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THE REGENTS OF THE UNIVERSITY OF CALIFORNIA

and

BNY WESTERN TRUST COMPANY,

As Trustee

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THIRD SUPPLEMENTAL INDENTURE

Dated as of May 1, 2004

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AMENDING AND RESTATING  
INDENTURE

Dated as of March 1, 1990

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THE REGENTS OF THE UNIVERSITY OF CALIFORNIA  
HOSPITAL REVENUE BONDS  
(UCLA MEDICAL CENTER)

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THIS THIRD SUPPLEMENTAL INDENTURE, dated as of May 1, 2004 (this "Third Supplemental Indenture"), by and between THE REGENTS OF THE UNIVERSITY OF CALIFORNIA, a corporation organized and existing under and by virtue of Article IX, Section 9, of the Constitution of the State of California ("The Regents"), and BNY WESTERN TRUST COMPANY, a state banking corporation duly organized and existing under the laws of the State of California and qualified to accept and administer the trusts hereby created, as trustee (the "Trustee");

**WITNESSETH:**

**WHEREAS**, in order to finance and refinance from time to time certain improvements to the health care and related facilities owned and operated by The Regents at the UCLA Medical Center (as more fully defined in Section 1.01 hereof, the "Medical Center"), The Regents authorized the execution and delivery of that certain Indenture, dated as of March 1, 1990 (the "Original Indenture"), by and between The Regents and First Interstate Bank of California, predecessor trustee to the Trustee;

**WHEREAS**, the Original Indenture provided for the authentication and delivery of The Regents of the University of California Hospital Revenue Bonds (UCLA Medical Center) (as more fully defined in Section 1.01 hereof, the "Bonds"), established and declared the terms and conditions upon which the Bonds were to be issued and secured and secured the payment of the principal of, premium, if any, and interest on the Bonds;

**WHEREAS**, pursuant to the Original Indenture, The Regents authorized the issuance of \$35,000,000 aggregate principal amount of The Regents of the University of California Hospital Revenue Bonds (UCLA Medical Center) Series 1990 (the "Series 1990 Bonds"), all of which have been paid or redeemed;

**WHEREAS**, pursuant to the Original Indenture, as supplemented and amended by that certain First Supplemental Indenture, dated as of February 15, 1994 (the "First Supplemental Indenture"), by and between The Regents and the Trustee, The Regents authorized the issuance of \$136,530,000 aggregate principal amount of The Regents of the University of California Refunding Hospital Revenue Bonds (UCLA Medical Center) Series 1994 (the "Series 1994 Bonds"), \$98,335,000 of which are outstanding as of the date of this Third Supplemental Indenture, all of which are being redeemed on the date of issuance of the hereinafter defined Series 2004 Bonds;

**WHEREAS**, pursuant to the Original Indenture, as supplemented and amended by that certain Second Supplemental Indenture, dated as of March 7, 2002 (the "Second Supplemental Indenture," and, together with the Original Indenture and the First Supplemental Indenture, hereinafter collectively referred to as the "Existing Indenture"), by and between The Regents and the Trustee, The Regents authorized the issuance of \$32,420,000 aggregate principal amount of The Regents of the University of California Hospital Revenue Bonds (UCLA Medical Center) Series 2002 (the "Series 2002 Bonds"), \$31,520,000 of which are currently outstanding;

**WHEREAS**, The Regents has now determined to finance certain additional improvements to the Medical Center and to refinance those improvements to the Medical Center previously refinanced by the Series 1994 Bonds through a current refunding of the Series 1994 Bonds;

**WHEREAS**, in order to obtain funds to finance such additional improvements and to refinance those improvements to the Medical Center previously refinanced by the Series 1994 Bonds through a current refunding of the Series 1994 Bonds, The Regents desires to issue, sell and deliver not to exceed \$165,000,000 aggregate principal amount of The Regents of the University of California Hospital Revenue Bonds (UCLA Medical Center) Series 2004 A (the "Series 2004 A Bonds"), and \$91,165,000,000 aggregate principal amount of The Regents of the University of California Hospital Revenue Bonds (UCLA Medical Center), Series 2004 B (the "Series 2004 B Bonds," and, together with the Series 2004 A Bonds, hereinafter collectively referred to as the "Series 2004 Bonds");

**WHEREAS**, in order to make the provisions of the Existing Indenture more consistent with the provisions of certain other indentures of The Regents entered into in connection with its medical center facilities, The Regents has determined to amend and restate the Existing Indenture as hereinafter set forth;

**WHEREAS**, pursuant to Section 11.01(A) of the Existing Indenture, the Existing Indenture may be amended by a Supplemental Indenture (as such term is defined in the Existing Indenture), which The Regents and the Trustee may enter into when the written consent of all of the Holders (as such term is defined in the Existing Indenture) of the Bonds then Outstanding (as such term is defined in the Existing Indenture) shall have been filed with the Trustee;

**WHEREAS**, The Regents has secured the written consent of the Holders of all Series 2002 Bonds currently Outstanding and the written consent of the initial purchasers of the Series 2004 Bonds to the amendment and restatement of the Existing Indenture as set forth in this Third Supplemental Indenture and have filed such written consents with the Trustee, which written consents constitute the written consent of the Holders of all Bonds Outstanding;

**WHEREAS**, each purchase of a Series 2004 Bond from the initial purchasers thereof shall be deemed to constitute consent to the amendment and restatement of the Existing Indenture as set forth in this Third Supplemental Indenture;

**WHEREAS**, all acts and proceedings required by law or necessary to amend and restate the Existing Indenture as set forth in this Third Supplemental Indenture and to constitute the Existing Indenture, as amended and restated in its entirety as set forth in this Third Supplemental 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 this Third Supplemental Indenture have been in all respects duly authorized;

**WHEREAS**, The Regents hereby confirms that all acts and proceedings required by law or necessary to make the Series 1994 Bonds and the Series 2002 Bonds, the duly issued, the valid, binding and legal limited obligations of The Regents, have been done and taken; and



**WHEREAS**, The Regents hereby certifies that all acts and proceedings required by law or necessary to make the Series 2004 Bonds and any additional Bonds, when executed by The Regents, authenticated and delivered by the Trustee and duly issued, the valid, binding and legal limited obligations of The Regents, have been done and taken;

**NOW, THEREFORE, THIS THIRD SUPPLEMENTAL INDENTURE WITNESSETH**, that in order to secure the payment of the principal of, the premium, if any, and the interest on, all Bonds at any time issued and Outstanding under the Existing Indenture, as amended and restated in its entirety as set forth in this Third Supplemental Indenture (the Existing Indenture, as so amended and restated being hereinafter collectively referred to as the "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 holders thereof, and for other valuable consideration, the receipt whereof is hereby acknowledged. The Regents does hereby covenant and agree with the Trustee, for the benefit of the holders from time to time of the Bonds, as follows:

## **ARTICLE I**

### **DEFINITIONS; CONTENT OF CERTIFICATES AND OPINIONS**

**SECTION 1.01. Definitions.** Unless the context otherwise requires, the terms defined in this Section shall, for all purposes of this Indenture and of any Supplemental Indenture and of any certificate, opinion or other document herein mentioned, have the meanings herein specified, to be equally applicable to both the singular and plural forms of any of the terms herein defined.

**Accountant** means any nationally recognized firm of independent auditors (but not an individual) selected by The Regents.

**Alternate Credit Facility** means any financial guaranty or municipal bond insurance policy, irrevocable direct-pay letter of credit, line of credit, standby bond purchase agreement, revolving credit agreement or other credit arrangement obtained by The Regents pursuant to the provisions of the Supplemental Indenture establishing the terms and provisions of a Series of Bonds as a replacement or substitute for any Credit Facility then in effect, which Alternate Credit Facility is in effect and has been delivered to the Trustee to provide credit support for a Series of Bonds, as the same may be amended from time to time pursuant to its terms.

**Alternate Liquidity Facility** means any irrevocable direct-pay letter of credit, line of credit, standby bond purchase agreement, revolving credit agreement or other liquidity arrangement obtained by The Regents pursuant to the provisions of the Supplemental Indenture establishing the terms and provisions of a Series of Bonds as a replacement or substitute for any Liquidity Facility then in effect, which Alternate Liquidity Facility is in effect and has been

delivered to the Trustee to provide liquidity support for a Series of Variable Rate Bonds, as the same may be amended from time to time pursuant to its terms.

**Annual Debt Service** means for each Fiscal Year the aggregate amount (without duplication) of principal and interest scheduled to become due (either by maturity or by mandatory redemption) and sinking fund (or installment purchase or lease rental or similar) payments required to be paid in that Fiscal Year on all Long-Term Indebtedness, less any amounts on deposit in escrow to be applied during that Fiscal Year to pay principal or interest on Long-Term Indebtedness; provided that if a Financial Products Agreement has been entered into with respect to Long-Term Indebtedness, interest on such Long-Term Indebtedness shall be included in the calculation of Annual Debt Service by including for each Fiscal Year an amount equal to the amount of interest payable on such Long-Term Indebtedness in such Fiscal Year at the rate or rates stated in such Long-Term Indebtedness plus any Financial Product Payments payable in such Fiscal Year minus any Financial Product Receipts receivable in such Fiscal Year; provided that in no event shall any calculation made pursuant to this clause result in a number less than zero being included in the calculation of Annual Debt Service, and provided further that such calculation shall not include any termination payments paid or received with respect to any Financial Product Agreement or any other interest rate swap or similar agreement.

**Auction** means, with respect to any Series of Auction Bonds, each periodic implementation of the Auction Procedures for such Series of Bonds.

**Auction Agent** means, with respect to any Series of Auction Bonds, any Person appointed as agent of the Trustee for the benefit of the Holders of such Series of Auction Bonds pursuant to the provisions of the Supplemental Indenture establishing the terms and provisions of such Series of Auction Bonds.

**Auction Agreement** means, with respect to any Series of Auction Bonds, any agreement entered into by the Trustee and an Auction Agent pursuant to which the Auction Agent agrees to follow the Auction Procedures with respect to such Series of Auction Bonds, as such agreement may be amended or supplemented from time to time pursuant to its terms.

**Auction Bonds** means any Series of Bonds when they bear interest at an Auction Rate.

**Auction Date** with respect to any Series of Auction Bonds shall have the meaning set forth in the Supplemental Indenture establishing the terms and provisions of such Series of Auction Bonds.

**Auction Mode** means, with respect to any Series of Auction Bonds, the Mode during which such Series of Auction Bonds bears interest at an Auction Rate.

**Auction Mode Conversion Date** means, with respect to any Series of Auction Bonds, the effective date of a change to an Auction Mode.

**Auction Mode Interest Payment Date** means, with respect to any Series of Auction Bonds, the interest payment date or dates specified in the Supplemental Indenture establishing the terms and provisions of such Series of Auction Bonds.

**Auction Period** with respect to a Series of Auction Bonds shall have the meaning set forth in the Supplemental Indenture establishing the terms and provisions of such Series of Auction Bonds.

**Auction Procedures** means, with respect to a Series of Auction Bonds, the procedures for conducting Auctions during an Auction Period as set forth in the Supplemental Indenture establishing the terms and provisions of such Series of Auction Bonds.

**Auction Rate** means, with respect to a Series of Auction Bonds, the interest rate for such Series of Auction Bonds for each Auction Period determined pursuant to the Auction Procedures as set forth in the Supplemental Indenture establishing the terms and provisions of such Series of Auction Bonds.

**Auction Rate Index** with respect to a Series of Auction Bonds shall have the meaning set forth in the Supplemental Indenture establishing the terms and provisions of such Series of Auction Bonds.

**Auction Rate Period** with respect to a Series of Auction Bonds shall have the meaning set forth in the Supplemental Indenture establishing the terms and provisions of such Series of Auction Bonds.

**Authorized Denomination** means: (i) with respect to the Series 2002 Bonds, \$100,000 and any integral multiple of \$100,000 in excess thereof; provided, however, that one Series 2002 Bond may be issued in a denomination of \$100,000 and any integral multiple of \$5,000 in excess thereof; (ii) with respect to the Series 2004 Bonds, \$5,000 or any integral multiple thereof; (iii) and with respect to any other Series of Bonds shall have the meaning set forth in the Supplemental Indenture establishing the terms and provisions of such Series of Bonds.

**Available Amount** means, as of any time: (a) with respect to any Credit Facility that is a letter of credit or a line of credit, the maximum amount available to be drawn at such time under such Credit Facility, which shall be an amount at least equal to the then Outstanding principal amount of the Series of Variable Rate Bonds to which such Credit Facility relates, plus the applicable Interest Component thereon at the Maximum Interest Rate; and (b) with respect to any Liquidity Facility, the maximum amount available to be drawn at such time under such Liquidity Facility, which shall be an amount at least equal to the then Outstanding principal amount of the Series of Variable Rate Bonds to which such Liquidity Facility relates, plus the applicable Interest Component thereon at the Maximum Interest Rate; provided, that such Liquidity Facility shall by its terms either provide for reinstatement of the Available Amount or for an increase in the Available Amount, as the case may be, in an amount equal to the principal amount of and appropriate Interest Component on Bank Bonds not later than upon remarketing thereof.

**Balloon Indebtedness** means Long-Term Indebtedness 25% or more of the original principal of which becomes due (either by maturity or mandatory redemption) or may be tendered for purchase or payment at the option of the holder during any period of 12 consecutive months, which portion of the principal is not required by the documents governing such Indebtedness to be amortized below 25% by mandatory redemption prior to such date.

**Bankruptcy Code** means Title 11 of the United States Code, as now in existence and as amended from time to time, or any successor to such Bankruptcy Code.

**Bank Bond** means any Variable Rate Bond that has been purchased (beneficially or otherwise) by the Trustee for the account of a Liquidity Provider with the proceeds of a Draw under its Liquidity Facility, the ownership (beneficial or otherwise) of which is required to be registered in the name of such Liquidity Provider or its nominee, pursuant to the terms and provisions of the Supplemental Indenture establishing the terms and provisions of such Variable Rate Bond.

**Bank Purchase Period** means, with respect to any Liquidity Facility, the period from its effective date to and including the earliest of (a) its expiration date, (b) the Fixed Rate Date, (c) the Auction Mode Conversion Date, (d) the date of the acceptance by the Trustee of an Alternate Liquidity Facility in substitution therefor, (e) the Purchase Termination Date (except to the extent that purchases are permitted under such Liquidity Facility), (f) the date on which no Bonds to which such Liquidity Facility relates are Outstanding and (g) the date on which the Available Amount is terminated in whole pursuant to such Liquidity Facility.

**Bank Rate** means the interest rate(s) applicable from time to time to Bank Bonds as determined in accordance with the Liquidity Facility to which such Bank Bonds relate.

**Beneficial Owner** means any Person who has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bond, including, without limitation, any Persons holding Bonds through the Custodian or other depository or nominees.

**Bonds** means The Regents of the University of California Hospital Revenue Bonds (UCLA Medical Center), authorized by, and at any time Outstanding pursuant to, this Indenture.

**Book Value** means, when used in connection with Property, Plant and Equipment or other Property of The Regents, the value of such property, net of accumulated depreciation, as it is carried on the books of The Regents and in conformity with generally accepted accounting principles.

**Business Day** means, with respect to the Series 2002 Bonds, the Series 2004 Bonds and each other Series of Bonds, unless otherwise defined in a Supplemental Indenture establishing the terms and provisions of a Series of Bonds, any day other than a Saturday, Sunday, or a day on which banking institutions in San Francisco, California or in the city in which the Principal Corporate Trust Office of the Trustee is located are authorized or obligated by law or executive order to be closed.

**Capitalization Ratio** means, as of any date of calculation, the percentage derived from dividing (a) the amount of Indebtedness, by (b) the sum of the amount of Indebtedness plus the total net assets of the Medical Center, all as determined in accordance with generally accepted accounting principles.

**Capitalized Interest Account** means an account by that name established in the Interest Account pursuant to Section 5.03.

**Certificate, Statement, Request and Order of The Regents** mean, respectively, a written certificate, statement, request, or order signed on behalf of The Regents by the Treasurer, Associate Treasurer or an Assistant Treasurer of The Regents or any other person designated and authorized to sign for The Regents in a resolution, action item or other official action of The Regents filed with the Trustee.

**Code** means the Internal Revenue Code of 1986, or any successor statute thereto and any regulations promulgated from time to time thereunder. Reference to any particular Code section, in the event of such a successor Code, shall be deemed to be reference to the successor to such Code section.

**Completion Indebtedness** means any Long-Term Indebtedness incurred for the purpose of financing the completion of construction or equipping of any project for which Long-Term Indebtedness has theretofore been incurred in accordance with the provisions hereof, to the extent necessary to provide a completed and fully equipped facility of the type and scope contemplated at the time said Long-Term Indebtedness was incurred, and in accordance with the general plans and specifications for such facility as originally prepared and approved in connection with the related financing, modified or amended only in conformance with the provisions of the documents pursuant to which the related financing was undertaken.

**Continuing Disclosure Agreement** means, with respect to each Series of Bonds requiring an undertaking regarding disclosure under Rule 15c2-12, the Continuing Disclosure Agreement, dated the date of issuance and delivery of such Series of Bonds, by and between The Regents and the trustee and dissemination agent named therein, as originally executed and as the same may from time to time be amended or supplemented pursuant to its terms.

**Costs of Issuance** means, with respect to a Series of Bonds, all items of expense directly or indirectly payable by or reimbursable to The Regents and related to the authorization, execution, sale and delivery of a Series of Bonds, including but not limited to advertising and printing costs, costs of preparation and reproduction of documents, filing and recording fees, initial fees (including legal fees) and charges of the Trustee, legal fees and charges, fees and disbursements of consultants and professionals, financial advisor fees and expenses, rating agency fees, fees and charges for preparation, execution, transportation and safekeeping of Bonds, fees and expenses incurred in connection with securing a Credit Facility, fees and expenses incurred in connection with securing a Liquidity Facility, and any other cost, charge or fee in connection with the original delivery of a Series of Bonds.

**Costs of Issuance Account** means an account by that name in the Costs of Issuance Fund established pursuant to Section 3.05.

**Costs of Issuance Fund** means the fund by that name established pursuant to Section 3.05.

**Credit Facility** means a financial guaranty or municipal bond insurance policy, an irrevocable direct-pay letter of credit, a line of credit, a standby bond purchase agreement, a revolving credit agreement or other credit arrangement obtained by The Regents pursuant to which a Credit Provider provides credit support for a Series of Bonds, as the same may be amended from time to time pursuant to its terms, or any replacement therefor.

**Credit Facility Proceeds Fund** means a fund by that name which the Trustee shall establish and maintain to hold the proceeds of a Draw on a Credit Facility other than a Credit Facility in the form of Insurance delivered in connection with a Series of Bonds.

**Credit Provider** means the issuer or provider of a Credit Facility, including an Insurer, and any successor or successors to such issuer or provider.

**Custodian** means (a) The Depository Trust Company, New York, New York, or (b) any successor thereto engaged by The Regents to operate a book-entry system for recording, through electronic or manual means, the beneficial ownership of the Bonds; provided, that such book-entry system operated by the Custodian may include the use of subsystems of recording the beneficial ownership of Bonds which are operated by parties other than the Custodian and the use of a nominee for the Custodian and the term "Custodian," as used herein, includes any party operating any such subsystem.

**Differential Interest Amount** means, with respect to any Bank Bond, the excess of (a) interest which has accrued and could actually be paid on such Bank Bond at the Bank Rate, as determined in accordance with the Liquidity Facility to which such Bank Bond relates, up to but excluding the Business Day on which such Bank Bond is purchased from the owner thereof pursuant to the Liquidity Facility, less (b) the interest accrued on such Bank Bond received by the holder thereof as part of the sale price of such Bank Bond.

**Draw** means with respect to any Credit Facility or Liquidity Facility provided with respect to a Series of Bonds, any drawing or other request for the advancement of funds thereunder made by or on behalf of the Trustee in the manner authorized by and in accordance with the terms and conditions of such Credit Facility or Liquidity Facility, as applicable.

**Electronic Means** means telegram, telex, telecopier, electronic mail or other telecommunications or electronic telecommunications device capable of creating a written notice that is operative as between the parties and acceptable for use by them.

**Existing Indenture** means the Original Indenture, as amended and supplemented by the First Supplemental Indenture and by the Second Supplemental Indenture.

**Event of Default** means any of the events specified in Section 9.01.

**Financial Products Agreement** means an interest rate swap, cap, collar, option, floor, forward or other hedging agreement, arrangement or security, however denominated,

identified to the Trustee in a Certificate of The Regents as having been entered into with a Qualified Provider not for investment purposes but with respect to Indebtedness (which Indebtedness shall be specifically identified in the Certificate of The Regents) for the purpose of (1) reducing or otherwise managing the risk of interest rate changes or (2) effectively converting interest rate exposure, in whole or in part, from a fixed rate exposure to a variable rate exposure, or from a variable rate exposure to a fixed rate exposure.

**Financial Product Payments** means payments periodically required to be paid to a counterparty pursuant to a Financial Products Agreement.

**Financial Product Receipts** means amounts periodically required to be paid to The Regents by a counterparty pursuant to a Financial Products Agreement.

**Financial Statements** means, for any period, the financial statements for the Medical Center, all stated in accordance with generally accepted accounting principles, which have been examined by an Accountant and contain such Accountant's report thereon.

**First Supplemental Indenture** means the First Supplemental Indenture, dated as of February 15, 1994, by and between The Regents and the Trustee.

**Fiscal Year** means the period beginning on July 1 of each year and ending on the next succeeding June 30, or any other twelve-month period hereafter selected and designated as the official fiscal year period of The Regents.

**Fixed Rate** means the fixed interest rate or rates(s) borne by a Series of Bonds.

**Fixed Rate Bonds** means a Series of Bonds bearing interest at a Fixed Rate.

**Fixed Rate Date** means with respect to any Series of Bonds, the effective date of a change to a Fixed Rate or Fixed Rates.

**Gross Revenue Fund** means the fund by that name established pursuant to Section 5.01 hereof.

**Guaranty** means all loan commitments and all obligations of The Regents guaranteeing in any manner whatever, whether directly or indirectly, any obligation of any other Person which: (i) is secured by a pledge of or security interest in the Revenues; and (ii) would, if such other Person were The Regents, constitute indebtedness for borrowed money.

**Holder or Bondholder**, whenever used herein with respect to a Bond, means the person in whose name such Bond is registered.

**Income Available for Debt Service** means as to any period of time, income before other changes in net assets relating to the Medical Center for such period, to which shall be added depreciation, amortization and interest on Indebtedness, all as determined in accordance with generally accepted accounting principles; provided that no such determination shall include: (i) any gain or loss resulting from either (a) the extinguishment of Indebtedness,

(b) any disposition of capital assets not made in the ordinary course of business, (c) adjustments to the value of assets or liabilities resulting from changes in generally accepted accounting principles or (d) any reappraisal, revaluation or write-down of assets or any other extraordinary or unusual non-cash item; (ii) any unrealized gain or loss resulting from changes in the fair market value of investments, any Financial Product Agreement or any other interest rate swap and similar agreement; or (iii) any nonrecurring items that do not involve the receipt, expenditure or transfer of assets.

**Indebtedness** means any Guaranty and any indebtedness or obligation of The Regents for borrowed money: (i) secured by a pledge of or security interest in the Revenues; or (ii) relating to the Medical Center and payable from Revenues, as determined in accordance with generally accepted accounting principles, including obligations under conditional sales contracts or other title retention contracts, and rental obligations under leases which are considered capital leases under generally accepted accounting principles; excluding, however, any advances made by or obligation to The Regents, including any internal line of credit made available to the Medical Center by the Chancellor of the University of California at Los Angeles. Indebtedness as defined herein shall not include Financial Products Agreements or Financial Product Payments.

**Indenture** means the Existing Indenture, as amended and restated by this Third Supplemental Indenture, as originally executed or as it may from time to time be supplemented, modified or amended by any Supplemental Indenture.

**Independent Consultant** means a firm (but not an individual) which: (i) is in fact independent; (ii) does not have any direct financial interest or any material indirect financial interest in The Regents; and (iii) is not connected with The Regents as an officer, employee, promoter, underwriter, trustee, partner, director or person performing similar functions, and designated by The Regents, qualified to pass upon questions relating to the financial affairs of facilities of the type or types similar to the Medical Center and having a favorable reputation for skill and experience in the financial affairs of such facilities.

**Industry Restrictions** means federal, state or other applicable governmental laws or regulations placing restrictions and limitations on the rates, fees and charges to be fixed, charged and collected by The Regents with respect to the Medical Center.

**Information Services** means one of the following services selected by the Trustee: Financial Information, Inc., Daily Called Bond Service; Kenny Information Systems, Called Bond Department; Moody's Investors Service, Information Center; Standard & Poor's Rating Services, Called Bond Record; and any other information service providing information with respect to called bonds as The Regents may designate to the Trustee.

**Insider** means "insider" as defined in the Bankruptcy Code.

**Insurance or Insurance Policy** means, with respect to the Series 2004 Bonds, the financial guaranty insurance policy issued by Ambac Assurance Corporation insuring the payment when due of the principal of and interest on the Series 2004 Bonds as provided therein, and means, with respect to any other Series of Bonds, a Credit Facility in the form of a financial



guaranty insurance policy or a municipal bond insurance policy issued by an Insurer insuring the payment when due of the principal of and interest on such Series of Bonds as provided therein.

**Insurance and Condemnation Proceeds Fund** means the fund by that name established pursuant to Section 7.06 of the Existing Indenture, which fund is maintained hereunder pursuant to Section 7.06 hereof.

**Insurance Consultant** means The Regents' risk manager, or a consulting actuary, which is selected by The Regents, or an independent Person, having experience and a favorable reputation in consulting on the insurance requirements of health care facilities in the State of the general size and character of the Medical Center, which is selected by The Regents.

**Insurer** means, with respect to the Series 2004 Bonds, Ambac Assurance Corporation, a Wisconsin domiciled stock insurance company, or any successor thereto or assignee thereof, and means with respect to any other Series of Bonds, the issuer or provider of Insurance with respect to such Series of Bonds and any successor to such issuer or provider or assignee thereof.

**Interest Account** means the account by that name in the Revenue Fund established pursuant to Section 5.02 of the Existing Indenture, which account is maintained hereunder pursuant to Section 5.02 hereof.

**Interest Component** means, with respect to a Series of Variable Rate Bonds, as of any date, the maximum amount, determined with reference to the relevant Interest Coverage Period and the Maximum Interest Rate for such Series of Variable Rate Bonds, available to be drawn under any Credit Facility or any Liquidity Facility (as reduced and reinstated from time to time in accordance with the terms thereof), provided with respect to such Series of Variable Rate Bonds, to pay accrued interest on such Series of Variable Rate Bonds.

**Interest Coverage Period** means, with respect to a Series of Variable Rate Bonds, the number of days specified in computing the Interest Component of the Available Amount under any Liquidity Facility provided with respect to such Series of Variable Rate Bonds.

**Interest Payment Date** means: (i) with respect to the Series 2002 Bonds, each June 1 and December 1; (ii) with respect to the Series 2004 Bonds, each November 15 and May 15, commencing November 15, 2004; and (iii) with respect to any other Series of Bonds, shall have the meaning set forth in the Supplemental Indenture establishing the terms and provisions of such other Series of Bonds.

