



County of Los Angeles CHIEF EXECUTIVE OFFICE

Kenneth Hahn Hall of Administration
500 West Temple Street, Room 713, Los Angeles, California 90012
(213) 974-1101
<http://ceo.lacounty.gov>

WILLIAM T FUJIOKA
Chief Executive Officer

December 8, 2009

ADOPTED

PUBLIC WORKS FINANCING AUTHORITY

1-F DECEMBER 8, 2009

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Sachi A. Hamai
SACHI A. HAMAI
SECRETARY

Board of Supervisors
GLORIA MOLINA
First District

MARK RIDLEY-THOMAS
Second District

ZEV YAROSLAVSKY
Third District

DON KNABE
Fourth District

MICHAEL D. ANTONOVICH
Fifth District

LOS ANGELES COUNTY PUBLIC WORKS FINANCING AUTHORITY LEASE REVENUE BONDS, SERIES 2009 (LA OPERA) (ALL DISTRICTS) (3 VOTES)

SUBJECT

This action is to approve the issuance of lease revenue bonds through Los Angeles County Public Works Financing Authority to provide short-term financial assistance to the Los Angeles Opera Company (LA Opera).

IT IS RECOMMENDED THAT YOUR BOARD:

1. Adopt the resolution authorizing the sale and issuance of lease revenue bonds in an amount not-to-exceed \$14,000,000 and at an interest rate not-to-exceed 5.50%, by the Los Angeles County Public Works Financing Authority via a private placement with Banc of America Leasing & Capital, LLC, in order to provide short-term financial assistance to the LA Opera.
2. Authorize the Treasurer and Tax Collector and Chief Executive Office, as applicable, to execute and deliver on behalf of the County related documents (collectively, the "Bond Documents"), which are required in order to issue the bonds and complete the transaction.
3. Approve the pledge of the Dorothy Chandler Pavilion (Pavilion) to facilitate the issuance of the aforementioned lease revenue bonds.
4. Adopt the resolution terminating the lease agreement with the Music Center Lease Company to facilitate the lease-rental of the Pavilion.

"To Enrich Lives Through Effective And Caring Service"

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Intra-County Correspondence Sent Electronically Only**

IT IS ALSO RECOMMENDED THAT YOUR BOARD ACTING AS THE BOARD OF DIRECTORS OF THE LOS ANGELES COUNTY PUBLIC WORKS FINANCING AUTHORITY:

5. Adopt the resolution authorizing the sale and issuance of lease revenue bonds via a private placement with Banc of America Leasing & Capital, LLC (BALC), in an aggregate principal amount not-to-exceed \$14,000,000 at an interest rate not to exceed 5.50%.
6. Authorize the Treasurer and Tax Collector and Chief Executive Office, as applicable, to execute and deliver on behalf of the Los Angeles County Public Works Financing Authority related documents which are required in order to issue the bonds and complete the transaction substantially as to form (collectively, the "Bond Documents").

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The recommended actions will allow the LA Opera to bridge a cashflow deficit caused by the recession-related downturn in donations and ticket revenue while at the same time LA Opera undertakes the largest project in its history, Richard Wagner's Der Ring des Nibelungen ("Ring"), which is to be completed in June 2010. Although the LA Opera successfully completed a \$30,000,000 special fund raising campaign last month targeted to eliminate its accumulated deficit, reduce debt and restore working capital, the cash payments on these gifts will be received over time through June 2012, thereby necessitating a "bridge" loan to maintain current operations over the period in which the funds are to be received.

LA Opera – Background

The LA Opera is one of the resident companies of the Performing Arts Center of Los Angeles County (Music Center), to which the County has delegated the management and programming of the County-owned Music Center facilities pursuant to long-term operating subleases with the County. The largest facility of the Music Center, the 3,197-seat Pavilion, is used primarily by the LA Opera under a long-term tenant sublease with the Music Center. Under its lease, the LA Opera is required to present a minimum number of world-class performances for the County and pay a portion of the operating costs of the Music Center. In 2009-10, the LA Opera will pay in excess of \$1.4 million in fees to the Music Center, including \$700,000 in facility fee taxes that go directly back into the Pavilion maintenance.

In fewer than 25 years of existence, LA Opera has become the United States' fourth largest opera company. Under the leadership of General Director Plácido Domingo, the LA Opera has built a dedicated audience through a repertoire that is rich and diverse, including traditional and new productions and world premieres.

By producing opera of the highest international standards, LA Opera seeks to preserve and expand the opera tradition, and enlighten the citizens of Los Angeles County about opera's rich heritage and cultural relevance. The Company offers education and community programs for children, diverse citizens, seniors, and the general public, and seeks to build audiences and ensure opera's future by expanding the repertory to include innovative commissions and new productions.

In the 2008-09 season alone, LA Opera reached an audience of 165,000 through its main stage productions and an additional 152,000 diverse community members through LA Opera's 23 education and community outreach programs. Since its inception, LA Opera's award-winning education and outreach programs have introduced the beauty of classical music and opera into the lives of children, teachers, families and diverse communities. Most of the participating students have virtually no music education in their local schools. In 2008-09, LA Opera's programs served 45,000 K-12 students and 107,000 community members, including those who attended family programs. Core programs include accredited teacher training, free student matinees, in-school residencies, community talks, performances and recitals for young people, seniors and families, most of which are free of charge.

In addition to working with the County's school districts, LA Opera annually collaborates with numerous other community organizations to serve the broadest number of residents possible. A sampling of program partners includes: LA County Library, Huntington Library, California African American Museum, Pacific Asia Museum, American Jewish University, The Museum of Tolerance, The J. Paul Getty Museum, Puente Learning Center, The Colburn School of Music, Cathedral of Our Lady of the Angels, Cerritos Center for the Performing Arts, Lancaster Performing Arts Center, Carpenter Center for the Performing Arts and the major colleges and universities in the greater Los Angeles area.

Currently, LA Opera is in the midst of the largest project in its history, a new \$32 million production of Richard Wagner's four-part Ring, to be presented in three complete Ring cycles in May-June 2010. These cycles, the first ever presented in the city, will be surrounded by the county-wide Ring Festival LA, a collaboration of more than 120 cultural and educational organizations throughout Los Angeles, focusing a unique worldwide arts spotlight on Los Angeles County.

The rising stature and enthusiastic following of LA Opera provide a substantial benefit to Los Angeles County and to the Music Center. A world-class company and the presence of great talents like Plácido Domingo and Music Director James Conlon are crucial to Los Angeles' standing as one of the world's great cultural capitals.

LA Opera – Financial Situation and Solution

The rapid artistic growth of LA Opera and its ambitious programming combined with the onset of the current economic recession have resulted in serious financial pressure on the LA Opera's operations. Revenues from endowment investments have decreased along with ticket sales and donations at the same time that the Ring was being undertaken.

LA Opera's Board of Directors (Opera Board) addressed the pressures of the recession proactively. Early in 2009, the Opera Board approved a number of substantial expense reductions to contain operations:

- Cut 20% of its staff.
- Reduced administrative costs by 22%.
- Reduced the annual expense budget from \$61 million in 2007-08 to \$51 million for the 2008-09 season through expenditure reduction measures, which included decreasing the number of performances from 67 to 48 and opera productions from 9 to 6.
- Developed a five-year plan with a budget that is sustainable based upon conservative estimates of donations and ticket revenues in future seasons.

In June 2009, the Opera Board committed to a specific new "Campaign" of extraordinary giving. The successful campaign to raised \$30 million for operations to be used to provide added cashflow over the next three years, pay off all of LA Opera's debt obligations, eliminate the accumulated deficit, and restore working capital. The \$30 million special campaign approved by the board is above and beyond normal annual giving. As of November 13, 2009, slightly over \$30 million has been raised in the form of pledges to the Special Campaign, many of which are \$500,000 to \$5,000,000 each.

Although a few of the gifts have been received in their entirety, as with most commitments of this size, the pledge payments are spread over more than one year. As a consequence, there is an immediate need for bridge financing. LA Opera has identified a need of \$14 million this year to address its cashflow deficit pending receipt of pledged donations. The County's willingness to provide financing gives LA Opera the necessary working capital to support its operations while collecting the pledges through June 2012.

LACPWFA Lease Revenue Bonds (Los Angeles Opera)

To enable the \$14.0 million bridge financing loan to LA Opera, it is recommended that the Los Angeles County Public Works Financing Authority (Authority) issue lease-revenue bonds. Pursuant to County policies for debt issuance, we are recommending that the bond sale be conducted on a negotiated basis as a private placement. Following the completion of a modified bid request from the approved pool of senior underwriters, we recommend that Banc of America Leasing & Capital, LLC (BALC) be awarded the purchase contract for the bonds.

The County will secure the bonds through a ten-year lease of the Dorothy Chandler Pavilion (Pavilion), which will terminate upon the final payment of bonds at the end of the three year bond term. Although the bond term is three years, the lease term for the Pavilion is structured for a longer term in order to facilitate the bond issuance as a lease revenue financing. Bond proceeds in the amount of \$14.0 million will be provided to LA Opera. The bonds will be sold at an interest rate not-to-exceed 5.50%, with interest payments due semi-annually and principal due all at the end of the three year term (January 2013).

Under the lease and sublease of the Pavilion with the Authority, the County will pay rent to the Authority over three years which will be set at an amount sufficient to pay debt service on the bonds. The LA Opera will reimburse the County for its base rental payments pursuant to a promissory note issued to the Authority obligating it to do so. LA Opera has demonstrated its ability to make reimbursement payments by providing a listing of cash pledges, received as part of its extraordinary giving campaign, which exceeds \$14.2 million, which will be available as a source of repayment. Over half of these pledges are scheduled to be paid in cash in calendar 2010, and all by June 2012, seven months prior the date principal becomes due on the bonds. In the event of nonpayment by LA Opera, the County will remain obligated to make rental payments to the Authority.

The Bond Documents which are recommended for approval as to form by your Board, acting as the Board of Supervisors and Board of Directors of the Authority, will facilitate this bond transaction.

The Bond Documents consist of: (1) The Indenture by and among the Authority and the Treasurer and Tax Collector, as Fiscal Agent, secures the payment of the principal and interest on the bonds, declares the terms and conditions upon and subject to which the bonds are to be issued. The Indenture specifies that the entire principal amount will become due upon the maturity of the bonds in February 2013; (2) A Site Lease between

the County and the Authority, whereby the County will lease the Pavilion to the Authority for a ten-year period with the option to terminate at the end of three years; (3) A Sublease between the County and Authority that provides for a sublease of the Pavilion from the Authority back to the County and establishes the lease payment schedule, which will be sufficient to pay the debt service on the bonds.

Additional documents necessary to effectuate and offer the bonds for sale consist of: (1) The Letter Agreement for Purchase (Purchase Agreement) between the Authority and BALC as Purchaser of the bonds, sets forth the details of the bond transaction, including principal amount, interest rate, and closing date, the conditions that must be met to close the bond sale, and the limited circumstances permitting the Purchaser to terminate the bond sale; (2) A Resolution of the Board of Supervisors, which is attached hereto, authorizing the issuance of the bonds approves the Indenture, Site Lease, and Sublease and authorizes the Treasurer or his designee and such other officers of the County as shall be authorized by the Board (Authorized Officers) to execute and deliver to the Authority documents substantially in the form on file with this Board, with such changes therein as such Authorized Officers may require or approve, and to take any such other actions they deem necessary to complete the bond issuance; (3) A Resolution of the Board of Directors of the Authority authorizing the bonds makes a finding that the issuance of the bonds will result in significant public benefits, authorizes issuance of the bonds, and names and delegates authorization for completion of the Indenture, Site Lease, Sublease, and Purchase Agreement substantially in the form as attached and to take necessary actions on behalf of the Authority to complete the bond issuance; and (4) A resolution to terminate the County's lease with a now dissolved entity called the Music Center Lease Company, which needs to occur to clarify the title to the Pavilion and permit the lease-rental of the Pavilion.

FISCAL IMPACT/FINANCING

The County will be obligated to make interest payments in 2010-11 through 2012-13 in a maximum amount of \$781,000 per year, with full repayment of the \$14.0 million principal due in 2012-13. All County payments will be funded by the LA Opera pursuant to a promissory note. In the event of nonpayment by LA Opera, the County will remain obligated to make rental payments to the Authority. However, the \$14.2 million cash donation pledges received as part of LA Opera's extraordinary giving campaign assure its ability to repay its obligations. In fiscal years in which rental payments will be due, we will include sufficient appropriation and offsetting revenue for rental payments in the CEO-Rent Budget as part of the proposed budget recommendations to your Board. The costs of issuance, consisting of approximately \$70,000 in legal counsel and title insurance fees, will be paid by LA Opera directly.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

Authorization for the issuance of bonds by the Authority is provided by Joint Powers Authority law, specifically Government Code Section 6588(c). The bond documents have been reviewed and approved by County Counsel in substantially the form attached.

ENVIRONMENTAL DOCUMENTATION

The recommended actions do not result in any impact to the environment and are exempt under the California Environmental Quality Act.

CONCLUSION

Upon approval, please return one adopted copy of this letter to the Chief Executive Office, Capital Projects Division.

Respectfully submitted,


WILLIAM T FUJIOKA
Chief Executive Officer

WTF:SK
DJT:PB:zu

Attachments (8)

c: Executive Officer, Board of Supervisors
Acting County Counsel
Auditor-Controller
Treasurer and Tax Collector

**RESOLUTION OF THE BOARD OF SUPERVISORS OF LOS ANGELES COUNTY
AUTHORIZING THE EXECUTION AND DELIVERY OF LEGAL DOCUMENTS
RELATED TO THE ISSUANCE BY THE LOS ANGELES COUNTY PUBLIC WORKS
FINANCING AUTHORITY OF LEASE REVENUE BONDS AND APPROVING
ADDITIONAL ACTIONS WITH RESPECT THERETO**

WHEREAS, the County of Los Angeles (the "**County**") is the owner of the land and improvements thereon that comprise the Music Center – Performing Arts Center of Los Angeles County (the "**Music Center**"); and

WHEREAS, the Music Center includes the Dorothy Chandler Pavilion (collectively, the land and improvements that comprise the Dorothy Chandler Pavilion are hereinafter referred to as the "**Property**"); and

WHEREAS, the Los Angeles Opera Company ("**LA Opera**") is a nonprofit entity organized to produce operas at the Property in order to expand and enrich the education and cultural interests of the Los Angeles community and is one of four resident companies of the Music Center; and

WHEREAS, LA Opera is in need of financial assistance in the amount of fourteen million dollars (\$14,000,000) for its operations at the Property and has requested financial assistance from the County; and

WHEREAS, this Board of Supervisors hereby finds that it is in the best interests of the County to provide financial assistance to LA Opera; and

WHEREAS, the Los Angeles County Public Works Financing Authority (the "**Authority**") will aid the County in providing financial assistance to LA Opera by issuing Lease Revenue Bonds, Series 2009 (LA Opera) (the "**Bonds**") in an aggregate principal amount not to exceed fourteen million dollars (\$14,000,000) pursuant to (i) the Mark-Roos Local Bond Pooling Act of 1985 (commencing with Section 6584 of the California Government Code), and (ii) an Indenture of Trust (the "**Indenture**"), by and between the Authority and the Treasurer and Tax Collector of the County of Los Angeles (the "**Treasurer**"), as fiscal agent (the "**Fiscal Agent**"); and

WHEREAS, LA Opera will deliver an inducement letter to the Authority and the Fiscal Agent pursuant to which (i) LA Opera will issue an unsecured note in the principal amount of fourteen million dollars (\$14,000,000) (the "**Opera Note**"), (ii) the Fiscal Agent will purchase the Opera Note with the proceeds of the Bonds, and (iii) LA Opera will pay principal and interest on the Opera Note in an amount equal to the Basic Lease Payments (as defined below) the County is required to pay to the Authority pursuant to the Sublease (as defined below); and

WHEREAS, in order to provide an additional source of security for the Bonds, the Authority and the County propose to enter into (i) a Site Lease (the "**Site Lease**"), pursuant to which the County will lease to the Authority the Property, and (ii) a Sublease (the "**Sublease**"), pursuant to which the County will sublease from the Authority the Property in exchange for

certain lease payments (the “**Basic Lease Payments**”) to be paid by the County to the Authority pursuant to the Sublease; and

WHEREAS, the County desires to approve the forms of certain of the financing documents to be executed and delivered by it in connection with the execution, sale and delivery of the Bonds by the Authority; and

WHEREAS, the County is authorized to undertake all of the above pursuant to applicable law of the State of California;

NOW, THEREFORE, BE IT RESOLVED by the Board of Supervisors of the County of Los Angeles (this “**Board**”) as follows:

SECTION 1. Indenture. The form of the Indenture presented to this meeting and on file with this Board is hereby approved. Each of the Treasurer, or his designee, and such other officers of the County as shall be authorized by the Board (collectively, the “**Authorized Officers**”), is hereby authorized and directed, for and in the name and on behalf of the County, to execute and deliver to the Authority the Indenture substantially in the form on file with this Board, with such changes therein as such Authorized Officers may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

SECTION 2. Site Lease. The form of the Site Lease presented to this meeting and on file with this Board is hereby approved. Each of the Authorized Officers, is hereby authorized and directed, for and in the name and on behalf of the County, to execute and deliver to the Authority the Site Lease substantially in the form on file with this Board, with such changes therein as such Authorized Officers may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

SECTION 3. Sublease. The form of the Sublease presented to this meeting and on file with this Board is hereby approved. Each of the Authorized Officers is hereby authorized and directed, for and in the name and on behalf of the County, to execute and deliver to the Authority the Sublease substantially in the form on file with this Board, with such changes and insertions therein as such Authorized Officers may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

SECTION 4. Other Actions. Each Authorized Officer is authorized, jointly and severally, to do any and all things and to execute and deliver any and all documents that they may deem necessary or advisable in order to consummate the execution, sale and delivery of the Bonds and otherwise to carry out, give effect to and comply with the terms and intent of this Resolution, the Indenture, the Site Lease and the Sublease. All actions heretofore taken by such Authorized Officers and all other officers and agents of the Board of Supervisors with respect to the Bonds, including but not limited to the employment or retention of attorneys, are hereby ratified, confirmed and approved.

SECTION 5. Effect. This Resolution shall take effect immediately.

SECTION 8. Effect. This Resolution shall take effect immediately.

The foregoing resolution was on the 8th day of December, 2009, adopted by the Board of Supervisors of the County of Los Angeles and *ex-officio* the governing body of all other special assessment and taxing districts, agencies and authorities for which said Board so acts.

SACHI A. HAMAI
Executive Officer - Clerk of
the Board of Supervisors
of the County of Los Angeles

By: Lachelle Smithman
Deputy

Approved as to form:

ROBERT E. KALUNIAN
Acting County Counsel

By: Samuel A. DePort
Principal Deputy County Counsel



RESOLUTION OF THE BOARD OF DIRECTORS OF THE LOS ANGELES COUNTY PUBLIC WORKS FINANCING AUTHORITY AUTHORIZING THE ISSUANCE AND SALE OF LEASE REVENUE BONDS, IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED FOURTEEN MILLION DOLLARS (\$14,000,000)

WHEREAS, the County of Los Angeles (the "**County**") and the Los Angeles County Flood Control District (the "**Flood Control District**") have executed a Joint Exercise of Powers Agreement dated May 18, 1993, as amended from time to time (the "**Joint Powers Agreement**"), pursuant to the Joint Exercise of Powers Act constituting Articles 1 through 3, Chapter 5, Division 7, Title 1 of the California Government Code (commencing with Section 6500) (the "**Act**") establishing the Los Angeles County Public Works Financing Authority (the "**Authority**"), for the purpose, among others, of issuing bonds to provide financial assistance to the County, the Flood Control District and any other entity becoming a party to the Joint Powers Agreement; and

WHEREAS, the County is the owner of the real property that comprises the Music Center – Performing Arts Center of Los Angeles County (the "**Music Center**"); and

WHEREAS, the Music Center includes the Dorothy Chandler Pavilion (collectively, the land and improvements that comprise the Dorothy Chandler Pavilion are hereinafter referred to as the "**Property**"); and

WHEREAS, Los Angeles Opera Company ("**LA Opera**") is a nonprofit entity organized to produce operas at the Property in order to expand and enrich the educational and cultural interests of the Los Angeles community and is one of four resident companies of the Music Center; and

WHEREAS, LA Opera is in need of financial assistance in the amount of fourteen million dollars (\$14,000,000) for its operations at the Property and has requested assistance from the County; and

WHEREAS, the Board of Supervisors of the County has determined that it is in the best interests of the County to provide assistance to LA Opera; and

WHEREAS, the Los Angeles County Public Works Financing Authority (the "**Authority**") will aid the County in providing financial assistance to LA Opera by issuing Lease Revenue Bonds, Series 2009 (the "**Bonds**") in an aggregate principal amount not to exceed fourteen million dollars (\$14,000,000) pursuant to (i) the Mark-Roos Local Bond Pooling Act of 1985 (commencing with Section 6584 of the California Government Code) (the "**Bond Law**"), and (ii) an Indenture of Trust (the "**Indenture**"), by and between the Authority and the Treasurer and Tax Collector of the County of Los Angeles (the "**Treasurer**"), as fiscal agent (the "**Fiscal Agent**"); and

WHEREAS, LA Opera will deliver an inducement letter to the Authority, the Fiscal Agent and the County pursuant to which (i) LA Opera will issue an unsecured note in the principal amount of fourteen million dollars (\$14,000,000) (the "**Opera Note**"), (ii) the Fiscal Agent will purchase the Opera Note with the proceeds of the Bonds, and (iii) LA Opera will pay principal and interest on the Opera Note in an amount equal to the Basic Lease Payments (as defined below) the County is required to pay to the Authority pursuant to the Sublease (as defined below); and

WHEREAS, in order to provide an additional source of security for the Bonds, the Authority and the County propose to enter into (i) a Site Lease (the "**Site Lease**"), pursuant to which the County will lease to the Authority the Property, and (ii) a Sublease (the "**Sublease**"), pursuant to which the County will sublease from the Authority the Property in exchange for certain lease payments (the "**Basic Lease Payments**") to be paid by the County to the Authority under such Sublease; and

WHEREAS, the Authority proposes to sell the Bonds by private placement pursuant to the terms of a Letter Agreement for Purchase (the "**Purchase Agreement**") by and between the Authority and Banc of America Leasing & Capital, LLC, a Delaware limited liability company, as purchaser of the Bonds (the "**Purchaser**"); and

WHEREAS, the Authority desires to approve the forms of certain of the financing documents to be executed and delivered by it in connection with the execution, sale and delivery of the Bonds; and

WHEREAS, the Authority is authorized to undertake all of the above pursuant to the Joint Powers Agreement, the Act, the Bond Law and other applicable laws of the State of California; and

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Los Angeles County Public Works Financing Authority (this "**Board**") as follows:

SECTION 1. Determination. The Board finds and determines that the issuance of the Bonds will result in significant public benefits within the contemplation of Section 6586 of the Bond Law.

SECTION 2. The Bonds. The issuance of the Bonds pursuant to the Indenture and the Bond Law in an aggregate principal amount not to exceed fourteen million dollars (\$14,000,000) is hereby approved. The Bonds shall be special limited obligations of the Authority payable from amounts received by the Authority as specified in the Indenture, and the Authority shall not be obligated to pay the Bonds except from such amounts under the Indenture.

SECTION 3. Indenture. The form of the Indenture presented to this meeting and on file with this Board is hereby approved. Each of the officers of the Authority and their authorized representatives (collectively, the "**Authorized Officers**"), is hereby authorized and directed, for and in the name and on behalf of the Authority, to execute and deliver to the Authority the Indenture substantially in the form on file with this Board, with such changes therein as such Authorized Officers may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

SECTION 4. Site Lease. The form of the Site Lease presented to this meeting and on file with this Board is hereby approved. Each of the Authorized Officers, is hereby authorized and directed, for and in the name and on behalf of the Authority, to execute and deliver to the Authority the Site Lease substantially in the form on file with this Board, with such changes therein as such Authorized Officers may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

SECTION 5. Sublease. The form of the Sublease presented to this meeting and on file with this Board is hereby approved. Each of the Authorized Officers is hereby authorized and directed, for and in the name and on behalf of the Authority, to execute and deliver to the Authority the Sublease substantially in the form on file with this Board, with such changes and insertions therein as such Authorized Officers may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

SECTION 6. Purchase Agreement. The form of Purchase Agreement presented to this meeting and on file with this Board is hereby approved. In connection with the private placement of the Bonds, each Authorized Officer is hereby authorized and directed, for and in the name and on behalf of the Authority, to execute and deliver to the Purchaser the Purchase Agreement substantially in the form on file with this Board, with such changes and insertions therein as such Authorized Officers may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof; *provided, however*, that (i) the maximum interest rate with respect to the Bonds shall not be in excess of 6.00% per annum and (ii) the aggregate principal amount of the Bonds does not exceed fourteen million dollars (\$14,000,000).

