue described in the Indenture mentioned herein.

DEUTSCHE BANK, as Trustee

Date of Authentication: _____, _____

By: _____
Authorized Officer

ASSIGNMENT

For value received the undersigned sell(s), assign(s) and transfer(s) unto

(Please print or typewrite name and address, including zip code, of Assignee)

PLEASE INSERT SOCIAL SECURITY OR
OTHER TAX IDENTIFYING NUMBER OF ASSIGNEE

the within Bond and all rights hereunder, hereby irrevocably constituting and appointing _____, Attorney, to transfer such Bond on the books kept for the registration thereof, with full power of substitution in the premises.

Date: _____

Signature Guaranteed:

NOTICE: Signature(s) must be guaranteed by a member firm of The New York Stock Exchange, Inc. or a commercial bank or trust company.

(Signature of Registered Owner)
NOTICE: The signature above must correspond with the name of the Registered Owner as it appears on the front of this Bond in every particular, without alteration, enlargement or any change whatsoever.

APPENDIX B

[to come]

APPENDIX C

[to come]