**Investment Securities** means any of the following which at the time are legal investments (as determined by The Regents) under the laws of the State of California for moneys held under this Indenture and then proposed to be invested therein:

(1) Direct obligations of the United States of America (including obligations issues or held in book-entry form on the books of the Department of the Treasury of the United States of America or any Federal Reserve Bank) or obligations the timely payment of the

principal of and interest on which are fully guaranteed by the United States of America or tax-exempt obligations which are rated in the highest rating category of any Rating Agency;

(2) Obligations, debentures, notes or other evidence of indebtedness issued or guaranteed by any agency or instrumentality of the United States of America;

(3) Bonds of the State of California or of any county or city of the State of California for which any Rating Agency is maintaining a rating at least equal to the higher of "A" (or equivalent) or such Rating Agency's then current rating on any Series of Bonds;

(4) Obligations the interest on which is excluded from gross income for federal income taxation pursuant to the Code and which are rated by any Rating Agency in a rating category at least equal to the higher of "A" (or equivalent) or such Rating Agency's then current rating on any Series of Bonds, or in the highest short term rating category of any Rating Agency;

(5) Receipts representing direct interests in Investment Securities described in clause (1) and (2) of this definition;

(6) Repurchase agreements with any financial institution which is rated by any Rating Agency in a rating category at least equal to the higher of "A" (or equivalent) or such Rating Agency's then current rating on any Series of Bonds, or repurchase agreements, fully secured by collateral security described in clauses (1) or (2) of this definition, continuously having a market value at least equal to the amount so invested so long as such underlying obligations or securities are in the possession of the Trustee or the Securities Investors Protection Corporation;

(7) Interest-bearing bankers acceptances and demand or time deposits (including certificates of deposit) in banks (including the Trustee), provided such deposits are either: (a) secured at all times, in the manner and to the extent provided by law, by collateral security described in clauses (1) or (2) of this definition, of a market value no less than the amount of moneys so invested; or (b) in banks (including the Trustee) having a combined capital and surplus of at least fifty million dollars (\$50,000,000) and whose rating by any Rating Agency, or the rating of its parent holding company, is at least equal to the higher of "A" (or equivalent) or such Rating Agency's then current rating on any Series of Bonds; or (c) fully insured by the Federal Deposit Insurance Corporation;

(8) Commercial paper rated in the highest rating category (without regard to any gradation of such rating category) of any Rating Agency, and issued by corporations organized and operating within the United States and having total assets in excess of five hundred million dollars (\$500,000,000);

(9) Collateralized investment agreements or other collateralized contractual arrangements with corporations, financial institutions or national associations within the United States fully secured by collateral security described in clause (1) or (2) of this definition or investment agreements or other contractual arrangements with corporations, financial institutions or national associations within the United States, provided that the senior long-term debt of such

corporations, institutions or associations is rated by any Rating Agency in a rating category at least equal to the higher of "A" (or equivalent) or such Rating Agency's then current rating on any Series of Bonds;

(10) Any money market fund or mutual fund that is comprised of investments described in clauses (1) through (9) of this definition and which fund or investments are continuously rated by any Rating Agency in a rating category at least equal to the higher of "A" (or equivalent) or such Rating Agency's then current rating on any Series of Bonds;

(11) The short term investment pool of The Regents; and

(12) Any other investment approved in writing by the Credit Provider for each Series of Bonds Outstanding.

**Lien** means any mortgage or pledge of, or security interest in, or lien or encumbrance on, the Medical Center, excluding Liens applicable to any portion of the Medical Center in which The Regents has only a leasehold interest unless the Lien is with respect to such leasehold interest.

**Liquidity Facility** means an irrevocable direct-pay letter of credit, a line of credit, a standby bond purchase agreement, a revolving credit agreement or other liquidity arrangement obtained by The Regents pursuant to which a Liquidity Provider provides liquidity support with respect to a Series of Bonds, as the same may be amended from time to time pursuant to its terms, or any replacement therefor.

**Liquidity Facility Default** means, with respect to a Series of Bonds, during any period when a Liquidity Facility is required hereunder with respect to such Series of Bonds, (a) any failure by the Liquidity Provider to honor a conforming Draw under its Liquidity Facility which the Liquidity Provider is otherwise required to honor under the terms thereof or (b) the Liquidity Facility is, in fact, no longer in effect or the Liquidity Provider asserts that the Liquidity Facility is not in effect.

**Liquidity Provider** means the issuer or provider of a Liquidity Facility and any successor or successors to such issuer or provider.

**Long-Term Debt Service Coverage Ratio** means, for any period of time, the ratio determined by dividing Income Available for Debt Service by Maximum Annual Debt Service.

**Long-Term Indebtedness** means: (i) Indebtedness having an original maturity greater than one (1) year or renewable at the option of The Regents for a period greater than one (1) year from the date of original incurrence or issuance thereof unless, by the terms of such Indebtedness, no Indebtedness is permitted to be outstanding thereunder for a period of at least thirty (30) consecutive days during each calendar year; and (ii) Indebtedness incurred pursuant to Section 6.04(d) which would otherwise constitute Short-Term Indebtedness.

**Mandatory Tender Date** with respect to any Series of Bonds shall have the meaning set forth in the Supplemental Indenture establishing the terms and provisions of such Series of Bonds.

**Mandatory Sinking Account Payment** means, with respect to Bonds of any Series and maturity, the amount required by this Indenture to be paid by The Regents on any single date for the retirement of Term Bonds of such Series and maturity.

**Maximum Annual Debt Service** means the greatest amount of Annual Debt Service becoming due and payable in any Fiscal Year including the Fiscal Year in which the calculation is made or any subsequent Fiscal Year; provided, however, that for the purposes of computing Maximum Annual Debt Service:

(a) There shall be excluded from the Indebtedness of The Regents a percentage of the debt of any Person guaranteed by The Regents, based on the ratio (the "Ratio") of Income Available for Debt Service of the Person whose debt is guaranteed by The Regents (calculated as if such Person were The Regents), over the Maximum Annual Debt Service of such Person (calculated as if such Person were The Regents). If the Ratio is less than 1.25, there shall be no exclusion of guaranteed debt. If the Ratio is greater than or equal to the values set forth below, the applicable percentage of the Person's guaranteed debt shall be excluded from Indebtedness of The Regents, as follows:

<u>Ratio</u>	<u>Percentage of Debt of Person to be Excluded</u>
1.25	20%
1.50	40%
1.75	60%
2.00	80%

Additionally, if the guaranteed debt is secured by a first deed of trust and the Book Value of the property subject to the first deed of trust is at least equal to the principal amount of the debt being guaranteed, 100% of the guaranteed debt shall be excluded from Indebtedness of The Regents.

Notwithstanding the foregoing, in no event shall any portion of the guaranteed debt be excluded from Indebtedness of The Regents if The Regents has made any payment with respect to such guaranteed debt in any of the three (3) Fiscal Years preceding the date of calculation of Maximum Annual Debt Service.

(b) For any Balloon Indebtedness, the computation of Maximum Annual Debt Service shall assume that such Indebtedness is to be amortized over a period of years to be specified by The Regents up to a 25-year period, beginning on the date of calculation of Maximum Annual Debt Service, assuming level debt service and a rate of interest (determined as of the time of calculation of Maximum Annual Debt Service) equal to the average rate, certified in a Certificate of The Regents delivered to the

Trustee, at which The Regents could reasonably expect to borrow with such specified term.

(c) If interest on Long-Term Indebtedness is payable pursuant to a variable interest rate formula, the interest rate on such Long-Term Indebtedness for periods when the actual interest rate cannot yet be determined shall be assumed to be equal to the average interest rate calculated pursuant to the provisions of the agreement pursuant to which such Long-Term Indebtedness was incurred during the one calendar year prior to the date of calculation or the interest rate that, in the opinion of The Regents, would have been the average interest rate calculated during the one year prior to the date of calculation had such Long-Term Indebtedness been outstanding for the previous year.

(d) Debt service on Long-Term Indebtedness incurred to finance capital improvements shall be included in the calculation of Maximum Annual Debt Service only in proportion to the amount of interest on such Long-Term Indebtedness which is payable in the then-current Fiscal Year from sources other than the proceeds of such Long-Term Indebtedness.

(e) If moneys or Investment Securities described in clause (1) of the definition thereof have been deposited with a trustee in an amount, together with earnings thereon, sufficient to pay the principal of or interest on Long-Term Indebtedness as it comes due, such principal or interest, as the case may be, shall be excluded from the calculation of Maximum Annual Debt Service.

**Maximum Interest Rate** with respect to a Series of Auction Bonds or a Series of Variable Rate Bonds shall have the meaning set forth in the Supplemental Indenture establishing the terms and provisions of such Series of Bonds.

**Medical Center** means the assets and operations which comprise the UCLA Medical Center, as shown on its most recent audited financial statements, which for the Fiscal Year ended June 30, 2003, are as reported on by PricewaterhouseCoopers LLP in their report dated September 19, 2003, and as of June 30, 2003 date included 1,144 licensed beds.

**Mode** shall have the meaning set forth in the Supplemental Indenture establishing the terms and provisions of a Series of Bonds initially issued as either Auction Bonds or Variable Rate Bonds.

**Moody's** means Moody's Investors Service, a corporation organized and existing under the laws of the State of Delaware, its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "Moody's" shall be deemed to refer to any nationally recognized securities rating agency designated by The Regents by written notice to the Trustee.

**Non-Recourse Indebtedness** means indebtedness secured by a lien on property of the Medical Center, liability for which is effectively limited to the property subject to the lien with no recourse, directly or indirectly, to any other property of the Medical Center.

**Opinion of Bond Counsel** means a written opinion of nationally recognized municipal bond counsel selected by The Regents.

**Opinion of Counsel** means a written opinion of the General Counsel of The Regents or such other counsel (who may be counsel for The Regents) selected by The Regents. If and to the extent required by the provisions of Section 1.02, each Opinion of Counsel shall include the statements provided for in Section 1.02.

**Optional Redemption Account** means the account by that name in the Redemption Fund established pursuant to Section 5.05 of the Existing Indenture, which account is maintained hereunder pursuant to Section 5.05 hereof.

**Original Indenture** means that certain Indenture, dated as of December 1, 1990, by and between The Regents and First Interstate Bank of California, predecessor trustee to BNY Western Trust Company, as trustee.

**Outstanding**, when used as of any particular time with reference to Bonds, means (subject to the provisions of Section 15.11) all Bonds theretofore, or thereupon being, authenticated and delivered by the Trustee under this Indenture except: (1) Bonds theretofore cancelled by the Trustee or surrendered to the Trustee for cancellation; (2) Bonds with respect to which all liability of The Regents shall have been discharged in accordance with Section 12.02, including Bonds (or portions of Bonds) referred to in Section 15.12; and (3) Bonds for the transfer or exchange of or in lieu of or in substitution for which other Bonds shall have been authenticated and delivered by the Trustee pursuant to this Indenture.

**Parity Debt** means Indebtedness: (i) the proceeds of which are used at or for the benefit of the Medical Center; (ii) incurred by The Regents in accordance with Section 6.04; and (iii) secured by a lien on or security interest in the Revenues or other collateral equally and ratably with the obligations of The Regents hereunder.

**Participating Underwriter** means any of the original underwriters of a Series of Bonds required to comply with Rule 15c2-12, as the same may be amended from time to time, in connection with the offering of such Series of Bonds.

**Permitted Encumbrances** means and includes:

(a) Any judgment lien or notice of pending action so long as such judgment or pending action is being contested and execution thereon is stayed or while the period for responsive pleading has not lapsed;

(b) (i) Rights reserved to or vested in any municipality or public authority by the terms of any right, power, franchise, grant, license, permit or provision of law, affecting any Property; (ii) any liens on any Property for taxes, assessments, levies, fees, water and sewer charges, and other governmental and similar charges and any liens of mechanics, materialmen, laborers, suppliers or vendors for work or services performed or materials furnished in connection with such Property, which are not due and payable or which are not delinquent or which, or the amount or validity of which, are

being contested and execution thereon is stayed or, with respect to liens of mechanics, materialmen and laborers, have been due for less than sixty (60) days; (iii) easements, rights-of-way, servitudes, restrictions and other minor defects, encumbrances, and irregularities in the title to any Property which rights do not materially impair the use of such Property or materially and adversely affect the value thereof; (iv) rights reserved to or vested in any municipality or public authority to control or regulate any Property or to use such Property in any manner, which rights do not materially impair the use of such Property in any manner, or materially and adversely affect the value thereof; and (v) to the extent that it affects title to any Property, this Indenture;

(c) Liens arising by reason of good faith deposits in connection with leases of real estate, bids or contracts (other than contracts for the payment of money), deposits to secure public or statutory obligations, or to secure, or in lieu of, surety, stay or appeal bonds, and deposits as security for the payment of taxes or assessments or other similar charges;

(d) Any Lien arising by reason of deposits with, or the giving of any form of security to, any governmental agency or any body created or approved by law or governmental regulation for any purpose at any time as required by law or governmental regulation as a condition to the transaction of any business or the exercise of any privilege or license, or to enable The Regents to maintain self-insurance or to participate in any funds established to cover any insurance risks or in connection with workers' compensation, unemployment insurance, pension or profit sharing plans or other similar social security plans, or to share in the privileges or benefits required for companies participating in such arrangements, and any Lien in the nature of a banker's lien or right of setoff with respect to deposits which The Regents is not required to maintain with the bank in question;

(e) Any Lien arising by reason of any escrow established to pay debt service with respect to Indebtedness;

(f) Any Lien in favor of a trustee on the proceeds of Indebtedness prior to the application of such proceeds;

(g) Liens on moneys deposited by patients or others as security for or as prepayment for the cost of patient care;

(h) Liens on Property received through gifts, grants or bequests, such Liens being due to restrictions on such gifts, grants or bequests of Property or the income thereon, up to the fair market value of such Property;

(i) Statutory rights of the United States of America by reason of federal funds made available under 42 U.S.C. Section 291 et seq. and similar rights under other federal and state statutes or regulations by reason of federal or state funds being made available to Medical Center under such federal or state statutes or regulations, including, without limitation, funds made available under 42 U.S.C.A. 5121 et seq.;

(j) Leases, liens or encumbrances authorized pursuant to the California State Building Construction Act of 1955, as amended, codified at California State Government Code Section 15800 and following;

(k) Liens on accounts receivable and the proceeds thereof, which Liens shall be senior to the security interest created hereunder in the Revenues and secure Short-term Indebtedness, provided that the aggregate principal amount of Short-term Indebtedness secured by such accounts receivable shall not exceed an amount equal to 10% of the amount of Revenues as shown on the Financial Statements for the most recent Fiscal Year for which Financial Statements are available immediately preceding the incurrence of such Short-term Indebtedness;

(l) Liens securing Non-Recourse Indebtedness on Property not necessary for the delivery of patient care or the provision of other significant services at the Medical Center;

(m) The Lien created pursuant to Section 5.01 of the Existing Indenture, which is ratified and confirmed pursuant to Section 5.01 hereof;

(n) Liens securing Parity Debt and Financial Product Payments;

(o) Liens or encumbrances existing as of the date of issuance of the Series 1990 Bonds; and

(p) Liens or encumbrances with respect to amounts payable from third-party payors.

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

**Principal Account** means the account by that name in the Revenue Fund established pursuant to Section 5.02 of the Existing Indenture, which account is maintained hereunder pursuant to Section 5.02 hereof.

**Principal Corporate Trust Office or principal corporate trust office** means the office of the Trustee at which it conducts its corporate trust business with respect to the Bonds and, means as of the date of issuance of the Series 2004 Bonds, the corporate trust office of the Trustee located at 550 Kearny Street, Suite 600, San Francisco, California 94108, or such other or additional offices as may be designated by the Trustee.

**Project** means, with respect to the Series 2004 Bonds, the financing of a portion of the costs of the acquisition, construction and equipping of two replacement hospital facilities for UCLA Medical Center, and with respect to any other Series of Bonds, the project described in the Supplemental Indenture and Tax Certificate executed and delivered in connection with the issuance of such Series of Bonds.



**Project Account** means an account by that name in the Project Fund established pursuant to Section 3.04 hereof.

**Project Fund** means the fund by that name established pursuant to Section 3.04 hereof.

**Property** means any and all rights, titles and interests in and to any and all property of The Regents comprising the Medical Center whether real or personal, tangible or intangible and wherever situated.

**Property, Plant and Equipment** means all Property of The Regents which is considered property, plant and equipment of The Regents comprising the Medical Center under generally accepted accounting principles.

**Purchase Date** means, with respect to any Series of Variable Rate Bonds, a date upon which a Variable Rate Bond of such Series is to be tendered to the Trustee for purchase pursuant to the terms and provisions of the Supplemental Indenture establishing such Series of Variable Rate Bonds.

**Purchase Fund** means, with respect to any Series of Bonds, any fund by that name established by the Trustee to hold funds to pay the Purchase Price of tendered Bonds.

**Purchase Price** means, with respect to any Series of Bonds, the amount set forth in the Supplemental Indenture establishing the terms and provisions of such Series of Bonds as the amount to be paid to the Holder of such Bonds when such Bonds are tendered for purchase or deemed tendered for purchase.

**Purchase Termination Date** means, with respect to any Series of Variable Rate Bonds, a date upon which the Liquidity Provider providing a Liquidity Facility for such Series of Bonds is no longer required to purchase Bonds of such Series (or otherwise advance funds for the purchase of tendered Bonds of such Series) pursuant to the terms of the Liquidity Facility being provided.

**Qualified Provider** means any financial institution or insurance company which is a party to a Financial Products Agreement if the unsecured long-term debt obligations of such financial institution or insurance company (or of the parent or a subsidiary of such financial institution or insurance company if such parent or subsidiary guarantees the performance of such financial institution or insurance company under such Financial Products Agreement), or obligations secured or supported by a letter of credit, contract, guarantee, agreement, insurance policy or surety bond issued by such financial institution or insurance company (or such guarantor parent or subsidiary), (i) in the case of Financial Products Agreements with a term of less than ten (10) years, are rated in one of the three highest rating categories by at least one Rating Agency (without regard to any gradation of such rating category) at the time of the execution and delivery of the Financial Products Agreement and (ii) in the case of Financial Products Agreements with a term of ten (10) years or more, are either (a) rated in one of the two highest rating categories by at least one Rating Agency (without regard to any gradation of such rating category) at the time of the execution and delivery of the Financial Products Agreement or

(b) are rated "A" or equivalent by any Rating Agency (without regard to any gradation of such rating category) at the time of the execution and delivery of the Financial Products Agreement and whose obligations under the Financial Products Agreement are fully secured by collateral security described in clauses (1) or (2) of the definition of Investment Securities having a market value (exclusive of accrued interest) at least equal to one hundred percent (100%) of the amount of such obligations.

**Rating Agency** means, on any given date, any nationally recognized rating agency which then has outstanding a credit rating on any Series of Bonds.

**Rebate Fund** means the fund by that name established pursuant to Section 5.07 of the Existing Indenture, which fund is maintained hereunder pursuant to Section 5.07 hereof.

**Rebate Instructions** means, with respect to any Series of Bonds, the instructions delivered to the Trustee by The Regents pursuant to the Tax Certificate delivered in connection with such Series of Bonds.

**Record Date** means: (i) with respect to the Series 2002 Bonds, the fifteenth day of the month preceding each Interest Payment Date for the Series 2002 Bonds, whether or not such day is a Business Day; (ii) with respect to the Series 2004 Bonds, the first day of the calendar month in which an Interest Payment Date for the Series 2004 Bonds shall occur, whether or not such day is a Business Day; and (iii) with respect to any other Series of Bonds, shall have the meaning set forth in the Supplemental Indenture establishing the terms and provisions of such Series of Bonds.

**Redemption Fund** means the fund by that name established pursuant to Section 5.05 of the Existing Indenture, which fund is maintained hereunder pursuant to Section 5.05 hereof.

**Redemption Price** means, with respect to any Bond (or portion thereof) the principal amount of such Bond (or portion) plus the applicable premium, if any, payable upon redemption thereof pursuant to the provisions of such Bond and this Indenture.

**Remarketing Agent** means, with respect to any Series of Variable Rate Bonds, the remarketing agent or agents appointed by The Regents pursuant to the Supplemental Indenture establishing the terms and provisions of such Series of Variable Rate Bonds.

**Remarketing Proceeds** means, with respect to any Series of Variable Rate Bonds, the proceeds of the sale of such Variable Rate Bonds, which have been tendered or deemed tendered for purchase as provided in the Supplemental Indenture establishing the terms and provisions of such Series of Variable Rate Bonds, by the Remarketing Agent appointed for such Series of Variable Rate Bonds, to parties other than The Regents, any Insider or any other Person guaranteeing payments of a Series of Bonds.

**Representation Letter** means the Blanket Issuer Letter of Representations delivered to the Custodian by The Regents and any supplements and amendments thereto or any replacement therefor.

**Revenue Fund** means the fund by that name established pursuant to Section 5.01 of the Existing Indenture, which account is maintained hereunder pursuant to Section 5.01 hereof.

**Revenues** means all: (i) revenues, income, receipts and moneys received by or on behalf of The Regents and derived from the Medical Center, excluding gifts, grants, bequests, donations and contributions, and including (a) proceeds with respect to, arising from or related to the Medical Center and derived from condemnation and insurance awards (except to the extent such proceeds are required or permitted by the terms hereof to be used for purposes inconsistent with their use for the payment of principal of, redemption premium, if any, and interest on the Bonds) and (b) cash or investments held by The Regents for the account or benefit of the Medical Center; and (ii) any revenues, income, receipts and moneys added to the definition of "Revenues" pursuant to Section 6.08.

**Rule 15c2-12** means Securities and Exchange Commission Rule 15c2-12, as supplemented and amended from time to time pursuant to its terms.

**S&P** means Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "S&P" shall be deemed to refer to any other nationally recognized rating agency designated by The Regents by written notice to the Trustee.

**Second Supplemental Indenture** means the Second Supplemental Indenture, dated as of March 7, 2002, by and between The Regents and the Trustee.

**Serial Bonds** means the Bonds, falling due by their terms in specified years, for which no Mandatory Sinking Account Payments are provided.

**Series**, whenever used herein with respect to Bonds, means all of the Bonds designated as being of the same series, authenticated and delivered in a simultaneous transaction, regardless of variations in maturity, interest rate, redemption and other provisions, and any Bonds thereafter authenticated and delivered upon transfer or exchange or in lieu of or in substitution for (but not to refund) such Bonds as herein provided.

**Series 1990 Bonds** means The Regents of the University of California Hospital Revenue Bonds (UCLA Medical Center) Series 1990.

**Series 1994 Bonds** means The Regents of the University of California Refunding Hospital Revenue Bonds (UCLA Medical Center) Series 1994.

**Series 2002 Bonds** means The Regents of the University of California Hospital Revenue Bonds (UCLA Medical Center) Series 2002.

**Series 2004 A Bonds** means The Regents of the University of California Hospital Revenue Bonds (UCLA Medical Center) Series 2004 A.

**Series 2004 B Bonds** means The Regents of the University of California Hospital Revenue Bonds (UCLA Medical Center) Series 2004 B.

**Series 2004 Bonds** means the Series 2004 A Bonds and the Series 2004 B Bonds.

**Short-Term Indebtedness** means Indebtedness which: (i) has a final maturity not more than one (1) year after the date of creation thereof; and (ii) is not, pursuant to the terms of a revolving credit or similar agreement or otherwise, renewable or extendable at the option of The Regents to a date or for a period or periods ending more than three hundred sixty-five (365) days after the date of creation thereof, excluding any Indebtedness incurred pursuant to Section 6.04(d) which would otherwise constitute Short-Term Indebtedness.

**Sinking Accounts** means the subaccounts in the Principal Account so designated and established pursuant to Section 5.04 of the Existing Indenture, which subaccounts are maintained hereunder pursuant to Section 5.04 hereof.

**Special Record Date** means, with respect to a Series of Bonds, the date established by the Trustee as a record date for the payment of defaulted interest on such Series of Bonds.

**Special Redemption Account** means the account by that name in the Redemption Fund established pursuant to Section 5.05 of the Existing Indenture, which account is maintained hereunder pursuant to Section 5.05 hereof.

**State** means the State of California.

**Supplemental Indenture** means any indenture hereafter duly authorized and entered into between The Regents and the Trustee supplementing, modifying or amending the Existing Indenture, as amended and restated pursuant to this Third Supplemental Indenture, but only if and to the extent that such Supplemental Indenture is specifically authorized hereunder.

**Tax Certificate** means, with respect to a Series of Bonds, the Tax Certificate, dated the date of issuance and delivery of such Series of Bonds, executed by The Regents, as originally executed and as it may from time to time be amended or supplemented pursuant to its terms.

**Term Bonds** means the Bonds payable at or before their specified maturity date or dates from Mandatory Sinking Account Payments established for that purpose and calculated to retire such Bonds on or before their specified maturity date or dates.

**The Regents** means The Regents of the University of California, a corporation organized and existing under and by virtue of Article IX, Section 9, of the Constitution of the State of California.

**Third Supplemental Indenture** means this Third Supplemental Indenture, which amends and restates in its entirety the Existing Indenture, as originally executed, or as it may from time to time be modified, supplemented or amended by any Supplemental Indenture.

**Total Revenues** means the sum of total operating revenue, plus interest income, of the Medical Center, as shown on the Financial Statements.

**Trustee** means BNY Western Trust Company, a state banking corporation organized and existing under the laws of the State of California, successor trustee to First Interstate Bank of California, or its successor as trustee as provided in Section 10.01.

**Unit** means any enterprise or activity of The Regents other than the Medical Center.

**Variable Rate** with respect to a Series of Bonds shall have the meaning set forth in the Supplemental Indenture establishing the terms and provisions of such Series of Bonds.

**Variable Rate Bonds** means any Bonds of any Series during any period when such Series of Bonds bears interest at a Variable Rate as such term is defined in the Supplemental Indenture establishing the terms and provisions of such Series of Bonds.

**SECTION 1.02. Content of Certificates and Opinions.** Every certificate or opinion provided for in this Indenture with respect to compliance with any provision hereof shall include: (1) a statement that the person making or giving such certificate or opinion has read such provision and the definitions herein relating thereto; (2) a brief statement as to the nature and scope of the examination or investigation upon which the certificate or opinion is based; (3) a statement that, in the opinion of such person, he has made or caused to be made such examination or investigation as is necessary to enable him to express an informed opinion with respect to the subject matter referred to in the instrument to which his signature is affixed; and (4) a statement as to whether, in the opinion of such person, such provision has been complied with.

Any such certificate or opinion made or given by an officer of The Regents may be based, insofar as it relates to legal, accounting or health facility matters, upon a certificate or opinion of or representation by counsel, an Accountant or an Independent Consultant, unless such officer knows, or in the exercise of reasonable care should have known, that the certificate, opinion or representation with respect to the matters upon which such certificate or statement may be based, as aforesaid, is erroneous. Any such certificate or opinion made or given by counsel, an Accountant or an Independent Consultant may be based, insofar as it relates to factual matters (with respect to which information is in the possession of The Regents) upon a certificate or opinion of or representation by an officer of The Regents, unless such counsel, Accountant or Independent Consultant knows, or in the exercise of reasonable care should have known, that the certificate or opinion or representation with respect to the matters upon which such person's certificate or opinion or representation may be based, as aforesaid, is erroneous. The same officer of The Regents, or the same counsel or Accountant or Independent Consultant, as the case may be, need not certify to all of the matters required to be certified under any provision of this Indenture, but different officers, counsel, Accountants or Independent Consultants may certify to different matters, respectively.

**SECTION 1.03. Interpretation.** Except as otherwise stated herein, all accounting terms not specifically defined herein shall be construed in accordance with generally

accepted accounting principles consistently applied. If any change in accounting principles from those used in the preparation of the financial statements of the Medical Center as of June 30, 2003, results from the promulgation of rules, regulations, pronouncements and opinions by or required by the Government Accounting Standards Board, American Institute of Certified Public Accountants, or other authoritative bodies that determine generally accepted accounting principles (or successors thereto or agencies with similar functions) and such change results in a change in the accounting terms used in this Indenture, the accounting terms used herein shall be modified to reflect such change in accounting principles so that the criteria for evaluating the financial condition of the Medical Center shall be the same after such change as if such change had not been made

## **ARTICLE II**

### **THE BONDS**

**SECTION 2.01. Authorization of Bonds.** Bonds may be issued hereunder from time to time in order to obtain moneys to carry out the purposes of The Regents for the benefit of the Medical Center. The maximum principal amount of Bonds which may be issued and Outstanding hereunder is not limited. The Bonds issued hereunder shall be designated generally as "The Regents of the University of California Hospital Revenue Bonds (UCLA Medical Center)," each Series thereof to bear such additional designation as may be necessary or appropriate to distinguish such Series from every other Series of Bonds. The Bonds may be issued in such Series as from time to time shall be established and authorized by The Regents. This Indenture constitutes a continuing agreement with the Holders from time to time of the Bonds to secure the full payment of the principal of, premium, if any, and interest on all such Bonds subject to the covenants, provisions and conditions herein contained.

**SECTION 2.02. Terms of the Bonds.** (a) The terms of the Series 2002 Bonds are set forth in Section 19.03 of the Existing Indenture incorporated herein by reference pursuant to Section 14.02 hereof; the limitations on transfer of the Series 2002 Bonds are set forth in Section 19.04 of the Existing Indenture incorporated herein by reference pursuant to Section 14.02 hereof; and the redemption provisions applicable to the Series 2002 Bonds are set forth in Section 19.08 of the Existing Indenture incorporated herein by reference pursuant to Section 14.02 hereof.

(b) The Series 2004 Bonds shall be dated such date, shall be issued in such denominations, shall bear interest at such rate or rates and payable at such intervals and shall mature and become payable on such dates and in such years, and shall be subject to redemption and mandatory purchase in lieu of redemption on such terms as are specified in Article III hereof.

(c) The Bonds of each other Series shall be dated such date, shall be issued in such denominations, shall bear interest at such rate or rates determined in such manner and payable at such intervals and shall mature and become payable on such date or dates and in such year or years, and may be subject to redemption, tender and purchase on such terms, as may be

determined by The Regents at the time of issuance thereof, all as shall be set forth in the Supplemental Indenture establishing the terms and provisions of such Series of Bonds.