SECTION 7. Other Actions. Each Authorized Officer is authorized, jointly and severally, to do any and all things and to execute and deliver any and all documents that they may deem necessary or advisable in order to consummate the execution, sale and delivery of the Bonds and otherwise to carry out, give effect to and comply with the terms and intent of this Resolution, the Bonds, the Indenture, the Site Lease, the Sublease and the Purchase Agreement. All actions heretofore taken by such Authorized Officers and all other officers and agents of the Board of Supervisors with respect to the Bonds are hereby ratified, confirmed and approved.

SECTION 8. Effect. This Resolution shall take effect immediately.

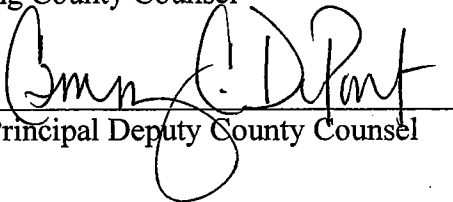
The foregoing resolution was on the ____ day of ____, 2009, adopted by the Board of Supervisors of the County of Los Angeles and *ex-officio* the governing body of all other special assessment and taxing districts, agencies and authorities for which said Board so acts.

SACHI A. HAMAI
Executive Officer - Clerk of
the Board of Supervisors
of the County of Los Angeles

By: _____
Deputy

Approved as to form:

ROBERT E. KALUNIAN
Acting County Counsel

By: 
Principal Deputy County Counsel

RECORDING REQUESTED BY AND)
WHEN RECORDED MAIL TO:)

)
)
)
)
NIXON PEABODY LLP)
555 West Fifth Street, 46th Floor)
Los Angeles, California 90013)
Attention: Rudy S. Salo, Esq.)

(Space above for Recorder's use)

NO DOCUMENTARY TRANSFER TAX DUE. This Resolution is recorded for the benefit of the County of Los Angeles and the recording is exempt under Section 27383 of the California Government Code and Section 11928 of the California Revenue and Taxation Code.

RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF LOS ANGELES DECLARING THAT CERTAIN INDEBTEDNESS RELATED TO THE MUSIC CENTER HAS BEEN DISCHARGED AND THAT AS A RESULT THEREOF THE LEASE AND INDENTURE OF MORTGAGE AND DEED OF TRUST RELATED TO THAT INDEBTEDNESS HAVE TERMINATED, RENOUNCING ANY INTEREST IN THE LEASE AND DECLARING THAT TITLE IN FEE SIMPLE TO THE PROPERTY COVERED BY THE LEASE AND INDENTURE OF MORTGAGE AND DEED OF TRUST VESTS SOLELY IN THE COUNTY OF LOS ANGELES

WHEREAS, on February 27, 1962, The Music Center Memorial Pavilion Ground Lease (the "Lease") between the County of Los Angeles (the "County"), as lessor, and The Music Center Lease Company (the "Lease Company") was recorded in the Los Angeles County Official Records as Instrument No. 5205, pursuant to which the County leased certain property described therein (the "Leased Property") to the Lease Company and the Lease Company leased the Leased Property back to the County; and

WHEREAS, the Lease automatically terminated in its entirety on or before the date the Music Center Lease Company Leasehold Mortgage Bonds (the "Bonds") issued by the Lease Company pursuant to the Indenture of Mortgage and Deed of Trust, dated March 1, 1962 (the "Indenture"), matured on or about September 1, 1991; and

WHEREAS, upon termination of the Lease and simultaneous discharge of the Indenture upon the maturity of the Bonds, fee simple title to the Leased Property vested solely in the County; and

WHEREAS, as evidenced in the dissolution materials from the California Secretary of State attached as Exhibit A hereto, the Lease Company was dissolved after the Bonds matured; and

NOW, THEREFORE, BE IT RESOLVED by the Board of Supervisors of the County of Los Angeles (this "**Board**") as follows:

SECTION 1. The Board hereby declares that the Bonds supported by the Lease and subject to the Indenture matured on or about September 1, 1991 and are no longer outstanding.

SECTION 2. By reason of the maturity of the Bonds, the Lease and the Indenture terminated in their entirety, the County renounces any interest in the Lease and the County holds sole fee simple title the Leased Property free and clear of the Lease and the Indenture.

The foregoing resolution was on the ____ day of _____, 2009, adopted by the Board of Supervisors of the County of Los Angeles and *ex-officio* the governing body of all other special assessment and taxing districts, agencies and authorities for which said Board so acts.

SACHI A. HAMAI
Executive Officer - Clerk of
the Board of Supervisors
of the County of Los Angeles

By: _____
Deputy

Approved as to form:

ROBERT E. KALUNIAN
Acting County Counsel

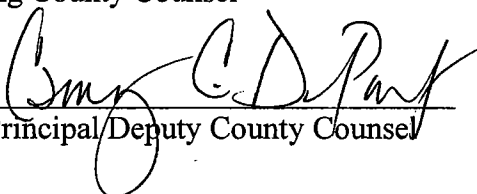
By: 
Principal/Deputy County Counsel

EXHIBIT A

**DISSOLUTION MATERIALS RELATED TO
THE MUSIC LEASE COMPANY**

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

NIXON PEABODY LLP
555 West Fifth Street, 46th Floor
Los Angeles, California 90013
Attention: Rudy S. Salo, Esq.

SITE LEASE

Dated as of December 1, 2009

by and between

**COUNTY OF LOS ANGELES,
as Lessor**

and

**LOS ANGELES COUNTY PUBLIC WORKS FINANCING AUTHORITY,
as Lessee**

relating to

**\$14,000,000
LOS ANGELES COUNTY PUBLIC WORKS FINANCING AUTHORITY
LEASE REVENUE BONDS, SERIES 2009
(LA OPERA)**

NO DOCUMENTARY TRANSFER TAX DUE. This Site Lease is recorded for the benefit of the County of Los Angeles and the recording is exempt under Section 27383 of the California Government Code and Section 11928 of the California Revenue and Taxation Code.

RECORDING REQUESTED BY AND)
WHEN RECORDED MAIL TO:)

)
)
)
)
NIXON PEABODY LLP)
555 West Fifth Street, 46th Floor)
Los Angeles, California 90013)
Attention: Rudy S. Salo, Esq.)

(Space above for Recorder's use)

SUBLEASE

Dated as of December 1, 2009

by and between the

LOS ANGELES COUNTY PUBLIC WORKS FINANCING AUTHORITY, as Lessor

and the

COUNTY OF LOS ANGELES, as Lessee

**relating to
\$14,000,000**

**LOS ANGELES COUNTY PUBLIC WORKS FINANCING AUTHORITY
LEASE REVENUE BONDS, SERIES 2009
(LA OPERA)**

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SUBLEASE

THIS SUBLEASE (this "Sublease"), dated as of December 1, 2009, is made and entered into by and between the LOS ANGELES COUNTY PUBLIC WORKS FINANCING AUTHORITY, a joint exercise of powers entity duly organized and existing under the Constitution and the laws of the State of California, as lessor (the "Authority"), and the COUNTY OF LOS ANGELES, a political subdivision of the State of California, and its successors and assigns (the "County").

WITNESSETH

WHEREAS, the County is authorized pursuant to the laws of the State of California and its charter to lease real and personal property for municipal purposes; and

WHEREAS, the Authority proposes to lease from the County certain property (the "Property"), as more particularly described in the attached Exhibit A which is incorporated herein by this reference, pursuant to a Site Lease (the "Site Lease") dated as of the date hereof, and sublease the Property to the County pursuant to this Sublease; and

WHEREAS, all acts, conditions and things required by law to exist, to have occurred and to have been performed precedent to and in connection with the execution and entering into of this Sublease do exist, have occurred and have been performed in regular and due time, form and manner as required by law, and the parties hereto are now duly authorized to execute and enter into this Sublease.

NOW, THEREFORE, in consideration of the above premises and of the mutual agreements and covenants hereinafter contained and for other good and valuable consideration, the parties hereto agree as follows:

ARTICLE I DEFINITIONS AND EXHIBITS

SECTION 1.1. Definitions. Unless the context otherwise requires, the terms defined in this Section shall for all purposes of this Sublease have the meanings herein specified. Certain capitalized terms not defined herein shall have the meanings ascribed to them in the Indenture.

"Additional Bonds" means the lease revenue bonds issued from time to time, pursuant to Section 7.3 of this Sublease and Article III of the Indenture.

"Additional Payments" means the amounts payable by the County pursuant to Section 3.7 of this Sublease.

"Authority" means the Los Angeles County Public Works Financing Authority, a joint exercise of powers entity duly organized and existing under the Constitution and the laws of the State of California.

“Authority Representative” means an officer or employee of the Authority, or other person, who has been designated by the Board of Directors of the Authority.

“Basic Lease Payments” means the payments required to be made by the County on any date pursuant to Section 3.4 of this Sublease including any prepayment thereof pursuant to Article IX hereof.

“Bond” or “Bonds” means the Los Angeles County Public Works Financing Authority Lease Revenue Bonds, Series 2009 (LA Opera) and any Additional Bonds.

“Bond Fund” means the fund by that name established and held by the Fiscal Agent pursuant to Sections 4.01 and 5.02 of the Indenture.

“Closing Date” means the day when the Bonds are issued to the original purchasers and, in the case of the Series 2009 Bonds, December 11, 2009.

“County” means the County of Los Angeles, a political subdivision of the State of California, and its successors and assign.

“County Representative” means an officer or employee of the County, or other person, who has been designated by the County Board of Supervisors.

“Fiscal Agent” means the Treasurer and Tax Collector of the County, its designated agents and its successors and assigns.

“Hazardous Substances” means any toxic or hazardous pollutants, waste, materials or substances, formaldehyde, polychlorinated biphenyls, asbestos, asbestos containing materials, nuclear fuel or waste, radioactive materials, explosives, carcinogens and petroleum products, or any other waste, material, substance, pollutant or contaminant which would subject the owner of the Property to any damages, penalties or liabilities under any applicable provisions of any state or federal law relating thereto.

“Indenture” means the Indenture of the Authority.

“Independent Counsel” means an attorney duly admitted to the practice of law before the highest court of the state in which such attorney maintains an office and who is not an employee of the Authority or the County.

“Insurance Proceeds and Condemnation Award Fund” means the fund by that name established and held by the Fiscal Agent pursuant to Section 6.08 of the Indenture.

“Lease Payment Date” means the fifteenth (15th) day of July and January in each year during the Term of this Sublease, commencing July 15, 2010, except that if the Fiscal Agent is not open for business on any such date, then that Lease Payment Date shall be the next day on which such office is open for business.

“Lease Payments” shall mean the Basic Lease Payments and the Additional Payments.

"Net Proceeds" means any insurance proceeds (including self-insurance proceeds) or condemnation award, paid with respect to any of the Property, to the extent remaining after payment therefrom of all expenses incurred in the collection thereof.

"Owner" or "Bond Owner" or "Owner of a Bond", or any similar terms when used with respect to a Bond means the person in whose name such fully registered Bond shall be registered on the Registration Books.

"Permitted Encumbrances" means, as of any particular time: (i) liens for general ad valorem taxes and assessments, if any, not then delinquent, or which the County may, pursuant to provisions of Section 4.1 hereof, permit to remain unpaid; (ii) the Site Lease; (iii) this Sublease (including any amendment thereto); (iv) the pledge under the Indenture; (v) any encumbrance, indebtedness and leases permitted under Section 7.2 and 7.3 hereof; (vi) any right or claim of any mechanic, laborer, materialman, supplier or vendor not filed or perfected in the manner prescribed by law or any mechanics or other liens permitted under Section 4.2 hereof; (vii) easements, rights of way, mineral rights, drilling rights and other rights, reservations, covenants, conditions or restrictions which exist of record as of the Closing Date and which the County certifies in writing will not materially impair the use of the Property; and (viii) easements, rights of way and licenses granted to persons who develop or use the real property adjacent to the Property which the County certifies in writing will not damage, reduce the fair market value of or materially impair the use of the Property.

"Property" means the land and all improvements and facilities currently existing thereon as more particularly described in Exhibit A hereto.

"Rental Period" means each twelve-month period during the Term of this Sublease commencing on February 1 in any year and ending on January 31 in the next succeeding year; except that the first Rental Period during the Term of this Sublease shall commence on the Closing Date and end on January 31, 2011.

"Series 2009 Bonds" means the \$14,000,000 initial aggregate principal amount of Los Angeles County Public Works Financing Authority Lease Revenue Bonds, Series 2009 (LA Opera) to be issued pursuant to the Indenture.

"Site Lease" means the Site Lease dated as of December 1, 2009 by and between the County, as lessor, and the Authority, as lessee, including any amendments thereto, pursuant to which the County leases the Property to the Authority.

"State" means the State of California.

"Sublease" means this Sublease together with any duly authorized and executed amendments hereto.

"Supplemental Indenture" means a Supplemental Indenture entered into pursuant to Article III or Article VIII of the Indenture.

"Term of this Sublease" or "Term" means the time during which this Sublease is in effect, as provided for in Section 3.2 hereof.

SECTION 1.2. Exhibits. The following Exhibits are attached to, and by reference made a part of, this Sublease:

EXHIBIT A: Description of the Land.

EXHIBIT B: Schedule of Basic Lease Payments to be paid by the County hereunder, showing the date and amount of each such Basic Lease Payment.

EXHIBIT C: List of Substitute Properties.

ARTICLE II REPRESENTATIONS, COVENANTS AND WARRANTIES

SECTION 2.1. Representations, Covenants and Warranties of the County. The County represents, covenants and warrants to the Authority as follows:

(a) Due Organization and Existence. The County is a political subdivision of the State.

(b) Authorization. The Constitution and laws of the State and the Charter of the County authorize the County to enter into this Sublease, to enter into the transactions contemplated hereby and to carry out its obligations under this Sublease, and the County has duly authorized, executed and delivered this Sublease.

SECTION 2.2. Representations, Covenants and Warranties of the Authority. The Authority represents, covenants and warrants to the County as follows:

(a) Due Organization and Existence. The Authority is a joint exercise of powers entity duly organized and existing under the Constitution and the laws of the State and has full legal power to own, hold, improve and equip real and personal property, and to lease and sell the same. The Authority has the power to enter into this Sublease, to enter into the transactions contemplated hereby and to carry out its obligations under this Sublease, and the Authority, by proper actions of its board of directors, has duly authorized the execution and delivery of this Sublease.

(b) No Encumbrances. The Authority will not pledge the Basic Lease Payments or other amounts derived from the Property and from its other rights under this Sublease, and will not, directly or indirectly, create, incur, assume or suffer to exist any mortgage, pledge, lien, charge, encumbrance or claim on or with respect to the Property, other than the respective rights of the Authority, the Fiscal Agent and the County as provided herein and in the Indenture and Permitted Encumbrances. Except as expressly provided in this Sublease, the Authority shall promptly take such action as may be necessary to duly discharge or remove any such mortgage, pledge, lien, charge, encumbrance or claim, for which it is responsible, if the same shall arise at any time.

(c) No Violations. Neither the execution and delivery of this Sublease, nor the fulfillment of or compliance with the terms and conditions hereof, nor the consummation of the transactions contemplated hereby, conflicts with or results in a breach of the terms, conditions or

provisions of any restriction or any agreement or instrument to which the Authority is now a party or by which the Authority is bound or results in the creation or imposition of any lien, charge or encumbrance whatsoever upon any of the Property or assets of the Authority, or upon the Property, except Permitted Encumbrances.

ARTICLE III AGREEMENT TO LEASE; TERMINATION OF THIS LEASE; LEASE PAYMENTS

SECTION 3.1. Lease. The Authority hereby subleases the Property to the County, and the County hereby subleases the Property from the Authority, on the terms and conditions hereinafter set forth. The County hereby agrees and covenants during the Term of this Sublease that, except as hereinafter expressly provided, it will use the Property solely for public and municipal purposes so as to afford the public the benefit contemplated by this Sublease and so as to permit the Authority to carry out its agreements and covenants contained in the Indenture and further agrees that it will not abandon the Property.

SECTION 3.2. Term of Agreement. The Term of this Sublease shall commence on the Closing Date hereof, and shall end on February 1, 2020, unless such term is otherwise terminated or extended as hereinafter provided. If on February 1, 2020, the Indenture shall not be discharged by its terms, or if the Lease Payments payable hereunder shall have been abated at any time and for any reason, then the Term of this Sublease shall be extended until the Indenture shall be discharged by its terms (but not later than February 1, 2030). If prior to February 1, 2020, the Indenture shall be discharged by its terms, the Term of this Sublease shall thereupon end.

SECTION 3.3. Possession. The County agrees to accept possession and use of the Property as the owner of the leasehold interest thereof on the Closing Date, and, subject to Section 3.4(a) hereof, shall pay the first Basic Lease Payment on July 15, 2010.

SECTION 3.4. Lease Payments, Basic Lease Payments.

(a) Obligation to Pay. Subject to the provisions of Articles V and IX hereof, the County agrees to pay to the Authority, its successors and assigns, as rental for the use and occupancy of the Property during each Rental Period, the Basic Lease Payments for all of the Property in the respective amounts specified in Exhibit B, to be due and payable on the respective Lease Payment Dates specified in Exhibit B, plus the Additional Payments required under Section 3.7 hereof; provided, however, that the County may, in its sole discretion, defer payment of the amount set forth under the principal column in Exhibit B for the first two annual Rental Periods. Any amount held in the Interest Account or the Principal Account of the Bond Fund on any Lease Payment Date (other than amounts resulting from the prepayment of the Basic Lease Payments in part but not in whole pursuant to Article IX hereof and other amounts required for payment of past due principal of or interest on any Bonds not presented for payment or otherwise) shall be credited towards the Basic Lease Payment next due and payable; and no Basic Lease Payment need be made on any Lease Payment Date if the amounts then held in the Interest Account and Principal Account of the Bond Fund and available for such purpose are at least equal to the Basic Lease Payment then required to be paid. The Lease Payments for the

Property payable in any Rental Period shall be for the use of the Property for such Rental Period. Notwithstanding any dispute between the Authority and the County and subject to the deferment option referenced in the first sentence hereof, the County shall make all Basic Lease Payments when due and shall not withhold any Basic Lease Payment pending final resolution of the dispute.

(b) Effect of Prepayment. If the County prepays all remaining Lease Payments in full pursuant to Article IX, the County's obligations under this Sublease shall thereupon cease and terminate, including but not limited to the County's obligation to pay Basic Lease Payments under this Section 3.4, subject however, to the provisions of Section 9.1 in the case of prepayment by application of a security deposit. If the County purchases the Property pursuant to Section 9.2 of this Sublease or prepays the Lease Payments in part but not in whole pursuant to Section 9.3 as a result of any insurance or condemnation award with respect to the Property such prepayment shall be credited entirely towards the prepayment of the Lease Payments allocable to the Property as follows: (i) Additional Payments due or to become due pursuant to Section 3.7 attributable to such purchased Property shall be paid or provided for through the date of such deposit, (ii) the principal components of each remaining Basic Lease Payment shall be reduced on a pro rata basis in integral multiples of \$5,000; and (iii) the interest component of each remaining Basic Lease Payment attributable to the Property shall be reduced by the aggregate corresponding amount of interest which would otherwise be payable with respect to the Bonds thereby redeemed pursuant to Section 2.03(a), 2.03(b) or 6.08(a) of the Indenture.

(c) Rate on Overdue Payments. Subject to the deferment option referenced in the first sentence of Section 3.4(a) hereof and the extent not provided for pursuant to the Opera Note as set forth in the Indenture, if the County fails to pay any of the Basic Lease Payments required in this Section 3.4, the payment in default shall continue as an obligation of the County until the amount in default shall have been fully paid. Any past due Basic Lease Payment shall accrue interest at the rate of 6.70% from the due date thereof.

(d) Fair Rental Value. The Lease Payments for each Rental Period shall constitute the total rental for such Rental Period, and shall be paid by the County in each Rental Period for and in consideration of the right of the use of, and the continued quiet use and enjoyment of the Property during such Rental Period. The parties hereto have agreed and determined that the total of all Lease Payments for the Property is not greater than the total fair rental value of the Property. Further, the Lease Payments for each Rental Period do not exceed the fair rental value of the Property for such Rental Period. In making such determination, consideration has been given to the Property, the cost of improvements made or to be made to the Property, other obligations of the parties under this Sublease, the uses and purposes which may be served by the Property and the benefits therefrom which will accrue to the County and the general public.

(e) Budget and Appropriation. The County covenants to take such action as may be necessary to include all Lease Payments due hereunder in its annual budgets and to make the necessary annual appropriations for all such Lease Payments. In so providing for the payment of Lease Payments in its annual budgets, the County may take into account moneys on deposit in the various funds and accounts under the Indenture that are properly available to make Lease Payments. The covenants on the part of the County herein contained shall be deemed to be and shall be construed to be ministerial duties imposed by law and it shall be the duty of each and

every public official of the County to take such action and do such things as are required by law in the performance of the official duty of such official to enable the County to carry out and perform the covenants and agreements in this Sublease agreed to be carried out and performed by the County. The obligations of the County to make Basic Lease Payments or Additional Payments do not constitute obligations for which the County is obligated to levy or pledge any form of taxation or for which the County has levied or pledged any form of taxation. Neither the Bonds nor the obligation of the County to make Basic Lease Payments or Additional Payments constitutes an indebtedness of the County, the State or any of its political subdivisions within the meaning of any constitutional or statutory debt limitation or restriction.

(f) Assignment. The County understands and agrees that this Sublease and the right to receive all Basic Lease Payments have been assigned by the Authority to the Fiscal Agent in trust for the benefit of the Owners of the Bonds pursuant to the Indenture, and the County hereby consents to such assignment. The Authority hereby directs the County, and the County hereby agrees to pay to the Fiscal Agent, all payments payable by the County pursuant to this Section 3.4 and all amounts payable by the County pursuant to Article IX.

SECTION 3.5. Quiet Enjoyment. During the Term of this Sublease, the Authority shall provide the County with quiet use and enjoyment of the Property, and the County shall during such Term peaceably and quietly have and hold and enjoy the Property, without suit, trouble or hindrance from the Authority, except as expressly set forth in this Sublease. The Authority will, at the request of the County and at the County's cost, join in any legal action in which the County asserts its right to such possession and enjoyment to the extent the Authority may lawfully do so. Notwithstanding the foregoing, the Authority shall have the right to inspect the Property as provided in Section 6.2.

SECTION 3.6. Leasehold Interest. During the Term of this Sublease, the Authority shall hold a leasehold interest in the Property. If the County prepays the Lease Payments for all of the Property in full pursuant to Article IX or makes the advance deposit permitted by Section 9.1, or pays all Lease Payments for all of the Property during the Term of this Sublease as the same become due and payable, all right, title and interest of the Authority in the Property, respectively, shall be transferred to and vested in the County and the Site Lease and this Sublease shall terminate with respect to the Property.

SECTION 3.7. Additional Payments. In addition to the Basic Lease Payments, the County shall pay as Additional Payments (i) all taxes, fees or assessments levied upon the Property or upon any interest therein of the Authority or the Fiscal Agent, (ii) insurance premiums, if any, on insurance required under this Sublease, and (iii) any other fee, costs, or expenses incurred by the Authority in connection with the execution, performance or enforcement of this Sublease or the Indenture, including any amounts necessary to indemnify and defend the Authority.

Additional Payments due under this Section shall be paid by the County directly to the person or persons to whom such amounts shall be payable. The County shall pay all such amounts when due or within thirty (30) days after notice in writing from the Fiscal Agent to the County stating the amount of Additional Payments then due and payable and the purpose thereof.

ARTICLE IV
MAINTENANCE; TAXES; INSURANCE AND OTHER MATTERS

SECTION 4.1. Maintenance; Utilities, Taxes and Assessments. During the Term of this Sublease, as part of the consideration for the rental of the Property, all improvement, repair and maintenance of the Property shall be the responsibility of the County. In exchange for the Lease Payments herein provided, the Authority agrees to sublease the Property to the County. The County shall, at its own expense, during the Term of this Sublease maintain the Property, or cause the same to be maintained, in good order, condition and repair and shall replace any portion of the Property which is destroyed; provided that the County shall not be required to repair or replace any such portion of the Property pursuant to this Section 4.1 if there shall be applied to the prepayment of Basic Lease Payments insurance proceeds or other legally available funds sufficient to prepay (i) all of the Bonds Outstanding or (ii) any portion thereof relating to the Property or such portion thereof and the Basic Lease Payments allocable to the remaining portion of the Property equals the pro-rata portion of Basic Lease Payments allocable to the Bonds Outstanding after such prepayment. The County shall provide or cause to be provided all security service, custodial service, janitorial service and other services necessary for the proper upkeep and maintenance of the Property. It is understood and agreed that in consideration of the payment by the County of the rental herein provided for, the County is entitled to occupy and use the Property, and no other party shall have any obligation to incur any expense of any kind or character in connection with the management, operation or maintenance of the Property during the Term of this Sublease. The Authority shall not be required at any time to make any improvements, alterations, changes, additions, repairs or replacements of any nature whatsoever in or to the Property. The County hereby expressly waives the right to make repairs or to perform maintenance of the Property at the expense of the Authority and (to the extent permitted by law) waives the benefit of Sections 1932, 1941 and 1942 of the Civil Code of the State relating thereto. The County shall keep the Property free and clear of all liens, charges and encumbrances, subject only to the provisions of Section 4.10 hereof. The County shall pay for the furnishing of all utilities which may be used in or upon the Property during the Term of this Sublease. Such payment shall be made by the County directly to the respective utility companies furnishing such utility services or products, under such contract or contracts therefor as the County may make.