(d) The Series 2004 Bonds and the Bonds of any Series issued subsequent to the Series 2004 Bonds shall be initially registered in the name of "Cede & Co.," as nominee of the Custodian and shall be evidenced by one or more bond certificates for each Series of Bonds in the total aggregate principal amount of the Bonds of such Series (unless otherwise provided for a Series of Bonds issued subsequent to the Series 2004 Bonds in the Supplemental Indenture establishing the terms and provisions of such Series of Bonds issued subsequent to the Series 2004 Bonds). Registered ownership of the Series 2004 Bonds or any Series of Bonds issued subsequent to the Series 2004 Bonds (unless otherwise provided for a Series of Bonds issued subsequent to the Series 2004 Bonds in the Supplemental Indenture establishing the terms and provisions of such Series of Bonds issued subsequent to the Series 2004 Bonds), or any portion thereof, may not thereafter be transferred except as set forth in Section 2.10 hereof, or in the event the use of the Custodian is discontinued, in accordance with the provisions set forth in Section 2.05 hereof.

(e) The principal or Redemption Price of the Series 2002 Bonds and the Series 2004 Bonds shall be payable in lawful money of the United States of America at the Principal Corporate Trust Office of the Trustee. The principal or Redemption Price of each other Series of Bonds shall be payable in lawful money of the United States of America at the Principal Corporate Trust Office of the Trustee or at such other location as shall be specified in the Supplemental Indenture establishing the terms and provisions of such Series of Bonds. Payment of the interest on any Bond shall be made to the person whose name appears on the bond registration books of the Trustee as the Holder thereof as of the Record Date preceding each Interest Payment Date, such interest to be paid by check mailed by first class mail on the applicable Interest Payment Date to the Holder at his address as it appears on such registration books; provided that such interest shall be paid by wire transfer to an account in the United States for any Holder of at least \$1,000,000 in aggregate principal amount of Bonds of any Series if the Holder makes a written request to the Trustee on or prior to the close of business on the Record Date preceding any Interest Payment Date specifying the account address.

Any such interest not so punctually paid or duly provided for with respect to any Bond shall forthwith cease to be payable to the Bondholder on such Record Date and shall be paid to the Person in whose name the Bond is registered at the close of business on a Special Record Date for the payment of such defaulted interest to be fixed by the Trustee, notice whereof to be given to the Holders of the Series 2002 Bonds and the Series 2004 Bonds not less than ten (10) days prior to such Special Record Date and notice whereof to be given to the Holders of any other Series of Bonds as set forth in the Supplemental Indenture establishing the terms and provisions of such Series of Bonds or, if not provided therein, notice whereof to be given to the Holders of such Series of Bonds not less than ten (10) days prior to such Special Record Date.

(f) The Purchase Price of a Series of Variable Rate Bonds shall be payable in such manner as may be specified in the Supplemental Indenture establishing the terms and provisions of such Series of Variable Rate Bonds.

**SECTION 2.03. Form of Bonds.** The Series 2002 Bonds shall be in such form as is specified in Section 19.05 of the Existing Indenture incorporated herein by reference pursuant to Section 14.02 hereof. The Series 2004 Bonds shall be in substantially such form as is specified in Section 3.08 hereof. Each other Series of Bonds shall be in such form or forms as may be specified in the Supplemental Indenture establishing the terms and provisions of such Series of Bonds.

**SECTION 2.04. Execution of Bonds.** The Bonds shall be executed in the corporate name and on behalf of The Regents with the facsimile or manual signature of its Chairman, under its corporate seal attested by the facsimile or manual signature of its Secretary or Assistant Secretary. Such seal may be in the form of a facsimile of The Regents' seal and may be reproduced, imprinted or impressed on the Bonds. The Bonds shall then be delivered to the Trustee for authentication by it upon the written direction of The Regents. In case any of the officers who shall have signed or attested any of the Bonds shall cease to be such officer or officers of The Regents before the Bonds so signed or attested shall have been authenticated or delivered by the Trustee or issued by The Regents, such Bonds may nevertheless be authenticated, delivered and issued and, upon such authentication, delivery and issue, shall be as binding upon The Regents as though those who signed and attested the same had continued to be such officers of The Regents, and also any Bond may be signed and attested on behalf of The Regents by such persons as at the actual date of execution of such Bond shall be the proper officers of The Regents although at the nominal date of such Bond any such person shall not have been such officer of The Regents.

Only such of the Bonds as shall bear thereon a certificate of authentication substantially in the form recited in Exhibit A to the Second Supplemental Indenture with respect to the Series 2002 Bonds, Exhibit A hereto with respect to the Series 2004 Bonds or in the Supplemental Indenture establishing the terms and provisions of such Series of Bonds, as applicable, manually executed by the Trustee or such other party as shall be designated in the Supplemental Indenture establishing the terms and provisions of such Series of Bonds, shall be valid or obligatory for any purpose or entitled to the benefits of this Indenture, and, when executed as provided herein, such certificate of authentication shall be conclusive evidence that the Bonds so authenticated have been duly executed, authenticated and delivered hereunder and are entitled to the benefits of this Indenture.

**SECTION 2.05. Transfer of Bonds.** Any Bond may, in accordance with its terms, be transferred, upon the register required to be kept pursuant to the provisions of Section 2.07, by the Person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Bond at the Principal Corporate Trust Office of the Trustee for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form acceptable to the Trustee.

Whenever any Bond or Bonds shall be surrendered for transfer, The Regents shall execute and the Trustee shall authenticate and deliver a new Bond or Bonds, of the same Series and maturity and for a like aggregate principal amount of Authorized Denominations. The Trustee shall require the Bondholder requesting such transfer to pay any tax or other



governmental charge required to be paid with respect to such transfer, but shall impose no other charge in connection with such transfer.

No transfer of any Bond shall be required if such Bond shall have been called for redemption or during the fifteen (15) days next preceding any date established by the Trustee for the selection of Bonds of such Series for redemption.

**SECTION 2.06. Exchange of Bonds.** Bonds may be exchanged at the Principal Corporate Trust Office of the Trustee for a like aggregate principal amount of Bonds of other Authorized Denominations of the same Series and maturity; provided that no registration of transfer or exchange may occur following the selection of Bonds of such Series for redemption or with respect to any Bond selected for redemption. The Trustee shall require the Bondholder requesting such exchange to pay any tax or other governmental charge required to be paid with respect to such exchange but shall impose no other charge in connection with such exchange.

No exchange of any Bond shall be required if such Bond shall have been called for redemption or during the fifteen (15) days next preceding any date established by the Trustee for the selection of Bonds of such Series for redemption.

**SECTION 2.07. Bond Register.** The Trustee will keep or cause to be kept, at its Principal Corporate Trust Office, sufficient books for the registration and transfer of the Bonds, which shall at all times be open to inspection by The Regents upon reasonable prior notice; and, upon presentation for such purpose, the Trustee shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on such books, Bonds as hereinbefore provided.

**SECTION 2.08. Temporary Bonds.** The Bonds may be issued in temporary form exchangeable for definitive Bonds when ready for delivery. Any temporary Bond may be printed, lithographed or typewritten, shall be of such denomination as may be determined by The Regents, shall be in registered form and may contain such reference to any of the provisions of this Indenture as may be appropriate. A temporary Bond may be in the form of a single Bond payable in installments, each on the date, in the amount and at the rate of interest established for the Bonds maturing on such date. Every temporary Bond shall be executed by The Regents and authenticated by the Trustee upon the same conditions and in substantially the same manner as the definitive Bonds. If The Regents issues temporary Bonds it will execute and deliver definitive Bonds as promptly thereafter as practicable, and thereupon the temporary Bonds may be surrendered, for cancellation, in exchange therefor at the Principal Corporate Trust Office of the Trustee and the Trustee shall authenticate and deliver in exchange for such temporary Bonds an equal aggregate principal amount of definitive Bonds of Authorized Denominations of the same Series and maturity or maturities. Until so exchanged, the temporary Bonds shall be entitled to the same benefits under this Indenture as definitive Bonds authenticated and delivered hereunder.

**SECTION 2.09. Bonds Mutilated, Lost, Destroyed or Stolen.** If any Bond shall become mutilated, The Regents, at the expense of the Holder of said Bond, shall execute, and the Trustee shall thereupon authenticate and deliver, a new Bond of like Series and tenor in

exchange and substitution for the Bond so mutilated, but only upon surrender to the Trustee of the Bond so mutilated. Every mutilated Bond so surrendered to the Trustee shall be cancelled by it and delivered to, or upon the order of, The Regents. If any Bond shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to The Regents and the Trustee and, if such evidence be satisfactory to both and indemnity satisfactory to them shall be given, The Regents, at the expense of the Holder, shall execute, and the Trustee shall thereupon authenticate and deliver, a new Bond of like Series and tenor in lieu of and in substitution for the Bond so lost, destroyed or stolen (or if any such Bond shall have matured or shall have been called for redemption, instead of issuing a substitute Bond, the Trustee may pay the same without surrender thereof) upon receipt of indemnity satisfactory to it. The Regents may require payment of a sum not exceeding the actual cost of preparing each new Bond issued under this Section and of the expenses which may be incurred by The Regents and the Trustee in the premises. Any Bond issued under the provision of this Section in lieu of any Bond alleged to be lost, destroyed or stolen shall constitute an original additional contractual obligation on the part of The Regents whether or not the Bond so alleged to be lost, destroyed or stolen be at any time enforceable by anyone, and shall be entitled to the benefits of this Indenture with all other Bonds secured by this Indenture.

**SECTION 2.10. Special Covenants as to Book-Entry Only System. (a)**

Except as has otherwise been provided with respect to the Series 2002 Bonds, as otherwise provided in Section 2.10(b) and Section 2.10(c) hereof, or as otherwise provided in a Supplemental Indenture establishing the terms and provisions of any Series of Bonds issued subsequent to the Series 2004 Bonds, the Series 2004 Bonds and any Series of Bonds issued hereunder subsequent to the Series 2004 Bonds shall be registered in the name of Cede & Co., as nominee for the initial Custodian, The Depository Trust Company, New York, New York ("DTC"), or such other nominee as DTC shall request pursuant to the Representation Letter. Payment of the interest on any Bond registered in the name of Cede & Co. shall be made on each Interest Payment Date for such Bonds to the account, in the manner and at the address indicated in or pursuant to the Representation Letter.

(b) The Bonds issued hereunder shall be in the form of one or more authenticated fully registered bonds for each stated maturity representing the aggregate principal amount of the Bonds maturing on such date. Upon initial issuance of a Series of Bonds, the ownership of all such Bonds shall be registered in the registration records maintained by the Trustee pursuant to Section 2.07 in the name of Cede & Co., as nominee of DTC, or such other nominee as DTC shall request pursuant to the Representation Letter. The Trustee, The Regents and any paying agent may treat DTC (or its nominee) as the sole and exclusive owner of the Bonds registered in its name for the purposes of payment of the principal or Redemption Price or Purchase Price of and interest on such Bonds, selecting the Bonds or portions thereof to be redeemed, giving any notice permitted or required to be given to Bondholders under the Indenture, registering the transfer of Bonds, obtaining any consent or other action to be taken by Bondholders of the Bonds and for all other purposes whatsoever; and neither the Trustee nor The Regents or any paying agent shall be affected by any notice to the contrary. Neither the Trustee nor The Regents or any paying agent shall have any responsibility or obligation to any Participant (which shall mean, for purposes of this Section 2.10, securities brokers and dealers, banks, trust companies, clearing corporations and other entities, some of whom directly or indirectly own DTC), any person

claiming a beneficial ownership interest in the Bonds under or through DTC or any Participant, or any other person which is not shown on the registration records as being a Bondholder, with respect to: (i) the accuracy of any records maintained by DTC or any Participant; (ii) the payment by DTC or any Participant of any amount in respect of the principal or Redemption Price or Purchase Price of or interest on the Bonds; (iii) any notice which is permitted or required to be given to Bondholders under the Indenture; (iv) the selection by DTC or any Participant of any person to receive payment in the event of a partial redemption of the Bonds; or (v) any consent given or other action taken by DTC as Bondholder. The Trustee shall pay all principal of, premium, if any, and interest on the Bonds only at the times, to the accounts, at the addresses and otherwise in accordance with the Representation Letter, and all such payments shall be valid and effective to satisfy fully and discharge The Regents' obligations with respect to the principal of, premium, if any, and interest on the Bonds to the extent of the sum or sums so paid. Upon delivery by DTC to the Trustee of written notice to the effect that DTC has determined to substitute a new nominee in place of its then existing nominee, the Bonds will be transferable to such new nominee in accordance with subsection (f) of this Section 2.10.

(c) In the event that The Regents determines that it is in the best interests of the Beneficial Owners of the Bonds that they be able to obtain bond certificates, the Trustee shall, upon the written instruction of The Regents, so notify DTC, whereupon DTC shall notify the Participants of the availability through DTC of bond certificates. In such event, the Bonds will be transferable in accordance with Section 2.10(f). DTC may determine to discontinue providing its services with respect to the Bonds at any time by giving written notice of such discontinuance to The Regents and the Trustee and discharging its responsibilities with respect thereto under applicable law. In such event, the Bonds will be transferable in accordance with Section 2.10(f). Whenever DTC requests The Regents and the Trustee to do so, the Trustee and The Regents will cooperate with DTC in taking appropriate action after reasonable notice to arrange for another Custodian to maintain custody of all certificates evidencing the Bonds then Outstanding. In such event, the Bonds will be transferable to such Custodian in accordance with Section 2.10(f), and thereafter, all reference in this Indenture to DTC or its nominee shall be deemed to refer to such successor Custodian and its nominee, as appropriate.

(d) Notwithstanding any other provision of this Indenture to the contrary, so long as all Bonds Outstanding are registered in the name of any nominee of DTC, all payments with respect to the principal of, premium, if any, and interest on each such Bond, all payments with respect to Purchase Price and all notices with respect to each such Bond shall be made and given, respectively, to DTC as provided in the Representation Letter.

(e) In connection with any successor nominee for DTC and any successor Custodian, the Trustee is hereby authorized and requested to execute and deliver such documentation as shall be necessary to enter into arrangements comparable to such arrangements as the Trustee shall have entered into with DTC, and the Trustee shall have the same rights with respect to its actions thereunder as it has with respect to its actions under this Indenture.

(f) In the event that any transfer or exchange of Bonds is authorized under Section 2.10(b) or (c), such transfer or exchange shall be accomplished upon receipt by the Trustee from the registered owner thereof of the Bonds to be transferred or exchanged and

appropriate instruments of transfer to the permitted transferee, all in accordance with the applicable provisions of Section 2.05 of this Indenture. In the event bond certificates are issued to Holders other than Cede & Co., its successor as nominee for DTC as registered owner of all the Bonds, another Custodian as registered owner of all the Bonds, or the nominee of such successor Custodian, the provisions of Section 2.04, Section 2.05 and Section 2.06 of this Indenture shall also apply to, among other things, the registration, exchange and transfer of the Bonds and the provisions of Section 2.02 of this Indenture shall apply to the method of payment of principal of, premium, if any, and interest on the Bonds and to the payment of Purchase Price with respect to the Bonds.

### **ARTICLE III**

#### **ISSUANCE OF BONDS; APPLICATION OF PROCEEDS; AUTHORIZATION AND ISSUANCE OF SERIES 2004 BONDS**

**SECTION 3.01. Issuance of Bonds.** The Regents may by Supplemental Indenture establish one or more Series of Bonds in addition to the Series 2002 Bonds and the Series 2004 Bonds, payable from Revenues and secured by the pledge made under this Indenture, and The Regents may issue and the Trustee shall, upon the Order of The Regents, authenticate and deliver to the purchasers thereof Bonds of any additional Series so established, in such principal amount as shall be determined by The Regents, but only, with respect to each Series of Bonds issued hereunder after the Series 2002 Bonds and the Series 2004 Bonds, upon compliance by The Regents with the provisions of Section 3.02 hereof, and subject to the following specific conditions, which are hereby made conditions precedent to the issuance of any such additional Series of Bonds:

(a) The Supplemental Indenture establishing the terms and conditions of such Series shall specify the purposes for which such Series is being issued, which shall be one or more of the following: (1) to provide moneys to acquire, implement, install, construct or complete a Project, including reimbursements of any sums advanced by The Regents for such purposes, by depositing into the Project Fund the proceeds of such Series to be so applied; (2) to refund all or part of the Bonds of any one or more Series then Outstanding, by depositing with the Trustee, in trust, moneys or Investment Securities described in clause (1) of the definition thereof in Section 1.01 in the necessary amount to discharge all liability of The Regents with respect to the Bonds to be refunded as provided in Article XII; or (3) to provide moneys needed to refund all or part of any other Indebtedness secured by Parity Debt by depositing with the Trustee funds in the necessary amount to pay or otherwise discharge all liability of The Regents with respect to such Indebtedness secured by Parity Debt in accordance with the terms thereof. Such Supplemental Indenture may, but is not required to, provide for the payment of expenses incidental to such purposes, including the Costs of Issuance of such Series of Bonds, payment of interest on such Series of Bonds for such time period as shall be specified in the Supplemental Indenture establishing the terms and provisions of such Series of Bonds, and, in the case of Bonds issued to refund other Bonds or Indebtedness secured by Parity Debt, payment of expenses incidental to calling, redeeming, paying or otherwise discharging the Bonds or Indebtedness secured by the Parity Debt to be refunded.

(b) The Regents shall be in full compliance with all covenants and undertakings set forth in this Indenture and with all covenants and undertakings in connection with any Bonds then Outstanding, including, without limitation, the requirements set forth in Section 6.04 hereof.

(c) Such additional Series of Bonds shall be equally and ratably secured with all other Bonds herein authorized, without preference or priority of any of the Bonds over any other Bonds, except as expressly provided in this Indenture.

(d) The aggregate principal amount of Bonds issued hereunder shall not exceed any limitation imposed by law or by any Supplemental Indenture.

Nothing in this Section or in this Indenture contained shall prevent or be construed to prevent the Supplemental Indenture establishing the terms and conditions of an additional Series of Bonds from pledging or otherwise providing, in addition to the security given or intended to be given by this Indenture, additional security for the benefit of such additional Series of Bonds or any portion thereof, including, without limitation, the establishment of a reserve fund for one or more Series of Bonds on such terms and conditions as The Regents may specify.

### **SECTION 3.02. Proceedings for Issuance of Additional Series of Bonds**

Subsequent to the issuance of the Series 2004 Bonds and the effectiveness of the amendment and restatement of the Existing Indenture as set forth in this Third Supplemental Indenture, whenever The Regents shall determine to issue an additional Series of Bonds, The Regents shall by resolution, action item or other official action declare the purpose for which the proceeds of the Bonds proposed to be issued shall be expended, specify the maximum principal amount of Bonds to be issued for such purpose, and authorize the execution and delivery of a Supplemental Indenture prescribing the terms and conditions of such additional Series of Bonds. The Regents shall then execute such Supplemental Indenture and deliver the same to the Trustee, together with a certified copy of such resolution or action item or a copy of such other official action.

Such Supplemental Indenture shall specify the terms of the Bonds of such additional Series as provided in Section 2.02 and shall prescribe the forms of Bonds of such additional Series as provided in Section 2.03.

The Regents may by Supplemental Indenture adopt any other provisions respecting Bonds of any additional Series consistent with the terms of this Indenture, including, without limitation, provisions concerning: (i) registration, transfer and exchange; (ii) payment of principal and interest, including places of payment of principal and interest; (iii) optional or mandatory redemption; (iv) sinking or redemption funds; (v) optional and mandatory tender; (vi) payment of Purchase Price; and (vii) limitations on the aggregate principal amount of Bonds of such additional Series.

Upon the execution and delivery to the Trustee of such Supplemental Indenture, The Regents shall file the following documents with the Trustee:

(a) An Opinion of Counsel, addressed to the Trustee, to the effect: (1) that he or she has examined the Supplemental Indenture; (2) that the execution and delivery of the additional Series of Bonds have been sufficiently and duly authorized by The Regents; (3) that the issuance of the additional Series of Bonds is authorized by law; (4) that said additional Series of Bonds, when duly executed by The Regents and authenticated and delivered by the Trustee, will be valid, legal and binding obligations of The Regents, payable from Revenues in accordance with the terms of this Indenture; (5) that upon the delivery of the additional Series of Bonds the aggregate principal amount of Bonds then Outstanding will not exceed the amount at the time permitted by law or any limits of indebtedness of The Regents set forth in this Indenture; and (6) that all the conditions and provisions of Section 3.01 and 3.02 have been complied with by The Regents. The Trustee shall be protected in relying on such opinions.

(b) A Certificate of The Regents to the effect that the requirements of Section 3.01(b) have been met.

(c) In the case of a Series of Bonds issued for the purposes described in Section 3.01(a)(2), irrevocable instructions to the Trustee to give notice of redemption of all Bonds, if any, to be redeemed in connection with such refunding, such notice of redemption to be given as provided in this Indenture.

(d) In the case of a Series of Bonds issued for the purposes described in Section 3.01(a)(3), written evidence that all actions and conditions required precedent to the discharge of such Indebtedness to be refunded have been taken or exist in accordance with the terms of such Indebtedness.

Upon delivery to the Trustee of the foregoing instruments, the Trustee shall execute such Supplemental Indenture and shall authenticate and deliver Bonds of said Series, in the aggregate principal amount specified in such Supplemental Indenture, to, or upon the Order of, The Regents, when such Bonds shall have been presented to it for that purpose.

**SECTION 3.03. Application of Proceeds.** Proceeds of the Series 2004 Bonds shall be applied as specified in Section 3.09 hereof. Proceeds of each Series of Bonds issued subsequent to the Series 2004 Bonds shall be applied as specified in the Supplemental Indenture establishing the terms and provisions of such Series of Bonds.

**SECTION 3.04. Establishment and Application of Project Fund; Project Accounts.** (a) The Regents shall establish and maintain a separate fund designated as "The Regents of the University of California Hospital Revenue Bonds (UCLA Medical Center) Project Fund." With respect to each Series of Bonds for which proceeds of sale thereof are required to be set aside specifically to pay costs of a Project, The Regents shall establish and maintain within the Project Fund a separate account designated as the Series \_\_\_\_\_ Project Account (inserting therein the Series designation of the Bonds from which proceeds are being set aside). Notwithstanding the foregoing, in the event that The Regents shall issue more than one Series of Bonds on the same date, The Regents need not establish a separate account for each such Series of Bonds but may establish and maintain within the Project Fund one separate account for all such Series of Bonds, such account to bear such designation as The Regents shall assign to

distinguish such Project Account from all other Project Accounts maintained within the Project Fund. Moneys deposited in a Project Account shall be used to pay costs of the Project being financed by such Series of Bonds upon confirmation by The Regents that such payment is a proper charge against such Project Account.

(b) Before any payment from a Project Account shall be made, The Regents shall confirm that the obligations to be paid have been incurred by The Regents and are presently due and payable and that each item thereof is a proper charge against such Project Account and has not been previously paid from such Project Account. The Regents need not make any such payment if it has received notice of any lien, right to lien or attachment upon, or claim affecting the right to receive payment of, any of the moneys to be so paid, which has not been released or will not be released simultaneously with such payment.

(c) When a Project shall have been completed and The Regents have determined the fact and date of such completion and that all of the costs thereof have been determined and paid (or that all of such costs have been paid less specified claims which are subject to dispute and for which a retention in the Project Account is to be maintained in the full amount of such claims until such dispute is resolved), any remaining balance in the Project Fund, less the amount of any such retention, shall be transferred by The Regents to the Trustee for deposit into the Revenue Fund on or prior to the date the next deposit is required to be made by The Regents to the Revenue Fund pursuant to Section 5.01, subject to Section 5.07, such transfer to be accompanied by a Statement of the Regents delivered to the Trustee notifying the Trustee of the completion of such Project.

(d) Subject to Section 5.07, moneys deposited in the Project Fund, including the Project Accounts, shall be invested by The Regents in Investment Securities.

#### **SECTION 3.05. Establishment and Application of Costs of Issuance Fund.**

(a) The Regents shall establish and maintain a separate fund designated as "The Regents of the University of California Hospital Revenue Bonds (UCLA Medical Center) Costs of Issuance Fund." With respect to any Series of Bonds for which proceeds of sale thereof are required to be set aside specifically to pay Costs of Issuance, The Regents shall establish and maintain within the Costs of Issuance Fund a separate account designated as the Series \_\_\_\_\_ Costs of Issuance Account (inserting therein the Series designation of the Bonds from which proceeds are being set aside). Moneys deposited in a Costs of Issuance Account shall be used to pay Costs of Issuance of the Series of Bonds to which such Costs of Issuance Account relates upon confirmation by The Regents that such payment is a proper charge against such Costs of Issuance Account. At the end of one hundred eighty (180) days from the date of issuance of the applicable Series of Bonds, or upon earlier determination of The Regents that amounts in such Costs of Issuance Account are no longer required for the payment of such Costs of Issuance, The Regents shall terminate the Costs of Issuance Account and any amounts then remaining in the Costs of Issuance Account shall be transferred to the Project Account, if any, established in connection with the Series of Bonds to which the Costs of Issuance Account being terminated relates, or if no such Project Account was established or remains open, to the Revenue Fund.

(b) Subject to Section 5.07, moneys deposited in the Costs of Issuance Fund, including the Costs of Issuance Accounts, shall be invested by The Regents in Investment Securities.

**SECTION 3.06. Authorization and Issuance of Series 2004 Bonds.** (a) A fourth series of Bonds to be issued under the Indenture is hereby created and authorized to be issued, and such Bonds are designated as "The Regents of the University of California Hospital Revenue Bonds (UCLA Medical Center), Series 2004 A" (the "Series 2004 A Bonds"). The aggregate principal amount of Series 2004 A Bonds which may be issued and Outstanding under the Indenture shall not exceed \$165,000,000, exclusive of Series 2004 A Bonds executed and authenticated as provided in Section 2.09 hereof.

At any time after the execution and delivery of this Third Supplemental Indenture and the other documents required by Section 3.05 of the Existing Indenture, as amended pursuant to Section 14.01 hereof, The Regents may sell and execute and the Trustee shall authenticate and, upon Request of The Regents, deliver Series 2004 A Bonds in the aggregate principal amount of one hundred sixty-five million dollars (\$165,000,000).

(b) A fifth series of Bonds to be issued under the Indenture is hereby created and authorized to be issued, and such Bonds are designated as "The Regents of the University of California Hospital Revenue Bonds (UCLA Medical Center), Series 2004 B" (the "Series 2004 B Bonds"). The aggregate principal amount of Series 2004 B Bonds which may be issued and Outstanding under the Indenture shall not exceed \$91,165,000, exclusive of Series 2004 B Bonds executed and authenticated as provided in Section 2.09 hereof.

At any time after the execution and delivery of this Third Supplemental Indenture and the other documents required by Section 3.05 of the Existing Indenture, as amended pursuant to Section 14.01 hereof, The Regents may sell and execute and the Trustee shall authenticate and, upon Request of The Regents, deliver Series 2004 B Bonds in the aggregate principal amount of ninety-one million one hundred sixty-five thousand dollars (\$91,165,000).

(c) The Series 2004 A Bonds and the Series 2004 B Bonds (each a "Series of Series 2004 Bonds," and, hereinafter collectively referred to as the "Series 2004 Bonds") are authorized and issued to finance certain additional improvements to the Medical Center and to current refund the Series 1994 Bonds, which refinanced certain other improvements to the Medical Center. A portion of the proceeds of the Series 2004 Bonds will also be applied to pay Costs of Issuance of the Series 2004 Bonds.

The Series 2004 Bonds shall be equally and ratably secured with the Series 2002 Bonds and all Bonds authorized in the Indenture to be issued or to be subsequently Outstanding thereunder, without preference, priority or distinction (other than with respect to terms of maturity, sinking fund payments or provisions for redemption) of any one Bond over any other Bond or of the Bonds of any one Series over the Bonds of any other Series, except as otherwise provided herein.

**SECTION 3.07. Terms of Series 2004 Bonds.** (a) Each Series of Series 2004 Bonds shall be issued as fully registered Bonds in denominations of \$5,000 or any integral



multiple thereof (each, an "Authorized Denomination" with respect to the Series 2004 Bonds) and shall be dated their date of initial delivery. Interest on each Series of Series 2004 Bonds shall be payable semiannually on May 15 and November 15 of each year (each, an "Interest Payment Date" with respect to such Series 2004 Bonds) commencing November 15, 2004.

(b) The Series 2004 A Bonds shall mature on the following dates, in the following amounts and shall bear interest at the following rates per annum:

<u>Maturity Date</u> <u>(May 15)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>
2009	\$ 2,205,000	5.125%
2010	2,320,000	5.125
2011	2,440,000	5.125
2012	2,565,000	5.125
2013	2,695,000	5.125
2014	2,835,000	5.500
2015	2,990,000	5.500
2016	3,155,000	5.500
2017	3,325,000	5.500
2018	3,510,000	5.500
2019	3,700,000	5.500
2020	3,905,000	5.500
2021	4,120,000	5.500
2022	4,345,000	5.500
2023	4,585,000	5.500
2024	4,840,000	5.500
2030	34,945,000	5.250
2034	29,910,000	5.000
2039	46,610,000	5.000

(c) The Series 2004 B Bonds shall mature on the following dates, in the following amounts and shall bear interest at the following rates per annum:

<u>Maturity Date</u> <u>(May 15)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>
2007	\$1,610,000	2.000%
2007	2,795,000	3.000
2008	250,000	2.500
2008	4,270,000	3.500
2009	3,250,000	2.800
2009	1,425,000	4.000
2010	1,000,000	3.000
2010	3,825,000	5.125
2011	300,000	3.375
2011	4,750,000	5.125
2012	250,000	3.600
2012	5,050,000	5.125
2013	5,570,000	5.125
2014	5,855,000	5.500
2015	1,000,000	4.000
2015	5,180,000	5.500
2016	6,500,000	5.500
2017	6,860,000	5.500
2018	7,235,000	5.500
2019	7,635,000	5.500
2020	8,055,000	5.500
2021	8,500,000	5.500

(d) The principal or Redemption Price of each Series of Series 2004 Bonds shall be payable in lawful money of the United States of America at the Principal Corporate Trust Office of the Trustee. Payment of the interest on any Series 2004 Bond shall be made to the person whose name appears on the bond registration books of the Trustee as the Holder thereof as of the close of business on the first day of the calendar month in which such Interest Payment Date occurs whether or not a Business Day, such interest to be paid by check or draft mailed to the Holder at his address as it appears on such registration books or at such address as he may have filed with the Trustee for that purpose; provided that such interest shall be paid by wire transfer to any Holder of at least \$1,000,000 in aggregate principal amount of any Series of Series 2004 Bonds if the Holder makes a written request to the Trustee at least fifteen (15) days before an Interest Payment Date specifying the account address.

(e) Each Series of Series 2004 Bonds shall be numbered in such manner as shall be determined by the Trustee, and each such Series 2004 Bond shall bear interest from the Interest Payment Date next preceding the date of registration thereof unless it is registered as of an Interest Payment Date, in which event it shall bear interest from the date of registration thereof, or unless it is registered prior to November 1, 2004, in which event it shall bear interest from the date of issuance; provided, however, that if, at the time of registration of any Series 2004 Bond, interest is in default on Outstanding Bonds, such Series 2004 Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment on the Outstanding Bonds.

Any such interest not so punctually paid or duly provided for with respect to either Series of Series 2004 Bonds shall forthwith cease to be payable to the Bondholder on such Record Date and shall be paid to the Person in whose name such Bond is registered at the close of business on a Special Record Date for the payment of such defaulted interest to be fixed by the Trustee, notice whereof being given to the Bondholders for such Series of Series 2004 Bonds not less than ten (10) days prior to such Special Record Date.

Each Series of Series 2004 Bonds shall be subject to redemption as provided in Section 3.10 hereof.

**SECTION 3.08. Form of Series 2004 Bonds.** Each Series of Series 2004 Bonds and the Trustee's certificate of authentication to appear thereon shall be in substantially the form set forth in Exhibit A attached hereto, with necessary or appropriate variations, omissions and insertions as may be permitted or required by the Indenture.

**SECTION 3.09. Application of Proceeds of Series 2004 Bonds and Other Funds.** All of the proceeds of the Series 2004 Bonds received from the underwriters of the Series 2004 Bonds (equal to the original aggregate principal amount thereof (\$256,165,000), plus net original issue premium (\$12,747,947.90), less (i) the underwriters' discount retained by such underwriters (\$1,088,701.25) and (ii) the amount necessary to pay the premium for the Insurance (\$5,062,880.80), which for ease of administration the underwriters shall pay directly to the Insurer on the date of delivery of the Series 2004 Bonds, shall be paid to the Trustee. Immediately upon receipt thereof, the Trustee shall apply such proceeds as follows:

(a) The Trustee shall transfer the sum of \$165,428,529.89 from the proceeds of the Series 2004 Bonds to The Regents for deposit into the Series 2004 Project Account which The Regents shall establish within the Project Fund pursuant to Section 3.04 hereof, which sum shall be applied by The Regents to finance certain additional improvements to the Medical Center described in the Tax Certificate to be delivered in connection with the Series 2004 Bonds.

(b) The Trustee shall apply the sum \$97,332,835.96 to redeem the Series 1994 Bonds.

In addition, the Trustee shall apply the sum of \$5,432,703.89, comprised of funds currently on deposit in the Interest and Principal Account established within the Revenue Fund, to redeem the Series 1994 Bonds on the date of issuance of the Series 2004 Bonds.

**SECTION 3.10. Redemption of Series 2004 Bonds.** (a) Each Series of Series 2004 Bonds are subject to redemption prior to their respective stated maturities as provided in Section 4.01(a) hereof.

(b) The Series 2004 A Bonds maturing on or after May 15, 2013, are subject to redemption prior to their respective stated maturities, at the option of The Regents, in whole or in part, by such maturities as are selected by The Regents (or if The Regents fails to designate such maturities, in inverse order of maturity) and by lot within a maturity, on any date on or after May 15, 2012, at the following redemption prices (expressed as a percentage of the principal amount of Series 2004 A Bonds called for redemption), together with interest accrued thereon to the date fixed for redemption:

<u>Redemption Period</u> <u>(both dates inclusive)</u>	<u>Redemption</u> <u>Price</u>
May 15, 2012 through May 14, 2013	101%
May 15, 2013 and thereafter	100

(c) The Series 2004 B Bonds maturing on or after May 15, 2015, are subject to redemption prior to their respective stated maturities, at the option of The Regents, in whole or in part, by such maturities as are selected by The Regents (or if The Regents fails to designate such maturities, in inverse order of maturity) and by lot within a maturity, on any date on or after May 15, 2014, at a redemption price equal to 100% of the principal amount of Series 2004 B Bonds called for redemption, together with interest accrued thereon to the date fixed for redemption, without premium.

(d) The Series 2004 A Bonds maturing on May 15, 2030, May 15, 2034 and May 15, 2039 are also subject to redemption prior to their stated maturity date in part, by lot, at the principal amount thereof and interest accrued thereon to the date fixed for redemption, without premium, from Mandatory Sinking Account Payments required to be made pursuant to Section 3.10(e) hereof, and, as applicable, Section 3.10(f), Section 3.10(g) or Section 3.10(h) hereof.

(e) The Trustee is hereby directed to establish and maintain within the Principal Account, established pursuant to Section 5.04(b) hereof, a 2030 Series 2004 A Term Bonds

Sinking Account, a 2034 Series 2004 A Term Bonds Sinking Account and a 2039 Series 2004 A Term Bonds Sinking Account. Moneys shall be deposited in each such Sinking Account, and moneys in each such Sinking Account shall be applied, as set forth in Section 5.04(b) hereof, and, as applicable, Section 3.10(f), Section 3.10(g) or Section 3.10(h) hereof.

(f) Subject to the terms and conditions set forth in Section 5.04(b) hereof and this Section, the Series 2004 A Term Bonds maturing on May 15, 2030, shall be redeemed (or paid at maturity, as the case may be) by application of Mandatory Sinking Account Payments in the amounts and upon the dates hereby established for the 2030 Series 2004 A Term Bonds Sinking Account, as follows:

2030 Series 2004 A Term Bonds

Mandatory Sinking Account Payment Date (May 15)	Mandatory Sinking Account Payment
2025	\$5,105,000
2026	5,375,000
2027	5,655,000
2028	5,950,000
2029	6,265,000
2030*	6,595,000

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\*Maturity

(g) Subject to the terms and conditions set forth in Section 5.04(b) hereof and this Section, the Series 2004 A Term Bonds maturing on May 15, 2034, shall be redeemed (or paid at maturity, as the case may be) by application of Mandatory Sinking Account Payments in the amounts and upon the dates hereby established for the 2034 Series 2004 A Term Bonds Sinking Account, as follows:

2034 Series 2004 A Term Bonds

Mandatory Sinking Account Payment Date (May 15)	Mandatory Sinking Account Payment
2031	\$6,940,000
2032	7,285,000
2033	7,650,000
2034*	8,035,000

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\*Maturity

(h) Subject to the terms and conditions set forth in Section 5.04(b) hereof and this Section, the Series 2004 A Term Bonds maturing on May 15, 2039, shall be redeemed (or paid at maturity, as the case may be) by application of Mandatory Sinking Account Payments in the amounts and upon the dates hereby established for the 2039 Series 2004 A Term Bonds Sinking Account, as follows:

2039 Series 2004 A Term Bonds

Mandatory Sinking Account Payment Date (May 15)	Mandatory Sinking Account Payment
2035	\$ 8,435,000
2036	8,855,000
2037	9,300,000
2038	9,765,000
2039*	10,255,000

\*Maturity

Except as is otherwise provided in this Section 3.10, the redemption of each Series of Series 2004 Bonds shall be subject to the provisions of Article IV hereof.

**SECTION 3.11. Mandatory Purchase in Lieu of Redemption of Series 2004 Bonds.** Each Holder or Beneficial Owner, by purchase and acceptance of any Series 2004 Bond irrevocably grants to The Regents the option to purchase such Series 2004 Bond, at any time such Series 2004 Bond is subject to optional redemption as provided in Section 3.10 hereof at a purchase price equal to the Redemption Price then applicable to such Series 2004 Bond. In the event The Regents determines to exercise such option, The Regents shall secure the written consent of the Insurer of the Series 2004 Bonds and shall deliver such written consent to the Trustee, such written consent to be delivered with an Opinion of Bond Counsel to the effect that such purchase, will not, in and of itself cause the interest on such Series 2004 Bonds to be included in gross income, and The Regents shall direct the Trustee to provide notice of mandatory purchase, such notice to be provided, as and to the extent applicable, in accordance with the provisions set forth in Section 4.03 hereof. On the date fixed for purchase of any Series 2004 Bond pursuant to this Section 3.11, The Regents shall pay the purchase price of such Series 2004 Bond to the Trustee in immediately available funds, such funds to be provided solely from Revenues, and the Trustee shall pay the same to the Holders of the Series 2004 Bonds being purchased against delivery thereof. Following such purchase, the Trustee shall register such Series 2004 Bonds in accordance with the written instructions of The Regents. No purchase of any Series 2004 Bond pursuant to this Section 3.11 shall operate to extinguish the indebtedness of The Regents evidenced by such Series 2004 Bond. No Holder or Beneficial Owner may elect to retain a Series 2004 Bond subject to mandatory purchase pursuant to this Section 3.11.

**SECTION 3.12. Validity of Bonds.** The validity of the authorization and issuance of any of the Bonds shall not be dependent on or affected in any way by: (a) any

proceedings taken by The Regents for the acquisition, construction or completion of a Project or any part thereof; (b) any contracts made by The Regents in connection therewith; or (c) the failure to complete any Project for which Bonds are authorized to be issued. The recital contained in the Bonds that the same are authorized to be issued pursuant to the powers and authority of The Regents contained in Article IX, Section 9 of the Constitution of the State of California shall be conclusive evidence of their validity and of the legality of their issuance.

## **ARTICLE IV**

### **REDEMPTION, TENDER AND PURCHASE OF BONDS**

#### **SECTION 4.01. Terms of Redemption, Tender and Purchase of Bonds. (a)**

The Series 2002 Bonds, the Series 2004 Bonds and Bonds of any Series issued subsequent to the Series 2004 Bonds (unless otherwise provided for a Series of Bonds issued subsequent to the Series 2004 Bonds in the Supplemental Indenture establishing the terms and provisions of such Series of Bonds issued subsequent to the Series 2004 Bonds) are subject to redemption prior to their respective stated maturities at the option and upon the direction of The Regents, as a whole or in part, and if in part, in such order of maturity as shall be designated by The Regents (or if The Regents fails to designate such order of maturities in any order of maturity which the Trustee in its sole discretion shall deem appropriate and fair), on any date, from moneys transferred to the Trustee by The Regents for deposit in the Special Redemption Account pursuant to Section 7.06, at the principal amount thereof and interest accrued thereon to the date fixed for redemption, without premium.

(b) The Series 2002 Bonds are subject to redemption as provided in Section 19.08 of the Existing Indenture incorporated herein by reference pursuant to Section 14.02 hereof.

(c) The Series 2004 Bonds are subject to redemption and mandatory purchase in lieu of redemption as provided in Section 3.10 and Section 3.11 hereof.

(d) Each Series of Bonds issued subsequent to the Series 2004 Bonds may also be made subject to redemption and/or mandatory purchase in lieu of redemption, prior to their respective stated maturities, as a whole or in part, at such time or times, upon such terms and conditions and upon such notice and with such effect as may be provided in the Supplemental Indenture establishing the terms and provisions of such Series of Bonds.

(e) Each Series of Bonds issued subsequent to the Series 2004 Bonds may be made subject to mandatory or optional tender and purchase prior to their respective stated maturities, as a whole or in part, at such time or times, upon such terms and conditions and upon such notice and with such effect as may be provided in the Supplemental Indenture establishing the terms and provisions of such Series of Bonds.

**SECTION 4.02. Selection of Bonds for Redemption.** Whenever provision is made in this Indenture for the redemption of less than all of the Bonds of a Series and maturity, the Trustee shall select the Bonds to be redeemed, from all Bonds of such Series and maturity subject to redemption and not previously called for redemption, in Authorized Denominations,

by lot or in any manner which the Trustee in its sole discretion shall deem appropriate and fair (unless otherwise provided for a Series of Bonds issued subsequent to the Series 2004 Bonds in the Supplemental Indenture establishing the terms and provisions of such Series of Bonds issued subsequent to the Series 2004 Bonds). The Trustee shall promptly notify The Regents in writing of the Bonds or portions thereof so selected for redemption.

**SECTION 4.03. Notice of Redemption.** Notice of redemption shall be mailed first class postage prepaid, not less than fifteen (15) nor more than forty-five (45) days prior to the redemption date, to the respective Holders of any Bonds designated for redemption at their respective addresses appearing on the bond registration books of the Trustee (unless otherwise provided for a Series of Bonds issued subsequent to the Series 2004 Bonds in the Supplemental Indenture establishing the terms and provisions of such Series of Bonds issued subsequent to the Series 2004 Bonds). Notice of redemption of Bonds shall be given by the Trustee, at the expense of The Regents, for and on behalf of The Regents. Each notice of redemption shall state the redemption date, the place or places of redemption, the maturities, the CUSIP Number and, if less than all of the Bonds of any such maturity are to be redeemed, the distinctive numbers of the Bonds of such maturity, to be redeemed and, in the case of Bonds to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed. Each such notice shall also state that on said date there will become due and payable on each of said Bonds the Redemption Price thereof or of said specified portion of the principal thereof in the case of a Bond to be redeemed in part only, 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. A failure of the Trustee to mail notice of redemption of any Bond to any Bondholder or any defect in any such notice shall not affect the validity of the proceedings for redemption of any other Bond.

At least fifteen (15) days before each redemption date, the Trustee shall also give notice of redemption containing the aforementioned information to such Information Services as may be designated by The Regents. Such notice of redemption shall be given by: (i) first class mail, postage prepaid; (ii) Electronic Means; or (iii) overnight delivery service. A failure of the Trustee to give notice of redemption of any Bond to any of the Information Services or any defect in such notice shall not affect the validity of the proceedings for redemption of any Bond.

**SECTION 4.04. Partial Redemption of Bonds.** Upon surrender of any Bond redeemed in part only, The Regents shall execute and the Trustee shall authenticate and deliver to the Holder thereof, at the expense of The Regents, a new Bond or Bonds of Authorized Denominations and of the same Series and maturity, equal in aggregate principal amount to the unredeemed portion of the Bond surrendered.

**SECTION 4.05. Effect of Redemption.** Notice of redemption having been duly given as aforesaid, and moneys for payment of the Redemption Price of, together with interest accrued to the redemption date on, the Bonds (or portions thereof) so called for redemption being held by the Trustee, on the redemption date designated in such notice, the Bonds (or portions thereof) so called for redemption shall become due and payable at the Redemption Price specified in such notice and interest accrued thereon to the redemption date, interest on the Bonds so called for redemption shall cease to accrue, said Bonds (or portions

thereof) shall cease to be entitled to any benefit or security under this Indenture, and the Holders of said Bonds shall have no rights in respect thereof except to receive payment of said Redemption Price and accrued interest.

All Bonds redeemed pursuant to the provisions of this Article shall be cancelled upon surrender thereof and delivered to or upon the Order of The Regents.

## **ARTICLE V**

### **REVENUES**

**SECTION 5.01. Pledge and Assignment; Revenue Fund; Gross Revenue Fund.** (a) Subject to the provisions of the Existing Indenture permitting the application of Revenues for the purposes and on the terms and conditions set forth therein, there were pledged to secure the payment of the principal of, premium, if any, and interest on the Bonds in accordance with their terms and the provisions of the Existing Indenture, all of the Revenues, and The Regents hereby confirms and ratifies such pledge, subject to the provisions of the Existing Indenture as amended and restated by this Third Supplemental Indenture permitting the application of Revenues for the purposes and on the terms and conditions set forth herein.

(b) Pursuant to the provisions of the Existing Indenture, there were also pledged to secure the payment of the principal of, premium, if any, and interest on the Bonds in accordance with their terms and the provisions of the Existing Indenture any amounts held in any fund or account (other than the Rebate Fund) established pursuant to this Indenture, and The Regents hereby confirms and ratifies such pledge; provided however, that notwithstanding the foregoing, amounts held in any Purchase Fund established in connection with any Series of Bonds shall not be subject to such pledge. Said pledge constitutes a first lien on and security interest in such assets and attached and became valid and binding from and after delivery by the Trustee of the Series 1990 Bonds, without any physical delivery thereof or further act.

(c) Not less than five (5) Business Days prior to any Interest Payment Date or principal payment date with respect to the Bonds, The Regents shall pay to the Trustee for deposit in the Revenue Fund such amount as shall be required to make the transfers and deposits required to be made by Section 5.02 hereof. To the extent the interest rate on any of the Bonds has not yet been determined, the Trustee shall assume such rate to be the Maximum Interest Rate per annum then payable with respect to such Bonds or such other rate as The Regents shall specify to the Trustee at the time of such transfer.

Notwithstanding the foregoing, if three (3) Business Days prior to any Interest Payment Date or principal payment date with respect to the Bonds, the aggregate amount in the Revenue Fund is for any reason insufficient or unavailable to make the required payments of principal (or Redemption Price) of or interest on the Bonds then becoming due (whether by maturity, redemption or acceleration), The Regents shall forthwith transfer the amount of any such deficiency to the Trustee. Each transfer by The Regents to the Trustee hereunder shall be in lawful money of the United States of America and paid to the Trustee at its Principal Corporate Trust Office. All such moneys shall be promptly deposited by the Trustee upon receipt thereof



in a special fund designated as the "Revenue Fund" which was established by the Trustee pursuant to Section 5.01(B) of the Existing Indenture and which is being maintained and shall continue to be maintained and held in trust by the Trustee hereunder. All moneys deposited with the Trustee shall be held, disbursed, allocated and applied by the Trustee only as provided in this Indenture.

(d) If by two (2) Business Days prior to any Interest Payment Date or principal payment date with respect to the Bonds, the Trustee has not received moneys sufficient to make the transfers and deposits required to be made on the immediately following Interest Payment Date or principal payment date, the Trustee shall immediately notify The Regents of such insufficiency by telephone or facsimile and confirm such notification by written notice.

(e) The Regents covenants and agrees that, so long as any of the Bonds remain Outstanding, in the event that an Event of Default shall occur, all of the Revenues shall be deposited as soon as practicable upon receipt in a fund designated as "The Regents of the University of California Medical Center (Los Angeles Campus) Gross Revenue Fund" which The Regents shall establish and maintain with the Trustee pursuant to this Indenture. To the extent Revenues to be deposited in the Gross Revenue Fund pursuant to the immediately preceding sentence are encumbered by Parity Debt, The Regents agrees to allocate and deposit in the Gross Revenue Fund an amount of such Revenues equal to the product of such Revenues and the ratio represented by (x) the outstanding principal amount of Bonds to (y) the outstanding principal amount of Bonds plus the outstanding principal amount of Parity Debt. All Revenues shall continue to be deposited in the Gross Revenue Fund until all Events of Default known to the Trustee shall have been made good or cured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall have been made therefor, whereupon all amounts on deposit in the Gross Revenue Fund shall be returned to the name and credit of The Regents. During any period that the Gross Revenue Fund is held in the name and to the credit of the Trustee, the Trustee shall use and withdraw amounts in said fund first to pay fees, expenses and disbursements of the Trustee and its agents in the event such fees, disbursements or expenses have not otherwise been paid by The Regents, second to pay maintenance and operation expenses of the Medical Center, third to make the transfers and deposits required by Section 5.02 hereof, and then to make such other payments which the Trustee, in its discretion, shall determine to be in the best interests of the Holders of the Bonds. The Regents shall be entitled to submit requests to the Trustee concerning the order of payment of maintenance and operation expenses of the Medical Center. The Trustee shall maintain records concerning all expenditures made or authorized by the Trustee pursuant to this Section 5.01(e). In the event that an Event of Default shall occur, The Regents agrees to execute and deliver all instruments as may be required to implement this Section 5.01(e). The Regents further agrees that a failure to comply with the terms of this Section 5.01(e) shall cause irreparable harm to the Holders from time to time of the Bonds and shall entitle the Trustee, with or without notice, to take immediate action to compel the specific performance of the obligations of The Regents as provided in this Section 5.01(e).

**SECTION 5.02. Allocation of Moneys.** On or before any Interest Payment Date or principal payment date with respect to the Bonds, the Trustee shall transfer from the Revenue Fund and deposit into the following respective accounts (each of which were established by the Trustee pursuant to Section 5.02 of the Existing Indenture and each of which

are being maintained and shall continue to be maintained and held in trust by the Trustee within the Revenue Fund), the following amounts, in the following order of priority, the requirements of each such account (including the making up of any deficiencies in any such account resulting from lack of Revenues sufficient to make any earlier required deposit) at the time of deposit to be satisfied before any transfer is made to any account subsequent in priority:

First: to the Interest Account, the aggregate amount of interest becoming due and payable on all Bonds then Outstanding in the manner and at the times specified herein with respect to the Series 2002 Bonds and the Series 2004 Bonds then Outstanding and in the Supplemental Indentures establishing the terms and provisions of all other Bonds then Outstanding, less any amounts to be transferred to the Interest Account from any Capitalized Interest Account for the payment of such interest, until the balance in said account is equal to said aggregate amount of interest (taking into account transfers from any Capitalized Interest Account) then due and payable;

Second: to the Principal Account, the aggregate amount of principal becoming due and payable on the Outstanding Serial Bonds plus the aggregate amount of Mandatory Sinking Account Payments required to be paid into the respective Sinking Accounts for Outstanding Term Bonds in the manner and at the times specified herein with respect to the Series 2002 Bonds and the Series 2004 Bonds which are Serial Bonds and Term Bonds then Outstanding and in the Supplemental Indentures establishing the terms and provisions of all other Serial Bonds and all other Term Bonds then Outstanding, until the balance in said account is equal to said aggregate amount of such principal and Mandatory Sinking Account Payments then due and payable.

Subject to Section 5.07 hereof and provided no Event of Default has occurred and is continuing, any moneys remaining in the Revenue Fund after the foregoing transfers shall be transferred to The Regents; provided, however, that any amounts transferred to the Revenue Fund pursuant to Section 3.04(c) and Section 3.05(a) hereof shall remain on deposit in the Revenue Fund to be applied to pay debt service on the Bonds until exhausted. While on deposit in the Revenue Fund, such amounts shall be invested by the Trustee in Investment Securities as directed by The Regents.

**SECTION 5.03. Application of Interest Account.** (a) All amounts in the Interest Account shall be used and withdrawn by the Trustee solely for the purpose of paying interest on the Bonds as it shall become due and payable (including accrued interest on any Bonds purchased or redeemed prior to maturity pursuant to this Indenture).

(b) With respect to each Series of Bonds for which a portion of the proceeds of the sale thereof are required to be set aside to pay interest on such Bonds, the Trustee, if so instructed by the terms of the Supplemental Indenture authorizing the issuance of such Series of Bonds, shall establish and maintain a separate account within the Interest Account, designated as the "Series \_\_\_\_ Capitalized Interest Account," inserting therein the Series designation of such Bonds. Moneys in a Capitalized Interest Account shall be transferred by the Trustee and deposited in the Interest Account in the amounts and at the times specified in the Supplemental Indenture authorizing the issuance of such Series of Bonds.

**SECTION 5.04. Application of Principal Account.** (a) All amounts in the Principal Account shall be used and withdrawn by the Trustee solely for the purposes of paying the principal of the Bonds when due and payable, except that all amounts in the Sinking Accounts shall be used and withdrawn by the Trustee solely to purchase or redeem or pay at maturity Term Bonds, as provided herein.

(b) The separate subaccount within the Principal Account established by the Trustee for the Series 2002 Bonds pursuant to Section 19.08(B)(2) of the Existing Indenture incorporated herein by reference pursuant to Section 14.02 hereof shall be maintained by the Trustee in accordance with the provisions set forth in Section 19.08 of the Existing Indenture incorporated herein by reference pursuant to Section 14.02 hereof.

(c) The Trustee shall establish and maintain within the Principal Account a separate subaccount for each of the Term Bonds of the Series 2004 A Bonds in accordance with the provisions set forth in Section 3.10(e) hereof.

(d) The Trustee shall establish and maintain within the Principal Account a separate subaccount for the Term Bonds, if any, of each other Series and maturity, designated as the "Series \_\_\_\_ Account," inserting therein the Series and maturity designation of such Bonds.

(e) The Trustee shall transfer the amount deposited in the Principal Account pursuant to Section 19.08 of the Existing Indenture, incorporated herein by reference pursuant to Section 14.02 hereof, for the purpose of making a Mandatory Sinking Account Payment (if such deposit is required) from the Principal Account to the applicable Sinking Account on or before the date required for payment of principal of the Series 2002 Bonds pursuant to Section 19.08 of the Existing Indenture, incorporated herein by reference pursuant to Section 14.02 hereof, with respect to the Series 2002 Bonds.

(f) The Trustee shall transfer the amount deposited in the Principal Account pursuant to Section 5.02 for the purpose of making a Mandatory Sinking Account Payment (if such deposit is required) from the Principal Account to the applicable Sinking Account on or before the date required for payment of principal of the Series 2004 A Bonds pursuant to Section 5.02 hereof with respect to the Series 2004 A Bonds.

(g) The Trustee shall transfer the amount deposited in the Principal Account pursuant to Section 5.02 for the purpose of making a Mandatory Sinking Account Payment (if such deposit is required) from the Principal Account to the applicable Sinking Account on or before the date required for payment of principal of any other Series of Bonds pursuant to Section 5.02 hereof with respect to such Series of Bonds and the applicable provisions of the Supplemental Indenture establishing the terms and provisions of such Series of Bonds.

(g) With respect to each Sinking Account, on each Mandatory Sinking Account Payment date established for such Sinking Account, the Trustee shall apply the Mandatory Sinking Account Payment required on that date to the redemption (or payment at maturity, as the case may be) of Term Bonds of such Series and maturity for which such Sinking Account was established, upon the notice and in the manner provided in the Supplemental Indenture establishing the terms and provisions of such Series of Bonds, provided that, at any

time prior to giving such notice of such redemption, the Trustee may apply moneys in such Sinking Account to the purchase of Term Bonds of such Series and maturity at public or private sale, as and when and at such prices (including brokerage and other charges, but excluding accrued interest, which is payable from the Interest Account) as may be directed by The Regents, except that the purchase price (excluding accrued interest) shall not exceed the par amount thereof. If, during the twelve-month period immediately preceding said Mandatory Sinking Account Payment date, the Trustee has purchased Term Bonds of such Series and maturity with moneys in such Sinking Account, or, during said period and prior to giving said notice of redemption, The Regents has deposited Term Bonds of such Series and maturity with the Trustee, or Term Bonds of such Series and maturity were at any time purchased or redeemed by the Trustee from the Redemption Fund and allocable to said Mandatory Sinking Account Payment, such Bonds so purchased or deposited or redeemed shall be applied, to the extent of the full principal amount thereof, to reduce said Mandatory Sinking Account Payment. All Bonds purchased or deposited pursuant to this subsection shall be cancelled and delivered by the Trustee to or upon the Order of The Regents. Any amounts remaining in a Sinking Account when all of the Term Bonds for which such account was established are no longer Outstanding shall be withdrawn by the Trustee and transferred to the Revenue Fund. All Term Bonds purchased from a Sinking Account or deposited by The Regents with the Trustee shall be allocated first to the next succeeding Mandatory Sinking Account Payment for such Series and maturity of Bonds, then as a credit against such future Mandatory Sinking Account Payments for such Series and maturity of Bonds as The Regents may specify.