The County shall also pay or cause to be paid all taxes and assessments of any type or nature, if any, charged to the Authority or the County affecting the Property or the respective interests therein; provided that with respect to special assessments or other governmental charges that may lawfully be paid in installments over a period of years, the County shall be obligated to pay only such installments as are required to be paid during the Term of this Sublease as and when the same become due.

The County may, at the County's expense and in its name, in good faith contest any such taxes, assessments, utility and other charges and, in the event of any such contest, may permit the taxes, assessments or other charges so contested to remain unpaid during the period of such contest and any appeal therefrom unless the Authority shall notify the County that, in the opinion of Independent Counsel, by nonpayment of any such items, the interest of the Authority in the Property will be materially endangered or the Property or any part thereof will be subject to loss or forfeiture, in which event the County shall promptly pay such taxes, assessments or charges or

provide the Authority with full security against any loss which may result from nonpayment, in form satisfactory to the Authority and the Fiscal Agent.

SECTION 4.2. Modification of Property. The County shall, at its own expense, have the right to make additions, modifications and improvements to the Property.

SECTION 4.3. Public Liability and Property Damage Insurance. The County shall maintain or cause to be maintained, commencing upon its possession of the Property pursuant to this Sublease and thereafter throughout the Term of this Sublease, a program of general liability insurance protecting the Authority, the County, and their respective officers, directors, agents, assigns and employees. Such program shall provide for indemnification of said parties against loss or liability for damages for bodily and personal injury, death or property damage occasioned by use of the Property. Such insurance shall be satisfied by a risk retention program.

SECTION 4.4. Fire and Extended Coverage Insurance. The County shall procure and maintain, or cause to be procured and maintained, commencing upon its possession of the Property pursuant to this Sublease, and thereafter throughout the Term of this Sublease, insurance against loss or damage to any structures or equipment constituting any part the Property by fire and lightning, with extended coverage and vandalism and malicious mischief insurance, which coverage may exclude earthquake insurance.

In the event of any uninsured loss to any of the Property resulting from earthquake, (a) the County shall apply for and use its best efforts to obtain financial assistance from the United States of America to be used for the repair, reconstruction or replacement of the Property, and (b) the County shall repair or replace the Property or defease the outstanding Bonds from moneys, if any, legally available therefor.

Said extended coverage insurance shall, as nearly as practicable, cover loss or damage by explosion, windstorm, riot, aircraft, vehicle damage, smoke and such other hazards as are normally covered by such insurance. Such insurance shall be in an amount equal to the lesser of the Outstanding principal amount of the Bonds and 100% of the replacement cost of the Property (including all improvements thereon) (it being understood and agreed that in the event of the loss of the Property and the redemption of Bonds from the Net Proceeds of such insurance, that the remaining Property will have a fair rental value equal to or exceeding the remaining Lease Payments). Such insurance may be subject to deductible clauses of not to exceed \$100,000 for any one loss. Such insurance may be satisfied by a combination of commercial insurance, risk pooling under a joint powers authority or similar statutory provision, self-funded loss reserves and, to the extent permitted by law, risk retention programs all in such proportions as are deemed appropriate by professional risk management personnel or independent consultants. The County shall include in its annual budget an item to provide funds for commercial insurance covering physical property damage to the Property.

Without limiting the specific purposes of the budgeted item mentioned above, the County covenants that it shall use such budgeted funds and the proceeds of any purchased insurance to accomplish one of the following purposes in the event of the loss or destruction of or unrepaired damage to any portion of the Property which would otherwise result in abatement of all or a portion of the Basic Lease Payments:

(i) to acquire, construct or repair diligently (at the County's cost) replacement Property having a useful life not less than the remaining Term of the Property so lost, destroyed or damaged to be and become subject to this Sublease at a cost such that the total fair market rental value of the Property leased pursuant to this Sublease (including such replacement Property) is not less than the then fair market rental value of the Property originally scheduled to be leased hereunder;

(ii) to deposit with the Fiscal Agent, as assignee of the Authority, in a special account to be held in trust by the Fiscal Agent, an amount (not less than \$50,000) sufficient, under Section 9.3 of this Sublease, to purchase the portion of the Property so destroyed or irreparably damaged, and to instruct the Fiscal Agent at the time of said deposit that said amount is to be used as a special fund for prepayment of Basic Lease Payments pertaining to the Property destroyed or irreparably damaged; or

(iii) to apply such funds in accordance with Section 5.2 of this Sublease and Section 6.08 and 2.03(a) of the Indenture to redeem Bonds so that the Basic Lease Payments to be made on the remaining Property will be sufficient to pay principal of and interest on the Bonds that remain Outstanding.

To the extent that an event of loss, destruction or unrepaired damage should result in an abatement of Basic Lease Payments pending the acquisition of a replacement Property pursuant to Section 4.4(i) above, the County may substitute a replacement component of the Property for the Property so lost, destroyed or damaged to be and become subject to this Sublease, such replacement Property having a fair rental value such that the total fair rental value of the Property leased pursuant to this Sublease (including such replacement Property) is not less than the then fair rental value of the Property originally leased hereunder. The County may also make such a substitution of Property as an alternative to taking the actions described in Section 4.4(i) and (ii) herein.

SECTION 4.5. Rental Interruption Insurance; Additional Property. (a) The County shall procure and maintain, commencing upon its possession of the Property pursuant to this Sublease, and throughout the Term of this Sublease rental interruption or use and occupancy insurance to cover loss, total or partial, of the use of any part of the Property for a period of 24 months during the Term of this Sublease as a result of any of the hazards covered in the insurance required by Section 4.4 hereof, in an amount to insure against loss of substantial use and possession of the Property. The Fiscal Agent shall be the beneficiary under such policy and any amounts received thereunder shall be credited towards the Lease Payments in the order in which such Lease Payments come due and payable.

(b) In the event that the Property is damaged and the rental interruption or use and occupancy insurance is unable to cover the loss of the use of the Property, the County hereby covenants that it shall provide a substitute property to be subject to this Sublease; provided however that the annual fair market rental value of such substitute property for the Rental Period during which such substitution occurs and each subsequent Rental Period thereafter shall at least be equal to the Basic Lease Payments required hereunder. In furtherance of this covenant, the County hereby agrees to keep at least one of the three substitute properties listed in Exhibit C hereto unencumbered throughout the Term of this Sublease; provided however that the County

may encumber any and all substitute properties listed in Exhibit C hereto with the consent of the Purchaser, which such consent shall not be unreasonably withheld.

SECTION 4.6. Title Insurance. The County shall obtain, at its own expense, on or before commencement of the Term of this Sublease, a California Land Title Association (the "CLTA") title insurance policy in the amount equal to the aggregate principal amount of the Series 2009 Bonds or the appraised value of the Property, whichever is greater, insuring the Authority's leasehold estate in the Property, subject only to Permitted Encumbrances. All Net Proceeds received under the policy shall be deposited with the Fiscal Agent and shall be credited towards the prepayment of the remaining Lease Payments pursuant to Section 9.3 hereof.

SECTION 4.7. Insurance Net Proceeds; Form of Policies; Certificates of Effectiveness. Each policy of insurance required by Sections 4.4 and 4.5 hereof shall name the Fiscal Agent as a loss payee as its interests may appear and shall provide that all proceeds thereunder shall be payable to the Fiscal Agent and applied as provided in Section 5.2. The County shall pay or cause to be paid when due the premiums for all insurance policies required by this Sublease, and shall promptly furnish or cause to be furnished to the Fiscal Agent, if requested by the Authority, on or before September 1 annually a certificate of a County Representative stating that such payments have been made and that the insurance policies required by this Sublease are in force and effect. The Fiscal Agent shall not be responsible for the sufficiency of any insurance herein required and shall be fully protected in accepting payment on account of such insurance or any adjustment, compromise or settlement of any loss agreed to by the Fiscal Agent.

SECTION 4.8. Advances. If the County shall fail to perform any of its obligations under this Article, the Authority may, but shall not be obligated to, take such action as may be necessary to cure such failure, including the advancement of money, and the County shall be obligated to repay all such advances as Additional Payments as soon as possible, with interest at the rate equal to 4.70% from the date of the advance to the date of repayment.

SECTION 4.9. Installation of County's Personal Property. The County may at any time and from time to time, in its sole discretion and at its own expense, install or permit to be installed other items of equipment or other personal property in or upon the Property. All such items shall remain the sole property of the County, in which neither the Authority nor the Fiscal Agent shall have any interest, and such items may be modified or removed by the County. Nothing in this Sublease shall prevent the County from purchasing or leasing items to be installed pursuant to this Section under a lease or conditional sale agreement, or subject to a vendor's lien or security agreement, as security for the unpaid portion of the purchase price thereof, provided that no such lien or security interest shall attach to any part of the Property.

SECTION 4.10. Liens. Other than Permitted Encumbrances, the County shall not, directly or indirectly, create, incur, assume or suffer to exist any mortgage, pledge, lien, charge, encumbrance or claim on or with respect to the Property, other than the respective rights of the Authority and the County as herein provided. Except as provided in this Article, the County shall promptly, at its own expense, take such action as may be necessary to duly discharge or remove any such mortgage, pledge, lien, charge, encumbrance or claim, for which it is responsible, if the same shall arise at any time. The County shall reimburse the Authority for

any expense incurred by it in order to discharge or remove any such mortgage, pledge, lien, charge, encumbrance or claim.

SECTION 4.11. Substitution of Property. The County shall, at any time, have the right to substitute for all or a portion of the Property other property of comparable value, and of a comparable essential nature to the County, and having a remaining useful life not less than the useful life of the portion of Property substituted for, but only by providing the Purchaser with a written certificate describing both the new Property and the Property for which it is to be substituted, and stating that such portion of Property is of comparable value and has a useful life not less than the useful life of the Property described in Exhibit A for which it is being substituted and a financing statement, an executed amendment to this Sublease or an executed and acknowledged memorandum of lease for the new Property; provided that the Authority, Purchaser or Fiscal Agent may reasonably request in writing an independent third party appraisal of the new Property to confirm the representations of the County with respect to valuation and useful life of the new Property. All costs and expenses incurred in connection with such substitution including without limitation the cost of acquiring the Property, shall be borne by the County. In the event of such substitution, the Property substituted for the original Property shall become fully subject to the terms hereof, and the County shall obtain, in the case of new real property to be substituted for the Property, a policy of CLTA title insurance insuring the Authority's leasehold estate in the new real property so that the combined policies of CLTA title insurance on all of the leasehold estate(s) in the Property subject to this Sublease will be not less than the aggregate principal amount of Outstanding Bonds. Notwithstanding any substitution of Property pursuant to this Section, there shall be no reduction in the Basic Lease Payments due from the County hereunder and there shall be no reduction in the aggregate fair rental value of the Property as a result of such substitution.

SECTION 4.12. Hazardous Substances. The County shall not cause or permit the Property or any part thereof to be used to generate, manufacture, refine, transport, treat, store, handle, dispose, transfer, produce or process Hazardous Substance, except in compliance with all applicable Federal, state and local laws or regulations, nor shall the County cause or permit, as a result of any intentional or unintentional act or omission on the part of the County or any tenant or subtenant, a release of Hazardous Substance onto the Property. The County shall comply with and ensure compliance by all tenants and subtenants with all applicable Federal, state and local laws, ordinances, rules and regulations, whenever and by whomever triggered, and shall obtain and comply with, and ensure that all tenants and subtenants obtain and comply with, any and all approvals, registrations or permits required thereunder. The County shall (i) conduct and complete all investigations, studies, sampling and testing, and all remedial, removal, and other actions necessary to clean up and remove all Hazardous Substance, on, from, or affecting the Property (A) in accordance with all applicable Federal, state and local laws, ordinances, rules, regulations, and policies, and (B) in accordance with the orders and directives of all Federal, state and local governmental authorities.

ARTICLE V
DAMAGE, DESTRUCTION AND EMINENT DOMAIN;
USE OF NET PROCEEDS

SECTION 5.1. Damage; Eminent Domain. The County covenants that if the Property is damaged in a manner which substantially interferes with its use, the Property will be promptly repaired or replaced at the County's expense, unless (a) such damage, together with other components of the Property lost, damaged or destroyed, would not result in the abatement of any portion of the Lease Payments, or (b) the County elects to apply the proceeds of insurance and any other legally available funds to the redemption of Bonds pursuant to Section 6.08 and 2.03(a) of the Indenture such that the Basic Lease Payments for the undamaged Property will be sufficient to pay principal of and interest on the Bonds that remain Outstanding. If all of the Property shall be taken permanently under the power of condemnation or eminent domain or sold to a government threatening to exercise the power of eminent domain, the Term of this Sublease shall cease as of the day possession shall be so taken. If less than all of the Property shall be taken permanently, or if all of the Property or any part thereof shall be taken temporarily, under the power of eminent domain, (i) this Sublease shall continue in force and effect and shall not be terminated by virtue of such taking and the parties waive the benefit of any law to the contrary, and (ii) there shall be a partial abatement of Lease Payments as a result of the application of the Net Proceeds of any condemnation or eminent domain award to the prepayment of the Lease Payments hereunder, in an amount to be agreed upon by the County and the Authority such that the resulting Lease Payments represent fair consideration for the use and occupancy of the remaining usable portion of the Property.

SECTION 5.2. Application of Net Proceeds.

(a) From Insurance Award. The Net Proceeds of any insurance award resulting from any damage to or destruction of any of the Property by fire or other casualty shall be deposited in the Insurance Proceeds and Condemnation Awards Fund by the Fiscal Agent promptly upon receipt thereof and applied as set forth in Section 6.08 of the Indenture.

(c) From Eminent Domain Award. The Net Proceeds of any condemnation or eminent domain award resulting from any event described in Section 5.1 hereof shall be deposited in the Insurance Proceeds and Condemnation Awards Fund and applied as set forth in Section 6.08 of the Indenture.

SECTION 5.3. Abatement of Rent. Lease Payments shall be abated during any period in which by reason of damage, destruction or otherwise (other than by condemnation or eminent domain which is provided for above) there is substantial interference with the use and possession or occupancy by the County of the Property, so that the remaining Lease Payments then due for use of the Property that was not affected represents the fair rental for use of the unaffected Property. The County and the Authority shall calculate the rental abatement amount on an annual basis taking into account the entire twelve month period commencing February 1 within which the damage or destruction occurs. If at any time it shall be necessary to calculate rental abatement, for purposes of calculation for any twelve month period commencing February 1 and ending on the immediately following January 31, the total amount of Lease Payment payable within such twelve month period shall be divided by 365 days. The maximum amount of daily

rental abatement for such twelve-month period shall not exceed the result of such calculation. Such abatement shall continue for the period commencing with such interruption of use and ending with the substantial completion of the work of repair or reconstruction. In the event of any such interruption of use, this Sublease shall continue in full force and effect and the Lease Payments shall not be subject to abatement under this Section 5.3 to the extent that the proceeds of rental interruption insurance pursuant to Section 4.5 or otherwise in the Bond Fund are available to pay Lease Payments which would otherwise be abated under this Section 5.3, it being hereby declared that such proceeds and amounts constitute special funds for the payment of the Lease Payments.

ARTICLE VI DISCLAIMER OF WARRANTIES; ACCESS

SECTION 6.1. Disclaimer of Warranties. The Authority and its assigns make no warranty or representation, either express or implied, as to the value, design, condition, merchantability or fitness for any particular purpose or fitness for the use contemplated by the County of the Property, or any other representation or warranty with respect to the Property. In no event shall the Authority or its assigns be liable for incidental, indirect, special or consequential damages, in connection with existence, furnishing, functioning or the County's use of the Property.

SECTION 6.2. Access to the Property. The County agrees that the Authority and any Authority Representative, and the Authority's successors or assigns, shall have the right at all reasonable times to inspect the Property. The County further agrees that the Authority, any Authority Representative, and the Authority's successors or assigns shall have such rights of access to the Property as may be reasonably necessary to cause the proper maintenance of the Property in the event of failure by the County to perform its obligations hereunder; provided, however, that the Authority's assigns shall have no obligation to cause such proper maintenance.

SECTION 6.3. Release and Indemnification Covenants. The County shall and hereby agrees to indemnify and save the Authority and the Fiscal Agent, and their respective officers, agents, successors and assigns harmless from and against all claims, losses and damages, including legal fees and expenses, arising out of (i) the use, maintenance, condition or management of, or from any work or thing done on the Property by the County including without limitation, as a result of the use, presence, storage, disposal or release of any Hazard Substance on or about the Property, (ii) any breach or default on the part of the County in the performance of any of its obligations under this Sublease, (iii) any act of negligence of the County or of any of its agents, contractors, servants, employees or licensees with respect to the Property, or (iv) any act or negligence of any sublessee of the County with respect to the Property. No indemnification is made under this Section or elsewhere in this Sublease for willful misconduct, negligence, or breach of duty under this Sublease by the Authority, its officers, agents, employees, successors or assigns.

ARTICLE VII
ASSIGNMENT, SUBLEASING AND AMENDMENT

SECTION 7.1. Assignment by the Authority. The Authority's rights under this Sublease, including the right to receive and enforce payment of the Lease Payments to be made by the County under this Sublease have been pledged and assigned to the Fiscal Agent pursuant to the Indenture, to which pledge and assignment the County hereby consents.

SECTION 7.2. Assignment and Subleasing by the County. This Sublease may not be assigned by the County. The County may subsublease the Property or any portion thereof, subject to all of the following conditions:

- (i) This Sublease and the obligation of the County to make Lease Payments hereunder shall remain obligations of the County;
- (ii) The County shall, within thirty (30) days after the delivery thereof, furnish or cause to be furnished to the Authority and the Fiscal Agent a true and complete copy of such subsublease;
- (iii) No such subsublease by the County or any further subsublease or use of the Property shall cause any of the Property to be used for a purpose other than as may be authorized under the provisions of the Constitution, the laws of the State or the County Charter;
- (iv) Each subsublease and all further subleases shall be subject to termination upon default by the County hereunder and shall not diminish the rights and remedies of the Fiscal Agent to the Property thereon in such event of a default;
- (v) Each subsublease and subsequent subsublease shall contain such provisions for the maintenance of insurance on any improvements constructed on the subsublease Property and such provisions for the allocation of proceeds from such insurance and the allocation of proceeds from eminent domain or condemnation proceedings as shall be satisfactory in the opinion of Independent Counsel to maintain the rights of the Fiscal Agent to such proceeds;
- (vi) Each subsublease and subsequent subsublease shall contain provisions securing the timely payment of all taxes and assessments arising from or related to on the subsubleased Property, and securing the Property from the establishment and maintenance of any mechanics or other liens for labor or materials furnished in connection with such improvements;
- (vii) Improvements existing on the subsubleased Property at the time of the subsublease may be modified by a subsublessee only in accordance with the provisions of Section 4.2 hereof; and
- (viii) Prior to any subsublease becoming effective, the County shall furnish the Fiscal Agent such opinions of counsel and certificates to evidence the satisfaction of the above conditions precedent to subsublease.

SECTION 7.3. Amendment of this Sublease. Except as set forth below, the County will not alter, modify or cancel, or agree or consent to alter, modify or cancel this Sublease excepting only such alteration or modification as may be permitted by Article X of the Indenture.

This Sublease may be amended without the consent of the Purchaser for any of the following purposes:

(a) to add to the agreements, conditions, covenants and terms contained herein required to be observed or performed by the County or the Authority, other agreements, conditions, covenants and terms hereafter to be observed or performed by the County or the Authority, or to surrender any right reserved herein to or conferred herein on the County or the Authority, and which in either case shall not adversely affect the interests of the Owners;

(b) to make such provisions for the purpose of curing any ambiguity or of correcting, curing or supplementing any defective provision contained herein or in regard to questions arising hereunder which the County or the Authority may deem desirable or necessary and not inconsistent herewith, and which shall not materially adversely affect the interests of the Owners;

(c) to modify the legal description of the Property to add or delete the property description of Property, or to provide for substitution or addition of Property pursuant to this Sublease and which in either case shall not adversely affect the interests of the Owners;

(d) to reflect the substitution of the Property under Section 4.11 or 4.5(b) of this Sublease; or

(e) to make any other modification or change to the provisions of this Sublease which does not materially adversely affect the interests of the Owners of the Bonds.

This Sublease may be amended only with the consent of the Purchaser to make any modifications or changes to this Sublease including any increase or decrease in Basic Lease Payments resulting therefrom in order to enable the execution and delivery of Additional Bonds on a parity with the Bonds (unless otherwise provided in any Supplemental Indenture) in accordance with Article III of the Indenture (and to make any modifications or changes necessary or appropriate in connection with the execution and delivery of Additional Bonds.

ARTICLE VIII EVENTS OF DEFAULT AND REMEDIES

SECTION 8.1. Event of Default Defined. The following shall be “events of default” under this Sublease and the terms “events of default” and “default” shall mean, whenever they are used in this Sublease, with respect to the Property, any one or more of the following events:

(i) Failure by the County to pay any Basic Lease Payment or other payment required to be paid hereunder at the time specified herein, and the continuation of such failure for a period of ten (10) days.

(ii) Failure by the County to observe and perform any covenant, condition or agreement in this Sublease or the Indenture on its part to be observed or performed, other

than as referred to in clause (i) of this Section, for a period of thirty (30) days after written notice specifying such failure and requesting that it be remedied has been given to the County by the Authority, the Fiscal Agent, or the Owners of not less than five percent (5%) in aggregate principal amount of Bonds then Outstanding; provided, however, if the failure stated in the notice can be corrected, but not within the applicable period, the Authority, the Fiscal Agent and such Owners shall not unreasonably withhold their consent to an extension of such time if the Fiscal Agent receives a certificate from a County Representative to the effect that corrective action is being instituted by the County within the applicable period and is being diligently pursued to correct the default.

(iii) The filing by the County of a voluntary petition in bankruptcy, or failure by the County promptly to lift any execution, garnishment or attachment, or adjudication of the County as a bankrupt, or assignment by the County for the benefit of creditors, or the entry by the County into an agreement of composition with creditors, or the approval by a court of competent jurisdiction of a petition applicable to the County in any proceedings instituted under the provisions of the Federal Bankruptcy Code, as amended, or under any similar acts which may hereafter be enacted.

(iv) The occurrence of an event of default or a default under any subsublease or related document entered into pursuant to Section 7.2 hereof.

SECTION 8.2. Remedies on Default. Whenever any event of default referred to in Section 8.1 hereof shall have occurred and be continuing, the Authority may exercise any and all remedies available pursuant to law or granted pursuant to this Sublease; provided, however, that notwithstanding anything herein or in the Indenture to the contrary, there shall be no right under any circumstances to accelerate the Lease Payments or otherwise declare any Lease Payments not then in default to be immediately due and payable. Each and every covenant hereof to be kept and performed by the County is expressly made a condition and upon the breach thereof the Authority may exercise any and all rights of entry and re-entry upon the Property and any improvements thereon, and also, at its option, with or without such entry, may terminate this Sublease; provided that no acts of the parties hereto may terminate the County's obligation to make the Lease Payments except only in the manner herein expressly provided. In the event of such default and notwithstanding any re-entry by the Authority or termination of this Sublease, the County shall, as herein expressly provided, continue to remain liable for the payment of the Lease Payments and/or damages for breach of this Sublease and the performance of all conditions herein contained and, in the event such rent and/or damages shall be payable to the Authority at the time and in the manner as herein provided, to wit:

(a) If the Authority does not elect to terminate this Sublease in the manner hereinafter provided for in subparagraph (b) hereof, the County agrees to and shall remain liable for the payment of all Lease Payments and the performance of all conditions herein contained and shall reimburse the Authority for any deficiency arising out of the re-leasing of the Property or, in the event the Authority is unable to re-lease the Property, then for the full amount of all Lease Payments to the end of the Term of this Sublease, but said Lease Payments and/or deficiency shall be payable only at the same time and in the same manner as hereinabove provided for the payment of Lease Payments hereunder, notwithstanding such entry or re-entry by the Authority or any suit in unlawful detainer, or otherwise, brought by the Authority for the purpose of

obtaining possession of the Property or exercise of any other remedy by the Authority. The County hereby irrevocably appoints the Authority as the agent and attorney-in-fact of the County to obtain possession and re-lease the Property in the event of default by the County in the performance of any covenants herein contained to be performed by the County and to remove all personal property whatsoever situated upon the Property and to place such property in storage or other suitable place in the County of Los Angeles, for the account of and at the expense of the County, and the County hereby exempts and agrees to save harmless the Authority from any costs, loss or damage whatsoever arising or occasioned by any such possession and re-leasing of the Property and the removal and storage of such property by the Authority or its duly authorized agents in accordance with the provisions herein contained. The County hereby waives any and all claims for damages caused or which may be caused by the Authority in re-entering and taking possession of the Property as herein provided and all claims for damages that may result from the destruction of or injury to the Property and all claims for damages to or loss of any property belonging to the County that may be in or upon the Property. The County agrees that the terms of this Sublease constitute full and sufficient notice of the right of the Authority to re-lease the Property in the event of such re-entry without effecting a surrender of this Sublease, and further agrees that no acts of the Authority in effecting such re-leasing shall constitute a surrender or termination of this Sublease irrespective of the term for which such re-leasing is made or the terms and conditions of such re-leasing, or otherwise, but that, on the contrary, in the event of such default by the County the right to terminate this Agreement shall vest in the Authority to be effected in the sole and exclusive manner hereinafter provided for in subparagraph (b) hereof. The County further waives the right to any rental obtained by the Authority in excess of the Lease Payments and hereby conveys and releases such excess to the Authority as compensation to the Authority for its service in re-leasing the Property.