**SECTION 5.05. Redemption Fund.** Pursuant to Section 5.05 of the Existing Indenture, there was created and established with the Trustee a Redemption Fund, which fund is being and shall be maintained and held in trust by the Trustee. The Trustee shall establish and maintain within the Redemption Fund a separate Optional Redemption Account and a separate Special Redemption Account. All amounts deposited in the Optional Redemption Account and in the Special Redemption Account shall be used and withdrawn by the Trustee solely for the purpose of redeeming Bonds of any Series, in the manner and upon the terms and conditions specified herein with respect to the Series 2002 Bonds and the Series 2004 Bonds or in the Supplemental Indenture establishing the terms and provisions of such other Series of Bonds, as applicable, at the next succeeding date of redemption for which notice has not been given and at the Redemption Prices then applicable to redemptions from the Optional Redemption Account and the Special Redemption Account, respectively; provided that, at any time prior to giving such notice of redemption, the Trustee may apply such amounts to the purchase of Bonds of the Series to be redeemed at public or private sale, as and when and at such prices (including brokerage and other charges, but excluding accrued interest, which is payable from the Interest Account) as the Trustee may be directed by The Regents, except that the purchase price (exclusive of accrued interest) may not exceed the Redemption Price then applicable to such Bonds. The Trustee may establish and maintain subaccounts within the Optional Redemption Account or the Special Redemption Account for the redemption or purchase of Bonds of a particular Series from moneys allocable to such Series to the extent provided for in any Supplemental Indenture authorizing the issuance of such Series of Bonds. All Term Bonds purchased or redeemed from the Redemption Fund shall be allocated to such Mandatory Sinking Account Payments as may be specified in a Request of The Regents.

**SECTION 5.06. Investment of Moneys in Funds and Accounts.** Except as otherwise provided in a Supplemental Indenture establishing the terms and provisions of a Series of Bonds, all moneys in any of the funds and accounts established pursuant to this Indenture and held by the Trustee shall be invested by the Trustee, in accordance with a Request of The Regents, solely in Investment Securities. If the Trustee follows such Request in good faith, it shall not be liable or otherwise responsible for the selection of the investments specified in such Request. Investment Securities may be purchased at such prices as may be directed by The Regents. All Investment Securities shall be acquired subject to the limitations set forth in Sections 5.07 and 6.11, the limitations as to maturities hereinafter in this Section set forth and such additional limitations or requirements consistent with the foregoing as may be established by written request (or by a telephone request which is promptly confirmed in writing) of The Regents and which are not inconsistent with the duties of the Trustee hereunder.

Investment Securities acquired as an investment of moneys in any fund or account established under this Indenture shall be credited to such fund or account. For the purpose of determining the amount in any such fund or account, all Investment Securities credited to such fund or account shall be valued at the lesser of cost (which shall be (1) measured exclusive of accrued interest after the first payment of interest following purchase and (2) ratably increased over time by the amortization of any difference between the initial purchase price, excluding accrued interest, and the par value) or par value plus, prior to the first payment of interest following purchase, the amount of any accrued interest paid as part of the purchase price. The moneys on deposit in the Interest Account and the Principal Account shall be invested in Investment Securities such that the principal of such Investment Securities at maturity shall be sufficient to pay the interest on and principal of the Bonds, respectively, payable from the Interest Account and the Principal Account, respectively, on the next succeeding date or dates on which payments are to be made from such accounts.

Unless otherwise provided in the Supplemental Indenture establishing the terms and provisions of a Series of Bonds and subject to Section 5.07 hereof, all interest, profits and other income received from the investment of moneys in a Project Account, a Costs of Issuance Account and a Capitalized Interest Account shall be deposited when received in such account. Unless otherwise provided in the Supplemental Indenture establishing the terms and provisions of a Series of Bonds and subject to Section 5.07 hereof, all interest, profits and other income received from the investment of moneys in any other fund or account established pursuant to this Indenture: (i) prior to the completion of a Project, shall be transferred when received by the Trustee to The Regents for deposit in the Project Account; and (ii) thereafter, shall be deposited when received by the Trustee in the Revenue Fund. Notwithstanding anything to the contrary contained in this paragraph and subject to Section 5.07 hereof, an amount of interest received with respect to any Investment Security equal to the amount of accrued interest, if any, paid as part of the purchase price of such Investment Security shall be credited to the fund or account from which such accrued interest was paid.

Except as otherwise provided in a Supplemental Indenture establishing the terms and provisions of a Series of Bonds and except for any fund or account established to hold the proceeds of a Draw which shall be held by the Trustee uninvested pending application as provided in this Indenture, the Trustee may commingle any of the funds or accounts established

pursuant to this Indenture into a separate fund or funds for investment purposes only, provided that all funds or accounts held by the Trustee hereunder shall be accounted for separately as required by this Indenture. The Trustee may act as principal or agent in the making or disposing of any investment. The Trustee may sell at the best price obtainable, or present for redemption, any Investment Securities so purchased whenever it shall be necessary to provide moneys to meet any required payment, transfer, withdrawal or disbursement from the fund or account to which such Investment Security is credited, and the Trustee shall not be liable or responsible for any loss resulting from such investment.

The Trustee or any of its affiliates may act as sponsor, advisor or manager in connection with any investments made by the Trustee hereunder.

**SECTION 5.07. Rebate Fund.** Pursuant to Section 5.07 of the Existing Indenture, there was created and established with the Trustee a fund separate from any other fund established and maintained under the Existing Indenture designated as the "Rebate Fund," which fund is being and shall be maintained and held in trust by the Trustee. The Regents shall cause to be deposited in the Rebate Fund the Rebate Requirement (as such term is defined in each Tax Certificate) as provided in each Tax Certificate. Subject to the provisions of Section 5.07 of the Existing Indenture, moneys held in the Rebate Fund were pledged to secure payments to the United States government, and The Regents hereby confirms and ratifies such pledge, subject to the provisions of the Existing Indenture as amended and restated by this Third Supplemental Indenture. Neither The Regents nor any Credit Provider nor any Liquidity Provider nor any of the Holders shall have any rights in or claim to such moneys. The Trustee shall invest all amounts held in the Rebate Fund pursuant to the written directions of The Regents.

Upon receipt of Rebate Instructions required to be delivered to the Trustee pursuant to the terms of any Tax Certificate, the Trustee shall remit part or all of the balance held in the Rebate Fund to the United States government as so directed. In addition, if the Rebate Instructions so direct, the Trustee shall deposit moneys into or transfer moneys out of the Rebate Fund from or into such accounts or funds established pursuant to this Indenture as the Rebate Instructions direct.

The Trustee shall conclusively be deemed to have complied with the provisions of this Section 5.07 if it follows the directions of The Regents set forth in the Rebate Instructions and shall not be required to take any actions thereunder in the absence of Rebate Instructions from The Regents.

Notwithstanding any provisions of this Section 5.07, if The Regents shall provide to the Trustee an Opinion of Counsel that any specified action required under this Section 5.07 is no longer required or that some further or different action is required to maintain the exclusion of the interest on the Bonds from gross income for federal income tax purposes, the Trustee and The Regents may conclusively rely on such opinion in complying with the requirements of this Section 5.07, and the covenants hereunder shall be deemed to be modified to that extent.

## ARTICLE VI

### COVENANTS OF THE REGENTS

**SECTION 6.01. Accreditation and Licensing.** The Regents covenants and agrees to use its best efforts (as long as it is in the best interests of The Regents): (i) to maintain the accreditation of the Medical Center by the Joint Commission on Accreditation of Healthcare Organizations, or any successor thereto; (ii) to maintain all permits, licenses and other governmental approvals necessary for the operation of the Medical Center as a health care institution; and (iii) to maintain qualification of the Medical Center for participation in and payment under private insurance programs having broad application and federal, state and local governmental programs providing for payment or reimbursement for services rendered.

**SECTION 6.02. Rates and Charges; Debt Coverage.** (a) The Regents covenants and agrees to fix, charge and collect, or cause to be fixed, charged and collected, such rates, fees and charges for the use of and for the services furnished or to be furnished by The Regents at the Medical Center which, together with all other receipts and revenues of The Regents relating to the Medical Center, are reasonably forecasted in each Fiscal Year so that the Long-Term Debt Service Coverage Ratio at the end of each such Fiscal Year is not less than 1.10:1.0.

(b) Within one hundred eighty (180) days after the end of each Fiscal Year, The Regents shall compute, or cause to be computed, the Long-Term Debt Service Coverage Ratio for such Fiscal Year. The Regents further covenants and agrees that if in such Fiscal Year the Long-Term Debt Service Coverage Ratio shall have been less than 1.10:1.0, it will promptly employ an Independent Consultant to prepare a written report (the scope of which shall be approved in writing by each Credit Provider then providing a Credit Facility for each Series of Bonds Outstanding) and to make recommendations as to a revision of the rates, fees and charges at the Medical Center or the methods of operation of the Medical Center which will result in producing Income Available for Debt Service in the amount required by Section 6.02(a) in the current Fiscal Year. Such report and recommendations shall be accompanied by an Opinion of Counsel to the effect that such counsel concurs with the conclusions of law, if any, described in such report and recommendations. Copies of the recommendations of the Independent Consultant shall be filed with the Trustee. The Regents shall, promptly upon its receipt of such recommendations (subject to applicable requirements or restrictions imposed by law and subject to a good faith determination by The Regents that such recommendations, in whole or in part, are not in the best interests of The Regents) revise its rates, fees and charges at the Medical Center and shall take such other action as shall be in conformity with such recommendations. If The Regents shall fail to comply with the recommendations of the Independent Consultant, subject to the applicable requirements or restrictions imposed by law or to the good faith determination by The Regents provided for in the immediately preceding sentence, the Trustee may, in addition to the rights and remedies elsewhere set forth herein, institute and prosecute an action or proceeding in any court or before any board or commission having jurisdiction to compel The Regents to comply with the recommendations and requirements of this subsection (b). If The Regents complies in all material respects with the recommendations of the Independent Consultant in respect to said rates, fees, charges and methods of operation (or in good faith

determines that such recommendations, in whole or in part, are not in the best interests of The Regents) and the Long-Term Debt Service Coverage Ratio is not less than 1.0:1.0 in any Fiscal Year, The Regents will be deemed to have complied with the covenants contained in this Section for such Fiscal Year notwithstanding that the Long-Term Debt Service Coverage Ratio shall be less than 1.10:1.0; provided, that this sentence shall not be construed as in any way excusing The Regents from taking any action or performing any duty required under this Indenture or be construed as constituting a waiver of any other Event of Default.

(c) If a written report of an Independent Consultant is delivered to the Trustee stating that Industry Restrictions have made it impossible for the ratio in Section 6.02(a) to be met, then such ratio shall be reduced to the highest practicable amount mentioned in such report, but to no less than 1.0:1.0.

(d) Notwithstanding the foregoing, The Regents may permit the rendering of service at, or the use of, the Medical Center without charge or at reduced charges, at the discretion of The Regents, to the extent necessary for maintaining its tax exempt status and its eligibility for grants, loans, subsidies or payments from the United States of America, any instrumentality thereof, or the State or any political subdivision or instrumentality thereof.

(e) The Trustee is not required and has no duty to analyze or evaluate any financial statements or reports furnished to it pursuant to this Section 6.02.

**SECTION 6.03. Limitation on Encumbrances.** The Regents covenants and agrees that it will not create, assume or suffer to exist any Lien upon the Medical Center or the Revenues (other than Liens which constitute Permitted Encumbrances), unless the obligations of The Regents under this Indenture shall be secured senior to such Lien; and The Regents further agrees that if such a Lien is created or assumed by The Regents, it will make or cause to be made effective a provision whereby the obligations of The Regents under this Indenture and any Parity Debt will be secured senior to such Lien; provided, however, that notwithstanding the foregoing provision, The Regents may create, assume or suffer to exist Liens, provided that the aggregate Book Value of the portion of the Medical Center encumbered by Liens (other than Liens which constitute Permitted Encumbrances) shall not exceed 15% of the Book Value of the Medical Center as shown on the Financial Statements available for the most recent Fiscal Year immediately prior to the creation of such Lien.

**SECTION 6.04. Limitation on Indebtedness.** Subsequent to the issuance of the Series 2004 Bonds and the effectiveness of the amendment and restatement of the Existing Indenture as set forth in this Third Supplemental Indenture, The Regents covenants and agrees that it will not incur any additional Indebtedness except as permitted pursuant to any of the following provisions (Indebtedness incurred pursuant to one subsection or clause of this Section 6.04 may be reclassified to another subsection or clause of this Section 6.04 provided that The Regents delivers to the Trustee the certificates, reports or other documentation required to show compliance with the provisions of such subsection or clause calculated as if such Indebtedness were incurred on the date of such reclassification):



(a) Long-Term Indebtedness, provided that:

(i) on the date such Long-Term Indebtedness is incurred the Capitalization Ratio does not exceed 60% (and provided further that to the extent Long-Term Indebtedness initially incurred pursuant to this clause (a)(i) subsequently complies with any other incurrence requirement, such Long-Term Indebtedness shall thereafter not be deemed to be incurred pursuant to this clause); or

(ii) there is delivered to the Trustee a Certificate of The Regents certifying the Long-Term Debt Service Coverage Ratio, taking into account all Outstanding Long-Term Indebtedness and the Long-Term Indebtedness proposed to be incurred, for the most recent Fiscal Year for which Financial Statements are available, and such Long-Term Debt Service Coverage Ratio is not less than 1.25:1.0; or

(iii) there is delivered to the Trustee:

(A) a Certificate of The Regents certifying the Long-Term Debt Service Coverage Ratio, taking into account all Outstanding Long-Term Indebtedness but not the Long-Term Indebtedness proposed to be incurred, for each of the two (2) most recent Fiscal Years for which Financial Statements are available, and such Long-Term Debt Service Coverage Ratio is not less than 1.20:1.0; and

(B) the written report of an Independent Consultant stating the forecasted Long-Term Debt Service Coverage Ratio, taking into account the Long-Term Indebtedness proposed to be incurred, for (x) in the case of Long-Term Indebtedness to finance capital improvements, each of the two (2) complete Fiscal Years succeeding the date on which such capital improvements are expected to be in operation or (y) in the case of Long-Term Indebtedness not issued to finance capital improvements, each of the two (2) complete Fiscal Years succeeding the date on which the proposed Long-Term Indebtedness is to be incurred, and the Long-Term Debt Service Coverage Ratio for each such Fiscal Year is not less than 1.50:1.0, as shown by forecasted statements of revenues and expenses for each such Fiscal Year, accompanied by a statement of the relevant assumptions upon which such forecasted statements are based; or

(iv) there is delivered to the Trustee the written report of an Independent Consultant stating that Industry Restrictions have or will make it impossible for the ratios in clause (a)(iii) hereof to be met, and that such ratios are not less than the highest practicable amount mentioned in such report, but in no event less than 1.0:1.0, provided that such written report shall be accompanied by an Opinion of Counsel to the effect that such counsel concurs with the conclusions of law, if any, described in such written report.

(b) Completion Indebtedness without limitation.

(c) Long-Term Indebtedness incurred for the purpose of refunding any Outstanding Long-Term Indebtedness so as to render it no longer Outstanding, provided that Maximum Annual Debt Service on such refunding Indebtedness does not exceed Maximum Annual Debt Service on the refunded Indebtedness by more than 10%, and prior to incurrence thereof:

(i) The Regents shall determine that such refunding is in the best interests of The Regents and evidence of such determination shall be delivered to the Trustee, which evidence shall state the reasons for such determination; and

(ii) an Opinion of Counsel shall be delivered to the Trustee to the effect that, upon the incurrence of such Long-Term Indebtedness and application of the proceeds thereof, the Long-Term Indebtedness to be refunded thereby will no longer be Outstanding.

(d) Short-Term Indebtedness provided that such Short-Term Indebtedness could be incurred pursuant to clause (a)(ii) or clause (a)(iii) of this Section (treating such Short-Term Indebtedness as if it were Long-Term Indebtedness).

(e) Short-Term Indebtedness provided that on the date such Short-Term Indebtedness is incurred the Capitalization Ratio does not exceed 60%.

(f) Balloon Indebtedness provided that the conditions described in clause (a) of this Section are satisfied with respect to the incurrence of such Balloon Indebtedness utilizing the assumptions specified in clause (c) of the definition of "Maximum Annual Debt Service" contained in Section 1.01 hereof.

(g) Liabilities (other than for borrowed money and other than rents payable under lease agreements) incurred in the regular course of operations of The Regents.

(h) Reimbursement and other obligations arising under reimbursement agreements relating to letters of credit or similar credit facilities or liquidity facilities used to secure or provide liquidity for Indebtedness.

**SECTION 6.05. Accounting Records and Financial Statements.** (a) The Regents covenants and agrees at all times to keep, or cause to be kept, proper books of record and account, prepared in accordance with generally accepted accounting principles, in which complete and accurate entries shall be made of all transactions of or in relation to the Medical Center. Such books of record and account shall be available for inspection by the Trustee at reasonable hours and under reasonable circumstances.

(b) The Regents further covenants and agrees to furnish the Trustee and any Rating Agency, within one hundred eighty (180) days after the end of each Fiscal Year, copies of complete Financial Statements for such Fiscal Year, together with the report and opinion of an Accountant stating that the Financial Statements have been prepared in accordance with generally accepted accounting principles and that such Accountant's examination of the Financial Statements was performed in accordance with generally accepted auditing standards. There shall

also be included a written opinion of the Accountant, stating that in preparing and examining the Financial Statements, no knowledge of any event which constitutes an Event of Default or which with the giving of notice or the passage of time or both would constitute an Event of Default was obtained or, if said Accountant shall have obtained knowledge of any such event, a statement specifying the nature of such event and the actions taken and proposed to be taken by The Regents to cure such event.

(c) The Trustee is not required and has no duty to analyze or evaluate any financial statements or reports furnished to it pursuant to this Section 6.05.

**SECTION 6.06. Limitation on Disposition of Property, Plant and Equipment.** The Regents covenants and agrees that it will not sell, lease or otherwise dispose of any part of its Property, Plant and Equipment (other than in a sale and leaseback or similar transaction) which constitutes part of the Medical Center unless:

(a) Such disposition is in the ordinary course of business of the Medical Center;  
or

(b) Such assets have become inadequate, obsolete, worn out, unsuitable, undesirable, unprofitable or unnecessary, and the sale, lease, removal or other disposition thereof will not impair the structural soundness, efficiency or revenue generating capacity of the Medical Center; or

(c) The Trustee receives a Certificate of The Regents to the effect that the Book Value of the portions of the Medical Center so disposed of by The Regents in the then-current Fiscal Year pursuant to this clause (c) shall not exceed 5% of the Book Value of the Medical Center (as shown on the most recent Financial Statements); or

(d) Such sale or other disposition is for the fair market value of the Property so disposed of and, subject to the provisions of Section 6.07, the proceeds derived from such sale or other disposition are used for Medical Center purposes or deposited to the Redemption Fund in order to redeem Bonds; or

(e) The Trustee receives:

(i) a Certificate of The Regents to the effect that the Long-Term Debt Service Coverage Ratio for the most recent Fiscal Year for which Financial Statements are available next preceding such disposition would not be reduced or, if reduced, would not be reduced below 2.0:1.0 (such calculation to be made assuming such disposition had occurred at the beginning of such Fiscal Year); or

(ii) a Certificate of The Regents to the effect that the Long-Term Debt Service Coverage Ratio for the most recent Fiscal Year for which Financial Statements are available next preceding such disposition would not be reduced or, if reduced, would not be reduced below 1.50:1.0 and in no event by more than 20% (such calculation to be made assuming such disposition had occurred at the beginning of such Fiscal Year); or

(iii) the report of an Independent Consultant to the effect that the average Long-Term Debt Service Coverage Ratio, as forecasted for the two Fiscal Years immediately following the transfer, after giving effect to the transfer, is forecasted to be: (1) not less than 1.50:1.0 and in no event is forecasted to be reduced by more than 20% of from what such ratio would have been in the absence of such transfer; or (2) higher than would otherwise occur.

**SECTION 6.07. Disposition of Liquid Assets.** The Regents covenants and agrees that it will not dispose of any cash or cash equivalents derived from the Medical Center to any Person or Unit (including repayment of the principal of any advances made by The Regents) unless:

(a) Such disposition is in the ordinary course of business of the Medical Center;  
or

(b) The Trustee receives a Certificate of The Regents to the effect that such disposition and all other dispositions by The Regents of cash or cash equivalents derived from the Medical Center (including repayment of any advances made by or indebtedness to The Regents) in the then-current Fiscal Year pursuant to this clause (b) do not exceed 6% of the Total Revenues for the most recent Fiscal Year for which Financial Statements are available; or

(c) The Trustee receives either:

(i) a Certificate of The Regents to the effect that the Long-Term Debt Service Coverage Ratio for the most recent Fiscal Year for which Financial Statements are available next preceding such disposition would not be reduced or, if reduced, would not be reduced below 2.0:1.0 (such calculation to be made assuming such disposition had occurred at the beginning of such Fiscal Year); or

(ii) a Certificate of The Regents to the effect that the Long-Term Debt Service Coverage Ratio for the most recent Fiscal Year for which Financial Statements are available next preceding such disposition would not be reduced or, if reduced, would not be reduced below 1.50:1.0 and in no event by more than 20% (such calculation to be made assuming such disposition had occurred at the beginning of such Fiscal Year); or

(iii) the report of an Independent Consultant to the effect that the average Long-Term Debt Service Coverage Ratio for the two Fiscal Years immediately following such disposition, after giving effect to the disposition, is forecasted to be not less than 1.50:1.0 and in no event is forecasted to be reduced by more than 20% from what such ratio would have been in the absence of such disposition.

**SECTION 6.08. Co-Obligors.** (a) A Person may become a co-obligor with The Regents under the provisions of this Indenture, or a guarantor of the obligations of The Regents hereunder or a Unit may be added to and considered part of the Medical Center for all purposes of this Indenture, provided that:

(1) The Trustee receives a Certificate of The Regents identifying such co-obligor, guarantor or Unit and written documentation evidencing the election of The Regents to permit such Person to become a co-obligor or guarantor or such Unit to be added to the Medical Center;

(2) The Regents would, immediately after the addition of such co-obligor, guarantor or Unit, be able to incur one dollar (\$1.00) of Long-Term Indebtedness pursuant to Section 6.04(a)(ii) or Section 6.04(a)(iii) (after giving effect to Section 6.04(a)(iv), if applicable);

(3) The Trustee receives a Certificate of The Regents to the effect that The Regents, immediately after the addition of such co-obligor, guarantor or Unit, would not be in default in the performance or observance of any covenant or condition of this Indenture, including specifically Section 6.03;

(4) The Trustee receives an Opinion of Bond Counsel to the effect that the addition of such co-obligor, guarantor or Unit, as the case may be, will not adversely affect the exclusion of interest on the Bonds from gross income for federal income tax purposes;

(5) The Trustee receives a written report of an Accountant to the effect that either: (a) the unrestricted fund balance of the Medical Center and such co-obligor, guarantor or Unit is at least equal to 90% of the unrestricted fund balance of The Regents relating to the ownership and operation of the Medical Center prior to the addition of such co-obligor, guarantor or Unit; or (b) the combined Long-Term Debt Service Coverage Ratio for The Regents and such co-obligor, guarantor or Unit for the most recent Fiscal Year for which Financial Statements are available and after giving effect to the addition of such co-obligor, guarantor or Unit is not less than 2.0:1.0 or higher than such ratio would have been if such transaction had not occurred; and

(6) In the case of co-obligors and guarantors only, the Trustee receives a certified or executed copy of the agreement by which such Person agrees to become a co-obligor or guarantor and to be bound by the terms and restrictions imposed by Article VI and Article VII of this Indenture.

(b) If a Person becomes a co-obligor or guarantor or a Unit is added to the Medical Center in compliance with the provisions of Section 6.08(a), references in Article VI and Article VII (and references in the definitions in Article I relating thereto) to The Regents shall refer to both The Regents and such co-obligor or guarantor and to the Medical Center and such Unit on a combined basis and the financial covenants and conditions contained in such Articles shall not be applicable to transactions between The Regents and such co-obligor or guarantor.

(c) A Person may terminate its status as a co-obligor or guarantor or a Unit (other than the Medical Center) may be removed, provided that:

(1) The Trustee receives a Certificate of The Regents to the effect that, immediately following the termination of such co-obligor, guarantor or Unit, The Regents would not be in default in the performance or observance of any covenant or condition of this Indenture;

(2) The Trustee shall have received either:

(i) a Certificate of The Regents to the effect that the Long-Term Debt Service Coverage Ratio for the most recent Fiscal Year for which Financial Statements are available next preceding such termination would not be reduced or, if reduced, would not be reduced below 2.50:1.0 (such calculation to be made assuming such termination had occurred at the beginning of such Fiscal Year); and

(ii) a Certificate of The Regents to the effect that the Long-Term Debt Service Coverage Ratio for the most recent Fiscal Year for which Financial Statements are available next preceding such termination would not be reduced or, if reduced, would not be reduced below 1.50:1.0 and in no event by more than 20% (such calculation to be made assuming such termination had occurred at the beginning of such Fiscal Year); or

(iii) the report of an Independent Consultant to the effect that the average Long-Term Debt Service Coverage Ratio for the two (2) Fiscal Years immediately following such termination, after giving effect to the termination, is forecasted to be: (1) not less than 1.50:1.0 and in no event is forecasted to be reduced by more than 20% from what such ratio would have been in the absence of such termination; or (2) higher than would otherwise occur.

**SECTION 6.09. Acquisition of Property, Plant and Equipment.** The Regents covenants and agrees that it will not acquire additional Property, Plant and Equipment from any Person or Unit (other than with the proceeds of Indebtedness or borrowed money) unless:

(a) Such acquisition is in the ordinary course of business of the Medical Center;

(b) Such acquisition is pursuant to Section 6.08 hereof;

(c) Such Property, Plant and Equipment consists of personal property; or

(d) The Trustee receives either:

(i) a Certificate of The Regents to the effect that the Long-Term Debt Service Coverage Ratio for the most recent Fiscal Year for which Financial Statements are available next preceding such acquisition would not be reduced or, if reduced, would not be reduced below 2.0:1.0 (such calculation to be made assuming that such acquisition had occurred at the beginning of such Fiscal Year);

(ii) a Certificate of The Regents to the effect that the Long-Term Debt Service Coverage Ratio for the most recent Fiscal Year for which Financial Statements are available next preceding such acquisition would not have been reduced or, if reduced, would not be reduced below 1.50:1.0 and in no event by more than 20% (such calculation to be made assuming such acquisition had occurred at the beginning of such Fiscal Year); or

(iii) the report of an Independent Consultant to the effect that the average Long-Term Debt Service Coverage Ratio for the two (2) Fiscal Years immediately following such acquisition, after giving effect to such acquisition, is forecasted to be not less than 1.50:1.0 and in no event is forecasted to be reduced by more than 20% from what such ratio would have been in the absence of such acquisition.

**SECTION 6.10. Transfer of Services.** The Regents covenants and agrees that it will not transfer any service to any Unit or Person, or terminate any service and contract for the provision of such service by any Unit or Person, if the transfer of such service, or termination and contracting for such service, would reduce Total Revenues for the most recent Fiscal Year for which Financial Statements are available by more than 6% or increase operating expenses of the Medical Center by more than 6%, unless the Trustee receives either:

(i) a Certificate of The Regents to the effect that the Long-Term Debt Service Coverage Ratio for the most recent Fiscal Year for which Financial Statements are available next preceding such transfer or termination would not be reduced or, if reduced, would not be reduced below 2.0:1.0 (such calculation to be made assuming that such transfer or termination had occurred at the beginning of such Fiscal Year); or

(ii) a Certificate of The Regents to the effect that the Long-Term Debt Service Coverage Ratio for the most recent Fiscal Year for which Financial Statements are available next preceding such transfer or termination would not have been reduced or, if reduced, would not be reduced below 1.50:1.0 and in no event by more than 20% (such calculation to be made assuming such transfer or termination had occurred at the beginning of such Fiscal Year); or

(iii) the report of an Independent Consultant to the effect that the average Long-Term Debt Service Coverage Ratio for the two Fiscal Years immediately following such transfer or termination, after giving effect to such transfer or termination, is forecasted to be not less than 1.50:1.0 and in no event is forecasted to be: (1) reduced by more than 20% from what such ratio would have been in the absence of such transfer or termination; or (2) higher than otherwise would occur.

**SECTION 6.11. Tax Covenants.** The Regents will not make any use of the proceeds of the Bonds or any other funds of The Regents or of any Project which will cause any Bond to be an "arbitrage bond" subject to federal income taxation by reason of Section 148 of the Code, or a "federally-guaranteed obligation" under Section 149(b) of the Code, or a "private activity bond" as described in Section 141 of the Code. To that end, The Regents, with respect to such proceeds and such other funds and any Project, will comply with all requirements of such

sections of the Code and all regulations of the United States Department of the Treasury issued thereunder to the extent that such requirements are, at the time, applicable and in effect.

The Regents further covenants that it will not use or permit the use of any Project by any person for a "private business use" within the meaning of Section 141(b) of the Code, in such manner or to such extent as would result in the inclusion of interest received on the Bonds in gross income for federal income tax purposes under Section 103 of the Code.

If at any time The Regents is of the opinion that for purposes of this Section 6.11 it is necessary to restrict or limit the yield on or change in any way the investment of any moneys held by the Trustee or under this Indenture, The Regents shall so instruct the Trustee or the appropriate officers of The Regents in writing, and the Trustee or the appropriate officers of The Regents, as the case may be, shall take such actions as may be necessary in accordance with such instructions.

In furtherance of the covenants of The Regents set forth above, The Regents will comply with the Tax Certificate relating to each Series of Bonds and will cause the Trustee to comply with the Tax Certificate relating to each Series of Bonds.

**SECTION 6.12. Continuing Disclosure.** Upon the issuance of any Series of Bonds requiring an undertaking regarding continuing disclosure under Rule 15c2-12, The Regents and the Trustee hereby covenant and agree that The Regents will comply with and carry out all of the provisions of the Continuing Disclosure Agreement executed and delivered in connection with such Series of Bonds and applicable to such Series of Bonds. Notwithstanding any other provision of this Indenture, failure of the Regents or the Trustee to comply with the provisions of any Continuing Disclosure Agreement shall not be considered an Event of Default; however, the Trustee at the written request of any Participating Underwriter or the Holders of at least 25% aggregate principal amount of any Series of Bonds then Outstanding, shall, but only to the extent it has been indemnified to its satisfaction from any loss, liability, cost, claim or expense whatsoever, including, without limitation, fees and expenses of its attorneys, or any Holder or Beneficial Owner may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause The Regents or the Trustee, as the case may be, to comply with its obligations under this Section.

## **ARTICLE VII**

### **MAINTENANCE, TAXES, INSURANCE AND CONDEMNATION**

**SECTION 7.01. Maintenance and Operation of the Medical Center.** The Regents covenants and agrees that it will operate and maintain the Medical Center in accordance with all governmental laws, ordinances, approvals, rules, regulations and requirements including, without limitation, such zoning, sanitary, pollution and safety ordinances and laws and such rules and regulations thereunder as may be binding upon The Regents. The Regents further covenants and agrees that it will maintain and operate the Medical Center as a health care institution and will maintain and operate the same, and all engines, boilers, pumps, machinery, apparatus, fixtures, fittings and equipment of any kind in or that shall be placed in any building or structure



now or hereafter at any time constituting part of the Medical Center, in good repair, working order and condition, and that it will from time to time make or cause to be made all necessary and proper replacements, repairs, renewals and improvements; in each case to the extent necessary so that the efficiency and value of the Medical Center shall not be impaired.

**SECTION 7.02. Taxes, Assessments, Other Governmental Charges and Utility Charges.** The Regents covenants and agrees that it will pay and discharge all taxes, assessments, governmental charges of any kind whatsoever, water rates, meter charges and other utility charges which may be or have been assessed or which may have become liens upon the Medical Center, the Revenues or the interests therein of the Trustee or of the Holders of the Bonds, and will make such payments or cause such payments to be made, respectively, in due time to prevent any delinquency thereon or any forfeiture or sale of the Medical Center or any part thereof, and upon request, will furnish to the Trustee receipts for all such payments, or other evidences satisfactory to the Trustee; provided, however, that The Regents may, at its expense and in its own name and behalf or in the name and behalf of the Trustee, if the Trustee is a necessary party thereto, sue for a refund of any such taxes, assessments and other charges previously paid as herein provided, or in good faith contest any such taxes, assessments and other charges and, in the event of any such contest, may permit the taxes, assessments or other charges contested to remain unpaid during the period of such contest and any appeal therefrom unless or until the Trustee notifies The Regents that, or unless or until The Regents knows that, by nonpayment of any such items the title to or operation of the Medical Center or the lien of this Indenture as to Revenues will be materially endangered or the Medical Center, or any material part thereof, will be subject to imminent loss or forfeiture, in which case such taxes, assessments or charges shall be paid promptly.

**SECTION 7.03. Insurance Required.** (a) The Regents covenants and agrees that, it will keep the Medical Center and the operation of the Medical Center adequately insured at all times and carry and maintain such insurance in amounts which are customarily carried (including professional liability insurance with a minimum coverage of \$3,000,000 per occurrence and \$5,000,000 in the aggregate), subject to customary deductibles, and against such risks as are customarily insured against by other corporations in connection with the ownership and operation of facilities of similar character and size.

(b) In lieu of maintaining insurance coverage relating to the Medical Center, The Regents shall have the right to adopt alternative risk management programs which The Regents determines to be reasonable, including, without limitation, to self-insure in whole or in part individually or in connection with other institutions, to participate in programs of captive insurance companies, to participate with other health care institutions in mutual or other cooperative insurance or other risk management programs, to participate in state or federal insurance programs, to take advantage of state or federal laws now or hereafter in existence limiting medical and malpractice liability, or to establish or participate in other alternative risk management programs. All such insurance coverages shall be approved as reasonable and appropriate risk management by the Insurance Consultant in a written report filed with the Trustee once every two years, a copy of which shall be provided to each Credit Provider providing a Credit Facility for each Series of Bonds Outstanding.

**SECTION 7.04. Worker's Disability Compensation Law.** The Regents will at all times comply to the extent required by law with the Worker's Disability Compensation Law of the State, or any successor statute or statutes.

**SECTION 7.05. Insurers and Policy Forms.** Each insurance policy maintained by The Regents shall be carried by stock, reciprocal or mutual insurance companies authorized to do business in the State or subject to service of process therein, and which are financially responsible and capable of fulfilling the requirements of such policies. Each policy shall be in such form and contain such provisions as are generally considered standard for the type of insurance involved and shall contain a provision to the effect that the insurer shall not cancel or substantially modify the policy provisions without first giving at least thirty (30) days written notice thereof to The Regents and to the Trustee. In lieu of separate policies, The Regents may maintain blanket policies which cover any one or more risks required to be insured against so long as the minimum coverages required herein are met. The Trustee shall not be responsible for the validity of any insurance policy maintained by The Regents nor for the adequacy of any insurance maintained by The Regents.

**SECTION 7.06. Disposition of Insurance and Condemnation Proceeds.** (a) In the event The Regents elects to repair or replace the property damaged, destroyed or taken, the proceeds of insurance maintained by The Regents with respect to the Medical Center against loss or damage by fire, lightning, vandalism, malicious mischief and all other risks covered by the extended coverage insurance endorsement then in use in the State or against loss or damage by risks covered by builders' risk insurance, and the proceeds of any condemnation awards with respect to the Medical Center, shall be deposited by The Regents in a special fund to be known as the "Insurance and Condemnation Proceeds Fund," which The Regents shall establish maintain and hold in trust. Subject to Section 5.07, moneys deposited in the Insurance and Condemnation Proceeds Fund shall be invested by The Regents in Investment Securities. Moneys in the Insurance and Condemnation Proceeds Fund shall be applied by The Regents for the purpose of repairing or replacing the property damaged, destroyed or taken in the manner and subject to the terms and conditions set forth in Section 3.04 with respect to disbursements from the Project Fund to the extent the provisions of said Section may reasonably be made applicable.

(b) In the event The Regents shall not elect to repair or replace the property damaged, destroyed or taken, as provided in Section 7.06(a), The Regents shall transfer all amounts received on account of such damage, destruction or condemnation to the Trustee for deposit in the Special Redemption Account, such amounts to be applied by the Trustee to redeem Bonds; provided that if any Parity Debt is then outstanding, any such transfer from The Regents shall be deposited in part in the Special Redemption Account and in part in such other fund or account as may be appropriate (and used for the retirement of such Parity Debt) in the same proportion which the aggregate principal amount of Outstanding Bonds then bears to the aggregate unpaid principal amount of such Parity Debt.

## ARTICLE VIII

### COVENANTS RELATING TO THE BONDS AND THE INDENTURE

**SECTION 8.01. Punctual Payment.** The Regents shall punctually pay or cause to be paid the principal or Redemption Price and interest to become due in respect of all the Bonds, in strict conformity with the terms of the Bonds and of this Indenture, according to the true intent and meaning thereof, and shall punctually pay or cause to be paid all Mandatory Sinking Account Payments, but only out of Revenues and other assets pledged for such payment as provided in this Indenture.

**SECTION 8.02. Extension of Payment of Bonds.** The Regents shall not directly or indirectly extend or assent to the extension of the maturity of any of the Bonds or the time of payment of any or claims for interest by the purchase or funding of such Bonds or claims for interest or by any other arrangement and in case the maturity of any of the Bonds or the time of payment of any such claims for interest shall be extended, such Bonds or claims for interest shall not be entitled, in case of any default hereunder, to the benefits of this Indenture, except subject to the prior payment in full of the principal of all of the Bonds then Outstanding and of all claims for interest thereon which shall not have been so extended. Nothing in this Section shall be deemed to limit the right of The Regents to issue bonds for the purpose of refunding any Outstanding Bonds, and such issuance shall not be deemed to constitute an extension of maturity of Bonds.

**SECTION 8.03. Accounting Records and Financial Statements Relating to the Bonds.** The Regents shall cause the Trustee to keep proper books of record and account in which complete and accurate entries shall be made in accordance with industry standards of all transactions made by the Trustee relating to the proceeds of Bonds, the Revenues, and all funds and accounts established by the Trustee pursuant to this Indenture or at the Request of The Regents in connection with the Bonds. Such books of record and account shall be available for inspection by The Regents and by any Bondholder, or its agent or representative duly authorized in writing, during any Business Day at reasonable hours and under reasonable circumstances, including at least twenty-four (24) hours notice. The Trustee shall file and furnish to The Regents a monthly statement covering all transactions made by the Trustee relating to the proceeds of Bonds, the Revenues, and all funds and accounts established by the Trustee pursuant to this Indenture or at the Request of The Regents in connection with the Bonds. Copies of all such monthly statements sent to The Regents shall also be sent to each Credit Provider providing a Credit Facility for each Series of Bonds Outstanding.

**SECTION 8.04. Waiver of Laws.** The Regents shall not at any time insist upon or plead in any manner whatsoever, or claim or take the benefit or advantage of, any stay or extension law now or at any time hereafter in force that may affect the covenants and agreements contained in this Indenture or in the Bonds, and all benefit or advantage of any such law or laws is hereby expressly waived by The Regents to the extent permitted by law.

**SECTION 8.05. Further Assurances.** The Regents will make, execute and deliver any and all such instruments and assurances as may be reasonably necessary or proper to

carry out the intention or to facilitate the performance of this Indenture and for the better assuring and confirming unto the Holders of the Bonds of the rights and benefits provided in this Indenture.

## ARTICLE IX

### EVENTS OF DEFAULT AND REMEDIES OF BONDHOLDERS

**SECTION 9.01. Events of Default.** The following events shall be Events of Default:

(a) default in the due and punctual payment of the principal or Redemption Price of any Bond when and as the same shall become due and payable, whether at maturity as therein expressed, by proceedings for redemption, by declaration or otherwise, or default in the redemption from any Sinking Account of any Term Bonds in the amounts and at the times provided therefor;

(b) default in the due and punctual payment of any installment of interest on any Bond when and as such interest installment shall become due and payable;

(c) if any representation or warranty made by The Regents herein or in any document, instrument or certificate furnished to the Trustee or to the initial purchaser(s) of the Bonds in connection with the execution and delivery of the Bonds shall at any time prove to have been incorrect in any material respect as of the time made;

(d) if The Regents shall fail to observe or perform any covenant, condition, agreement or provision in this Indenture on its part to be observed or performed, other than as referred to in subsection (a), (b) or (c) of this Section, or shall breach any warranty by The Regents herein contained, for a period of sixty (60) days after written notice, specifying such failure or breach and requesting that it be remedied, has been given to The Regents by the Trustee; except that, if such failure or breach can be remedied but not within such sixty (60) day period and if The Regents has taken all action reasonably possible to remedy such failure or breach within such sixty (60) day period, such failure or breach shall not become an Event of Default for so long as The Regents shall diligently proceed to remedy same in accordance with and subject to any directions or limitations of time established by the Trustee;

(e) if any default shall exist under any agreement governing any Parity Debt and such default shall continue beyond the grace period, if any, provided for with respect to such default and such default is not being contested in good faith;

(f) if The Regents files a petition in voluntary bankruptcy, for the composition of its affairs or for its corporate reorganization under any state or federal bankruptcy or insolvency law, or makes an assignment for the benefit of creditors, or admits in writing to its insolvency or inability to pay debts as they mature, or consents in writing to the appointment of a trustee or receiver for itself or for the whole or any substantial part of the Medical Center;

(g) if a court of competent jurisdiction shall enter an order, judgment or decree declaring The Regents an insolvent, or adjudging it bankrupt, or appointing a trustee or receiver of The Regents or of the whole or any substantial part of the Medical Center, or approving a petition filed against The Regents seeking reorganization of The Regents under any applicable law or statute of the United States of America or any state thereof, and such order, judgment or decree shall not be vacated or set aside or stayed within sixty (60) days from the date of the entry thereof; or

(h) 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 Regents or of the whole or any substantial part of the Medical Center, and such custody or control shall not be terminated within sixty (60) days from the date of assumption of such custody or control.

**SECTION 9.02. Acceleration of Maturities.** If an Event of Default shall occur, then, and in each and every such case during the continuance of such Event of Default, the Trustee may, and, at the written direction of the Holders of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding, upon notice in writing to The Regents, shall declare the principal of all of the Bonds then Outstanding, and the interest accrued thereon, to be due and payable immediately, and upon any such declaration the same shall become and shall be immediately due and payable, anything in this Indenture or in the Bonds contained to the contrary notwithstanding; provided, however, that acceleration of any Series of Bonds for which a Credit Facility has been provided shall be solely at the written direction of the Credit Provider providing the Credit Facility for such Series of Bonds.

Any such declaration, however, is subject to the condition that if, at any time after such declaration and before any judgment or decree for the payment of the moneys due shall have been obtained or entered, The Regents shall deposit with the Trustee a sum sufficient to pay all the principal or Redemption Price of and installments of interest on the Bonds payment of which is overdue, with interest on such overdue principal at the rate borne by the respective Bonds, and the reasonable fees, charges and expenses of the Trustee, and any and all other defaults known to the Trustee (other than in the payment of principal of and interest on the Bonds due and payable solely by reason of such declaration) shall have been made good or cured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall have been made therefor, then, and in every such case, the Holders of not less than a majority in aggregate principal amount of the Bonds then Outstanding, by written notice to The Regents and the Trustee, or the Trustee if such declaration was made by the Trustee, may, on behalf of the Holders of all of the Bonds, rescind and annul such declaration and its consequences and waive such default; provided, however, that if such acceleration was directed by a Credit Provider, the Trustee may only rescind and annul such declaration and its consequences and waive such default at the written direction of such Credit Provider; and provided further that no such rescission and annulment shall extend to or shall affect any subsequent default, or shall impair or exhaust any right or power consequent thereon.

**SECTION 9.03. Application of Revenues and Other Funds After Default.** If an Event of Default shall occur and be continuing, all Revenues (and, in the case of payments with respect to the Bonds, any other funds (other than amounts on deposit in the Rebate Fund or

any Purchase Fund) then held or thereafter received by the Trustee under any of the provisions of this Indenture (subject to Section 15.12) shall be applied by the Trustee as follows and in the following order:

(1) To the payment of any expenses (including operating expenses of the Medical Center) necessary in the opinion of the Trustee to protect the interests of the holders of the Bonds and Parity Debt and payment of reasonable fees and expenses of the Trustee (including reasonable fees and disbursements of its counsel) incurred in and about the performance of its powers and duties under this Indenture;

(2) To the payment of the principal or Redemption Price of and interest then due on the Bonds (upon presentation of the Bonds to be paid, and stamping thereon of the payment if only partially paid, or surrender thereof if fully paid) subject to the provisions of this Indenture (including Section 8.02) and on Parity Debt, as follows:

(i) Unless the principal of all of the Bonds and Parity Debt shall have become or have been declared due and payable,

First: To the payment to the persons entitled thereto of all installments of interest then due in the order of the maturity of such installments, and, if the amount available shall not be sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon, to the persons entitled thereto, without any discrimination or preference; and

Second: To the payment to the persons entitled thereto of the unpaid principal or Redemption Price of any Bonds or Parity Debt which shall have become due, whether at maturity or by call for redemption, in the order of their due dates, with interest on the overdue principal at the rate borne by the respective Bonds or Parity Debt, and, if the amount available shall not be sufficient to pay in full all the Bonds or Parity Debt due on any date, together with such interest, then to the payment thereof ratably, according to the amounts of principal or Redemption Price due on such date to the persons entitled thereto, without any discrimination or preference.

(ii) If the principal of all of the Bonds and Parity Debt shall have become or have been declared due and payable, to the payment of the principal and interest then due and unpaid upon the Bonds and the Parity Debt, with interest on the overdue principal at the rate borne by the respective Bonds, and, if the amount available shall not be sufficient to pay in full the whole amount so due and unpaid, then to the payment thereof ratably, without preference or priority of principal over interest, or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond or Parity Debt over any other Bond or Parity Debt, according to the amounts due

respectively for principal and interest, to the persons entitled thereto without any discrimination or preference.

**SECTION 9.04. Trustee to Represent Bondholders.** The Trustee is hereby irrevocably appointed (and the successive respective Holders of the Bonds, by taking and holding the same, shall be conclusively deemed to have so appointed the Trustee) as trustee and true and lawful attorney-in-fact of the Holders of the Bonds for the purpose of exercising and prosecuting on their behalf such rights and remedies as may be available to such Holders under the provisions of the Bonds, this Indenture and applicable provisions of any law. Upon the occurrence and continuance of an Event of Default or other occasion giving rise to a right in the Trustee to represent the Bondholders, the Trustee in its discretion may, and, with respect to any Series of Bonds for which a Credit Facility has been provided, upon the written request of the Credit Provider providing such Credit Facility, or if such Credit Provider is then failing to make a payment required pursuant to such Credit Facility, upon the written request of the Holders of not less than 25% in aggregate principal amount of the Bonds then Outstanding, and upon being indemnified to its satisfaction therefor, shall, proceed to protect or enforce its rights or the rights of such Holders by such appropriate action, suit, mandamus or other proceedings as it shall deem most effectual to protect and enforce any such right, at law or in equity, either for the specific performance of any covenant or agreement contained herein, or in aid of the execution of any power herein granted, or for the enforcement of any other appropriate legal or equitable right or remedy vested in the Trustee or in such Holders under this Indenture or any other law; and upon instituting such proceeding, the Trustee shall be entitled, as a matter of right, to the appointment of a receiver of the Revenues and other assets pledged under this Indenture, pending such proceedings; provided, however, that with respect to any Series of Bonds for which a Credit Facility has been provided, the Trustee may only act with the written consent of such Credit Provider. All rights of action under this Indenture or the Bonds or otherwise may be prosecuted and enforced by the Trustee without the possession of any of the Bonds or the production thereof in any proceeding relating thereto, and any such suit, action or proceeding instituted by the Trustee shall be brought in the name of the Trustee for the benefit and protection of all the Holders of such Bonds, subject to the provisions of this Indenture (including Section 9.05).

**SECTION 9.05. Bondholders' Direction of Proceedings.** Anything in this Indenture to the contrary (except provisions relating to the rights of a Credit Provider to direct proceedings with respect to the Series of Bonds for which such Credit Provider is providing a Credit Facility as set forth in Section 9.11 hereof), the Holders of a majority in aggregate principal amount of the Bonds then Outstanding shall have the right, by an instrument or concurrent instruments in writing executed and delivered to the Trustee, to direct the method of conducting all remedial proceedings taken by the Trustee hereunder, provided that such direction shall not be otherwise than in accordance with law and the provisions of this Indenture, that the Trustee shall have the right to decline to follow any such direction which in the opinion of the Trustee would be unjustly prejudicial to Bondholders not parties to such direction and the Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of any of the Holders pursuant to this Indenture, unless such Holders shall have offered to the Trustee reasonable security or indemnity against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction.

**SECTION 9.06. Limitation on Bondholders' Right to Sue.** No Holder of any Bond shall have the right to institute any suit, action or proceeding at law or in equity, for the protection or enforcement of any right or remedy under this Indenture or any applicable law with respect to such Bond, unless: (1) such Holder shall have given to the Trustee written notice of the occurrence of an Event of Default; (2) the Holders of not less than a majority in aggregate principal amount of the Bonds then Outstanding shall have made written request upon the Trustee to exercise the powers hereinbefore granted or to institute such suit, action or proceeding in its own name; (3) such Holder or said Holders shall have tendered to the Trustee reasonable indemnity against the costs, expenses and liabilities to be incurred in compliance with such request; (4) the Trustee shall have refused or omitted to comply with such request for a period of sixty (60) days after such written request shall have been received by, and said tender of indemnity shall have been made to, the Trustee; and (5) the Trustee shall not have received contrary directions from the Holders of a majority of the Bonds then Outstanding; provided, however, that the written consent of the Credit Provider providing a Credit Facility with respect to a Series of Bonds shall be required if the Credit Facility with respect to such Series of Bonds is in full force and effect and if the Credit Provider providing such Credit Facility is not then failing to make a payment as required in connection therewith.

Such notification, request, tender of indemnity and refusal or omission are hereby declared, in every case, to be conditions precedent to the exercise by any Holder of Bonds of any remedy hereunder or under law; it being understood and intended that no one or more Holders of Bonds shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security of this Indenture or the rights of any other Holders of Bonds, or to enforce any right under this Indenture or applicable law with respect to the Bonds, except in the manner herein provided, and that all proceedings at law or in equity to enforce any such right shall be instituted, had and maintained in the manner herein provided and for the benefit and protection of all Holders of the Outstanding Bonds, subject to the provisions of this Indenture (including Section 8.02).

**SECTION 9.07. Absolute Obligation of The Regents.** Nothing in Section 9.06 or in any other provision of this Indenture, or in the Bonds, contained shall affect or impair the obligation of The Regents, which is absolute and unconditional, to pay the principal or Redemption Price of and interest on the Bonds to the respective Holders of the Bonds at their respective dates of maturity, or upon call for redemption, as herein provided, but only out of the Revenues and other assets herein pledged therefor, or affect or impair the right of such Holders, which is also absolute and unconditional, to enforce such payment by virtue of the contract embodied in the Bonds.

**SECTION 9.08. Termination of Proceedings.** In case any proceedings taken by the Trustee, any Credit Provider or any one or more Bondholders on account of any Event of Default shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Trustee, any Credit Provider or the Bondholders, then in every such case The Regents, the Trustee, each Credit Provider and the Bondholders, subject to any determination in such proceedings, shall be restored to their former positions and rights hereunder, severally and respectively, and all rights, remedies, powers and duties of The Regents, the Trustee, each Credit Provider and the Bondholders shall continue as though no such proceedings had been taken.



**SECTION 9.09. Remedies Not Exclusive.** No remedy herein conferred upon or reserved to the Trustee or to the Holders of the Bonds is intended to be exclusive of any other remedy or remedies, and each and every such remedy, to the extent permitted by law, shall be cumulative and in addition to any other remedy given hereunder or now or hereafter existing at law or in equity or otherwise.

**SECTION 9.10. No Waiver of Default.** No delay or omission of the Trustee or of any Holder of the Bonds to exercise any right or power arising upon the occurrence of any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein; and every power and remedy given by this Indenture to the Trustee or to the Holders of the Bonds may be exercised from time to time and as often as may be deemed expedient.

**SECTION 9.11. Credit Provider Direction of Remedies Upon Default.** Anything in this Indenture to the contrary notwithstanding for so long as a Credit Facility shall remain in full force and effect and the Credit Provider providing such Credit Facility is not then failing to make a payment as required in connection therewith, upon the occurrence and continuance of an Event of Default as defined herein, the Credit Provider then providing a Credit Facility for any Series of Bonds shall be entitled to control and direct the enforcement of all rights and remedies granted to the Holders of the Series of Bonds to which such Credit Facility relates or granted to the Trustee for the benefit of the Holders of the Series of Bonds to which such Credit Facility relates.

## **ARTICLE X**

### **THE TRUSTEE**

**SECTION 10.01. Duties, Immunities and Liabilities of Trustee.** (a) The Trustee shall, prior to an Event of Default, and after the curing of all Events of Default which may have occurred, perform such duties and only such duties as are specifically set forth in this Indenture. The Trustee shall, during the existence of any Event of Default of which it has actual notice (which has not been cured), exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of his or her own affairs. The Trustee shall only be responsible for carrying out the duties expressly set forth in this Indenture and there shall be no implied duties required of the Trustee.

(b) The Regents may remove the Trustee at any time unless an Event of Default shall have occurred and then be continuing, and shall remove the Trustee if at any time requested to do so by an instrument or concurrent instruments in writing signed by the Holders of not less than a majority in aggregate principal amount of the Bonds then Outstanding (or their attorneys duly authorized in writing) or if at any time the Trustee shall cease to be eligible in accordance with Section 10.01(e), or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or a receiver of the Trustee or its property shall be appointed, or any public officer shall take control or charge of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation, in each case by giving written notice of

such removal to the Trustee, and thereupon shall appoint a successor Trustee by an instrument in writing.

(c) The Trustee may at any time resign by giving written notice of such resignation to The Regents and by giving the Bondholders notice of such resignation by mail at the addresses shown on the registration books maintained by the Trustee. Upon receiving such notice of resignation, The Regents shall promptly appoint a successor Trustee by an instrument in writing.

(d) Any removal or resignation of the Trustee and appointment of a successor Trustee shall become effective upon acceptance of appointment by the successor Trustee. If no successor Trustee shall have been appointed and have accepted appointment within forty-five (45) days of giving notice of removal or notice of resignation as aforesaid, the resigning Trustee or any Bondholder (on behalf of himself and all other Bondholders) may petition any court of competent jurisdiction for the appointment of a successor Trustee, and such court may thereupon, after such notice (if any) as it may deem proper, appoint such successor Trustee. Any successor Trustee appointed under this Indenture, shall signify its acceptance of such appointment by executing and delivering to The Regents and to its predecessor Trustee a written acceptance thereof, and thereupon such successor Trustee, without any further act, deed or conveyance, shall become vested with all the moneys, estates, properties, rights, powers, trusts, duties and obligations of such predecessor Trustee, with like effect as if originally named Trustee herein; but, nevertheless at the Request of The Regents or the request of the successor Trustee, such predecessor Trustee shall execute and deliver any and all instruments of conveyance or further assurance and do such other things as may reasonably be required for more fully and certainly vesting in and confirming to such successor Trustee all the right, title and interest of such predecessor Trustee in and to any property held by it under this Indenture and shall pay over, transfer, assign and deliver to the successor Trustee any money or other property subject to the trusts and conditions herein set forth. Upon request of the successor Trustee, The Regents shall execute and deliver any and all instruments as may be reasonably required for more fully and certainly vesting in and confirming to such successor Trustee all such moneys, estates, properties, rights, powers, trusts, duties and obligations. Upon acceptance of appointment by a successor Trustee as provided in this subsection, The Regents shall give notice of the succession of such Trustee to the trusts hereunder by mail to the Bondholders at the addresses shown on the registration books maintained by the Trustee. If The Regents fails to mail such notice within fifteen (15) days after acceptance of appointment by the successor Trustee, the successor Trustee shall cause such notice to be mailed at the expense of The Regents.

(e) Any Trustee appointed under the provisions of this Section in succession to the Trustee shall be a trust company, a banking association with trust powers or a bank having the powers of a trust company, having a corporate trust office in the State, having a combined capital and surplus of at least one hundred million dollars (\$100,000,000) or shall be the subsidiary of a parent holding company having a combined capital and surplus of at least one hundred million dollars (\$100,000,000), and shall be subject to supervision or examination by federal or state authority. If such trust company, banking association or bank publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purpose of this subsection the combined

capital and surplus of such trust company, banking association or bank shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. In case at any time the Trustee shall cease to be eligible in accordance with the provisions of this subsection (e), the Trustee shall resign immediately in the manner and with the effect specified in this Section.

**SECTION 10.02. Merger or Consolidation.** Any company into which the Trustee may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the Trustee may sell or transfer all or substantially all of its corporate trust business, provided such company shall be eligible under Section 10.01(e), shall be the successor to such Trustee without the execution or filing of any paper or any further act, anything herein to the contrary notwithstanding.