(b) In an event of default hereunder, the Authority at its option may terminate this Sublease and re-lease all or any portion of the Property. In the event of the termination of this Sublease by the Authority at its option and in the manner hereinafter provided on account of default by the County (and notwithstanding any re-entry upon the Property by the Authority in any manner whatsoever or the re-leasing of the Property), the County nevertheless agrees to pay to the Authority all costs, loss or damages howsoever arising or occurring payable at the same time and in the same manner as is herein provided in the case of payment of Lease Payments. Any surplus received by the Authority from such re-leasing shall be the absolute property of the Authority and the County shall have no right thereto, nor shall the County be entitled to apply any surplus as a credit in the event of a subsequent deficiency in the rentals received by the Authority from the Property. Neither notice to pay rent or to deliver up possession of the Property given pursuant to law nor any proceeding taken by the Authority shall of itself operate to terminate this Sublease, and shall be or become effective by operation of law, or otherwise, unless and until the Authority shall have given written notice to the County of the election on the part of the Authority to terminate this Sublease. The County covenants and agrees that no surrender of the Property or of the remainder of the Term hereof or any termination of this Sublease shall be valid in any manner or for any purpose whatsoever unless stated or accepted by the Authority by such written notice.

(c) As an additional remedy, and in addition to the above remedies, the Authority may request in writing the County to terminate any operating leases or subleases that the County has entered into with respect to the Property, regardless of when said operating leases or

subleases were entered into, upon which the County shall, at its discretion, within 30 days, either:

- (i) procure termination or subordination of said operating leases or subleases; or
- (ii) provide a substitute property to be subject to this Sublease; provided however that the annual fair market rental value of such substitute property for the Rental Period during which such substitution occurs and each subsequent Rental Period thereafter shall at least be equal to the Basic Lease Payments required hereunder; and provided further that such substitute property shall not be subject to any operating lease or subleases that would hinder the use or value of said property. In furtherance of this remedy, the County hereby agrees to keep at least one of the three substitute properties listed in Exhibit C hereto unencumbered throughout the Term of this Sublease; provided however that the County may encumber any and all substitute properties listed in Exhibit C hereto with the consent of the Purchaser, which such consent shall not be unreasonably withheld.

SECTION 8.3. No Remedy Exclusive. No remedy herein conferred upon or reserved to the Authority is intended to be exclusive and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Sublease or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Authority to exercise any remedy reserved to it in this Article it shall not be necessary to give any notice, other than such notice as may be required in this Article or by law.

SECTION 8.4. Agreement to Pay Attorneys' Fees and Expenses. If either party to this Sublease should default under any of the provisions hereof and the nondefaulting party should employ attorneys or incur other expenses for the collection of moneys or the enforcement or performance or observance of any obligation or agreement on the part of the defaulting party herein contained, the defaulting party agrees that it will on demand therefor pay to the nondefaulting party the reasonable fees of such attorneys and such other expenses so incurred by the nondefaulting party.

SECTION 8.5. No Additional Waiver Implied by One Waiver. In the event any agreement contained in this Sublease should be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

SECTION 8.6. Application of Proceeds. All net proceeds received from the re-lease or other disposition of the Property under this Article VIII, and all other amounts derived by the Authority or the Fiscal Agent as a result of an event of default hereunder, shall be transferred to the Fiscal Agent promptly upon receipt thereof and shall be deposited with the Fiscal Agent to be applied in accordance with Article IX of the Indenture.

SECTION 8.7. Fiscal Agent and Bond Owners to Exercise Rights. The Authority has assigned certain rights and remedies under this Article VIII to the Fiscal Agent pursuant to Section 5.01 of the Indenture, to which assignment the County hereby consents. Such rights and

remedies shall be exercised by the Fiscal Agent and the Owners of the Bonds as provided in the Indenture.

ARTICLE IX PREPAYMENT OF LEASE PAYMENTS

SECTION 9.1. Security Deposit. Any prepayment of Basic Lease Payments pursuant to Section 9.2 hereof shall be accomplished by the County's securing the payment of Basic Lease Payments by a deposit with the Fiscal Agent of: (i) cash in an amount which, together with amounts on deposit in the Bond Fund and the Insurance and Condemnation Fund, is sufficient to pay all unpaid Basic Lease Payments for all of the Property and any Additional Payments to become due pursuant to Section 3.7 hereof, or (ii) Federal Securities together with cash, if required, in such amount as will, in the opinion of an independent certified public accountant, together with interest to accrue thereon and, if required, all or a portion of moneys or Federal Securities then on deposit in the Bond Fund and the Insurance and Condemnation Fund, be fully sufficient to pay all unpaid Basic Lease Payments for all of the Property and any unpaid Additional Payments pursuant to Section 3.7 hereof on their respective Lease Payment Dates or by prepayment thereof pursuant to Section 9.2 hereof, as the County shall instruct at the time of said deposit. In the event of a deposit pursuant to this Section, all obligations of the County for said Basic Lease Payments for all of the Property, shall cease and terminate, excepting only the obligation of the County to make, or cause to be made, Basic Lease Payments from the deposit made by the County pursuant to this Section and the obligation of the County to make any subsequent Additional Payments, and this Sublease shall terminate with respect to all of the Property on the date of said deposit automatically and without further action by the County or the Authority; provided however that the County and the Authority shall execute and file such documents as may be reasonably necessary or desirable to confirm such termination. Said deposit shall be deemed to be and shall constitute a special fund for the payment of Basic Lease Payments in accordance with the provisions of this Sublease. In the event said deposit shall be insufficient to pay any Additional Payments which become due pursuant to Section 3.7 hereof, the County shall, immediately upon notification, increase such deposit in an amount sufficient to cover the deficiency. The Fiscal Agent shall not be liable for any insufficiency in such deposit.

SECTION 9.2. Purchase Option; Prepayment of Basic Lease Payments. The County may exercise its option to prepay the Basic Lease Payments for all of the Property on any Lease Payment Date commencing July 15, 2011 by paying a prepayment price equal to (i) the aggregate principal amount of Bonds Outstanding with respect to all of the Property, (ii) the interest on such Bonds required to be paid on such date, and (iii) and all Additional Payments to become due under Section 3.7 hereof. Such prepayment price shall be deposited with the Fiscal Agent to be applied to the redemption of Bonds pursuant to Section 2.03(b) of the Indenture. The County shall give the Fiscal Agent notice of its intention to exercise its option not less than sixty (60) days in advance of the date of exercise.

SECTION 9.3. Mandatory Prepayment from Net Proceeds of Insurance or Eminent Domain Award. The County shall be obligated to prepay the Lease Payment allocable to any portion of the Property, in whole or in part, on any Lease Payment Date, from and to the extent of any Net Proceeds of an insurance award or a condemnation or eminent domain award with respect to such portion of the Property theretofore deposited with the Fiscal Agent for such

purpose pursuant to Article V hereof and Section 6.08 of the Indenture. The County and the Authority hereby agree that such Net Proceeds, to the extent remaining after payment of any delinquent Lease Payments and not used to repair or replace the damaged or taken Property, shall be credited towards the County's obligations under this Section 9.3.

SECTION 9.4. Credit for Amounts on Deposit. In the event of prepayment of the principal components of the Lease Payments in full under this Article IX, such that the Indenture shall be discharged by its terms as a result of such prepayment, all amounts then on deposit in the Bond Fund and the Insurance and Condemnation Fund shall be credited towards the amounts then required to be so prepaid.

ARTICLE X MISCELLANEOUS

SECTION 10.1. Continuing Disclosure. The County shall annually provide the Purchaser with copies of the adopted budget and audited financial statements prepared by a certified public accountant or firm of certified public accountants by February 1 of each year. Providing access to a web site at which the County has posted and made available to the public said financial statements and budgets shall be sufficient delivery. Notices. All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed to have been received upon actual receipt, by first class mail personal delivery or overnight courier:

if to the Authority: 500 W. Temple Street
Office of Treasurer and Tax Collector
Los Angeles, California, 90012
Attention: Director of Public Finance

if to the County: 500 W. Temple Street
Office of Treasurer and Tax Collector
Los Angeles, California, 90012
Attention: Director of Public Finance

The Authority and the County by notice given hereunder, may designate different addresses to which subsequent notices, certificates or other communications will be sent.

SECTION 10.3. Binding Effect. This Sublease shall inure to the benefit of and shall be binding upon the Authority and the County and their respective successors and assigns.

SECTION 10.4. Severability. In the event any provision of this Sublease shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

SECTION 10.5. Net-net-net Lease. This Sublease shall be deemed and construed to be a "net-net-net" lease and the County hereby agrees that the Lease Payments shall be an absolute net return to the Authority, free and clear of any expenses, charges or set-offs whatsoever. The County's obligation to make Lease Payments in the amount and on the terms and conditions specified in this Sublease shall be absolute and unconditional without any right of set-off or counterclaim.

SECTION 10.6. Further Assurances and Corrective Instruments. The Authority and the County agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may reasonably be required for correcting any inadequate or incorrect description of the Property hereby leased or intended so to be or for carrying out the expressed intention of this Sublease. In addition, the County shall, on an ongoing basis, execute and deliver all documents and make or cause to be made all filings and recordings necessary or desirable in order to perfect, preserve and protect the interest of the Fiscal Agent in the Property to the extent possible under applicable law.

SECTION 10.7. Governing Law. This Sublease shall be construed and governed in accordance with the laws of the State.

SECTION 10.8. Execution in Counterparts. This Sublease may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same Sublease.

END OF SUBLEASE TEXT

IN WITNESS WHEREOF, the Authority has caused this Sublease to be executed in its corporate name by its duly authorized officer; and the County has caused this Sublease to be executed in its name by its duly authorized officers, as of the date first above written.

LOS ANGELES COUNTY PUBLIC
WORKS FINANCING AUTHORITY

By: _____
Authorized Representative
"Lessor"

COUNTY OF LOS ANGELES

By: _____
Authorized Representative
"Lessee"

SACHI A. HAMAI
Executive Officer - Clerk of
the Board of Supervisors
of the County of Los Angeles

By: _____
Deputy

Approved as to form:
Robert E. Kalunian
Acting County Counsel

By: _____
Principal Deputy County Counsel

State of California)
) SS
County of Los Angeles)

On _____, 2009, before me, _____ (here insert name & title of the officer), personally appeared _____ personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Notary Public

State of California)
) SS
County of Los Angeles)

On _____, 2009, before me, _____ (here insert name & title of the officer), personally appeared _____ personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Notary Public

EXHIBIT A

Legal Description

THAT PORTION OF PARCEL 21, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS SHOWN ON LOS ANGELES COUNTY ASSESSOR'S MAP NO. 94, FILED IN BOOK 1 PAGES 77 TO 80 INCLUSIVE OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, WITHIN THE FOLLOWING DESCRIBED BOUNDARIES:

COMMENCING AT THE INTERSECTION OF THE CENTERLINES OF HOPE STREET AND FIRST STREET, AS SAID INTERSECTION IS SHOWN ON LOS ANGELES COUNTY DEPARTMENT OF PUBLIC WORKS' FIELD BOOK 1321 PAGE 232, ON FILE IN THE OFFICE OF THE DIRECTOR OF THE DEPARTMENT OF PUBLIC WORKS OF SAID COUNTY; THENCE NORTH $37^{\circ} 48' 52''$ EAST ALONG SAID CENTERLINE OF HOPE STREET, A DISTANCE OF 86.52 FEET; THENCE SOUTH $52^{\circ} 11' 08''$ EAST 107.79 FEET TO A POINT, SAID POINT BEING THE TRUE POINT OF BEGINNING, SAID POINT ALSO BEING THE BEGINNING OF A NON-TANGENT CURVE CONCAVE SOUTHEASTERLY AND HAVING A RADIUS OF 368.90 FEET, A RADIAL OF SAID CURVE TO SAID POINT BEARS NORTH $78^{\circ} 25' 14''$ WEST; THENCE NORTHERLY AND NORTHEASTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF $50^{\circ} 07' 21''$, AN ARC DISTANCE OF 322.71 FEET; THENCE NON-TANGENT TO SAID CURVE SOUTH $52^{\circ} 14' 38''$ EAST, A DISTANCE OF 158.80 FEET TO A POINT, SAID LAST-MENTIONED POINT BEING THE BEGINNING OF A NON-TANGENT CURVE CONCAVE NORTHWESTERLY AND HAVING A RADIUS OF 366.85 FEET, A RADIAL OF SAID LAST-MENTIONED CURVE TO SAID LAST-MENTIONED POINT BEARS SOUTH $76^{\circ} 27' 27''$ EAST; THENCE SOUTHERLY AND SOUTHWESTERLY ALONG SAID LAST-MENTIONED CURVE THROUGH A CENTRAL ANGLE OF $50^{\circ} 24' 10''$, AN ARC DISTANCE OF 322.72 FEET TO A STRAIGHT LINE WHICH BEARS SOUTH $52^{\circ} 16' 54''$ EAST AND WHICH PASSES THROUGH SAID TRUE POINT OF BEGINNING; THENCE NORTHWESTERLY ALONG SAID STRAIGHT LINE, A DISTANCE OF 147.33 FEET TO SAID TRUE POINT OF BEGINNING.

EXHIBIT B

Schedule of Basic Lease Payments

(Attached)

EXHIBIT C

List of Substitute Properties

1. [_____].

2. [_____].

3. [_____].

INDENTURE

by and among the

LOS ANGELES COUNTY PUBLIC WORKS FINANCING AUTHORITY

and the

TREASURER AND TAX COLLECTOR OF THE COUNTY OF LOS ANGELES,
as Fiscal Agent

Dated as of December 1, 2009

relating to

\$ _____
LOS ANGELES COUNTY PUBLIC WORKS FINANCING AUTHORITY
LEASE REVENUE BONDS, SERIES 2009
(LA OPERA)

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INDENTURE

THIS INDENTURE, dated as of December 1, 2009 (the "Indenture"), by and between the LOS ANGELES COUNTY PUBLIC WORKS FINANCING AUTHORITY, a joint exercise of powers entity duly organized and existing under the Constitution and the laws of the State of California (the "Authority") and the TREASURER AND TAX COLLECTOR OF THE COUNTY OF LOS ANGELES, as Fiscal Agent (the "Fiscal Agent");

W I T N E S S E T H:

WHEREAS, the Authority was created pursuant to the Joint Exercise of Powers Agreement, dated May 18, 1993, as amended from time to time (the "JPA"), by and between the Los Angeles County Flood Control District, the County and any entity that becomes a party to the JPA in accordance with its terms (collectively, the "Contracting Parties") for the purpose of providing financial assistance from time to time to the Contracting Parties; and

WHEREAS, the Authority may, in accordance with the Marks-Roos Local Bond Pooling Act of 1985 (commencing with Section 6584 of the California Government Code) (the "Bond Law"), issue bonds or notes for the purpose of providing financial assistance to its Contracting Parties, all of such bonds or notes to be limited obligations of the Authority; and

WHEREAS, the County is the owner of the land and improvements thereon that comprise the Music Center – Performing Arts Center of Los Angeles County (the "Music Center"); and

WHEREAS, the Music Center includes the Dorothy Chandler Pavilion (collectively, the land and improvements that comprise the Dorothy Chandler Pavilion are hereinafter referred to as the "Property"); and

WHEREAS, Los Angeles Opera Company ("LA Opera") is a nonprofit entity organized to produce operas at the Property in order to expand and enrich the educational and cultural interests of the Los Angeles community and is one of four resident companies of the Music Center; and

WHEREAS, LA Opera is in need of financial assistance in the amount of fourteen million dollars (\$14,000,000) to maintain its operations at the Property and has requested financial assistance from the County; and

WHEREAS, the County and the Authority have determined that it is in the public interest and the common benefit of the inhabitants of the County to provide financial assistance to LA Opera through the issuance by the Authority of its Los Angeles County Public Works Financing Authority Lease Revenue Bonds, Series 2009 (the "Bonds"); and

WHEREAS, LA Opera will deliver an inducement letter (the "Inducement Letter") to the Authority, the Fiscal Agent and the County pursuant to which (i) LA Opera will issue an unsecured note in the principal amount of fourteen million dollars (\$14,000,000) (the "Opera Note"), (ii) the Fiscal Agent will purchase the Opera Note with the proceeds of the Bonds, and (iii) LA Opera will pay principal and interest on the Opera Note in an amount equal

to the Basic Lease Payments (as defined below) the County is required to pay to the Authority pursuant to the Sublease (as defined below); and

WHEREAS, concurrently herewith, the Authority and the County will enter into a Site Lease (the "Site Lease"), dated as of the date hereof, pursuant to which the Authority will lease from the County the Property; and

WHEREAS, concurrently herewith, the Authority and the County will enter into a Sublease (the "Sublease"), dated as of the date hereof, pursuant to which the County will sublease from the Authority the Property, the Lease Payments (as defined herein) for which will be sufficient to pay principal of and interest on the Bonds; and

WHEREAS, Sections 5450 *et seq.* of the California Government Code (the "Government Code") provide statutory authority for pledging collateral for the payment of the principal or redemption price of, and interest on bonds and other forms of indebtedness and agreements and the Government Code creates a continuing perfected security interest which shall attach immediately to such collateral irrespective of whether the parties to the pledge documents have notice of the pledge and without the need for any physical delivery, recordation, filing, or further act, and the Authority hereby warrants and represents that pursuant to the Sublease and this Indenture, the Owners of the Bonds have a first priority perfected security interest in the Basic Lease Payments that serve as the collateral for the Bonds pursuant to the Government Code; and

WHEREAS, the Authority has determined that all acts and proceedings required by law necessary to make the Bonds, when executed by the Authority, authenticated and delivered by the Paying Agent and duly issued, the valid, binding and legal limited obligations of the Authority, and to constitute this Indenture a valid and binding agreement for the uses and purposes herein set forth in accordance with its terms, have been done and taken, and the execution and delivery of the Indenture have been in all respects duly authorized;

NOW, THEREFORE, THIS INDENTURE WITNESSETH, that in order to secure the payment of the principal of, premium, if any, and interest on all Bonds at any time issued and outstanding under this Indenture, according to their tenor, and to secure the performance and observance of all the covenants and conditions therein and herein set forth, and to declare the terms and conditions upon and subject to which the Bonds are to be issued and received, and in consideration of the premises and of the mutual covenants herein contained and of the purchase and acceptance of the Bonds by the owners thereof, and for other valuable consideration, the receipt of which is hereby acknowledged, the Authority does hereby covenant and agree with the Fiscal Agent, for the benefit of the respective owners from time to time of the Bonds, as follows:

ARTICLE I

DEFINITIONS; EQUAL SECURITY

Section 1.01 Definitions. Unless the context otherwise requires, the terms defined in this section shall for all purposes hereof and of any Supplemental Indenture and of any

certificate, opinion, request or other document herein or therein mentioned have the meanings herein specified. Capitalized undefined terms used herein shall, unless the context otherwise requires, have the meanings ascribed thereto in the Sublease.

“Additional Bonds” means all lease revenue bonds or lease revenue refunding bonds of the Authority authorized by and at any time Outstanding pursuant hereto and executed, issued and delivered in accordance with Article III.

“Annual Debt Service” means, for any Bond Year, the sum of the interest payable on all Outstanding Bonds in such Bond Year and the principal amount of all Bonds, if any, maturing by their terms in such Bond Year.

“Authority” means the Los Angeles County Public Works Financing Authority, a joint exercise of powers entity duly organized and existing under the Constitution and the laws of the State, created pursuant to the JPA, and its successors and assigns.

“Authority Board” means the Board of Supervisors of the County, acting ex officio as the governing body of the Authority pursuant to the JPA.

“Authority Representative” means an officer or employee of the Authority, or other person, who has been designated by the Authority Board.

“Authorized Denominations” means \$100,000 or any integral multiple of \$5,000 in excess of \$100,000.

“Basic Lease Payments” means all amounts payable by the County as the Basic Lease Payments pursuant to Section 3.4 of the Sublease.

“Bond Fund” means the fund by that name established pursuant to Section 4.01 hereof.

“Bond Proceeds Fund” means the fund by that name established pursuant to Section 4.01 hereof.

“Bond Year” means the period from February 1 to the following January 31, except that the first Bond Year shall commence on the Closing Date and end on January 31, 2011 and the final Bond Year shall terminate on January 1, 2013.

“Bonds” means the Authority’s Lease Revenue Bonds, Series 2009 authorized and at any time Outstanding pursuant hereto and issued, executed and delivered in accordance with Article II.

“Business Day” means a day which is not a Saturday, Sunday or a day on which banking institutions in the State or the State of New York and the New York Stock Exchange are authorized or required to be closed.

“Certificate of the Authority” means an instrument in writing signed by an Authority Representative.

“County” means the County of Los Angeles, a political subdivision of the State, and its successors and assigns.

“Closing Date” means December 11, 2009, the date on which the Bonds are initially issued.

“Costs of Issuance Fund” means the fund by that name established pursuant to Section 4.01 hereof.

“Costs of Issuance” means all items of expense directly or indirectly payable by or reimbursable to the Authority or the County relating to the issuance, sale and delivery of the Bonds and the execution and delivery of this Indenture, the Site Lease, and the Sublease, including but not limited to filing and recording costs, settlement costs, reproduction and binding costs, legal fees and charges, insurance fees and charges, financial and other professional consultant fees, accounting fees, title insurance, fees for execution, transportation and safekeeping of the Bonds and any other charges and fees in connection or associated with the foregoing.

“Defeasance Securities” means (a) Federal Securities which are not callable for redemption prior to their maturity for any person other than the owner thereof and (b) other Permitted Investments (i) which either are not callable for redemption prior to their maturities by any person other than the owner thereof or for which an option to redeem prior to maturity has previously been irrevocably exercised (or an irrevocable covenant to exercise such option has previously been made by the person entitled to exercise such option) and the redemption date of such securities has thereby been irrevocably fixed prior to the use of any such securities as Defeasance Securities, and (ii) which at the time of their initial use as Defeasance Securities are rated in the highest generic rating category by S&P or Moody’s.

“Event of Default” shall have the meaning contained in Section 9.01 hereof.

“Federal Securities” means United States of America Treasury bills, notes, bonds or certificates of indebtedness, or obligations for which the full faith and credit of the United States of America are unconditionally pledged for the payment of interest and principal (including State and Local Government Securities (SLGS)), or securities evidencing direct ownership interests in such obligations or in specified portions of the interest on or principal of such obligations that are held by a custodian in safekeeping on behalf of the owners of such securities, as well as pre-refunded municipal bonds rated Aaa by Moody’s and AAA by S&P.

“Financial Newspaper” means 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 Authority, whose decision shall be final and conclusive.

“Fiscal Agent” means the Treasurer and Tax Collector of the County, its designated agents and its successors and assigns; provided, however, that the Authority is expressly authorized to permit any third party to perform any or all of the services of Fiscal Agent hereunder with respect to the Bonds.

“Fiscal Year” means each annual period of the Authority which, as of the date hereof, is the period from July 1 to the following June 30.

“Fitch” means Fitch Ratings, or any successor credit rating agency selected by the Authority.

“Indenture” means this Indenture, dated as of December 1, 2009, between the Authority and the Fiscal Agent, as originally executed and as it may from time to time be amended or supplemented by all Supplemental Indentures executed pursuant to the provisions hereof.