**SECTION 10.03. Liability of Trustee.** The recitals of facts herein and in the Bonds contained shall be taken as statements of The Regents, and the Trustee assumes no responsibility for the correctness of the same, and makes no representations as to the validity, sufficiency or priority of this Indenture or of the Bonds, and the Trustee shall not incur any responsibility in respect thereof, other than in connection with the duties or obligations herein or in the Bonds assigned to or imposed upon it. No provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers. The Trustee shall, however, be responsible for its representations contained in its certificate of authentication on the Bonds. The Trustee shall not be liable in connection with the performance of its duties hereunder, except for its own negligence or default. The Trustee may become the Holder of Bonds with the same rights it would have if it were not the Trustee, and, to the extent permitted by law, may act as depository for and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Holders, whether or not such committee shall represent the Holders of a majority in principal amount of the Bonds then Outstanding.

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

Other than an Event of Default under Section 9.01(a) and Section 9.01(b), the Trustee shall not be deemed to have knowledge of an Event of Default hereunder unless it shall have actual knowledge at its Principal Corporate Trust Office.

Before taking any action under Article IX hereof the Trustee may require indemnity satisfactory to the Trustee be furnished for any expenses and to protect it against any liability it may incur hereunder.

**SECTION 10.04. Right of Trustee to Rely on Documents.** The Trustee may rely and shall be protected in acting upon any notice, resolution, action item, request, consent, order, certificate, report, opinion, note or other paper or document believed by it to be genuine

and to have been signed or presented by the proper party or parties and shall not be bound to make any investigation into the facts or matters stated therein. The Trustee may consult with counsel, who may be counsel of or to The Regents, with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance therewith.

Any notice, request, direction, election, order or demand of The Regents mentioned herein shall be sufficiently evidenced by an instrument signed in the name of The Regents by its President or its Chairman or its Secretary or an Assistant Secretary or its Treasurer, Associate Treasurer or an Assistant Treasurer (unless other evidence in respect thereof shall be herein specifically prescribed).

Whenever in the administration of the trusts imposed upon it by this Indenture the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, the Trustee may request a Certificate of The Regents and such matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by such Certificate of The Regents, and such Certificate shall be full warrant to the Trustee for any action taken or suffered in good faith under the provisions of this Indenture in reliance upon such Certificate, but in its discretion the Trustee may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may seem reasonable.

**SECTION 10.05. Preservation and Inspection of Documents.** All documents received by the Trustee under the provisions of this Indenture shall be retained in its possession and shall be subject at all reasonable times to the inspection of The Regents and any Bondholder, and their agents and representatives duly authorized in writing, at reasonable hours and under reasonable conditions.

**SECTION 10.06. Compensation of Trustee.** The Regents covenants to pay to the Trustee from time to time, but only out of Revenues, and the Trustee shall be entitled to, compensation for all services rendered by it in the exercise and performance of any of the powers and duties hereunder of the Trustee in accordance with the proposed letter for trustee's service heretofore submitted to The Regents by the Trustee, and The Regents will pay or reimburse the Trustee upon its request, but only out of Revenues, for all expenses, disbursements and advances incurred or made by the Trustee in accordance with any of the provisions of this Indenture (including the reasonable compensation and the expenses and disbursements of its counsel and of all persons not regularly in its employ) except any such expense, disbursement or advance as may arise from its negligence or bad faith.

**SECTION 10.07. Indemnification.** The Regents covenants to indemnify the Trustee, its officers, directors, employees and agents and to hold them harmless against any costs, claim, loss, liability, expenses or advance, including fees and expenses of counsel and other experts, incurred or made without negligence or bad faith on the part of the Trustee, in the exercise and performance of any of its powers and duties hereunder, including the costs and expenses of defending itself against any claim of liability arising under this Indenture.

## ARTICLE XI

### MODIFICATION OR AMENDMENT OF THIS INDENTURE

**SECTION 11.01. Amendments Permitted.** (a) This Indenture and the rights and obligations of The Regents, the Holders of the Bonds and the Trustee may be modified or amended from time to time and at any time by a Supplemental Indenture, which The Regents and the Trustee may enter into when the written consent each Credit Provider then providing a Credit Facility for each Series of Bonds Outstanding and the Holders of a majority in aggregate principal amount of the Bonds then Outstanding shall have been filed with the Trustee; provided that the written consent of the Credit Provider providing a Credit Facility for a Series of Bonds shall be deemed to be the consent of all Holders of such Series of Bonds and the written consent of the Holders of a Series of Bonds for which a Credit Facility has been provided and remains in full force and effect shall not be required; and provided further that if such modification or amendment will, by its terms, not take effect so long as any Bonds of any particular Series or maturity remain Outstanding, the consent of the Holders of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Bonds Outstanding under this Section. No such modification or amendment shall: (1) extend the fixed maturity of any Bond, or reduce the amount of principal thereof, or extend the time of payment or reduce the amount of any Mandatory Sinking Account Payment provided in this Indenture for the payment of any Bond, or reduce the rate of interest thereon, or extend the time of payment of interest thereon, or reduce any premium payable upon the redemption thereof, without the consent of the Holder of each Bond so affected; or (2) reduce the aforesaid percentage of Bonds the consent of the Holders of which is required to effect any such modification or amendment, or permit the creation of any lien on the Revenues and other assets pledged under this Indenture prior to or on a parity with the lien created by this Indenture, or deprive the Holders of the Bonds of the lien created by this Indenture on such Revenues and other assets (except as expressly provided in this Indenture), without the consent of the Holders of all of the Bonds then Outstanding. It shall not be necessary for the consent of the Bondholders to approve the particular form of any Supplemental Indenture, but it shall be sufficient if such consent shall approve the substance thereof. Promptly after the execution by The Regents and the Trustee of any Supplemental Indenture pursuant to this Section 11.01(a), the Trustee shall mail a notice, setting forth in general terms the substance of such Supplemental Indenture to the Holders of the Bonds at the addresses shown on the registration books of the Trustee. Any failure to give such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such Supplemental Indenture.

(b) This Indenture and the rights and obligations of The Regents, of the Trustee and of the Holders of the Bonds may also be modified or amended from time to time and at any time by a Supplemental Indenture, which The Regents and the Trustee may enter into without the consent of any Bondholders but only to the extent permitted by law and only for any one or more of the following purposes:

- (1) to add to the covenants and agreements of The Regents in this Indenture contained other covenants and agreements thereafter to be observed, to pledge or assign additional security for the Bonds (or any portion thereof), or to surrender any

right or power herein reserved to or conferred upon The Regents, provided, that no such covenant, agreement, pledge, assignment or surrender shall materially adversely affect the interests of the Holders of the Bonds;

(2) to make such provisions for the purpose of curing any ambiguity, inconsistency or omission, or of curing or correcting any defective provision, contained in this Indenture, or in regard to matters or questions arising under this Indenture, as The Regents may deem necessary or desirable and not inconsistent with this Indenture, and which shall not materially adversely affect the interests of the Holders of the Bonds;

(3) to modify, amend or supplement this Indenture in such manner as to permit the qualification hereof under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect, and to add such other terms, conditions and provisions as may be permitted by said act or similar federal statute, and which shall not materially adversely affect the interests of the Holders of the Bonds;

(4) to provide for the issuance of an additional Series of Bonds pursuant to the provisions of Section 3.01 and Section 3.02 hereof;

(5) to modify, amend or supplement the Auction Procedures for any Series of Auction Bonds in such manner as may be provided in the Supplemental Indenture establishing the terms and provisions of a Series of Auction Bonds;

(6) to permit, provide for or accommodate the delivery of a Credit Facility or Alternate Credit Facility or Liquidity Facility or Alternate Liquidity Facility for any Series of Bonds;

(7) so long as the right of any Beneficial Owner or Holder of any Series of Variable Rate Bonds to tender such Variable Rate Bonds in accordance with any provision of this Indenture and to receive the full Purchase Price therefor on the Purchase Date is not adversely affected thereby, to make any change in the procedures for effecting any such tenders and purchases, including, without limitation, any change necessary to accommodate changes in the book-entry procedures of the Custodian, if such changes are considered desirable by the Trustee, the Liquidity Provider or the Remarketing Agent for such Series of Bonds;

(8) to make any changes required by a Rating Agency in order to obtain or maintain a rating for any Series of Bonds; and

(9) to modify, alter, amend or supplement this Indenture in any other respect which is not materially adverse to the Holders.

(c) The Trustee may in its discretion, but shall not be obligated to, enter into any such Supplemental Indenture which materially adversely affects the Trustee's own rights, duties or immunities under this Indenture or otherwise.

**SECTION 11.02. Effect of Supplemental Indenture.** From and after the time any Supplemental Indenture becomes effective pursuant to this Article, this Indenture shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under this Indenture of The Regents, the Trustee and all Holders of Bonds Outstanding shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modification and amendment, and all the terms and conditions of any such Supplemental Indenture shall be deemed to be part of the terms and conditions of this Indenture for any and all purposes.

**SECTION 11.03. Notices Regarding Supplemental Indentures.** The Trustee shall cause notice of the execution and delivery of any Supplemental Indenture to be mailed to each Credit Provider, each Liquidity Provider, each Auction Agent and each Rating Agency; provided, that failure of the Trustee to mail such notice to any Credit Provider, any Liquidity Provider, or any Rating Agency or failure of any Rating Agency to receive such notice shall not invalidate such supplemental indenture or its effectiveness.

**SECTION 11.04. Endorsement of Bonds; Preparation of New Bonds.** Bonds delivered after any Supplemental Indenture becomes effective pursuant to this Article may, and if the Trustee so determines shall, bear a notation by endorsement or otherwise in form approved by The Regents and the Trustee as to any modification or amendment provided for in such Supplemental Indenture, and, in that case, upon demand of the Holder of any Bond Outstanding at the time of such execution and presentation of his Bond for the purpose at the Principal Corporate Trust Office or at such additional offices as the Trustee may select and designate for that purpose, a suitable notation shall be made on such Bond. If the Supplemental Indenture shall so provide, new Bonds so modified as to conform, in the opinion of The Regents and the Trustee, to any modification or amendment contained in such Supplemental Indenture, shall be prepared and executed by The Regents and authenticated by the Trustee, and upon demand of the Holders of any Bonds then Outstanding shall be exchanged at the Principal Corporate Trust Office, without cost to any Bondholder, for Bonds then Outstanding, upon surrender for cancellation of such Bonds, in equal aggregate principal amounts of the same Series and maturity.

**SECTION 11.05. Amendment of Particular Bonds.** The provisions of this Article shall not prevent any Bondholder from accepting any amendment as to the particular Bonds held by him, provided that due notation thereof is made on such Bonds.

## **ARTICLE XII**

### **DEFEASANCE**

**SECTION 12.01. Discharge of Indenture.** The Bonds may be paid by The Regents in any of the following ways; provided that The Regents also pays or causes to be paid any other sums payable hereunder by The Regents (including the fees and expenses of the Trustee):

- (a) by paying or causing to be paid the principal or Redemption Price of and interest on Bonds Outstanding, as and when the same become due and payable;
- (b) by depositing with the Trustee, in trust, at or before maturity, money or securities in the necessary amount (as provided in Section 12.03) to pay or redeem Bonds Outstanding; or
- (c) by delivering to the Trustee, for cancellation by it, Bonds Outstanding.

If The Regents shall also pay or cause to be paid all other sums payable hereunder by The Regents, then and in that case, at the election of The Regents (evidenced by a Certificate of The Regents, filed with the Trustee, signifying the intention of The Regents to discharge all such indebtedness and this Indenture), and notwithstanding that any Bonds shall not have been surrendered for payment, this Indenture and the pledge of Revenues and other assets made under this Indenture and all covenants, agreements and other obligations of The Regents under this Indenture shall cease, terminate, become void and be completely discharged and satisfied. In such event, upon Request of The Regents, the Trustee shall cause an accounting for such period or periods as may be requested by The Regents to be prepared and filed with The Regents and shall execute and deliver to The Regents all such instruments as may be necessary or desirable to evidence such discharge and satisfaction, and the Trustee shall pay over, transfer, assign or deliver to The Regents all moneys or securities or other property held by it pursuant to this Indenture (other than amounts on deposit in the Rebate Fund, which shall be applied in accordance with a Request of The Regents filed with the Trustee together with an Opinion of Bond Counsel to the effect that such application in accordance with such Request shall not adversely affect the exclusion of interest on the Bonds from gross income for federal income tax purposes) which are not required for the payment or redemption of Bonds not theretofore surrendered for such payment or redemption.

**SECTION 12.02. Discharge of Liability on Bonds.** Upon the deposit with the Trustee, in trust, at or before maturity, of money or securities in the necessary amount (as provided in Section 12.03) to pay or redeem any Outstanding Bond (whether upon or prior to its maturity or the redemption date of such Bond), provided that, if such Bond is to be redeemed prior to maturity, notice of such redemption shall have been given as in Article IV provided or provision satisfactory to the Trustee shall have been made for the giving of such notice, then all liability of The Regents in respect of such Bond shall cease, terminate and be completely discharged, and the Holder thereof shall thereafter be entitled only to payment of the principal of, premium, if any, and interest on such Bond by The Regents, and The Regents shall remain liable for such payment, but out of such money or securities deposited with the Trustee as aforesaid for their payment, subject further, however, to the provisions of Section 12.04 which shall apply in all events.

The Regents may at any time surrender to the Trustee for cancellation by it any Bonds previously issued and delivered, which The Regents may have acquired in any manner whatsoever, and such Bonds, upon such surrender and cancellation, shall be deemed to be paid and retired.



**SECTION 12.03. Deposit of Money or Securities with Trustee.** Whenever in this Indenture it is provided or permitted that there be deposited with or held in trust by the Trustee money or securities in the necessary amount to pay or redeem any Bonds, the money or securities so to be deposited or held may include money or securities held by the Trustee in the funds and accounts established pursuant to this Indenture and shall be:

(a) lawful money of the United States of America in an amount equal to the principal amount of such Bonds and all unpaid interest thereon to maturity, except that, in the case of Bonds which are to be redeemed prior to maturity and in respect of which notice of such redemption shall have been given as in Article IV provided or provision satisfactory to the Trustee shall have been made for the giving of such notice, the amount to be deposited or held shall be the principal amount or Redemption Price of such Bonds and all unpaid interest thereon to the redemption date; or

(b) Investment Securities described in clause (1) of the definition thereof or receipts representing direct interests in Investment Securities described in clause (1) of the definition thereof the principal of and interest on which when due will provide money sufficient to pay the principal or Redemption Price of and all unpaid interest to maturity, or to the redemption date, as the case may be, on the Bonds to be paid or redeemed, as such principal or Redemption Price and interest become due, provided that, in the case of Bonds which are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given as in Article IV provided or provision satisfactory to the Trustee shall have been made for the giving of such notice;

provided, in each case, that the Trustee shall have been irrevocably instructed (by the terms of this Indenture or by Request of The Regents) to apply such money to the payment of such principal or Redemption Price and interest with respect to such Bonds.

Notwithstanding anything in this Section 12.03 to the contrary, if the principal of or interest on a Series of Bonds shall be paid by an Insurer pursuant to Insurance relating to such Series of Bonds, the obligations of The Regents shall not be deemed to be satisfied or considered paid by The Regents by virtue of such payments by the Insurer and the obligations of The Regents hereunder shall not be discharged and shall continue to exist and to run to the benefit of the Insurer, and the Insurer shall be subrogated to the rights of the Bondholders.

**SECTION 12.04. Payment of Bonds After Discharge of Indenture.** Any moneys held by the Trustee in trust for the payment of the principal or Redemption Price of, or interest on, any Bonds and remaining unclaimed for two (2) years (or, if less, at least one (1) day before such moneys would escheat to the State under then applicable State law) after such principal or interest has become due and payable (whether at maturity or upon call for redemption or by acceleration as provided in this Indenture), if such moneys were so held at such date, or two (2) years (or, if less, at least one (1) day before such moneys would escheat to the State under then applicable State law) after the date of deposit of such moneys if deposited after said date when such principal or interest became due and payable, shall, upon Request of The Regents, be repaid to The Regents free from the trusts created by this Indenture, and all liability of the Trustee with respect to such moneys shall thereupon cease; provided, however, that before

the repayment of such moneys to The Regents as aforesaid, the Trustee may (at the cost of The Regents) first mail to the Holders of any Bonds remaining unpaid at the addresses shown on the registration books maintained by the Trustee a notice, in such form as may be deemed appropriate by the Trustee, with respect to the Bonds so payable and not presented and with respect to the provisions relating to the repayment to The Regents of the moneys held for the payment thereof.

## **ARTICLE XIII**

### **PROVISIONS CONCERNING INSURER FOR THE SERIES 2004 BONDS**

#### **SECTION 13.01. Provisions Concerning the Insurer for the Series 2004 Bonds.**

(a) **General Provisions.** Each of the covenants and provisions contained in this Section 13.01 is for the benefit of the Insurer of the Series 2004 Bonds (hereinafter in this Article XIII referred to as the "Series 2004 Insurer") and shall be in effect only so long as the Insurance Policy relating to the Series 2004 Bonds (hereinafter in this Article XIII referred to as the "Series 2004 Insurance Policy") remains in full force and effect and the Series 2004 Insurer is not then failing to make a payment required pursuant thereto and only so long as any Series 2004 Bond remains Outstanding. Any covenant or provision contained in this Section 13.01 may be modified, amended or waived with the prior written consent of the Series 2004 Insurer without the consent of the Trustee or any Holder or Holders of the Series 2004 Bonds.

(b) **Additional Requirements Concerning Independent Consultant.** Any Independent Consultant required to be retained pursuant to Section 6.02 hereof shall be acceptable to the Series 2004 Insurer, whose approval shall not be unreasonably withheld. A copy of any report prepared by an Independent Consultant shall be provided by The Regents to the Series 2004 Insurer as promptly as possible after completion and delivery to The Regents.

(c) **Additional Covenant.** Sales or liens against accounts receivable shall not exceed 25% of net accounts receivable.

(d) **Consent Rights; Amendments; Direction of Remedies.**

(1) Any provision of this Indenture expressly recognizing or granting rights in or to the Series 2004 Insurer may not be amended in any manner which affects the rights of the Insurer hereunder without the prior written consent of the Series 2004 Insurer. The Series 2004 Insurer reserves the right to charge The Regents a fee for any consent or amendment to this Indenture while any Series 2004 Bond is Outstanding.

(2) The consent of the Series 2004 Insurer shall be additionally required for:  
(i) removal of the Trustee and appointment of any successor Trustee, which consent shall not be unreasonably withheld; and (ii) initiation or approval of any action (other than an amendment or modification of the Indenture pursuant to Section 11.01) which requires Holder consent.

(3) Any reorganization or liquidation plan with respect to the Medical Center must be acceptable to the Series 2004 Insurer. In the event of any reorganization or liquidation, the Series 2004 Insurer shall have the right to vote on behalf of all Bondholders who hold Series 2004 Bonds insured by the Series 2004 Insurer absent a default by the Series 2004 Insurer under the Series 2004 Insurance Policy.

(4) Anything in the Indenture to the contrary notwithstanding, upon the occurrence and continuance of an Event of Default, the Series 2004 Insurer shall be entitled to control and direct the enforcement of all rights and remedies granted hereunder to the Holders of the Series 2004 Bonds or to the Trustee for the benefit of the Holders of the Series 2004 Bonds, including, without limitation, (i) the right to accelerate the Series 2004 Bonds and (ii) the right to annul any declaration of acceleration, and the Series 2004 Insurer shall also be entitled to approve all waivers of Events of Default.

(e) **Notices and Information to be Provided to the Series 2004 Insurer by The Regents.** While the Series 2004 Insurance Policy is in effect, The Regents shall provide to the Insurer:

(1) such financial and operating information as the Series 2004 Insurer may reasonably request with respect to the Medical Center, including, but not limited to the annual Financial Statements of the Medical Center, such Financial Statements to be provided within one hundred eighty (180) days after the end of each Fiscal Year, such interim unaudited financial information as is customarily prepared with respect to the Medical Center and copies of annual operating budgets, capital budgets and strategic plans, in each case relating to the Medical Center and in each case, as and to the extent such documentation is prepared with respect to the Medical Center;

(2) The Regents shall notify the Series 2004 Insurer within sixty (60) days of issuing additional Indebtedness in an amount in excess of \$25,000,000 and shall provide the Series 2004 Insurer with a copy of either the Official Statement relating to such Indebtedness or such other document or documents as shall include the maturity schedule, interest rate provisions, security provisions, liquidity provisions and redemption provisions with respect to such Indebtedness, provided, however, that no such notification shall be required with respect to leases which are considered capitalized leases under generally accepted accounting principles;

(3) The Regents shall notify the Series 2004 Insurer of any loss or change in the Chief Executive Officer, the Chief Financial Officer or the Chief Operating Officer of the Medical Center, such notice to be provided within sixty (60) days of such loss or change; and

(4) The Regents shall notify the Series 2004 Insurer of any changes of ownership of or merger with respect to the Medical Center, such notice to be provided within thirty (30) days of such change of ownership or merger.

(5) The Regents will permit the Series 2004 Insurer to discuss the affairs, finances and accounts of the Medical Center or any information the Series 2004 Insurer may reasonably request regarding the security for the Series 2004 Bonds with appropriate officers of The Regents and will permit the Series 2004 Insurer to have access to and make copies of all

books and records relating to the Series 2004 Bonds upon reasonable notice and at reasonable times.

(6) The Regents hereby agrees that the Series 2004 Insurer shall have the right to direct an accounting, at the expense of the Medical Center, and the failure to comply with such direction within sixty (60) days after receipt of written notice of the direction from the Series 2004 Insurer shall be deemed a covenant default hereunder; provided, however, that if compliance cannot occur within such period, then such period will be extended so long as compliance is begun within such period and diligently pursued, but only if such extension would not materially adversely affect the interests of any Holder

(f) **Notices and Information to be Provided to the Series 2004 Insurer by the Trustee.** While the Series 2004 Insurance Policy is in effect, the Trustee shall furnish to the Series 2004 Insurer (to the attention of the Surveillance Department, unless otherwise indicated):

(1) a copy of any notice or certificate to be given to the Holders of the Series 2004 Bonds, including, without limitation, notice of any redemption of or defeasance of the Series 2004 Bonds, and any certificate provided to the Trustee by The Regents pursuant to the Indenture pertaining to the security for the Series 2004 Bonds;

(2) the Trustee will permit the Series 2004 Insurer to have access to and make copies of all books and records relating to the Series 2004 Bonds at any reasonable time and upon reasonable notice;

(3) the Trustee shall notify the General Counsel's Office of the Series 2004 Insurer of any failure of The Regents to provide relevant notices, certificates, etc., required to be provided by The Regents to the Trustee hereunder; and

(4) notwithstanding any other provision of the Indenture, the Trustee shall immediately notify the General Counsel's Office of the Series 2004 Insurer if at any time there are insufficient moneys to make any payments of principal of or interest on the Series 2004 Bonds as required and immediately upon the occurrence of any Event of Default known to the Trustee hereunder.

(g) **Defeasance; Subrogation.** Notwithstanding anything herein to the contrary, in the event that the principal and/or interest due on the Series 2004 Bonds shall be paid by the Series 2004 Insurer pursuant to the Series 2004 Insurance Policy, the Series 2004 Bonds shall remain Outstanding for all purposes, not be defeased or otherwise satisfied and not be considered paid under this Indenture, and the assignment and pledge of the Revenues and all covenants, agreements and other obligations of The Regents to the Holders shall continue to exist and shall run to the benefit of the Series 2004 Insurer, and the Series 2004 Insurer shall be subrogated to the rights of such Holders.

(h) **Series 2004 Insurer as Third Party Beneficiary; Parties Interested Herein.** To the extent that this Indenture confers upon or gives or grants to the Series 2004 Insurer any right, remedy or claim under or by reason of this Indenture, the Series 2004 Insurer is hereby

explicitly recognized as being a third-party beneficiary hereunder and may enforce any such right remedy or claim conferred, given or granted hereunder.

(i) **Provisions Concerning Defeasance Securities.** With respect to defeasance of any Series 2004 Bond and notwithstanding any other provision herein to the contrary for so long as any Series 2004 Bonds shall remain Outstanding, the money or securities to be deposited as provided pursuant to Section 12.03 hereof shall consist of:

(1) cash (insured at all times by the Federal Deposit Insurance Corporation or otherwise collateralized with obligations described in paragraph (i)(2) below);

(2) direct obligations of (including obligations issued or held in book entry form on the books of) the Department of the Treasury of the United States of America); or

(3) senior debt obligations of other government sponsored agencies approved by the Series 2004 Insurer.

(j) **Valuation of Investment Securities.** For so long as any Series 2004 Bonds shall remain Outstanding, the value of Investment Securities in any Fund established under the Indenture and held by the Trustee shall be determined at the end of each month and shall be calculated as follows:

(1) All Investment Securities credited to such Fund shall be valued at fair market value. The Trustee shall determine fair market value based on accepted industry standards and from accepted industry providers. Accepted industry providers shall include but are not limited to pricing services provided by Financial Times Interactive Data Corporation, Merrill Lynch, Citigroup Global Markets Inc., Bear Stearns, or Lehman Brothers.

(2) As to certificates of deposit and bankers acceptances, the face amount thereof, plus accrued interest thereon; and.

(3) As to any investment agreement, the amount available to be withdrawn therefrom.

(4) As to any investment not specified above, the value thereof established by prior agreement among The Regents, the Trustee and the Series 2004 Insurer.

(k) **Trustee Related Provisions.**

(1) The Trustee shall be removed at any time, upon the request of the Series 2004 Insurer, for any breach by the Trustee of its covenants and agreements set forth in this Indenture.

(2) The Series 2004 Insurer shall receive written notice of any Trustee resignation, such notice to be provided at the same time notice is provided to The Regents pursuant to Section 10.01(c).

(3) Notwithstanding any other provision of the Indenture to the contrary, no removal, resignation or termination of the Trustee shall take effect until a successor, acceptable to the Series 2004 Insurer, shall be appointed; provided, however that, the Trustee shall retain its right under Section 10.01(d) to petition a court for appointment of a successor Trustee.

(4) Notwithstanding any other provision of the Indenture, in determining whether the rights of the Holders will be adversely affected by any action taken pursuant to the terms and provisions of the Indenture, the Trustee shall consider the affect on Holders as if there were no Series 2004 Insurance Policy.

(l) **Additional Covenants.** In the event that the Medical Center is no longer a part of the University of California, which for purposes of this Section 13.01(l) shall mean that the Medical Center is neither wholly owned by The Regents nor organized by The Regents as a private nonprofit public benefit corporation described in Section 501(c)(3) of the Code nor a component of a private nonprofit public benefit corporation described in Section 501(c)(3) of the Code organized by The Regents, which private nonprofit public benefit corporation may include other medical centers of the University of California, the following additional covenants shall apply to the resulting entity, such entity being hereinafter referred to as the "Replacement Medical Center:"

(1) The Replacement Medical Center shall maintain Total Debt to Capitalization at or below 65%. For purposes of this Section 13.01(l)(1), Total Debt to Capitalization is defined as the ratio of (a) the sum of Short-Term Indebtedness plus Long-Term Indebtedness (including the current portion of Long-Term Indebtedness) to (b) the sum of Short-Term Indebtedness plus Long-Term Indebtedness plus total net assets. Indebtedness shall include Guaranties but shall exclude unsecured borrowings from the Short Term Investment Pool of The Regents (the "STIP") and the internal line of credit made available to the Medical Center by the Chancellor of the University of California at Los Angeles (the "Internal Line of Credit").

(2) The Replacement Medical Center shall maintain Days Cash on Hand of at least fifty (50) days. For purposes of this Section 13.01(l)(2), Days Cash on Hand shall be defined using the industry standard ratio of (a) unrestricted cash (including monies available from the STIP and the Internal Line of Credit, but excluding all borrowed moneys payable in one (1) year or less, any demand obligation, or borrowed funds that are escrowed with a lender, except for working capital loans from The Regents and the Internal Line of Credit) to (b) the quotient of expenses (excluding depreciation and amortization) divided by 365 days. Compliance with this covenant shall be tested semi-annually on such dates as the Replacement Medical Center shall select and the Series 2004 Insurer shall approve (each such date being hereinafter referred to as the "Liquidity Covenant Testing Date") and shall be reported to the Series 2004 Insurer within ten (10) days of each Liquidity Covenant Testing Date. Failure to maintain fifty (50) Days Cash on Hand shall require the retention of an Independent Consultant acceptable to the Series 2004 Insurer. Failure to maintain at least twenty-five (25) days cash on hand shall constitute an Event of Default.

(3) In the event that: (i) Days Cash shall fall below fifty (50) on any Liquidity Covenant Testing Date or (ii) the Long Term Debt Service Coverage Ratio computed and

reported as required pursuant to Section 6.02 hereof is less than 1.5, the Replacement Medical Center shall instruct the Trustee to establish a bond reserve fund (the "Reserve Fund"), shall transfer an amount equal to Maximum Annual Debt Service to the Trustee for deposit in such Reserve Fund and shall maintain an amount equal to Maximum Annual Debt Service on deposit in such Reserve Fund, such amount to be applied and withdrawn by the Trustee solely for the purpose of making up any deficiency in the Interest Account or the Principal Account with respect to payment of principal of or interest on the Series 2004 Bonds, or (together with other moneys available therefore) for the payment or redemption of all Series 2004 Bonds Outstanding. Such Reserve Fund shall be established and funded within such time period as the Series 2004 Insurer shall specify to the Replacement Medical Center.