“Inducement Letter” means the letter of LA Opera delivered to the Authority and the Fiscal Agent pursuant to which, among other things, LA Opera will sell the Opera Note to the Fiscal Agent.

“Information Services” means Financial Information, Inc.’s “Daily Called Bond Service”, 30 Montgomery Street, 10th Floor, Jersey County, New Jersey 07302, Attention: Editor; FIS/Mergent, Inc., 5250 77 Center Drive, Suite 150, Charlotte, North Carolina 28217, Attention: Call Notification; Standard & Poor’s Securities Evaluation, Inc., 55 Water Street, 45th Floor, New York, New York 10041, Attention: Notification Department; Xcitek, 5 Hanover Square, New York, New York 10004; and, in accordance with then current guidelines of the Securities and Exchange Commission, such other addresses and/or such other services providing information with respect to the redemption of bonds as the Authority may designate in a written request of the Authority filed with the Fiscal Agent.

“Interest Account” means the account by that name within the Bond Fund established pursuant to Section 5.03 hereof.

“Interest Payment Date” means August 1 and February 1 in each year, commencing August 1, 2010.

“JPA” means the Joint Exercise of Powers Agreement, dated May 18, 1993, by and between the Los Angeles County Flood Control District and the County, as amended from time to time.

“JPA Law” means Chapter 5 of Division 7 of Title 1 of the California Government Code (commencing with Section 6500 thereof), as amended from time to time.

“Lease Payments” means the Basic Lease Payments and the Additional Payments pursuant to the Sublease.

“Lease Payment Date” means the fifteenth (15th) day of January and July in each year during the Term of the Sublease, commencing July 15, 2010, except that if the Fiscal Agent is not open for business on any such date, then that Lease Payment Date shall be the next day on which such office is open for business.

“Moody’s” means Moody’s Investors Service, Inc., or any successor credit rating agency selected by the Authority.

“Net Proceeds” means, collectively, the net proceeds of any insurance or condemnation award resulting from any damage or destruction of any portion of the Property payable in accordance with the Sublease.

“Opera Note” means the unsecured note issued by LA Opera pursuant to the Inducement Letter and purchased by the Fiscal Agent as authorized hereunder.

“Opera Note Interest Account” means the account by that name within the Bond Proceeds Fund established pursuant to Section 4.05 hereof.

“Opera Note Payment Account” means the account by that name within the Bond Proceeds Fund established pursuant to Section 4.05 hereof.

“Opera Note Purchase Account” means the account by that name within the Bond Proceeds Fund established pursuant to Section 4.05 hereof.

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

“Outstanding,” when used as of any particular time with reference to Bonds, means (subject to the provisions of Section 8.02) all Bonds theretofore or thereupon executed by the Authority and authenticated and delivered by the Fiscal Agent pursuant hereto including, but not limited to, Bonds, except:

- (i) Bonds theretofore canceled by the Fiscal Agent or surrendered to the Fiscal Agent for cancellation;

- (ii) Bonds paid or deemed to have been paid within the meaning of Section 10.01 hereof; and

- (iii) Bonds in lieu of or in substitution for which other Bonds shall have been executed by the Authority and authenticated and delivered pursuant hereto.

“Owner” means any person who shall be the registered owner of any Outstanding Bond, as shown on the registration books required to be maintained by the Fiscal Agent pursuant to Section 2.08 hereof.

“Paying Agent” means, with respect to the Bonds, the Fiscal Agent or any bank, trust company, national banking association or other financial institution appointed as paying agent hereunder or in any Supplemental Indenture.

“Permitted Investments” mean with respect to moneys received by the Fiscal Agent pursuant to this Indenture, the Site Lease and the Sublease, if and to the extent permitted by law and by any policy guidelines promulgated by the County:

- (1) Obligations of, or guaranteed as to principal and interest by, the United States of America, or by any agency or instrumentality thereof when such obligations are backed by the full faith and credit of the United States of America.

(2) Obligations of instrumentalities or agencies of the United States of America limited to the following: (a) the Federal Home Loan Bank Board ("FHLB"); (b) the Federal Home Loan Mortgage Corporation ("FHLMC"); (c) the Federal National Mortgage Association (FNMA); (d) Federal Farm Credit Bank ("FFCB"); (e) Government National Mortgage Association ("GNMA"); (f) Student Loan Marketing Association ("SLMA"); and (g) guaranteed portions of Small Business Administration ("SBA") notes.

(3) Commercial Paper having original maturities of not more than 270 days, payable in the United States of America and issued by corporations that are organized and operating in the United States with total assets in excess of \$500 million and having "A" or better rating for the issuer's long-term debt as provided by Moody's, S&P, or Fitch and "P-1", "A-1", "F1" or better rating for the issuer's short-term debt as provided by Moody's, S&P, or Fitch, respectively.

(4) The Los Angeles County Treasury Pool.

(5) Bills of exchange or time drafts drawn on and accepted by a commercial bank, otherwise known as "bankers' acceptances," having original maturities of not more than 180 days. The institution must have a minimum short-term debt rating of "A-1", "P-1", or "F1" by S&P, Moody's, or Fitch, respectively, and a long-term debt rating of no less than "A" by S&P, Moody's or Fitch.

(6) Shares of beneficial interest issued by diversified management companies, known as money market funds, registered with the U.S. Securities and Exchange Commission under the Investment Company Act of 1940 (15 U.S.C. Sec. 80a-1 *et seq.*) and whose fund has received the highest possible rating from S&P and at least one of Moody's or Fitch.

(7) Negotiable certificates of deposit issued by a nationally- or state-chartered bank or a state or federal association (as defined by Section 5102 of the California Financial Code) or by a state-licensed branch of a foreign bank, in each case which has, or which is a subsidiary of a parent company which has, obligations outstanding having a rating in the "A" category or better from S&P, Moody's, or Fitch.

(8) Repurchase agreements which have a maximum maturity of 30 days and are fully secured at or greater than 102% of the market value plus accrued interest by obligations of the United States Government, its agencies and instrumentalities, in accordance with number (2) above.

(9) Investment agreements and guaranteed investment contracts with issuers having a long-term debt rating of at least "AA" or "Aa2" by S&P or Moody's, respectively.

provided, however, that with respect to the proceeds of the Bonds in the amount of fourteen million dollars (\$14,000,000) received by the Fiscal Agent on the Closing Date, the Opera Note shall constitute a Permitted Investment in accordance Government Code Section 53601(m).

“Principal Account” means the account by that name within the Bond Fund established pursuant to Section 5.03 hereof.

“Property” means the Property (as defined in the Sublease) leased by the County from the Authority under the Sublease.

“Purchase Agreement” means the Letter Agreement for Purchase by and among the Authority and the Purchaser relating to the private placement of the Bonds.

“Purchaser” means Banc of America Leasing & Capital, LLC or any of its affiliates as the purchaser of the Bonds pursuant to the Purchase Agreement.

“Qualified Institutional Buyer” means a “qualified institutional buyer” as defined in Rule 144A promulgated under the Securities Act.

“Record Date” means the 15th day of the month immediately preceding an Interest Payment Date, whether or not such day is a Business Day.

“Redemption Account” means the account by that name within the Bond Fund established pursuant to Section 5.03 hereof.

“Revenues” means all Basic Lease Payments made pursuant to the Sublease and interest or profits from the investment of money in any fund, account or subaccount pursuant to Section 5.04.

“S&P” means Standard & Poor’s Ratings Services, or any successor credit rating agency selected by the Authority.

“Securities Act” means the Securities Act of 1993, as amended.

“State” means the State of California.

“Sublease” means that certain Sublease, dated as of December 1, 2009, between the County and the Authority under which the Authority subleases to the County the Property.

“Supplemental Indenture” means any indenture then in full force and effect which has been duly executed and delivered by the Authority and the Fiscal Agent amendatory hereof or supplemental hereto; but only if and to the extent that such Supplemental Indenture is specifically authorized hereunder.

“written request of the Authority” means a request in writing signed by an Authority Representative.

Section 1.02 Equal Security. In consideration of the acceptance of the Bonds by the Owners thereof, this Indenture shall be deemed to be and shall constitute a contract between the Authority and the Fiscal Agent for the benefit of the Owners from time to time of all Bonds authorized, issued, executed and delivered hereunder and then Outstanding to secure the full and final payment of the interest on and principal of and redemption premiums, if any, with respect

to all Bonds which may from time to time be authorized, issued, executed and delivered hereunder, subject to the agreements, conditions, covenants and provisions contained herein; and all agreements and covenants set forth herein to be performed by or on behalf of the Authority shall be for the equal and proportionate benefit, protection and security of all Owners of the Bonds without distinction, preference or priority as to security or otherwise of any Bonds over any other Bonds by reason of the number or date thereof or the time of authorization, sale, issuance, execution or delivery thereof or for any cause whatsoever, except as expressly provided herein or therein.

ARTICLE II

ISSUANCE OF BONDS; REGISTRATION AND TRANSFER OF BONDS

Section 2.01 Authorization and Purpose of Bonds. The Authority has reviewed all proceedings heretofore taken relative to the authorization of the Bonds and has found, as a result of such review, and hereby finds and determines that all acts, conditions and things required by law to exist, to have happened and to have been performed precedent to and in the issuance of the Bonds do exist, have happened and have been performed in due time, form and manner as required by law, and that the Authority is now duly authorized to issue the Bonds in the form and manner provided herein for the purpose of providing assistance to LA Opera, and that the Bonds shall be entitled to the benefit, protection and security of the provisions hereof. The procedure for issuance of the Bonds is set forth in Section 4.02.

Section 2.02 Terms of the Bonds. (a) The Bonds shall be designated "Los Angeles County Public Works Financing Authority Lease Revenue Bonds, Series 2009" and shall be in the aggregate principal amount of Fourteen Million Dollars (\$14,000,000). The Bonds shall be prepared in the form of fully registered Bonds in Authorized Denominations. The Bonds shall be dated the initial date of delivery thereof. The Bonds shall mature and become payable on January 1, 2013 and shall bear interest at the fixed rate of 4.70% per annum.

(b) The principal of the Bonds shall be payable in lawful money of the United States of America by the Paying Agent upon presentation and surrender of such Bonds.

(c) The Bonds shall bear interest at the rate set forth above and shall be payable on the Interest Payment Dates in each year, commencing on August 1, 2010. Each Bond shall bear interest from the Interest Payment Date next preceding the date of authentication thereof, unless such date of authentication is during the period commencing after a Record Date through and including the next succeeding Interest Payment Date, in which event it shall bear interest from such Interest Payment Date, or unless such date of authentication is prior to the first Record Date, in which event it shall bear interest from Closing Date.

(d) Payment of interest on the Bonds due on or before the maturity or prior redemption thereof shall be made to the person in whose name such Bond is registered, as of the Record Date preceding the applicable Interest Payment Date, on the registration books kept by the Fiscal Agent pursuant to Section 2.08, such interest to be paid by check mailed by first class mail on such Interest Payment Date to such Owner at his address as it appears on such books as

of the Record Date; provided, however, that upon the written request of an Owner of \$1,000,000 or more in aggregate principal amount of the Bonds received by the Fiscal Agent prior to the applicable Record Date, interest shall be paid by wire transfer in immediately available funds. Any such written request shall remain in effect until rescinded in writing by the Owner.

(e) Interest on the Bonds shall be payable in lawful money of the United States of America and shall be calculated on the basis of a 360-day year consisting of twelve 30-day months.

(f) The Bonds shall be initially registered in the name of the Purchaser, and shall be evidenced by one Bond bearing the interest rate and maturity date set forth above in paragraph (a).

Section 2.03 Redemption of Bonds. (a) The Bonds are subject to redemption prior to their respective maturity dates, in Authorized Denominations, upon notice as hereinafter provided, on any date, as a whole or in part, from Net Proceeds, as provided in Section 6.08 herein and Section 5.2 of the Sublease, at the principal amount thereof together with accrued interest to the date of redemption, without premium. The redemption date shall be a date, selected by the Authority, no later than 75 days after receipt of the written request of the Authority delivered to the Fiscal Agent pursuant to Section 6.08(a). Notwithstanding the foregoing, the Net Proceeds may be applied to the pro rata payment of principal of the Bonds, or such other selection of Bonds approved in an Opinion of Counsel, so long as the Bonds are Outstanding.

(b) The Bonds are subject to optional redemption prior to their maturity date by the Authority on any Interest Payment Date on and after August 1, 2011, in whole in Authorized Denominations, from any source of available funds, at the redemption price equal to the principal amount thereof to be redeemed, together with accrued interest to the date of redemption, without premium.

(c) Notice of redemption shall be mailed by the Fiscal Agent, not less than 30 nor more than 60 days prior to the redemption date to (i) the respective Owners of the Bonds designated for redemption at their addresses appearing on the registration books of the Fiscal Agent by first class mail; and (ii) the Information Services. Notice of redemption to the Information Services shall be given by registered mail or by overnight delivery. Each notice of redemption shall state the date of such notice, the redemption price, the name and appropriate address of the Fiscal Agent, the CUSIP 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, if otherwise permitted, 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 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 Fiscal Agent specified in the redemption notice. The notice of redemption for any optional redemption pursuant to Section 2.03(b) hereof shall contain a statement to the effect that redemption of the

Bonds is conditioned upon the receipt by the Fiscal Agent of amounts equal to the redemption price of the Bonds to be redeemed on or before the redemption date, and such optional redemption shall be so conditioned.

(d) 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 Fiscal Agent, then on the redemption date designated in such notice Bonds shall become due and payable, and from and after the date so designated interest on the Bonds so called for redemption 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.

Failure by the Fiscal Agent to give notice pursuant to this Section to any one or more of the Information Services, or the insufficiency of any such notice, shall not affect the sufficiency of the proceedings for redemption. Failure by the Fiscal Agent to mail or otherwise provide notice of redemption pursuant to this Section to any one or more of the respective Owners of any Bonds designated for redemption shall not affect the sufficiency of the proceedings for redemption with respect to the Owners to whom such notice was mailed.

All Bonds redeemed pursuant to the provisions of this Section shall be canceled by the Fiscal Agent and shall be delivered to, or upon the order of, the Authority and shall not be reissued.

Section 2.04 Form of Bonds. The Bonds and the authentication and registration endorsement and assignment to appear thereon shall be substantially in the forms set forth on Exhibit A hereto.

Section 2.05 Execution of Bonds. (a) The Bonds shall be executed in the name of the Authority by the by the manual or facsimile signature of the Chairman of the Authority and attested to by the manual or facsimile signature of the Assistant Secretary of the Authority. In case any one or more of the officers who shall have signed or sealed any of the Bonds shall cease to be such officer before the Bonds so signed, such Bonds may, nevertheless, be issued, as herein provided, as if the persons who signed or sealed such Bonds had not ceased to hold such offices. If a person signing a Bond is the proper officer on the actual date of execution, the Bond will be valid even if that person is not the proper officer on the nominal date of action and even though, at the date of this Indenture, such person was not such officer.

(b) A Bond shall not be valid until the Paying Agent executes the certificate of authentication on such Bond by manual signature. Such signature will be conclusive evidence that such Bond has been authenticated pursuant to this Indenture.

Section 2.06 Transfer and Payment of Bonds. (a) The Bonds shall be issued in the form of a single fully registered bond in the amount of \$14,000,000 and shall be initially registered in the name of the Purchaser. Registered ownership of the Bonds, or any portion thereof, may not thereafter be transferred to any person other than the Authority or a Qualified Institutional Buyer in a transaction not requiring registration under the Securities Act and in compliance with the requirements of Rule 144A, applicable State securities laws, and the restrictions on transfer specified on the Bond; provided however, that the initial registered owner

of the Bonds, the Purchaser, may also assign, sell or transfer the Bonds in whole but not in part to an entity that directly, or indirectly through one or more intermediaries, controls or is controlled by, or is under common control with, Bank of America, N.A.

(b) The Authority and the Fiscal Agent may deem and treat the registered owner of the Bonds as the absolute owner hereof for the purpose of receiving payment of the interest hereon and principal of the Bonds and for all other purposes, whether or not the Bonds shall be overdue, and neither the Authority nor the Fiscal Agent shall be affected by any notice or knowledge to the contrary; and payment of the interest on and principal of this Bond shall be made only to such registered owner, which payments shall be valid and effectual to satisfy and discharge liability on the Bonds to the extent of the sum or sums so paid.

Section 2.07 Exchange of Bonds. (a) Bonds may be exchanged at the office of the Fiscal Agent for a like aggregate principal amount of Bonds of other Authorized Denominations. The Fiscal Agent shall require the payment by the Owner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange as a condition precedent to the exercise of such privilege.

(b) The Fiscal Agent shall not be required to register the exchange of any Bond (i) during any period commencing on the day which is five Business Days before the date on which Bonds are to be selected for redemption and ending on such date of selection, or (ii) which has been selected for redemption in whole or in part, if permitted.

Section 2.08 Bond Registration Books. The Fiscal Agent will keep sufficient books for the registration and transfer of the Bonds which shall at all times be open to inspection by the Authority during normal business hours with reasonable prior notice, and upon presentation for such purpose the Fiscal Agent shall, under such reasonable regulations as it may prescribe, register or transfer the Bonds in such books as hereinabove provided.

Section 2.09 Mutilated, Destroyed, Stolen or Lost Bonds. (a) If any Bond shall become mutilated, the Fiscal Agent, at the expense of the Owner thereof, shall thereupon authenticate and deliver a new Bond of like series, maturity and Authorized Denomination in exchange and substitution for the Bond so mutilated, but only upon surrender, at the office of the Fiscal Agent, of the Bond so mutilated. Every mutilated Bond so surrendered to the Fiscal Agent shall be canceled by the Fiscal Agent and delivered to, or upon the order of, the Authority.

(b) If any Bond shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Fiscal Agent and, if such evidence is satisfactory to the Fiscal Agent and indemnity satisfactory to the Fiscal Agent shall be given, the Fiscal Agent, at the expense of the Owner, shall thereupon authenticate and deliver a new Bond of like series, maturity and Authorized Denomination in lieu of and in substitution for the Bond so lost, destroyed or stolen.

(c) The Fiscal Agent may require payment of a reasonable sum for each new Bond issued under this Section and of the expenses which may be incurred by the Authority and the Fiscal Agent in the premises. Any Bond issued under the provisions of this Section in lieu of any Bond alleged to be lost, destroyed or stolen shall be equally and proportionately entitled to

the benefits of this Indenture with all other Bonds secured by this Indenture. Neither the Authority nor the Fiscal Agent shall be required to treat both the original Bond and any replacement Bond as being Outstanding for the purpose of determining the principal amount of Bonds which may be issued hereunder or for the purpose of determining any percentage of Bonds Outstanding hereunder; both the original and replacement Bond shall be treated as one and the same.

Section 2.10 Temporary Bonds. The Bonds issued under this Indenture may be initially issued in temporary form exchangeable for definitive Bonds when ready for delivery. The temporary Bonds may be printed, lithographed or typewritten, shall be of such denominations as may be determined by the Authority, shall be in fully registered form and may contain such reference to any of the provisions of this Indenture as may be appropriate. Every temporary Bond shall be executed and authenticated in accordance with the terms hereof. If the Authority issues temporary Bonds it will execute and furnish definitive Bonds without delay and thereupon the temporary Bonds shall be surrendered, for cancellation, at the office of the Fiscal Agent, and the Fiscal Agent shall deliver in exchange for such temporary Bonds an equal aggregate principal amount of definitive Bonds of Authorized Denominations. Until so exchanged, the temporary Bonds shall be entitled to the same benefits under this Indenture as definitive Bonds delivered hereunder.

Section 2.11 Validity of Bonds. From and after the issuance of the Bonds, the findings and determinations of the Authority respecting the Bonds shall be conclusive evidence of (i) the existence of the facts so found and determined in any action or proceeding in any court in which the validity of the Bonds shall be required to see to the existence of any fact, or (ii) to the performance of any condition or to the taking of any proceeding required prior to such issuance, or (iii) to the application of the proceeds of sale of the Bonds. The recital contained in the Bonds that the same are issued pursuant hereto shall be conclusive evidence of their validity and of the regularity of their issuance, and all Bonds shall be incontestable from and after their issuance. The Bonds shall be deemed to be issued, within the meaning hereof, whenever the definitive Bonds (or any temporary Bonds exchangeable therefor) shall have been delivered to the purchaser thereof and the proceeds of sale thereof received.

ARTICLE III

ISSUANCE OF ADDITIONAL BONDS

Section 3.01 Conditions for the Issuance of Additional Bonds. The Authority may at any time issue Additional Bonds payable from the Revenues as provided herein and secured by a pledge of the Revenues as provided herein equal to the pledge securing the Outstanding Bonds theretofore issued hereunder, but only subject to the following specific conditions, which are hereby made conditions precedent to the issuance of any such Additional Bonds:

- (a) Prior written consent of all Owners of Outstanding Bonds;

(b) The Authority shall be, as evidenced by a Certificate of the Authority, in compliance with all agreements and covenants contained herein and no Event of Default shall have occurred and be continuing under the Sublease.

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

(i) that the proceeds of such Additional Bonds shall be applied solely for the purpose of refunding any Bonds then Outstanding, including payment of all costs incidental to or connected with such refunding;

(ii) the authorized principal amount and designation of such Additional Bonds;

(iii) the dated date and the maturity dates of, and the sinking fund payment dates, if any, for such Additional Bonds; provided, however, that (1) each maturity and sinking fund date shall fall upon February 1; and (2) all such Additional Bonds of like maturity shall be identical in all respects, except as to number and denomination;

(iv) the interest payment dates for such Additional Bonds, which shall be Interest Payment Dates;

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

(vi) the amount, if any, to be deposited from the proceeds of sale of such Additional Bonds in the Interest Account;

(vii) the amount, if any, to be deposited from the proceeds of sale of such Additional Bonds in an escrow fund;

(viii) the forms of such Additional Bonds; and

(ix) such other provisions as are necessary or appropriate and not inconsistent herewith.

(d) The Sublease shall have been further amended so as to increase the aggregate Basic Lease Payments payable by the County thereunder by an amount at least sufficient to pay the interest on and principal of such Additional Bonds as the same become due, subject to the limitation that the increase in Basic Lease Payments together with existing Basic Lease Payments shall not in any year be in excess of the annual fair rental of the Property determined as of the time the Additional Bonds are issued.

Nothing contained herein shall limit the issuance of any lease revenue bonds of the Authority payable from the Revenues and secured by a pledge of the Revenues if, after the

issuance and delivery of such lease revenue bonds, none of the Bonds theretofore issued hereunder will be Outstanding.

Section 3.02 Procedure for the Issuance of Additional Bonds. The Authority may, at any time, execute Additional Bonds for issuance hereunder and deliver them to the Fiscal Agent, and thereupon such Additional Bonds shall be authenticated and delivered by the Paying Agent to the purchaser thereof upon the written request of the Authority, but only upon receipt by the Fiscal Agent 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 Fiscal Agent (unless the Fiscal Agent shall accept any of such documents bearing a prior date):

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

(b) a written request of the Authority as to the delivery of such Additional Bonds;

(c) an Opinion of Counsel to the effect that (i) the Authority has the right and power to execute and deliver the Supplemental Indenture and the Supplemental Indenture has been duly and lawfully executed and delivered by the Authority, is in full force and effect and is valid and binding upon the Authority and enforceable in accordance with its terms (except as enforcement may be limited by bankruptcy, insolvency, reorganization and other similar laws relating to the enforcement of creditors' rights and by equitable principles) and no other authorization for the execution and delivery thereof is required; (ii) the Supplemental Indenture creates the valid pledge of the Revenues which it purports to create as provided therein, subject to the application thereof to the purposes and on the conditions permitted hereby; (iii) such Additional Bonds are valid and binding special obligations of the Authority, enforceable in accordance with their terms (except as enforcement may be limited by bankruptcy, insolvency, reorganization and other similar laws relating to the enforcement of creditors' rights and by equitable principles) and the terms hereof and entitled to the benefits hereof, and such Additional Bonds have been duly and validly authorized, executed, issued and delivered in accordance herewith; and (iv) the amendments to the Sublease required by Section 3.01(c) have been duly authorized, executed and delivered and are valid and binding upon the Authority and the County and enforceable in accordance with its terms (except as enforcement may be limited by bankruptcy insolvency, reorganization and other similar laws relating to the enforcement of creditors' rights and by equitable principles);

(d) a Certificate of the Authority certifying that the conditions for the issuance of such Additional Bonds contained herein have been complied with and satisfied; and

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

ARTICLE IV

ESTABLISHMENT OF CERTAIN FUNDS; DEPOSIT AND APPLICATION OF PROCEEDS

Section 4.01 Establishment of Certain Funds. (a) The Fiscal Agent shall establish the following special trust funds, which the Fiscal Agent agrees to maintain and keep separate and apart from all other funds and moneys held by the Fiscal Agent so long as the Bonds are Outstanding: the "Los Angeles County Public Works Financing Authority Lease Revenue Bonds, Series 2009 (LA Opera) Bond Proceeds Fund" (the "Bond Proceeds Fund"), the "Los Angeles County Public Works Financing Authority Lease Revenue Bonds, Series 2009 (LA Opera) Bond Fund" (the "Bond Fund") and the "Los Angeles County Public Works Financing Authority Lease Revenue Bonds, Series 2009 (LA Opera) Costs of Issuance Fund" (the "Costs of Issuance Fund"). Incident to the issuance of Additional Bonds, the Supplemental Indenture may provide for the creation of additional special trust funds to be maintained by the Fiscal Agent.

(b) So long as any of the Bonds, or any interest thereon, remain unpaid, the moneys in the foregoing funds shall be used for no purpose other than those required or permitted by this Indenture.

Section 4.02 Procedure for the Issuance of Bonds. The Authority may, at any time, execute the Bonds for issuance hereunder and deliver them to the Fiscal Agent, and thereupon the Bonds shall be authenticated and delivered by the Paying Agent to the purchaser thereof upon the written request of the Authority and upon receipt of payment therefor from the purchaser thereof.

Section 4.03 Application of Proceeds of Bonds.

Upon the receipt of payment for the Bonds on the Closing Date, the Fiscal Agent shall deposit such funds as follows:

(a) [The Fiscal Agent shall deposit the amount of \$ _____
[received from LA Opera] in the Cost of Issuance Fund; and]

(b) The Fiscal Agent shall deposit the amount of \$14,000,000 in the proceeds of Bond Proceeds Fund.

Section 4.04 Costs of Issuance Fund.

(a) The Fiscal Agent shall hold the moneys in the Costs of Issuance Fund and shall disburse such moneys from time to time to pay Costs of Issuance upon receipt by the Fiscal Agent of a written request of the Authority substantially in the form of Exhibit B hereto.

(b) Upon the earlier of (i) the date that is six months after the Closing Date, and (ii) the date of receipt of a Certificate of the Authority stating that all Costs of Issuance have

been paid, any amount then remaining in the Costs of Issuance Fund shall be deposited by the Fiscal Agent into the Interest Account of the Bond Fund.

Section 4.05 Bond Proceeds Fund; Opera Note Accounts. All money in the Bond Proceeds Fund shall be set aside by the Fiscal Agent in the following respective special accounts within the Bond Proceeds Fund (each of which is hereby created and each of which the Fiscal Agent hereby covenants and agrees to maintain):

- (1) Opera Note Purchase Account;
- (2) [Opera Note Interest Account; and
- (3) Opera Note Payment Account.

(b) All money in each of such accounts shall be held in trust by the Fiscal Agent and shall be applied, used and withdrawn only for the purposes hereinafter authorized in this Section.

(1) Opera Note Purchase Account.

(A) Upon the receipt of payment for the Bonds on the Closing Date as set forth in Section 4.03(b) hereof, the Fiscal Agent shall deposit the amount of \$14,000,000 in the Opera Note Purchase Account. All amounts on deposit in the Opera Note Purchase Account are hereby irrevocably pledged as security for the payment of and redemption price of, if any, of the Bonds.

(B) The Fiscal Agent shall use the amounts on deposit in the Opera Note Purchase Account to purchase the Opera Note on the Closing Date. [This Indenture shall not be discharged until the Fiscal Agent has received payment in full on the Opera Note.]

(2) Opera Note Interest Account. All interest received pursuant to the Opera Note shall be deposited in the Opera Note Interest Account. Upon receiving such interest payment, the Fiscal Agent shall apply such funds in the following order of priority: (i) to the Interest Account; and (ii) to the extent that such amounts are not required to be so deposited in the Interest Account, they shall be remitted to the County.

(3) Opera Note Payment Account. All principal received pursuant to the Opera Note shall be deposited in the Opera Note Payment Account. Upon receiving such payment, the Fiscal Agent shall apply such funds in the order of priority indicated: (i) to the Redemption Account if such funds have been paid to prepay the Opera Note pursuant to the terms thereof, (ii) to the Principal Account if such funds are paid upon the maturity of the Opera Note; and (ii) to the extent that such amounts are not required to be so deposited in the Bond Fund, they shall be remitted to the County.]

ARTICLE V

REVENUES

Section 5.01 Pledge of Revenues. (a) All Revenues and amounts on deposit in the funds and accounts established hereunder are hereby irrevocably pledged to the payment of the interest on and principal and redemption price, if any, of the Bonds as provided herein, and the Revenues shall not be used for any other purpose while any of the Bonds remain Outstanding; provided, however, that out of the Revenues there may be allocated such sums for such purposes as are expressly permitted by Section 5.03.

(b) The Fiscal Agent shall be entitled to and shall receive all of the Revenues, and any Revenues collected or received by the Authority shall be deemed to be held, and to have been collected or received, by the Authority as agent of the Fiscal Agent and shall forthwith be paid by the Authority to the Fiscal Agent.

Section 5.02 Receipt and Deposit of Revenues in the Bond Fund. In order to carry out and effectuate the pledge contained in Section 5.01 hereof, the Fiscal Agent agrees and covenants that all Revenues when and as received shall be received in trust hereunder for the benefit of the Owners and shall be deposited when and as received in the Bond Fund. All Revenues shall be accounted for through and held in trust in the Bond Fund, and the Authority shall have no beneficial right or interest in any of the Revenues except only as herein provided. All Revenues, whether received by the Authority in trust or deposited with the Fiscal Agent as herein provided, shall nevertheless be allocated, applied and disbursed solely to the purposes and uses hereinafter in this Article set forth, and shall be accounted for separately and apart from all other accounts, funds, money or other resources of the Authority.

Section 5.03 Establishment and Maintenance of Accounts for Use of Money in the Bond Fund. (a) All money received in the Bond Fund shall be set aside by the Fiscal Agent in the following respective special accounts within the Bond Fund (each of which is hereby created and each of which the Fiscal Agent hereby covenants and agrees to maintain) in the following order of priority:

- (1) Interest Account,
- (2) Principal Account, and
- (3) Redemption Account.

(a) All money in each of such accounts shall be held in trust by the Fiscal Agent and shall be applied, used and withdrawn only for the purposes hereinafter authorized in this Section.

(1) Interest Account. (A) On or before twenty-five (25) days prior to each Interest Payment Date, the Fiscal Agent shall notify the County of the amount required, if any, pursuant to the Sublease and not already provided for by the interest paid under the Opera Note in order to pay the interest due and payable on all Outstanding Bonds on such Interest Payment Date. To the extent that the Fiscal Agent notifies the

County of a deficiency, the County shall pay such amount on a Lease Payment Date pursuant to the Sublease.

(B) All money in the Interest Account shall be used and withdrawn by the Fiscal Agent solely for the purpose of paying the interest on the Bonds as it shall become due and payable (including accrued interest on any Bonds purchased or redeemed prior to maturity).

(2) Principal Account. (A) On or before twenty-five (25) days prior to January 1, 2013, the Fiscal Agent shall notify the County of the amount, if any, required pursuant to the Sublease in order to pay the aggregate principal amount of all Outstanding Bonds maturing on January 1, 2013.

(B) All money in the Principal Account shall be used and withdrawn by the Fiscal Agent solely for the purpose of paying the principal of the Bonds as they shall become due and payable.

(3) Redemption Account. In addition to the above accounts, the Fiscal Agent shall establish and maintain within the Bond Fund, when required, a special account designated the "Redemption Account." All money in the Redemption Account shall be held in trust by the Fiscal Agent and shall be applied, used and withdrawn only for the purposes authorized in this section. Any Net Proceeds which, in accordance with a written request of the Authority delivered to the Fiscal Agent pursuant to Section 6.08 and all other amounts received by the Fiscal Agent in connection with the redemption of the Bonds pursuant to Section 2.03 are to be used to redeem Bonds and shall be deposited by the Fiscal Agent in the Redemption Account. The Fiscal Agent shall, on the scheduled redemption date, withdraw from the Redemption Account and pay to the Owners entitled thereto an amount equal to the redemption price of the Bonds to be redeemed on such date.

(4) Application of Funds. Any delinquent Basic Lease Payments and any proceeds of rental interruption insurance with respect to the real property encumbered by the Sublease shall be applied first to the Interest Account for the immediate payment of interest payments past due and then to the Principal Account for immediate payment of principal payments past due according to the tenor of any Bond. Any remaining money representing delinquent Basic Lease Payments and any proceeds of rental interruption insurance shall be deposited in the Bond Fund to be applied in the manner provided herein.

Section 5.04 Investment of Moneys in Funds and Accounts. (a) Moneys in the Opera Note Purchase Account of the Bond Proceeds Fund shall be used by the Fiscal Agent to purchase the Opera Note in accordance with the Inducement Letter.

(b) Moneys in the Opera Note Interest Account and the Opera Note Payment Account of the Bond Proceeds Fund and in the Bond Fund and any account therein shall, be invested by the Fiscal Agent in Permitted Investments. The obligations in which moneys in the said funds and accounts are invested shall mature on or prior to the date on which such moneys

are estimated to be required to be paid out hereunder. Except as otherwise provided in this Section, Permitted Investments representing an investment of moneys attributable to any fund, account or subaccount and all investment profits or losses thereon shall be deemed at all times to be a part of said fund, account or subaccount. Except for moneys in demand deposit accounts, the Fiscal Agent shall maintain records with respect to each investment, including: (i) purchase date; (ii) purchase price; (iii) any accrued interest paid; (iv) face amount; (v) coupon rate; (vi) periodicity of interest payments; (vii) disposition price; (viii) any accrued interest received; and (ix) disposition date. The Fiscal Agent shall have no liability or responsibility for any loss resulting from any investment made in accordance with the provisions of this Article V.

The Authority acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the Authority the right to receive brokerage confirmations of securities transactions as they occur, the Authority specifically waives receipt of such confirmations to the extent permitted by law. Securities and investment transactions made by the Fiscal Agent under this Indenture will be set forth in the cash transaction statements provided by the Fiscal Agent to the Authority.

ARTICLE VI

COVENANTS OF THE AUTHORITY AND THE FISCAL AGENT

Section 6.01 Punctual Payment and Performance. The Authority will punctually pay the interest on and the principal of and redemption premiums, if any, to become due on every Bond issued hereunder in strict conformity with the terms hereof and of the Bonds, and will faithfully observe and perform all the agreements and covenants contained herein and in the Bonds.

Section 6.02 Against Encumbrances. The Authority will not make any pledge of or place any charge or lien upon the Revenues except as provided herein, and will not issue any bonds, notes or obligations payable from the Revenues or secured by a pledge of or charge or lien upon the Revenues except the Bonds.

Section 6.03 Against Sale or Disposition of the Property. Except as provided in the Sublease, the Authority will not sell or otherwise dispose of the Property, enter into any agreement which impairs the use of the Property or any part thereof necessary to secure adequate Revenues for the payment of the interest on and principal of and redemption premiums, if any, with respect to the Bonds, or which would otherwise impair the rights of the Owners with respect to the Revenues.

Section 6.04 Reserved.

Section 6.05 Payment of Claims. The Authority will pay and discharge or cause to be paid and discharged any and all lawful claims for labor, materials or supplies which, if unpaid, might become a legal charge or lien upon the Property or the Revenues or any part thereof or upon any funds under the control of the Authority or the Fiscal Agent superior to or on a parity with the charge and lien upon the Revenues securing the Bonds, or which might impair the security of the Bonds.

Section 6.06 Payment of Taxes and Compliance with Governmental Regulations. The Authority will pay and discharge or cause to be paid and discharged all applicable taxes, assessments and other governmental charges that may be levied, assessed or charged upon the Property or any part thereof or upon the Revenues or any part thereof promptly as and when the same shall become due and payable. The Authority will duly observe and conform with all valid applicable regulations and requirements of any governmental authority relative to the use of the Property or any part thereof, but the Authority shall not be required to comply with any such regulations or requirements so long as the application or the validity thereof shall be contested in good faith.

Section 6.07 Insurance. The Authority will maintain or cause to be maintained insurance with respect to the Property as required by the Sublease.

Section 6.08 Insurance Proceeds and Condemnation Awards; Title Insurance.
(a) The Fiscal Agent shall receive all moneys which may become due and payable under any insurance policies obtained pursuant to Article IV of the Sublease and pursuant to any condemnation awards in a separate fund to be established and maintained by the Fiscal Agent and designated the "Insurance Proceeds and Condemnation Awards Fund," and shall apply the proceeds of such insurance as provided herein. The Fiscal Agent shall permit withdrawals of said proceeds from time to time upon receiving the written request of the Authority, stating that the Authority has expended moneys or incurred liabilities in an amount equal to the amount therein requested to be paid over to it for the purpose of repair, reconstruction or replacement, and specifying the items for which such moneys were expended, or such liabilities were incurred, in such reasonable detail as the Fiscal Agent may in its discretion require.

(b) Proceeds of any policy of insurance, title insurance or condemnation award received by the Fiscal Agent in respect of the Property shall be applied and disbursed by the Fiscal Agent as follows:

(i) If the Authority determines that the damage, title defect or taking giving rise to such proceeds has not materially affected the operation of the Property and will not result in an abatement of Basic Lease Payments payable by the County under the Sublease, such proceeds shall at the election of the Authority as set forth in a written request of the Authority, be deposited in the (1) Redemption Account and such proceeds shall be applied to cause the redemption of Outstanding Bonds in the manner provided in Section 2.03(a); or (2) Principal and Interest Accounts for application to the next two successive Basic Lease Payments;

(ii) If any portion of the Property has been affected by such damage, title defect or taking, and if the Authority determines that such title defect or taking will result in an abatement of Basic Lease Payments payable by the County under the Sublease, and the Authority has not within 90 days of such damage, defect or taking notified the Fiscal Agent of its intent to repair or replace the damaged, defective or taken Property, then the Fiscal Agent shall immediately deposit such proceeds in the Redemption Account and such proceeds shall be applied to cause the redemption of Outstanding Bonds in the manner provided in Section 2.03(a); or

(iii) If the Fiscal Agent receives a Certificate of the Authority within 90 days of such damage, defect or taking to the effect that the Authority desires to repair or replace the damaged, defective or taken Property and that such repair or replacement will take less than 24 months and, upon completion, the Property will have a fair rental value at least equal to the fair rental value of the Property prior to the damage, defect or taking, the Fiscal Agent shall disburse the proceeds pursuant to Section 6.08(a) above.

Section 6.09 Sublease and Other Documents. The Authority will at all times maintain and vigorously enforce all of its rights under the Sublease, and will promptly collect all Lease Payments due for the use of the Property as the same become due under the Sublease, and will promptly and vigorously enforce its rights against any tenant or other person who does not pay such rents or charges as they become due under the Sublease. The Authority will not do or permit anything to be done, or omit or refrain from doing anything, in any case where any such act done or permitted to be done, or any such omission of or refraining from action, would or might be a ground for cancellation, abatement or termination of the Sublease by the Lessee thereunder.

The Authority, for security purposes, hereby grants, conveys, assigns and transfers, without warranty and without recourse to the Fiscal Agent to secure the obligations of the Authority under this Section 6.09 and the Indenture for the benefit of the Purchaser of the Bonds, all right, title and interest under the Site Lease and Sublease, whether now owned or hereafter acquired or arising, and all proceeds and products thereof, including, but not limited to, the rights in the leasehold interest in real property and improvements, rights to rental income to the real property and improvements under said Site Lease and Sublease, insurance claims and proceeds from the foregoing, and all general intangibles (including all payment intangibles) related to the foregoing, all additions and accessions to the foregoing, substitutions for and replacements for the foregoing, proceeds and products of the foregoing, including insurance proceeds, whether from abatement insurance, title insurance, earthquake insurance and casualty insurance.

Section 6.10 Other Liens. The Authority will keep the Property free from judgments, mechanics' and materialmen's liens and free from all liens, claims, demands and encumbrances of whatsoever prior nature or character to the end that the security for the Bonds provided herein will at all times be maintained and preserved free from any claim or liability which might hamper the Authority in conducting its business or interfere with the County's use and occupancy of the Property, and the Fiscal Agent at its option (after first giving the Authority ten days' written notice to comply therewith and failure of the Authority to so comply within such period) may defend against any and all actions or proceedings in which the validity hereof is or might be questioned, or may pay or compromise any claim or demand asserted in any such action or proceeding; provided, however, that in defending such actions or proceedings or in paying or compromising such claims or demands the Fiscal Agent shall not in any event be deemed to have waived or released the Authority from liability for or on account of any of its agreements and covenants contained herein, or from its liability hereunder to defend the validity hereof and the pledge of the Revenues made herein and to perform such agreements and covenants.

Section 6.11 Prosecution and Defense of Suits. (a) The Authority will promptly from time to time take or cause to be taken such action as may be necessary or proper to remedy or cure any defect in or cloud upon the title to the Property, whether now existing or hereafter developing, and shall prosecute or cause to be prosecuted all such suits, actions and other proceedings as may be appropriate for such purpose and shall indemnify and hold the Fiscal Agent harmless from all loss, cost, damage and expense, including attorney's fees, which it may incur by reason of any such defect, cloud, suit, action or proceeding.

(b) The Authority will defend against every suit, action or proceeding except those arising out of the wrongful, willful act or actions of the Fiscal Agent at any time brought against the Fiscal Agent upon any claim arising out of the receipt, application or disbursement of any of the Revenues or involving the rights of the Fiscal Agent hereunder; provided, however, that the Fiscal Agent at its election may appear in and defend any such suit, action or proceeding.

Section 6.12 Further Assurances. Whenever and so often as requested to do so by the Fiscal Agent, the Authority will promptly execute and deliver or cause to be executed and delivered all such other and further assurances, documents or instruments, and promptly do or cause to be done all such other and further things as may be necessary or reasonably required in order to further and more fully vest in the Owners all rights, interests, powers, benefits, privileges and advantages conferred or intended to be conferred upon them hereby.

ARTICLE VII

FISCAL AGENT, PAYING AGENT AND OTHER AGENTS

Section 7.01 Appointment of Fiscal Agent and Paying Agent. The Authority hereby appoints the Treasurer and Tax Collector of the County to act as the Fiscal Agent and Paying Agent with respect to the Bonds.

Section 7.02 Duties of Fiscal Agent. The Fiscal Agent is hereby authorized to and shall maintain and administer Funds and Accounts in accordance with the terms of this Indenture, and shall perform all other duties assigned to it or imposed on it as provided in this Indenture. The Fiscal Agent shall keep accurate records of all Funds and Accounts administered by it.

Section 7.03 Paying Agent. The Authority may at any time or from time to time appoint a Paying Agent for the Bonds, and the Paying Agent, if other than the Fiscal Agent, shall be a commercial bank, national banking association or trust company with trust powers and shall designate to the Authority and the Fiscal Agent its principal office and signify its acceptance of the duties and obligations imposed upon it hereunder or under an Authority Supplemental Indenture by a written instrument of acceptance delivered to the Authority under which each such Paying Agent will agree, particularly: to hold all sums held by it for the payment of the principal of, premium or interest on Bonds, or otherwise pledged to Owners, in trust for the benefit of such Owners until such sums shall be paid to such Owners or otherwise disposed of as herein provided;

(b) to select Bonds for redemption and give notice of redemption to Owners as provided herein;

(c) to keep such books and records as shall be consistent with prudent industry practice, to make such books and records available for inspection by the Authority and the Fiscal Agent at all reasonable times; and

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

Section 7.04 Removal. The Authority may, at any time, remove the Paying Agent and appoint one or more successors. So long as any Bonds remain Outstanding and unpaid, the Fiscal Agent and the Paying Agent appointed by the Authority to act in such respective capacities with respect to such Bonds shall continue to act in their respective capacities with respect to such Bonds until a successor or successors shall be appointed. [Upon the occurrence and continuation of an Event of Default, if the Treasurer and Tax Collector of the County is acting as Fiscal Agent with respect to the Bonds, the Authority shall remove the Fiscal Agent and appoint a successor upon the written request of a majority of the Owners of the Bonds.]

Any successor Fiscal Agent or Paying Agent appointed pursuant to this Section shall be a bank or trust company in good standing located in or incorporated under the laws of the State and duly authorized to exercise trust powers and shall have a combined capital (exclusive of borrowed capital) and surplus of at least \$100,000,000 and shall be subject to supervision or examination by federal or State banking authority. If such bank or trust company publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purposes of this Section the combined capital and surplus of such bank or trust company shall be deemed to be its combined capital and surplus set forth in its most recent report of condition so published. Notwithstanding the foregoing, a bank or trust company which does not have a combined capital and surplus of at least \$100,000,000 may become a successor Fiscal Agent or Paying Agent if its obligations hereunder are guaranteed by an affiliate which meets the qualifications of a successor Fiscal Agent or Paying Agent hereunder and such guaranty is acceptable in form and substance to the Authority. Any removal of the Fiscal Agent or the Paying Agent shall become effective upon acceptance of appointment by the successor Fiscal Agent or Paying Agent and payment of the fees and expenses of the Fiscal Agent or Paying Agent being removed.

Section 7.05 Other Agents. The Authority or the Fiscal Agent may from time to time appoint other agents to perform duties and obligations under this Indenture or under an Authority Supplemental Indenture, which agents may include, but not be limited to, tender agents, remarketing agents and authenticating agents, all as provided by Authority Supplemental Indenture or resolution of the Authority.

Section 7.06 Several Capacities. Anything in this Indenture to the contrary notwithstanding, the same entity may serve hereunder as the Fiscal Agent, Paying Agent and any other agent as appointed to perform duties or obligations under this Indenture, under an

Authority Supplemental Indenture or an escrow agreement, or in any combination of such capacities, to the extent permitted by law.

ARTICLE VIII

AMENDMENT OF THE INDENTURE

Section 8.01 Amendment of the Indenture. (a) The Indenture and the rights and obligations of the Authority and of the Owners may be amended at any time by a Supplemental Indenture which shall become binding when the written consents of the Owners of at least a majority in aggregate principal amount of the Bonds then Outstanding, exclusive of Bonds disqualified as provided in Section 8.02, are filed with the Fiscal Agent. No such amendment shall (i) extend the maturity of or reduce the interest rate on or otherwise alter or impair the obligation of the Authority to pay the interest on or principal of or redemption premium, if any, on any Bond at the time and place and at the rate and in the currency provided herein without the express written consent of the Owner of such Bond; (ii) permit the creation by the Authority of any pledge of the Revenues as provided herein superior to or on a parity with the pledge created hereby for the benefit of the Bonds; or (iii) modify any rights or obligations of the Fiscal Agent without its prior written assent thereto.

(b) The Indenture and the rights and obligations of the Authority and the Owners may also be amended at any time by a Supplemental Indenture which shall become binding upon adoption without the consent of any Owners, but only to the extent permitted by law and after receipt of an approving Opinion of Counsel and only for any one or more of the following purposes:

(1) to make such provisions for the purpose of curing any ambiguity or of correcting, curing or supplementing any defective provision contained herein or in regard to questions arising hereunder which the Authority may deem desirable or necessary and not inconsistent herewith and which shall not materially adversely affect the interests of the Owners; or

(2) to make any other change or addition hereto which shall not materially adversely affect the interests of the Owners, or to surrender any right or power reserved herein to or conferred herein on the Authority; or

(3) to provide for the issuance of any Additional Bonds and to provide the terms of such Additional Bonds, subject to the conditions and upon compliance with the procedure set forth in Article III.

Section 8.02 Disqualified Bonds. Bonds owned or held by or for the account of the Authority shall not be deemed Outstanding for the purpose of any consent or other action or any calculation of Outstanding Bonds provided in this Article VIII, and shall not be entitled to consent to or take any other action provided in this Article VIII, provided, however, that the Fiscal Agent shall not be deemed to have knowledge that any Bond is owned or held by or for the account of the Authority unless the Authority is the registered Owner or the Fiscal Agent has

received written notice that any other registered Owner is holding for the account of the Authority.

Section 8.03 Endorsement or Replacement of Bonds after Amendment. After the effective date of any action taken as hereinabove provided, the Authority may determine that the Bonds may bear a notation by endorsement in form approved by the Authority as to such action, and in that case upon demand of the Owner of any Outstanding Bond and presentation of his Bond for such purpose at the office of the Fiscal Agent a suitable notation as to such action shall be made on such Bond. If the Authority shall so determine, new Bonds so modified as, in the opinion of the Authority, shall be necessary to conform to such action shall be prepared and executed, and in that case upon demand of the Owner of any Outstanding Bond such new Bonds shall be exchanged at the office of the Fiscal Agent without cost to each Owner for Bonds then Outstanding upon surrender of such Outstanding Bonds.

Section 8.04 Amendment by Mutual Consent. The provisions of this Article VIII shall not prevent any Owner from accepting any amendment as to the particular Bonds owned by him, provided that due notation thereof is made on such Bonds.