(4) The Replacement Medical Center may incur Indebtedness secured by a mortgage (such Indebtedness being hereinafter referred to as "Secured Indebtedness") provided that the principal amount of such Secured Indebtedness, together with the principal amount of any previously incurred and outstanding Secured Indebtedness, does not exceed the lesser of 10% of the total net assets of the Replacement Medical Center or 10% of outstanding Indebtedness.

(5) With respect to any Replacement Medical Center, Section 6.04(a) is hereby amended and restated to read in its entirety as follows:

"(a) Long-Term Indebtedness, provided that:

(i) on the date such Long-Term Indebtedness is incurred Total Debt to Capitalization does not exceed 65% (and provided further that to the extent Long-Term Indebtedness initially incurred pursuant to this clause (a)(i) subsequently complies with any other incurrence requirement, such Long-Term Indebtedness shall thereafter not be deemed to be incurred pursuant to this clause); and

(ii) there is delivered to the Trustee a Certificate of the Replacement Medical Center certifying the Long-Term Debt Service Coverage Ratio, taking into account all Outstanding Long-Term Indebtedness and the Long-Term Indebtedness proposed to be incurred, for the most recent Fiscal Year for which Financial Statements are available, and such Long-Term Debt Service Coverage Ratio is not less than 1.25:1.0; or

(iii) there is delivered to the Trustee:

(A) a Certificate of Replacement Medical Center certifying the Long-Term Debt Service Coverage Ratio, taking into account all Outstanding Long-Term Indebtedness but not the Long-Term Indebtedness proposed to be incurred, for each of the two (2) most recent Fiscal Years for which Financial Statements are available, and such Long-Term Debt Service Coverage Ratio is not less than 1.20:1.0; and

(B) the written report of an Independent Consultant stating the forecasted Long-Term Debt Service Coverage Ratio, taking into account the Long-Term Indebtedness proposed to be incurred, for (x) in the case of Long-Term Indebtedness to finance capital improvements, each of the two (2) complete Fiscal Years succeeding the date on which such capital improvements are

expected to be in operation or (y) in the case of Long-Term Indebtedness not issued to finance capital improvements, each of the two (2) complete Fiscal Years succeeding the date on which the proposed Long-Term Indebtedness is to be incurred, and the Long-Term Debt Service Coverage Ratio for each such Fiscal Year is not less than 1.50:1.0, as shown by forecasted statements of revenues and expenses for each such Fiscal Year, accompanied by a statement of the relevant assumptions upon which such forecasted statements are based.

Notwithstanding any other provision of the Indenture, the Replacement Medical Center may not incur additional Indebtedness if Total Debt to Capitalization exceeds 65%."

(6) With respect to the Replacement Medical Center, Section 6.04 is hereby amended to include the following sentence as the last sentence thereof:

"Notwithstanding any other provision of this Indenture to the contrary, aggregate annual transfers of cash and replacement Medical Center board designated funds shall not exceed 15% of total cash and Replacement Medical Center board designated funds for the most recent Fiscal Year for which Financial Statements are available. In the event that the Replacement Medical Center is not in compliance with the liquidity requirements set forth in Section 13.01(l)(2), such transfers shall not exceed 5% of total cash and Replacement Medical Center board designated funds for the most recent Fiscal Year for which Financial Statements are available."

**SECTION 13.02. Payment Procedures Pursuant to the Insurance Policy for the Series 2004 Bonds.** As long as the Series 2004 Insurance Policy shall be in full force and effect, The Regents and the Trustee agree to comply with the following provisions:

(a) At least one (1) Business Day prior to all Interest Payment Dates, the Trustee will determine whether there will be sufficient funds in the funds and accounts established under the Indenture (the "Funds") and allocable to the Series 2004 Bonds to pay the principal of or interest on the Series 2004 Bonds on such Interest Payment Date. If the Trustee determines that there will be insufficient funds in the Funds, the Trustee shall so notify the Series 2004 Insurer. Such notice shall specify the amount of the anticipated deficiency, the Series 2004 Bonds to which such deficiency is applicable and whether such Series 2004 Bonds will be deficient as to principal or interest, or both. If the Trustee has not so notified the Series 2004 Insurer at least one (1) Business Day prior to an Interest Payment Date, the Series 2004 Insurer will make payments of principal or interest due on the Series 2004 Bonds on or before the first (1st) Business Day next following the date on which the Series 2004 Insurer shall have received notice of nonpayment from the Trustee.

(b) The Trustee shall, after giving notice to the Series 2004 Insurer as provided in (a) above, make available to the Series 2004 Insurer and, at the Series 2004 Insurer's direction, to The Bank of New York, in New York, New York, as insurance trustee for the Series 2004 Insurer or any successor insurance trustee (the "Series 2004 Insurance Trustee"), the registration books of The Regents maintained by the Trustee and all records relating to the Funds maintained under this Indenture.

(c) The Trustee shall provide the Series 2004 Insurer and the Series 2004 Insurance Trustee with a list of Holders of Series 2004 Bonds entitled to receive principal or



interest payments from the Series 2004 Insurer under the terms of the Series 2004 Insurance Policy, and shall make arrangements with the Series 2004 Insurance Trustee (a) to mail checks or drafts to the Holders of Series 2004 Bonds entitled to receive full or partial interest payments from the Series 2004 Insurer and (b) to pay principal upon Series 2004 Bonds surrendered to the Series 2004 Insurance Trustee by the Holders of Series 2004 Bonds entitled to receive full or partial principal payments from the Series 2004 Insurer.

(d) The Trustee shall, at the time it provides notice to the Series 2004 Insurer pursuant to (a) above, notify Holders of Series 2004 Bonds entitled to receive the payment of principal or interest thereon from the Series 2004 Insurer (i) as to the fact of such entitlement, (ii) that the Series 2004 Insurer will remit to them all or a part of the interest payments next coming due upon proof of Holder entitlement to interest payments and delivery to the Series 2004 Insurance Trustee, in form satisfactory to the Series 2004 Insurance Trustee, of an appropriate assignment of the Holder's right to payment, (iii) that should they be entitled to receive full payment of principal from the Series 2004 Insurer, they must surrender their Series 2004 Bonds (along with an appropriate instrument of assignment in form satisfactory to the Series 2004 Insurance Trustee to permit ownership of such Series 2004 Bonds to be registered in the name of the Series 2004 Insurer) for payment to the Series 2004 Insurance Trustee, and not the Trustee and (iv) that should they be entitled to receive partial payment of principal from the Series 2004 Insurer, they must surrender their Series 2004 Bonds for payment thereon first to the Trustee, who shall note on such Series 2004 Bonds the portion of the principal paid by the Trustee and then, along with an appropriate instrument of assignment in form satisfactory to the Series 2004 Insurance Trustee, to the Series 2004 Insurance Trustee, which will then pay the unpaid portion of principal.

(e) In the event that the Trustee has actual notice that any payment of principal of or interest on a Series 2004 Bond which has become due for payment and which is made to an Holder by or on behalf of The Regents has been deemed a preferential transfer and theretofore recovered from its Holder pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with the final, nonappealable order of a court having competent jurisdiction, the Trustee shall notify the Series 2004 Insurer and the Holders of Series 2004 Bonds that in the event that any Holder's payment is so recovered, such Holder will be entitled to payment from the Series 2004 Insurer to the extent of such recovery if sufficient funds are not otherwise available, and the Trustee shall furnish to the Series 2004 Insurer its records evidencing the payments of principal of and interest on the Series 2004 Bonds which have been made by the Trustee and subsequently recovered from Holders and the dates on which such payments were made.

(f) In addition to those rights granted the Series 2004 Insurer under this Indenture, the Series 2004 Insurer shall, to the extent it makes payment of principal of or interest on Series 2004 Bonds, become subrogated to the rights of the recipients of such payments in accordance with the terms of the Series 2004 Insurance Policy, and to evidence such subrogation (a) in the case of subrogation as to claims for past due interest, the Trustee shall note the Series 2004 Insurer's rights as subrogee on the registration books of The Regents maintained by the Trustee upon receipt from the Series 2004 Insurer of proof of the payment of interest thereon to the Holders of the Series 2004 Bonds, and (b) in the case of subrogation as to claims for past due

principal, the Trustee shall note the Series 2004 Insurer's rights as subrogee on the registration books of The Regents maintained by the Trustee upon surrender of the Series 2004 Bonds by the Holders thereof together with proof of payment of principal thereof.

## **ARTICLE XIV**

### **AMENDMENT OF EXISTING INDENTURE**

**SECTION 14.01. Amendments of Existing Indenture Effective Prior to Issuance of the Series 2004 Bonds.** In accordance with Section 11.01(A) of the Existing Indenture, the following amendments shall take effect immediately prior to the issuance of the Series 2004 Bonds:

- (i) Section 3.04(d) of the Existing Indenture is hereby amended and restated to read in its entirety as follows:

"The Bonds of such additional Series shall be payable as to principal on May 15 of each year in which principal falls due, or on such other date as shall be specified in the Supplemental Indenture providing for the issuance of such Series of Additional Bonds, and payable as to interest on May 15 and November 15 of each year, or on such other dates as shall be specified in the Supplemental Indenture providing for the issuance of such Series of Additional Bonds, except that the first installment of interest on any Series of Additional Bonds may be payable on such date as shall be specified in the Supplemental Indenture providing for the issuance of such Series of Additional Bonds, and may be for a period of longer than twelve (12) months."

- (ii) Section 5.01(E) of the Existing Indenture is hereby deleted in its entirety.

**SECTION 14.02. Amendment and Restatement of Existing Indenture Effective Upon Issuance of the Series 2004 Bonds.** In accordance with Section 11.01(A) of the Existing Indenture, upon issuance of the Series 2004 Bonds, (i) Article I through Article XVIII of the Existing Indenture are hereby deleted and shall be of no further force and effect, (ii) Article XIX through Article XXI of the Existing Indenture are hereby incorporated by reference and shall remain in full force and effect so long as any Series 2002 Bond remains Outstanding and (iii) the Existing Indenture is amended and restated as set forth in this Third Supplemental Indenture.

**SECTION 14.03. Effect of Amendment and Restatement of Existing Indenture.** Upon the issuance of the Series 2004 Bonds, this Third Supplemental Indenture shall constitute a full amendment and complete restatement of the Existing Indenture and in the case of any inconsistency or contradiction between the provisions set forth in this Third Supplemental Indenture and the Existing Indenture, the provisions of this Third Supplemental Indenture shall control.

## ARTICLE XV

### MISCELLANEOUS

#### **SECTION 15.01. Liability of The Regents Limited to Revenues.**

Notwithstanding anything in this Indenture or in the Bonds contained, The Regents shall not be required to advance any moneys derived from any source other than the Revenues and other assets pledged under this Indenture for any of the purposes in this Indenture mentioned, whether for the payment of the principal or Redemption Price of or interest on the Bonds or for any other purpose of this Indenture.

#### **SECTION 15.02. Successor Is Deemed Included in All References to**

**Predecessor.** Whenever in this Indenture either The Regents or the Trustee is named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all the covenants and agreements in this Indenture contained by or on behalf of The Regents or the Trustee shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

#### **SECTION 15.03. Limitation of Rights to Parties, Credit Providers,**

**Bondholders and Holders of Parity Debt.** Nothing in this Indenture or in the Bonds expressed or implied is intended or shall be construed to give to any person other than The Regents, the Trustee, each Credit Provider, including each Insurer, the Holders of the Bonds and the holders of Parity Debt, any legal or equitable right, remedy or claim under or in respect of this Indenture or any covenant, condition or provision therein or herein contained; and all such covenants, conditions and provisions are and shall be held to be for the sole and exclusive benefit of The Regents, the Trustee, each Credit Provider, including each Insurer, the Holders of the Bonds and the holders of Parity Debt.

#### **SECTION 15.04. Limitations on Rights of Credit Providers; Notices to**

**Credit Providers.** All provisions hereof regarding consents, approvals, directions, appointments or requests by the Credit Provider with respect to any Series of Bonds shall be deemed not to require or permit such consents, approvals, directions, appointments or requests by any particular Credit Provider and shall be read as if such Credit Provider were not mentioned therein and as if its Credit Facility were not in effect during any time in which such Credit Provider has failed to honor a Draw presented to such Credit Provider in strict conformance with the applicable provisions of the Credit Facility being provided by such Credit Provider, or after the Credit Facility shall at any time for any reason cease to be valid and binding on the Credit Provider, or shall be declared to be null and void, or while such Credit Provider is denying further liability or obligation under the Credit Facility (unless such Credit Facility has been fully drawn or to the extent that the conditions to drawing thereunder have not been fully satisfied) or after such Credit Provider has rescinded, repudiated or terminated the Credit Facility. In addition, all provisions herein relating to Credit Providers shall be of no force and effect with respect to a particular Credit Provider if the applicable Credit Facility is not then in effect.

The Trustee shall provide each Credit Provider with a copy of each written notice which the Trustee is required to provide to Holders pursuant to the provisions of this Indenture.

**SECTION 15.05. Limitations on Rights of Liquidity Providers; Notices to Liquidity Providers.** All provisions hereof regarding consents, approvals, directions, appointments or requests by the Liquidity Provider with respect to any Series of Bonds shall be deemed not to require or permit such consents, approvals, directions, appointments or requests by any particular Liquidity Provider and shall be read as if such Liquidity Provider were not mentioned therein and as if its Liquidity Facility were not in effect during any time in which such Liquidity Provider has failed to honor a Draw presented to such Liquidity Provider in strict conformance with the applicable provisions of the Liquidity Facility being provided by such Liquidity Provider, or after the Liquidity Facility shall at any time for any reason cease to be valid and binding on the Liquidity Provider, or shall be declared to be null and void, or while such Liquidity Provider is denying further liability or obligation under the Liquidity Facility (unless such Liquidity Facility has been fully drawn or to the extent that the conditions to drawing thereunder have not been fully satisfied) or after such Liquidity Provider has rescinded, repudiated or terminated the Liquidity Facility. In addition, all provisions herein relating to Liquidity Providers shall be of no force and effect with respect to a particular Liquidity Provider if the applicable Liquidity Facility is not then in effect.

The Trustee shall provide each Liquidity Provider with a copy of each written notice which the Trustee is required to provide to Holders pursuant to the provisions of this Indenture.

**SECTION 15.06. Timing and Business Days.** Whenever any action is required to be taken hereunder on a day that is not a Business Day, such action shall be taken on the next succeeding Business Day except as otherwise specifically provided in a Supplemental Indenture.

**SECTION 15.07. Destruction of Bonds.** Whenever in this Indenture provision is made for the cancellation by the Trustee and the delivery to The Regents of any Bonds, the Trustee shall, in lieu of such cancellation and delivery, destroy such Bonds and deliver a certificate of such destruction to The Regents.

**SECTION 15.08. Severability of Invalid Provisions.** If any one or more of the provisions contained in this Indenture or in the Bonds shall for any reason be held to be invalid, illegal or unenforceable in any respect, then such provision or provisions shall be deemed severable from the remaining provisions contained in this Indenture and such invalidity, illegality or unenforceability shall not affect any other provision of this Indenture, and this Indenture shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein. The Regents hereby declares that it would have entered into this Indenture and each and every other Section, paragraph, sentence, clause or phrase hereof and authorized the issuance of the Bonds pursuant thereto irrespective of the fact that any one or more Sections, paragraphs, sentences, clauses or phrases of this Indenture may be held illegal, invalid or unenforceable.

**SECTION 15.09. Notices; Waiver of Notice.** All notices or other communications required hereunder shall be in writing and shall be sufficiently given if delivered (i) by Electronic Means with prompt telephonic confirmation of receipt, or (ii) personally by hand, or (iii) by nationally recognized overnight courier service, or (iv) by being

deposited, postage prepaid, in a post office letter box. Notices or other communications required hereunder shall be addressed (i) to the Trustee at the Principal Corporate Trust Office of the Trustee, (ii) to The Regents of the University of California, at The Regents of the University of California, External Finance, 1111 Franklin Street, 9th Floor, Oakland, California 94607, Attention: Assistant Treasurer-External Finance and (iii) to the Insurer for the Series 2004 Bonds at Ambac Assurance Corporation, One State Street Plaza, New York, New York 10004, Attention: Surveillance Department. The Trustee, The Regents, and the Insurer for the Series 2004 Bonds may by notice given hereunder designate any further or different addresses to which notices or other communications required hereunder shall be sent.

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

**SECTION 15.10. Evidence of Rights of Bondholders.** Any request, consent or other instrument required or permitted by this Indenture to be signed and executed by Bondholders may be in any number of concurrent instruments of substantially similar tenor and shall be signed or executed by such Bondholders in person or by an agent or agents duly appointed in writing. Proof of the execution of any such request, consent or other instrument or of a writing appointing any such agent, or of the holding by any person of Bonds transferable by delivery, shall be sufficient for any purpose of this Indenture and shall be conclusive in favor of the Trustee and of The Regents if made in the manner provided in this Section.

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

The ownership of Bonds shall be proved by the bond registration books held by the Trustee.

Any request, consent, or other instrument or writing of the Holder of any Bond shall bind every future Holder of the same Bond and the Holder of every Bond issued in exchange therefor or in lieu thereof, in respect of anything done or suffered to be done by the Trustee or The Regents in accordance therewith or reliance thereon.

**SECTION 15.11. Disqualified Bonds.** In determining whether the Holders of the requisite aggregate principal amount of Bonds have concurred in any demand, request, direction, consent or waiver under this Indenture, Bonds which are owned or held by or for the account of The Regents, or by any other obligor on the Bonds, or by any person directly or indirectly controlling or controlled by, or under direct or indirect common control with, The Regents or any other obligor on the Bonds, shall be disregarded and deemed not to be Outstanding for the purpose of any such determination. Bonds so owned which have been

pledged in good faith may be regarded as Outstanding for the purposes of this Section if the pledgee shall establish to the satisfaction of the Trustee the pledgee's right to vote such Bonds and that the pledgee is not a person directly or indirectly controlling or controlled by, or under direct or indirect common control with, The Regents or any other obligor on the Bonds. In case of a dispute as to such right, any decision by the Trustee taken upon the advice of counsel shall be full protection to the Trustee.

**SECTION 15.12. Money Held for Particular Bonds.** The money held by the Trustee for the payment of the interest, principal or Redemption Price due on any date with respect to particular Bonds (or portions of Bonds in the case of registered Bonds redeemed in part only) shall, on and after such date and pending such payment, be set aside on its books and held in trust by it for the Holders of the Bonds entitled thereto, subject, however, to the provisions of Section 12.04.

**SECTION 15.13. Funds and Accounts.** Any fund required by this Indenture to be established and maintained by the Trustee may be established and maintained in the accounting records of the Trustee, either as a fund or an account, and may, for the purposes of such records, any audits thereof and any reports or statements with respect thereto, be treated either as a fund or as an account; but all such records with respect to all such funds shall at all times be maintained in accordance with customary standards of the industry, to the extent practicable, and with due regard for the protection of the security of the Bonds and the rights of every holder thereof.

**SECTION 15.14. Article and Section Headings and References.** The headings or titles of the several Articles and Sections hereof, and any table of contents appended to copies hereof, shall be solely for convenience of reference and shall not affect the meaning, construction or effect of this Indenture.

All references herein to "Articles," "Sections" and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Indenture; the words "herein," "hereof," "hereby," "hereunder" and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or subdivision hereof; and words of the masculine gender shall mean and include words of the feminine and neuter genders.

**SECTION 15.15. Waiver of Personal Liability.** No member, officer, agent or employee of The Regents shall be individually or personally liable for the payment of the principal or Redemption Price of or interest on or Purchase Price of the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof; but nothing herein contained shall relieve any such member, officer, agent or employee from the performance of any official duty provided by law or by this Indenture.

**SECTION 15.16. CUSIP Numbers.** Neither the Trustee nor The Regents shall be liable for any defect or inaccuracy in the CUSIP number that appears on any Bond or in any redemption notice. The Trustee may, in its discretion, include in any redemption notice a statement to the effect that the CUSIP numbers on the Bonds have been assigned by an

independent service and are included in such notice solely for the convenience of the Holders and that neither the Trustee nor The Regents shall be liable for any inaccuracies in such numbers.

**SECTION 15.17. Governing Law.** This Indenture shall be construed in accordance with and governed by the Constitution and laws of the State.

**SECTION 15.18. Execution in Several Counterparts.** This Third Supplemental 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 Regents and the Trustee shall preserve undestroyed, shall together constitute but one and the same instrument.

IN WITNESS WHEREOF, THE REGENTS OF THE UNIVERSITY OF CALIFORNIA has caused this Third Supplemental Indenture to be signed in its corporate name by its Chairman and its Secretary, and BNY WESTERN TRUST COMPANY, in token of its acceptance of the trusts created hereunder, has caused this Third Supplemental Indenture to be signed in its corporate name by one of its duly authorized officers, all as of the day and year first above written.

THE REGENTS OF THE UNIVERSITY OF CALIFORNIA

By John Mans  
Chairman

By Patricia L. Inette  
Secretary

Approved as to Form:

James P. Hall  
University Counsel

BNY WESTERN TRUST COMPANY, as Trustee

By Josephine F. Brown  
Authorized Officer



**Exhibit A**

**[FORM OF SERIES 2004 [A/B] BOND]**

No. R \_\_\_\_\_

\$ \_\_\_\_\_

**THE REGENTS OF THE UNIVERSITY OF CALIFORNIA  
HOSPITAL REVENUE BOND  
(UCLA MEDICAL CENTER),  
SERIES 2004 [A/ B]**

<b>Dated Date</b>	<b>Maturity Date</b>	<b>Interest Rate</b>	<b>CUSIP No.</b>
May 20, 2004	May 15, _____	_____ %	_____

REGISTERED OWNER: CEDE & CO.

PRINCIPAL SUM:

DOLLARS

THE REGENTS OF THE UNIVERSITY OF CALIFORNIA, a corporation organized and existing under Article IX, Section 9 of the Constitution of the State of California (herein called "The Regents"), for value received, hereby promises to pay to the registered owner specified above or registered assigns, on the maturity date specified above (unless this Bond shall have previously been called for redemption and payment of the redemption price made or provided for), but solely out of the Revenues and other assets pledged therefor as specified in the Indenture, dated as of March 1, 1990, as amended and restated by a Third Supplemental Indenture thereto, dated as of May 1, 2004 (as so amended and restated and as hereinafter supplemented and amended from time to time pursuant to its terms, the "Indenture"), by and between The Regents and BNY Western Trust Company, successor trustee to First Interstate Bank of California, as trustee (together with any successor trustee, the "Trustee"), and not otherwise, upon surrender hereof, the principal sum specified above, and to pay interest on the balance of said principal sum from time to time remaining unpaid from and including the date hereof until payment of such principal sum has been made or duly provided for, at the interest rate per annum specified above, payable on November 15, 2004, and semiannually thereafter on May 15 and November 15 of each year.

All capitalized terms used and not otherwise defined herein shall have the meanings assigned to such terms in the Indenture.

The principal of, premium, if any, and interest on this Bond shall be payable in any currency of the United States of America which, at the respective dates of payment thereof, is legal tender for the payment of public and private debts.

This Bond is one of a duly authorized issue of bonds of The Regents designated as "The Regents of the University of California Hospital Revenue Bonds (UCLA Medical Center)" (herein called the "Bonds"), unlimited in aggregate principal amount, except as otherwise provided in the Indenture, of the Series and designation hereinabove set forth, which issue of Bonds consists or may consist of one or more Series of varying dates, maturities, interest rates and other provisions, as in said Indenture provided, all issued under and equally secured by the Indenture. This Bond is authorized to be issued pursuant to the powers and authority of The Regents contained in Article IX, Section 9 of the Constitution of the State of California. This Bond is also one of a duly authorized Series of Bonds additionally designated "Series 2004 \_\_," limited in aggregate principal amount to \_\_\_\_\_ dollars (\$\_\_\_\_\_) issued for the purposes and on the terms and conditions set forth in the Indenture.

Reference is hereby made to the Indenture and all indentures supplemental thereto for a description of the rights thereunder of the registered owners of the Bonds, the nature and extent of the security, the rights, duties and immunities of the Trustee, and the rights and obligations of The Regents thereunder. The registered owner of this Bond, by acceptance hereof, assents and agrees to all the provisions of the Indenture.

The principal of the Bonds and the interest thereon are payable from Revenues and are secured by a pledge and assignment of said Revenues and of amounts held in the funds and accounts (other than the Rebate Fund and any Purchase Fund) established pursuant to the Indenture (including proceeds of the sale of the Bonds), subject only to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in the Indenture.

The Bonds are limited obligations of The Regents and are not a lien or charge upon the funds or property of The Regents, except to the extent of the aforesaid pledge and assignment. Neither the faith and credit nor the tax revenues received by The Regents are pledged to the payment of the principal of or interest on the Bonds. The Bonds are not a debt of the State of California or any political subdivision thereof, and said State or political subdivision thereof is not liable for the payment thereof.

The Series 2004 \_\_ Bonds are subject to redemption prior to maturity at the times, in the amounts, under the circumstances, with the notice, at the redemption prices, upon the other terms and conditions and with the effect set forth in the Indenture.

The Bonds are issuable only as registered Bonds in Authorized Denominations. This Bond is transferable and may be exchanged by the registered holder hereof in person or by its attorney duly authorized in writing, but only in the manner, subject to the limitations and upon payment of the charges provided in the Indenture, and upon surrender and cancellation of this Bond. Upon such transfer or exchange a new fully registered Bond or Bonds of the same Series, of Authorized Denominations, for the same aggregate principal amount, will be issued in exchange therefor.

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

The owner of this Bond shall have no right to enforce the provisions of the Indenture or to institute action to enforce the covenants therein, or to take any action with respect to any event of default under the Indenture, or to institute, appear in or defend any suit or other proceedings with respect thereto, except as provided in the Indenture.

In certain events, on the conditions, in the manner and with the effect set forth in the Indenture, the principal of the Bonds then outstanding may become or may be declared due and payable before the stated maturity thereof, together with interest accrued thereon.

Modifications or alterations of the Indenture, or of any supplements thereto, may be made only to the extent and in the circumstances permitted by the Indenture.

The Indenture prescribes the manner in which it may be discharged and after which the Bonds shall no longer be secured by or entitled to the benefits of the Indenture.

IT IS HEREBY CERTIFIED AND RECITED that any and all conditions, things and acts required to exist, to have happened and to have been performed precedent to and in the issuance of this Bond do exist, have happened and have been performed in due time, form and manner as required by the Constitution and laws of the State of California and that the amount of this Bond, together with all other indebtedness of The Regents, does not exceed any limit prescribed by the Constitution or laws of the State of California.

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

IN WITNESS WHEREOF, THE REGENTS OF THE UNIVERSITY OF CALIFORNIA has caused this Bond to be executed in its name and on its behalf by the facsimile signatures of its Chairman and its Secretary and its corporate seal to be reproduced hereon by facsimile, all as of \_\_\_\_\_, \_\_\_\_\_.

THE REGENTS OF THE UNIVERSITY OF  
CALIFORNIA

By \_\_\_\_\_  
Chairman

(Seal)

By \_\_\_\_\_  
Secretary

[FORM OF CERTIFICATE OF AUTHENTICATION]

This is one of the Bonds described in the within-mentioned Indenture, which has been authenticated as of the date set forth below.

Date of Authentication: \_\_\_\_\_.

BNY Western Trust Company, as Trustee

By \_\_\_\_\_  
Authorized Signatory

[FORM OF STATEMENT OF INSURANCE]

Financial Guaranty Insurance Policy No. 22417BE (the "Policy") with respect to payments due for principal of and interest on this Bond has been issued by Ambac Assurance Corporation ("Ambac Assurance"). The Policy has been delivered to The Bank of New York, New York, New York, as the Insurance Trustee under said Policy and will be held by such Insurance Trustee or any successor insurance trustee. The Policy is on file and available for inspection at the principal office of the Insurance Trustee and a copy thereof may be secured from Ambac Assurance or the Insurance Trustee. All payments required to be made under the Policy shall be made in accordance with the provisions thereof. The owner of this Bond acknowledges and consents to the subrogation rights of Ambac Assurance as more fully set forth in the Policy.

[FORM OF ASSIGNMENT]

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

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

Dated: \_\_\_\_\_

Signature Guaranteed By:

\_\_\_\_\_  
NOTICE: Signature must be guaranteed by an eligible guarantor institution.

Social Security Number,  
Taxpayer Identification  
Number or Other Identifying  
Number of Assignee:

\_\_\_\_\_