ARTICLE IX

EVENTS OF DEFAULT AND REMEDIES OF HOLDERS

Section 9.01 Events of Default. Any one or more of the following events shall be called an "Event of Default" under this Indenture:

(a) default shall be made in the due and punctual payment of the interest on any Bond when and as the same shall become due and payable;

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

(c) default shall be made by the Authority in the performance of any of the other agreements or covenants required herein to be performed by the Authority and such default shall have continued for a period of 60 days after the Authority shall have been given notice in writing of such default by the Fiscal Agent; or

(d) the Authority shall file a petition or answer seeking arrangement or reorganization under the federal bankruptcy laws or any other applicable law of the United States of America or any state therein, or if a court of competent jurisdiction shall approve a petition filed with or without the consent of the Authority seeking arrangement or reorganization under the federal bankruptcy laws or any other applicable law of the United States of America or any state therein, or if under the provisions of any other law for the relief or aid of debtors any court of competent jurisdiction shall assume custody or control of the Authority or of the whole or any substantial part of its property.

Section 9.02 Proceedings by Fiscal Agent. (a) Subject to Section 9.10 herein, upon the happening and continuance of any Event of Default the Fiscal Agent in its discretion

may, and at the written request of the Owners of not less than 25% in aggregate principal amount of Bonds Outstanding shall, do the following:

(1) by mandamus, or other suit, action or proceeding at law or in equity, enforce all rights of the Owners and require the Authority to enforce all rights of the Owners of Bonds, including the right to require the Authority to receive and collect Revenues and to enforce its rights under the Sublease and the Site Lease and to require the Authority to carry out any other covenant or agreement with Owners of Bonds and to perform its duties hereunder;

(2) bring suit upon the Bonds;

(3) by action or suit in equity enjoin any acts or things which may be unlawful or in violation of the rights of the Owners;

(4) take such actions under law or equity to realize on the security provided under Section 6.09 and elsewhere herein.

(5) as a matter of right, have a receiver or receivers appointed for the Revenues and the issues, earnings, income, products and profits thereof, pending such proceedings, with such powers as the court making such appointment shall confer.

(a) Notwithstanding the foregoing, neither this Indenture nor the Bonds provide for the remedy of acceleration of principal or interest due with respect to the Bonds prior to their stated due dates.

Section 9.03 Effect of Discontinuance of Abandonment. In case any proceeding taken by the Fiscal Agent on account of any default shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Fiscal Agent, then and in every such case the Authority, the Fiscal Agent and the Owners shall be restored to their former positions and rights under this Indenture, respectively, and all rights, remedies and powers of the Fiscal Agent shall continue as though no such proceeding had been taken.

Section 9.04 Rights of Owners. (a) Anything in this Indenture to the contrary notwithstanding, subject to the limitations and restrictions as to the rights of the Owners in Sections 9.02 above and 9.05 below, upon the happening and continuance of any Event of Default, the Owners of not less than 25% in aggregate principal amount of the Bonds then Outstanding shall have the right upon providing the Fiscal Agent security and indemnity satisfactory to it against the costs, expenses and liabilities to be incurred therein or thereby, by an instrument in writing executed and delivered to the Fiscal Agent, to direct the method and place of conducting all remedial proceedings to be taken by the Fiscal Agent under this Indenture.

(b) The Fiscal Agent may refuse to follow any direction that conflicts with law or this Indenture or that the Fiscal Agent determines is prejudicial to rights of other Owners or would subject the Fiscal Agent to personal liability.

Section 9.05 Restriction on Owners' Action. In addition to the other restrictions on the rights of Owners to request action upon the occurrence of an Event of Default and to

enforce remedies set forth in this Article IX, no Owner of any of the Bonds shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement of any trust under this Indenture, or any other remedy under this Indenture or on said Bonds, unless such Owner previously shall have given to the Fiscal Agent written notice of an Event of Default as hereinabove provided and unless the Owners of not less than 25% in aggregate principal amount of the Bonds then Outstanding shall have made written request of the Fiscal Agent to institute any such suit, action, proceeding or other remedy, after the right to exercise such powers or rights of action, as the case may be, shall have accrued, and shall have afforded the Fiscal Agent a reasonable opportunity either to proceed to exercise the powers in this Indenture granted, or to institute such action, suit or proceeding in its or their name; nor unless there also shall have been offered to the Fiscal Agent security and indemnity satisfactory to it against the costs, expenses and liabilities to be incurred therein or thereby, and the Fiscal Agent shall not have complied with such request within a reasonable time; and such notification, request and offer of indemnity are hereby declared in every such case, at the option of the Fiscal Agent, to be conditions precedent to the execution of the trusts of this Indenture or for any other remedy under this Indenture; it being understood and intended that no one or more Owners of the Bonds secured by this Indenture 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 under this Indenture or under the Bonds, except in the manner in this Indenture provided, and that all proceedings at law or in equity shall be instituted, had and maintained in the manner in this Indenture provided, and for the equal benefit of all Owners of Outstanding Bonds; subject, however, to the provisions of this Section.

Section 9.06 Power of Fiscal Agent to Enforce. All rights of action under this Indenture or under any of the Bonds secured by this Indenture which are enforceable by the Fiscal Agent may be enforced by it without the possession of any of the Bonds, or the production thereof at the trial or other proceedings relative thereto, and any such suit, action or proceedings instituted by the Fiscal Agent shall be brought in its own name, as Fiscal Agent, for the equal and ratable benefit of the Owners of the Bonds subject to the provisions of this Indenture.

Section 9.07 Remedies Not Exclusive. No remedy in this Indenture conferred upon or reserved to the Fiscal Agent or to the Owners of the Bonds is intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative, and shall be in addition to every other remedy given under this Indenture or now or hereafter existing at law or in equity or by statute.

Section 9.08 Waiver of Events of Default; Effect of Waiver. (a) The Fiscal Agent shall waive any Event of Default hereunder and its consequences and rescind any declaration of acceleration, upon the written request of the Owners of at least a majority in aggregate principal amount of all Outstanding Bonds. If any Event of Default shall have been waived as herein provided, the Fiscal Agent shall promptly give written notice of such waiver to the Authority and shall give notice thereof by first class mail, postage prepaid to all Owners of Outstanding Bonds if such Owners had previously been given notices of such Event of Default; but no such waiver, rescission and annulment shall extend to or affect any subsequent Event of Default, or impair any right or remedy consequent thereon.

(b) No delay or omission of the Fiscal Agent 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 Event of Default, or an acquiescence therein; and every power and remedy given by this Article IX to the Fiscal Agent and to the Owners of the Bonds, respectively, may be exercised from time to time and as often as may be deemed expedient.

Section 9.09 Application of Moneys. (a) Any moneys received by the Fiscal Agent pursuant to this Article IX, together with any moneys which upon the occurrence of an Event of Default are held by the Fiscal Agent in any of the funds and accounts hereunder (other than moneys held for Bonds not presented for payment) shall, after payment of all fees and expenses of the Fiscal Agent, and the fees and expenses of its counsel, be applied as follows:

(1) unless the principal of all of the Outstanding Bonds shall be due and payable,

FIRST: to the payment of the persons entitled thereto of all installments of interest then due on the Bonds, 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 privilege;

SECOND: to the payment of the persons entitled thereto of the unpaid principal of and premium, if any, on any of the Bonds which shall have become due (other than Bonds matured or called for redemption for the payment of which moneys are held pursuant to the provisions of this Indenture), in the order of their due dates and, if the amount available shall not be sufficient to pay in full the principal of and premium, if any, on such Bonds due on any particular date, then to the payment ratably, according to the amount due on such date, to the persons entitled thereto without any discrimination or privilege; and

THIRD to be held for the payment to the persons entitled thereto as the same shall become due of the principal of, interest, and premium, if any, on the Bonds, which may thereafter become due either at maturity or upon call for redemption prior to maturity and, if the amount available shall not be sufficient to pay in full such principal and premium, if any, due on any particular date, together with interest then due and owing thereon, payment shall be made in accordance with the FIRST and SECOND paragraphs hereof.

(2) if the principal of all of the Outstanding Bonds shall be due and payable, to the payment of the principal, and premium, if any, and interest then due and unpaid upon the Outstanding Bonds without preference or priority of any of principal, premium or interest over the others or of any installment of interest, or of any Outstanding Bond over any other Outstanding Bond, ratably, according to the amounts due respectively for principal, premium, and interest, to the persons entitled thereto

without any discrimination or preference except as to any difference in the respective amounts of interest specified in the Outstanding Bonds.

(b) Whenever moneys are to be applied pursuant to the provisions of this Section 9.09, such moneys shall be applied at such times, and from time to time, as the Fiscal Agent 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. The Fiscal Agent shall give, by mailing by first class mail as it may deem appropriate, such notice of the deposit with it of any such moneys.

ARTICLE X

DEFEASANCE

Section 10.01 Discharge of Bonds. (a) If the Authority shall pay or cause to be paid or there shall otherwise be paid to the Owners of all Outstanding Bonds the interest thereon and the principal thereof and the redemption premiums, if any, thereon at the times and in the manner stipulated herein and therein, then the Owners of such Bonds shall cease to be entitled to the pledge of the Revenues as provided herein, and all agreements, covenants and other obligations of the Authority to the Owners of such Bonds hereunder shall thereupon cease, terminate and become void and be discharged and satisfied. In such event, the Fiscal Agent shall execute and deliver to the Authority all such instruments as may be necessary or desirable to evidence such discharge and satisfaction, and the Fiscal Agent shall pay over or deliver to the Authority all money or securities held by it pursuant hereto which are not required for the payment of the interest on and principal of and redemption premiums, if any, on such Bonds.

(b) Subject to the provisions of Section 10.01(a), when any of the Bonds shall have been paid and if, at the time of such payment, the Authority shall have kept, performed and observed all the covenants and promises in such Bonds and in this Indenture required or contemplated to be kept, performed and observed by the Authority or on its part on or prior to that time, then this Indenture shall be considered to have been discharged in respect of such Bonds and such Bonds shall cease to be entitled to the lien of this Indenture and such lien and all covenants, agreements and other obligations of the Authority hereunder shall cease, terminate, become void and be completely discharged as to such Bonds.

(c) Notwithstanding the satisfaction and discharge of this Indenture or the discharge of this Indenture in respect of any Bonds, those provisions of this Indenture relating to the maturity of the Bonds, interest payments and dates thereof, tender and exchange provisions, exchange and transfer of Bonds, replacement of mutilated, destroyed, lost or stolen Bonds, the safekeeping and cancellation of Bonds, nonpresentment of Bonds, and the duties of the Fiscal Agent in connection with all of the foregoing, remain in effect and shall be binding upon the Fiscal Agent and the Owners of the Bonds and the Fiscal Agent shall continue to be obligated to hold in trust any moneys or investments then held by the Fiscal Agent for the payment of the principal of, redemption premium, if any, and interest on the Bonds, to pay to the Owners of Bonds the funds so held by the Fiscal Agent as and when such payment becomes due. Notwithstanding the satisfaction and discharge of this Indenture or the discharge of this Indenture in respect of any Bonds, those provisions of this Indenture contained in Section 7.04

relating to the compensation and indemnification of the Fiscal Agent shall remain in effect and shall be binding upon the Fiscal Agent and the Authority.

(d) Any Outstanding Bonds shall prior to the maturity date or redemption date thereof be deemed to have been paid within the meaning of and with the effect expressed in subsections (a), (b) and (c) of this Section 10.01 if (i) in case any of such Bonds are to be redeemed on any date prior to their maturity date, the Authority shall have given to the Fiscal Agent in form satisfactory to it irrevocable instructions to mail, on a date in accordance with the provisions of Section 2.03 of this Indenture, notice of redemption of such Bonds on said redemption date, said notice to be given in accordance with Section 2.03 of this Indenture; (ii) there shall have been deposited with the Fiscal Agent either (A) money in an amount which shall be sufficient or Defeasance Securities which are not subject to redemption prior to maturity except by the holder thereof (including any such Defeasance Securities issued or held in book-entry form on the books of the Department of the Treasury of the United States of America), the interest on and principal of which when paid will provide money which, together with the money, if any, deposited with the Fiscal Agent at the same time, shall, as verified by an independent Certified Public Accountant, be sufficient to pay when due the interest to become due on such Bonds on and prior to the maturity date or redemption date thereof, as the case may be, and the principal of and redemption premiums, if any, with respect to such Bonds; and (iii) in the event such Bonds are not by their terms subject to redemption within the next succeeding 60 days, the Authority shall have given the Fiscal Agent in form satisfactory to it irrevocable instructions to mail as soon as practicable, a notice to the Owners of such Bonds that the deposit required by clause (ii) above has been made with the Fiscal Agent and that such Bonds are deemed to have been paid in accordance with this Section and stating the maturity date or redemption date upon which money is to be available for the payment of the principal of and redemption premiums, if any, on such Bonds. Defeasance Securities deposited with the Fiscal Agent may be replaced with other Defeasance Securities and profits, gains, income and any other economic benefits arising from such substitution shall inure to the benefit of, and be paid to, Fiscal Agent for the account of the County.

Section 10.02 Unclaimed Money. Anything contained herein to the contrary notwithstanding and subject to applicable law, any money held by the Fiscal Agent in trust for the payment and discharge of any of the Bonds which remains unclaimed for two years after the date when such Bonds have become due and payable, either at their stated maturity dates or by call for redemption prior to maturity, if such money was held by the Fiscal Agent at such date, or for two years after the date of deposit of such money if deposited with the Fiscal Agent shall be repaid by the Fiscal Agent to the Authority as its absolute property free from trust, and the Fiscal Agent shall thereupon be released and discharged with respect thereto and the Owners shall look only to the Authority for the payment of such Bonds; provided, however, that before being required to make any such payment to the Authority, the Fiscal Agent shall, upon the written request of the Authority and at the expense of the Authority, cause to be published once a week for two successive weeks in a Financial Newspaper, a notice that such money remains unclaimed and that, after a date named in such notice, which date shall not be less than 30 days after the date of the first publication of each such notice, the balance of such money then unclaimed will be returned to the Authority.

ARTICLE XI

MISCELLANEOUS

Section 11.01 Liability of Authority and County Limited to Revenues. (a) Notwithstanding anything contained herein, the Authority shall not be required to advance any money derived from any source of income other than the Revenues as provided herein for the payment of the interest on or principal of or redemption premiums, if any, on the Bonds or for the performance of any agreements or covenants herein contained. The Authority may, however, advance funds for any such purpose so long as such funds are derived from a source legally available for such purpose without incurring indebtedness.

(b) The Bonds shall be limited obligations of the Authority and shall be payable solely from the Revenues and amounts on deposit in the funds and accounts established hereunder. The Bonds do not constitute a debt or liability of the County or of the State of California and neither the faith and credit of the County or of the State are pledged to the payment of the principal of or interest on the Bonds.

Section 11.02 Benefits of the Indenture Limited to Parties. Nothing contained herein, expressed or implied, is intended to give to any person other than the Authority, the Fiscal Agent, and the Owners any right, remedy or claim under or by reason hereof. Any agreement or covenant required herein to be performed by or on behalf of the Authority or any member, officer or employee thereof shall be for the sole and exclusive benefit of the Authority, the Fiscal Agent, and the Owners of the Bonds.

Section 11.03 Successor Is Deemed Included In All References to Predecessor. Whenever herein either the Authority or any member, officer or employee thereof is named or referred to, such reference shall be deemed to include the successor to the powers, duties and functions that are presently vested in the Authority or such member, officer or employee, and all agreements and covenants required hereby to be performed by or on behalf of the Authority or any member, officer or employee thereof shall bind and inure to the benefit of the respective successors thereof whether so expressed or not.

Section 11.04 Execution of Documents by Owners. (a) Any declaration, request or other instrument which is permitted or required herein to be executed by Owners may be in one or more instruments of similar tenor and may be executed by Owners in person or by their attorneys appointed in writing. The fact and date of the execution by any Owner or his attorney of any declaration, request or other instrument or of any writing appointing such attorney may be proved by the certificate of any notary public or other officer authorized to make acknowledgments of deeds to be recorded in the state or territory in which he purports to act that the person signing such declaration, request or other instrument or writing acknowledged to him the execution thereof, or by an affidavit of a witness of such execution duly sworn to before such notary public or other officer. The ownership of any Bonds and the amount, maturity, number and date of holding the same may be proved by the registration books relating to the Bonds at the office of the Fiscal Agent.

(b) Any declaration, request or other instrument or writing of the Owner of any Bond shall bind all future Owners of such Bond with respect to anything done or suffered to be done by the Authority in good faith and in accordance therewith.

Section 11.05 Waiver of Personal Liability. No member, officer or employee of the Authority shall be individually or personally liable for the payment of the interest on or principal of or redemption premiums, if any, with respect to the Bonds by reason of their issuance, but nothing herein contained shall relieve any member, officer or employee of the Authority from the performance of any official duty provided by any applicable provisions of law or hereby.

Section 11.06 Acquisition of Bonds by Authority. All Bonds acquired by the Authority, whether by purchase or gift or otherwise, shall be surrendered to the Fiscal Agent for cancellation.

Section 11.07 Destruction of Canceled Bonds. Whenever provision is made for the return to the Authority of any Bonds which have been canceled pursuant to the provisions hereof, the Fiscal Agent shall destroy such Bonds and furnish to the Authority a certificate of such destruction.

Section 11.08 Content of Certificates. (a) Every Certificate of the Authority with respect to compliance with any agreement, condition, covenant or provision provided herein shall include (i) a statement that the person or persons making or giving such certificate have read such agreement, condition, covenant or provision and the definitions herein relating thereto; (ii) a brief statement as to the nature and scope of the examination or investigation upon which the statements contained in such certificate are based; (iii) a statement that, in the opinion of the signers, they have made or caused to be made such examination or investigation as is necessary to enable them to express an informed opinion as to whether or not such agreement, condition, covenant or provision has been complied with; and (iv) a statement as to whether, in the opinion of the signers, such agreement, condition, covenant or provision has been complied with.

(b) Any Certificate of the Authority may be based, insofar as it relates to legal matters, upon an Opinion of Counsel unless the person making or giving such certificate knows that the Opinion of Counsel with respect to the matters upon which his certificate may be based, as aforesaid, is erroneous, or in the exercise of reasonable care should have known that the same was erroneous. Any Opinion of Counsel may be based, insofar as it relates to factual matters information with respect to which is in the possession of the Authority, upon a representation by an officer or officers of the Authority unless the counsel executing such Opinion of Counsel knows that the representation with respect to the matters upon which his opinion may be based, as aforesaid, is erroneous, or in the exercise of reasonable care should have known that the same was erroneous.

Section 11.09 Publication for Successive Weeks. Any publication required to be made hereunder for successive weeks in a Financial Newspaper may be made in each instance upon any Business Day of the first week and need not be made on the same Business Day of any succeeding week or in the same Financial Newspaper for any subsequent publication, but may be made on different Business Days or in different Financial Newspapers, as the case may be.

Section 11.10 Funds, Accounts and Subaccounts. Any fund, account or subaccount required herein to be established and maintained by the Fiscal Agent may be established and maintained in the accounting records of the Fiscal Agent either as an account, subaccount or a fund, and may, for the purposes of such accounting records, any audits thereof and any reports or statements with respect thereto, be treated either as an account, subaccount or a fund; but all such records with respect to all such accounts, subaccounts and funds shall at all times be maintained in accordance with sound corporate trust industry practice and with due regard for the protection of the security of the Bonds and the rights of the Owners.

Section 11.11 Article and Section Headings and References. The headings or titles of the several articles and sections hereof and the table of contents appended hereto shall be solely for convenience of reference and shall not affect the meaning, construction or effect hereof. All references herein to "Articles," "Sections" and other subdivisions or clauses are to the corresponding articles, sections, subdivisions or clauses hereof; and the words "hereby," "herein," "hereof," "hereto," "herewith," "hereunder" and other words of similar import refer to the Indenture as a whole and not to any particular article, section, subdivision or clause hereof.

Section 11.12 Partial Invalidity. If any one or more of the agreements or covenants or portions thereof required hereby to be performed by or on the part of the Authority or the Fiscal Agent shall be contrary to law, then such agreement or agreements, such covenant or covenants or such portions thereof shall be null and void and shall be deemed separable from the remaining agreements and covenants or portions thereof and shall in no way affect the validity hereof or of the Bonds, and the Owners shall retain all the benefit, protection and security afforded to them hereunder or any applicable provisions of law. The Authority and the Fiscal Agent hereby declare that they would have executed and delivered the Indenture and each and every other article, section, paragraph, subdivision, sentence, clause and phrase hereof and would have authorized the issuance of the Bonds pursuant hereto irrespective of the fact that any one or more articles, sections, paragraphs, subdivisions, sentences, clauses or phrases hereof or the application thereof to any person or circumstance may be held to be unconstitutional, unenforceable or invalid.

Section 11.13 Execution in Several Counterparts. This Indenture may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original; and all such counterparts, or as many of them as the Authority and the Fiscal Agent shall preserve undestroyed, shall together constitute but one and the same instrument.

Section 11.14 Law Governing. This Indenture shall be governed exclusively by the provisions hereof and by the laws of the State as the same from time to time exist.

Section 11.15 Notices. All approvals, authorizations, consents, demands, designations, notices, offers, requests, statements or other communications hereunder by either party to the other shall be in writing and shall be sufficiently given and served upon the other party if delivered personally or if mailed by United States first class mail, postage prepaid, at the following addresses:

if to the Authority: 500 W. Temple Street
Office of Treasurer/Tax Collector
Los Angeles, California, 90012
Attention: Director of Public Finance

if to the Fiscal Agent: 500 W. Temple Street
or Paying Agent Office of Treasurer/Tax Collector
Los Angeles, California, 90012
Attention: Director of Public Finance

Section 11.16 Business Days. If the date for making any payment or the last date for performance of any act or the exercising of any right, as provided in this Indenture, is not a Business Day, such payment, with no interest accruing for the period from and after such nominal date, may be made or act performed or right exercised on the next succeeding Business Day with the same force and effect as if done on the nominal date provided therefore in this Indenture.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties hereto have executed this Indenture by their officers thereunto duly authorized as of the date first written above.

LOS ANGELES COUNTY PUBLIC
WORKS FINANCING AUTHORITY

By _____
Authorized Representative

ATTEST:

By _____
Assistant Secretary

TREASURER AND TAX COLLECTOR OF
LOS ANGELES COUNTY, as Fiscal Agent

By _____
Mark Saladino
Treasurer and Tax Collector

EXHIBIT A

FORM OF SERIES 2009 BOND

THIS BOND HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “ACT”), AND MAY NOT BE SOLD OR TRANSFERRED IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT UNDER THE ACT OR AN EXEMPTION FROM REGISTRATION THEREUNDER. THIS BOND MAY NOT BE TRANSFERRED EXCEPT IN COMPLIANCE WITH THE TERMS AND CONDITIONS SET FORTH IN THE INDENTURE (AS DEFINED HEREIN).

No. R-1

\$14,000,000

**LOS ANGELES COUNTY PUBLIC WORKS FINANCING AUTHORITY
LEASE REVENUE BOND, SERIES 2009**

NEITHER THIS BOND NOR THE PAYMENT OF THE PRINCIPAL OR ANY PART THEREOF NOR ANY INTEREST THEREON CONSTITUTES A DEBT, LIABILITY OR OBLIGATION OF THE COUNTY OF LOS ANGELES OR STATE OF CALIFORNIA AND NEITHER THE FAITH AND CREDIT OF THE COUNTY OF LOS ANGELES NOR THE STATE OF CALIFORNIA ARE PLEDGED TO THE PAYMENT OF THE INTEREST ON OR PRINCIPAL OF THIS BOND.

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Dated Date</u>	<u>CUSIP</u>
4.70%	January 1, 2013	December 11, 2009	

REGISTERED OWNER: BANC OF AMERICA LEASING & CAPITAL, LLC

PRINCIPAL SUM: FOURTEEN MILLION DOLLARS

The Los Angeles County Public Works Financing Authority, a nonprofit public benefit corporation duly organized and existing under the laws of the State of California (the “Authority”), for value received, hereby promises to pay (but only out of the Revenues hereinafter referred to) to the registered owner specified above or registered assigns on the maturity date specified above (subject to any right of prior redemption provided for) the principal sum specified above, together with interest thereon from the interest payment date next preceding the date of authentication hereof (unless such date of authentication is during the period commencing after the last day of the month preceding an interest payment date, whether

or not said day is a business day (the "Record Date") through and including the next succeeding interest payment date, in which event this Bond shall bear interest from such interest payment date, or unless such date of authentication is prior to the first Record Date, in which event it shall bear interest from the Dated Date specified above) until the principal hereof shall have been paid at the interest rate per annum specified above, payable commencing on August 1, 2010, and semiannually thereafter on February 1 and August 1 in each year until the maturity date set forth above; provided, however, that if on the date of authentication of this Bond, interest is then in default on this Bond, such Bond shall bear interest from the interest payment date to which interest has previously been paid or made available for payment.

The principal of this Bond shall be payable in lawful money of the United States of America at office of the Fiscal Agent upon presentation and surrender of this Bond or such other place as designated by the Fiscal Agent.

Payment of interest on this Bond due on or before the maturity or prior redemption, thereof shall be made to the person in whose name such Bond is registered, as of the Record Date preceding the applicable interest payment date, on the registration books kept by the Fiscal Agent at its corporate trust office, such interest to be paid by check mailed by first class mail on such interest payment date to the registered owner at his address as it appears on such books as the Record Date; provided that upon the written request of an Owner by \$1,000,000 or more in aggregate principal amount of the Bonds received by the Fiscal Agent prior to the applicable Record Date, interest shall be paid by wire transfer in immediately available funds. Interest on this Bond shall be payable in lawful money of the United States of America and shall be calculated on the basis of a 360-day year consisting of twelve 30-day months.

This Bond is one of a duly authorized issue of bonds of the Authority designated as its "Los Angeles County Public Works Financing Authority Lease Revenue Bonds, Series 2009 (LA Opera)" (the "Bonds") in the aggregate principal amount of Fourteen Million Dollars (\$14,000,000), all of like tenor and date (except for such variations, if any, as may be required to designate varying numbers, maturities and interest rates), and is issued under and pursuant to the provisions of an Indenture, dated as of December 1, 2009 (the "Indenture"), by and among the Authority and the Treasurer and Tax Collector of Los Angeles County (the "Fiscal Agent") (copies of which are on file at the office of the Secretary of the Authority and at the corporate trust office of the Fiscal Agent).

The Bonds are limited obligations of the Authority and are payable, as to interest thereon and principal thereof, solely from the revenues derived from basic lease payments paid by the County of Los Angeles, a political subdivision of the State, and its successors and assigns (the "County") for the use and occupancy of the Property (as defined in the Indenture) as long as the County has such use and occupancy of the Property, and amounts on deposit in the funds and accounts established under the Indenture, all as set forth in the Indenture ("Revenues"). All the Bonds are equally and ratably secured in accordance with the terms and conditions of the Indenture by a pledge of the Revenues, which Revenues shall be held in trust for the security and payment of the interest on, principal of and redemption premiums, if any, with respect to the Bonds as provided in the Indenture.

The Bonds are special, limited obligations of the Authority and do not constitute a debt, liability or obligation of the County or of the State of California (the "State") or any political subdivision thereof and neither the faith and credit of the County nor the State are pledged to the payment of the principal of or interest on the Bonds.

Additional lease revenue bonds payable from the Revenues may be issued which will rank equally as to security with the Bonds, but only subject to the conditions and upon compliance with the procedures set forth in the Indenture. Reference is hereby made to the Indenture and any and all amendments thereof and supplements thereto for a description of the terms under which the Bonds are issued, the provisions with regard to the nature and extent of the Revenues, and the rights of the registered owners of the Bonds. All of the terms of the Indenture are hereby incorporated herein and constitute a contract between the Authority and the registered owner of this Bond, to all the provisions of which the registered owner of this Bond, by acceptance hereof, agrees and consents. Each registered owner hereof shall have recourse to all of the provisions of the Indenture and shall be bound by all of the terms and conditions thereof.

The Authority has agreed and covenanted that, for the payment of the interest on, the principal of and redemption premium, if any, with respect to this Bond and all other Bonds of this issue authorized by the Indenture when due, there has been created and will be maintained by the Fiscal Agent a special fund into which all Revenues shall be deposited, and the Authority has allocated such Revenues solely to the payment of the interest on and principal of and redemption premiums, if any, on the Bonds, and the Authority will pay promptly when due the interest on and the principal of and redemption premium, if any, on this Bond and all other Bonds of this issue authorized by the Indenture out of said special fund, all in accordance with the terms and provisions set forth in the Indenture.

The Bonds are subject to redemption prior to their respective maturity dates, in authorized denominations, on any date, as a whole or in part, from net insurance proceeds or condemnation awards, upon the terms and conditions of, and as provided in, the Indenture, at the principal amount thereof together with accrued interest to the date of redemption. If less than all outstanding Bonds are to be redeemed at any time, the Fiscal Agent shall use the net insurance proceeds or condemnation awards attributable to the portion of the Property destroyed, damaged, stolen or taken to redeem, by lot among all maturities of Bonds, as directed in writing by the Authority. If less than all the outstanding Bonds maturing by their terms on any one date are to be redeemed at any one time, the Fiscal Agent shall select the Bonds of such maturity date to be redeemed in any manner that it deems appropriate and fair.

The Bonds are subject to optional redemption prior to their stated maturity dates by the Authority on each Interest Payment Date on or after August 1, 2011 at the option of the Authority, in whole on any Interest Payment Date, at the principal amount of the Bonds called for redemption, plus accrued but unpaid interest to the redemption date, without premium.

As provided in the Indenture, notice of redemption of this Bond shall be given by first class mail not less than 30 days nor more than 60 days before the redemption date to the registered owner hereof. If notice of redemption has been duly given and money for the payment of the redemption price is held by the Fiscal Agent, then on the redemption date designated in

such notice, this Bond shall become due and payable, and from and after the date so designated, interest on this Bond shall cease to accrue and the registered owner of this Bond shall have no rights with respect hereto except to receive payment of the redemption price hereof.

This Bond may be transferred, in whole, to any affiliated entity of the above-listed registered owner or to a qualified institutional buyer as defined in Rule 144A of the Securities Act of 1933 or an accredited investor as defined in Rule 501 of the Securities Act of 1933. Other than the foregoing transfers of this Bond, no other transfer of this Bond, or any interest herein, shall be made without the prior written consent of the Authority, provided that such consent shall not be unreasonably withheld. The registered owner shall promptly provide notice to the Authority of any transfer.

The Authority and the Fiscal Agent may deem and treat the registered owner hereof as the absolute owner hereof for the purpose of receiving payment of the interest hereon and principal hereof and for all other purposes, whether or not this Bond shall be overdue, and neither the Authority nor the Fiscal Agent shall be affected by any notice or knowledge to the contrary; and payment of the interest on and principal of this Bond shall be made only to such registered owner, which payments shall be valid and effectual to satisfy and discharge liability on this Bond to the extent of the sum or sums so paid.

The rights and obligations of the Authority and of the registered owners of the Bonds may be amended at any time in the manner, to the extent and upon the terms provided in the Indenture, but no such amendment shall (1) extend the maturity of this Bond or reduce the interest rate hereon or otherwise alter or impair the obligation of the Authority to pay the interest hereon or principal hereof at the time and place and at the rate and in the currency provided herein without the express written consent of the registered owner of this Bond, (2) permit the creation by the Authority of any pledge of the Revenues superior to or on a parity with the pledge created by the Indenture for the benefit of the Bonds, or (3) modify any rights or obligations of the Fiscal Agent without its prior written assent thereto, all as more fully set forth in the Indenture.

If the Authority shall pay or cause to be paid or there shall otherwise be paid to the registered owners of all outstanding Bonds the interest thereon, the principal thereof and the redemption premiums, if any, thereon at the times and in the manner stipulated herein and in the Indenture, then the registered owners of such Bonds shall cease to be entitled to the pledge of the Revenues as provided in the Indenture, and all agreements, covenants and other obligations of the Authority to the registered owners of such Bonds under the Indenture shall thereupon cease, terminate and become void and be discharged and satisfied.

This Bond shall not be entitled to any benefit, protection or security under the Indenture or become valid or obligatory for any purpose until the certificate of authentication and registration hereon endorsed shall have been manually executed and dated by the Fiscal Agent.

It is hereby certified that all acts and proceedings required by law necessary to make this Bond, when executed by the Authority, authenticated and delivered by the Fiscal Agent and duly issued, the valid, binding and legal limited obligation of the Authority have been done and taken, and have been in all respects duly authorized.

IN WITNESS WHEREOF, the Los Angeles County Public Works Financing Authority has caused this Bond to be executed in its name and on its behalf by the manual or facsimile signature of a member of its Board of Directors and attested to by the manual or facsimile signature of its Chairman and its Assistant Secretary, and has caused this Bond to be dated _____, 2009.

LOS ANGELES COUNTY PUBLIC WORKS
FINANCING AUTHORITY

By _____
Chairman

ATTEST:

By _____
Assistant Secretary

[FORM OF CERTIFICATE OF AUTHENTICATION AND REGISTRATION]

This is one of the Bonds described in the within mentioned Indenture which has been authenticated and registered on _____.

TREASURER AND TAX COLLECTOR OF LOS
ANGELES COUNTY, as Paying Agent

By _____
Authorized Officer

**[FORM OF ASSIGNMENT TO
APPEAR ON BONDS]**

For value received the undersigned hereby sells, assigns and transfers unto _____, whose tax identification number is _____, the within bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____, attorney, to transfer the within bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____

NOTE: The signature to this Assignment must correspond with the name as written upon the face of the bond in every particular, without alteration or enlargement or any change whatsoever.

Signature Guaranteed:

NOTE: The signature must be guaranteed by an eligible guarantor institution.

EXHIBIT B

[FORM OF COSTS OF ISSUANCE FUND REQUISITION]

To: Treasurer and Tax Collector of Los Angeles County, as Fiscal Agent

Re: Public Works Financing Authority of the County of Los Angeles Lease Revenue
Bonds, Series 2009 (LA Opera) Costs of Issuance Fund

Requisition No.

The undersigned, on behalf of the Public Works Financing Authority of the County of Los Angeles (the "Authority"), hereby requests payment, from the Costs of Issuance Fund identified above, the total amount shown below to the order of the payee or payees named below, as payment or reimbursement for services rendered, costs incurred or expenditures made in connection with the issuance of the Bonds identified above, as reflected in the related invoice(s) attached hereto.

The payee(s), the purpose and the amount of the disbursement requested are as follows:

Payee Purpose	Amount
[name and address]	\$
	Total \$

The undersigned hereby certify that each obligation mentioned herein has been properly incurred, is a proper charge against the Costs of Issuance Fund and has not been the basis of any previous disbursement from the Costs of Issuance Fund. A copy of the bill or statement for each obligation mentioned herein is attached hereto.

Dated: _____, 2009

PUBLIC WORKS FINANCING AUTHORITY
OF THE COUNTY OF LOS ANGELES

By: _____
[Title]]

\$ _____
**LOS ANGELES COUNTY PUBLIC WORKS FINANCING AUTHORITY
LEASE REVENUE BONDS, SERIES 2009
(LA OPERA)**

Letter Agreement for Purchase

December __, 2009

Los Angeles County Public Works Financing Authority
[500 W. Temple Street
Office of Treasurer and Tax Collector
Los Angeles, California, 90012
Attention: Director of Public Finance]

Re: Los Angeles County Public Works Financing Authority Lease
Revenue Bonds, Series 2009 (LA Opera)

Ladies and Gentlemen:

The undersigned, Banc of America Leasing & Capital, LLC ("Purchaser"), offers, upon the following terms, to purchase the above-referenced bonds (the "Bonds") issued pursuant to the Indenture, dated as of December 1, 2009, between the Los Angeles County Public Works Financing Authority (the "Authority") and the Treasurer and Tax Collector of Los Angeles County, as fiscal agent (the "Fiscal Agent") and secured in part by a Site Lease, dated as of December 1, 2009 (the "Site Lease"), between the Authority and the County, pursuant to which the County will lease to the Authority the Property, and (ii) a Sublease, dated as of December 1, 2009 (the "Sublease"), between the Authority and the County, pursuant to which the County will sublease from the Authority the Property in exchange for certain lease payments (the "Lease Payments") to be paid by the County to the Authority under such Sublease. Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Indenture.

1. **Purchase and Purchase Price of Bonds.** The Authority agrees to execute and deliver the Site Lease, the Sublease and the Indenture, and Purchaser agrees to purchase the Bonds at a purchase price of \$ _____, which is the par amount of the Bonds. The annual interest rate on the Bonds that the Authority hereby agrees to be caused to be paid to the Purchaser is 4.70%.

2. **Closing.** At 8:00 a.m. California Time, on December 11, 2009, or at such other time or on such earlier or later date as Purchaser and the Authority mutually agree upon (the "Closing Date"), the Authority will deliver (or cause to be delivered) the Site Lease, the Sublease and the Indenture executed by the Authority and the County, and the Bonds executed by the Authority and authenticated by the Treasurer and Tax Collector of the County, as paying agent, and Purchaser will pay the purchase price for the Bonds, in federal or other immediately available funds.

3. Conditions Precedent to the Closing. Conditions precedent to the Closing are:

- (a) The delivery by the Authority of a certified copy of the resolution of the governing boards of the Authority and the County authorizing the execution and delivery of the Site Lease, the Sublease and the Indenture, together with an incumbency certificate;
- (b) The delivery by the Authority of the fully executed Site Lease, Sublease and Indenture;
- (d) Delivery of a legal opinion addressed to the Authority, the County and Purchaser, dated the Closing Date, of Nixon Peabody LLP, as Bond Counsel to the Authority and the County, with respect to the validity and enforceability of the Sublease, the Site Lease and the Indenture;
- (e) The delivery of a certificate dated the Closing Date and signed by an Authorized Representative of the Authority as the Authority's governing board may approve, to the effect that:
 - (i) to the best knowledge of the Authority, there are no actions or proceedings against the Authority pending (in which service of process has been completed against the Authority) or threatened in which a final adverse action or decision could materially adversely affect the Authority's ability to receive the Basic Lease Payments or to perform its obligations under the Site Lease and Sublease;
 - (ii) the representations and agreements of the Authority contained in this agreement and the Sublease are true and correct in all material respects on and as of the Closing Date with the same effect as if made on the Closing Date; and
 - (iii) the Authority acknowledges receipt from Purchaser of the purchase price of the Bonds;
- (f) The delivery by the Authority of a CLTA leasehold title policy for the property that is the subject of the Site Lease and Sublease in form acceptable to Purchaser; and
- (g) Such other documents as may be requested by Purchaser.

4. Events Permitting Purchaser to Terminate. Purchaser may terminate its obligation to purchase the Authority's obligations under the Sublease before the Closing Date if any of the following occurs:

- (a) any legislative, executive or regulatory action (including the introduction of legislation) or any court decision that, in the judgment of Purchaser, would materially reduce the market price of the Bonds; or

- (b) any action by the Securities and Exchange Commission or a court that would require registration of the Bonds under the Securities Act of 1933, as amended.

IN WITNESS WHEREOF, the parties hereto have executed and entered into this Letter Agreement for Purchase by their officers thereunto duly authorized as of the day and year first above written.

BANC OF AMERICA LEASING & CAPITAL, LLC

By: _____
Authorized Agent

The foregoing is hereby agreed to and accepted as of the date first above written:

LOS ANGELES COUNTY PUBLIC WORKS FINANCING AUTHORITY

By: _____
Authorized Representative

December __, 2009]

Los Angeles County Public Works Financing Authority
500 W. Temple Street
Office of Treasurer/Tax Collector
Los Angeles, California, 90012
Attention: Director of Public Finance

County of Los Angeles
500 W. Temple Street
Office of Treasurer and Tax Collector
Los Angeles, California, 90012
Attention: Director of Public Finance

Re: Inducement Letter Relating to Los Angeles County Public Works Financing
Authority Lease Revenue Bonds, Series 2009

Dear [Director of Public Finance],

The Los Angeles Opera Company ("LA Opera") is a nonprofit entity organized to, among other things, produce operas at the Dorothy Chandler Pavilion (the "Pavilion") in order to expand and enrich the educational and cultural interests of the Los Angeles community. It is important that we continue to expand and enrich the cultural interests of the Los Angeles community, and we appreciate the support that the County of Los Angeles (the "County") has provided to LA Opera throughout the years in this regard.

The purpose of this letter is to induce both the County and the Los Angeles County Public Works Financing Authority (the "Authority") to enter into the lease arrangements under Government Code Section 6588(c) in connection with the issuance of the above-captioned bonds (the "Bonds"), which will be issued by the Authority pursuant to the Indenture of Trust, dated as of December 1, 2009, between the Authority and the Treasurer and Tax Collector of Los Angeles County, as fiscal agent (the "Fiscal Agent"). This letter shall also serve as the loan agreement referenced in Government Code Section 6588(c).

In order to induce the Authority and the County to consummate the issuance of the Bonds and to execute and deliver all necessary documents required thereto, we hereby promise to sell to the Fiscal Agent an unsecured promissory note of LA Opera (the "Opera Note"), a form of which is attached hereto as Exhibit A. Pursuant to the Indenture, the Fiscal Agent will use the proceeds of the Bonds to purchase the Opera Note, and the Opera Note will be held by the Fiscal Agent as an investment of such Bond proceeds. Pursuant hereto and the Opera Note, LA Opera promises to pay principal and interest in an amount equal to the Basic Lease Payments (as defined in the Sublease) the County is required to pay to the Authority pursuant to the Sublease, dated as of December 1, 2009, by and between the Authority and the County.

Respectfully yours,

LOS ANGELES OPERA COMPANY

By: _____
[Marc I. Stern] [Carol Henry] [Faith Raiguel]
[TITLE]

Acknowledged by

**LOS ANGELES COUNTY PUBLIC WORKS
FINANCING AUTHORITY**

By _____
Authorized Representative

COUNTY OF LOS ANGELES

By _____
Authorized Representative

Exhibit A

Form of Opera Note

UNSECURED PROMISSORY NOTE

\$ _____

Los Angeles, California

Principal Amount of Note

Date of Delivery: December __, 2009

1. Principal Amount.

FOR VALUE RECEIVED, the Los Angeles Opera Company ("**LA Opera**"), a California nonprofit public benefit corporation, hereby promises to pay to the order of the Treasurer and Tax Collector of Los Angeles County, as fiscal agent (the "**Fiscal Agent**") under the Indenture, dated as of December 1, 2009, between the Los Angeles County Public Works Financing Authority (the "**Authority**"), and the Fiscal Agent, the principal amount set forth above. LA Opera also promises to pay interest on the unpaid principal amount at the rate of [4.70]% per annum from its Date of Delivery as set forth above, which together with the principal amount due hereunder shall be equal to the Basic Lease Payments the County is obligated to pay to the Authority pursuant to the Sublease, dated as of December 1, 2009, by and between the Authority and the County. Interest shall be payable in arrears upon this Note semi-annually commencing on July 5, 2010, and thereafter on each January 5 and July 5 until the Maturity Date (as defined below) (the "**Interest Payment Date**"). Principal shall be paid upon the prepayment or maturity of this Note as provided in Section 2.

2. Payments and Prepayments.

(a) All principal and accrued and unpaid interest on this Note shall be due and payable on December 5, 2012 (the "**Maturity Date**"), unless accelerated pursuant to Section 3(b) hereof. Principal and interest received by the Fiscal Agent shall be deposited as set forth in the Indenture, dated as of December 1, 2009 (the "**Indenture**"), by and between the Authority and Fiscal Agent.

(b) LA Opera may prepay the interest and principal of this Note, either in whole or in part, on each Interest Payment Date, without premium or penalty and without the prior consent of the Authority or the Fiscal Agent, but with written notice to the Authority and the Fiscal Agent not less than 60 nor more than 75 days prior to the prepayment date.

3. Events of Default; Acceleration.

(a) The occurrence of any of the following events shall constitute an "Event of Default" hereunder:

(i) Failure of LA Opera to pay any principal or interest when due and payable;

(ii) Failure by LA Opera to comply with any covenant contained herein, which failure shall continue unremedied more than thirty (30) days after receipt of notice of such breach from Fiscal Agent;

(iii) LA Opera shall commence any case, proceeding or other action (A) under any existing or future law of any jurisdiction, domestic or foreign, relating to the bankruptcy, insolvency, reorganization or relief of debtors, seeking to have any order for relief entered with respect to it, or seeking to adjudicate it a bankrupt or insolvent, or seeking reorganization, arrangement, adjustment, winding-up, liquidation, dissolution, composition or other relief with respect to it or its debts, or (B) seeking appointment of a receiver, trustee, custodian or other similar official for it or for all or any substantial part of its assets, or LA Opera shall make a general assignment for the benefit of creditors;

(iv) There shall be commenced against LA Opera any case, proceeding or other action of a nature referred to in clause (iii) above which (A) results in the entry of an order for relief and (B) any such adjudication or appointment remains undismissed, undischarged or unbonded for sixty (60) days after entry thereof; or

(v) There shall be commenced against LA Opera any case, proceeding or other action seeking issuance of a warrant of attachment, execution, distraint or similar process against all or any substantial part of its assets which results in the entry of an order for any such relief which shall not have been vacated, discharged, stayed or bonded pending appeal for sixty (60) days.

(b) [The Fiscal Agent, upon the occurrence and during the existence of an Event of Default, by delivery of written notice to LA Opera may take any or all of the following actions: declare all or any part of the principal and accrued and unpaid interest hereunder to be immediately due and payable (except upon the occurrence of any Event of Default set forth in Section 3(a)(iii), (iv) and (v) hereof in which case all of the principal and accrued and unpaid interest hereunder shall automatically become immediately due and payable without the necessity of any notice or other demand) without presentment, demand, protest or any other action or obligation of Fiscal Agent.

If at any time after acceleration of the maturity of this Note, LA Opera shall pay all arrears of interest and all payments on account of principal of this Note which shall have become due otherwise than by acceleration and all Events of Default (other than the nonpayment of principal of and accrued interest on this Note due and payable solely by virtue of acceleration) shall be remedied or waived, then by written notice to LA Opera, the Fiscal Agent may elect, in its sole discretion, to rescind and annul the acceleration and its consequences; but such action shall not affect any subsequent Event of Default or impair any right or remedy consequent thereon.] No delay or omission on the part of the Fiscal Agent hereof in exercising any right under this Note or otherwise shall operate as a waiver of such right.

4. Notices.

(a) All notices, reports and other communications required or permitted hereunder shall be in writing and may be delivered in person or by delivering the same by a nationally recognized overnight courier service, via overnight delivery service or U.S. mail, in which event it may be mailed by first-class, certified or registered, postage prepaid, or by delivering the same by facsimile or other electronic transmission with prompt telephonic confirmation of receipt. For purposes of notice, the addresses of the parties shall, until changed as hereinafter provided, be as follows:

If to the Authority, to: Los Angeles County Public Works Financing Authority
 500 W. Temple Street
 Office of Treasurer/Tax Collector
 Los Angeles, California, 90012
 Attention: Director of Public Finance
 Phone: _____
 Fax: (213) 625-2249

If to the Fiscal Agent, to: County of Los Angeles
 [500 W. Temple Street
 Office of Treasurer and Tax Collector
 Los Angeles, California, 90012
 Attention: Director of Public Finance]
 Phone: _____
 Fax: (213) 625-2249

(b) Each such notice, report or other communication shall for all purposes under this Note be treated as effective or having been given when delivered if delivered personally or, if sent by mail, at the earlier of its receipt or seventy-two (72) hours after the same has been deposited in a regularly maintained receptacle for the deposit of the United States mail, addressed and mailed as aforesaid, or, if sent by facsimile or other electronic transmission with written confirmation, at the earlier of (i) twenty-four (24) hours after confirmation of transmission by the sending telecopy machine or (ii) delivery of written confirmation.

5. Miscellaneous.

(a) Any term of this Note may be amended or waived with the written consent of LA Opera, the Authority and the Fiscal Agent. Neither this Note nor any provisions hereof may be changed, waived, discharged or terminated orally.

(b) No failure or delay by the Fiscal Agent to exercise any right hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power or privilege preclude any other right, power or privilege. The provisions of this Note are severable and if any one provision hereof shall be held invalid or unenforceable in whole or in part in any

jurisdiction, such invalidity or unenforceability shall affect only such provision in such jurisdiction. This Note expresses the entire understanding of the parties with respect to the transactions contemplated hereby. LA Opera waives presentment, demand, protest and notice of every kind.

(c) This Note shall for all purposes be governed by, and construed in accordance with the laws of the State of California (without reference to conflict of laws).

(d) This Note shall be binding upon LA Opera's successors and assigns, and shall inure to the benefit of the Fiscal Agent's successors and assigns.

(e) If the date for making any payment or the last date for performance of any act or the exercising of any right, as provided in this Note, shall not be a Business Day (as defined in the Indenture), such payment may be made or act performed or right exercised on the next succeeding Business Day, with the same force and effect as if done on the nominal date provided in this Note and, unless otherwise specifically provided in this Note, no interest shall accrue for the period from and after such nominal date.

IN WITNESS WHEREOF, LA Opera has caused this Note to be executed by its duly authorized officer to take effect as of Date of Delivery hereinabove written.

LOS ANGELES OPERA COMPANY

By: _____
[Marc I. Stern] [Carol Henry] [Faith Raiguel]
[TITLE]