
SERIES 2008 SUPPLEMENTAL INDENTURE
between
SOUTH DAKOTA CONSERVANCY DISTRICT
and
THE FIRST NATIONAL BANK IN SIOUX FALLS,
as Trustee
Dated as of March 1, 2008
\$40,000,000
STATE REVOLVING FUND PROGRAM BONDS, SERIES 2008

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SUPPLEMENTAL INDENTURE

THIS SERIES 2008 SUPPLEMENTAL INDENTURE (this “*Supplemental Indenture*”) dated as of March 1, 2008, between the SOUTH DAKOTA CONSERVANCY DISTRICT, a governmental agency, body politic and corporate of the State of South Dakota (the “*District*”), and THE FIRST NATIONAL BANK IN SIOUX FALLS, a national banking association, duly organized, existing and authorized to accept and execute trusts of the character herein set out, with its corporate trust office in Sioux Falls, South Dakota, as trustee (the “*Trustee*”);

W I T N E S S E T H:

WHEREAS, the District is duly constituted as an instrumentality of the State of South Dakota exercising public and governmental functions under the operation, management and control of the Board of Water and Natural Resources of South Dakota (the “*Board of Water and Natural Resources*”), pursuant to SDCL Chapters 46A-1 and 46A-2 (the “*Act*”); and

WHEREAS, the District and The First National Bank in Sioux Falls previously entered into that certain Master Trust Indenture dated as of January 1, 1994, as heretofore amended and supplemented (the “*Original Clean Water Indenture*”); and

WHEREAS, the District and The First National Bank in Sioux Falls previously entered into that certain Master Trust Indenture dated as of June 1, 1998, as heretofore amended and supplemented (the “*Original Drinking Water Indenture*”); and

WHEREAS, pursuant to that certain Amended and Restated Master Trust Indenture dated as of July 1, 2004 (the “*Amended and Restated Indenture*”), the District and the Trustee amended and restated the Original Clean Water Indenture and Original Drinking Water Indenture; and

WHEREAS, pursuant to that certain First Amendment dated as of October 1, 2005 and that certain Second Amendment dated as of April 1, 2006, the District and the Trustee heretofore amended and supplemented the Amended and Restated Indenture (herein, the “*Original Master Trust Indenture*”); and

WHEREAS, contemporaneous herewith, the Board of Water and Natural Resources and the Trustee has executed and delivered that certain Third Amended and Restated Master Trust Indenture dated as of March 1, 2008 (as hereinafter amended and supplemented, the “*Master Trust Indenture*”), in order to further amend and restate the Original Master Trust Indenture in order to provide for the issuance of variable rate and multimodal bonds, provide for payment of interest on Bonds on a more frequent basis, allow for the establishment of liquidity support for various series of Bonds and provide for certain other matters as hereinafter set forth; and

WHEREAS, on February 8, 2008, the Board of Water and Natural Resources adopted a Series Resolution (as hereinafter supplemented or amended, the “*Series Resolution*”) authorizing the issuance of \$40,000,000 principal amount of the District’s State Revolving Fund Program Bonds, Series 2008 (the “*Series 2008 Bonds*”) pursuant to the Master Indenture, the Series Resolution and this Supplemental Indenture (collectively, the “*Indenture*”); and

WHEREAS, all things necessary to make the Series 2008 Bonds, when authenticated by or on behalf of the Trustee and issued as provided in this Supplemental Indenture, the valid, binding and legal limited obligations of the District according to the import thereof, and to constitute this Supplemental Indenture a valid lien on and pledge of the revenues and receipts herein described in accordance with the terms hereof, have been done and performed; and

WHEREAS the creation, execution and delivery of this Supplemental Indenture and the creation, execution and issuance of the Series 2008 Bonds, subject to the terms hereof, have in all respects been duly authorized;

NOW, THEREFORE, THIS SUPPLEMENTAL INDENTURE WITNESSETH: That in order to (i) secure the payment of the principal of and interest and premium, if any, on the Series 2008 Bonds to be issued under this Supplemental Indenture according to their tenor, purport and effect, (ii) secure the payment of the Tender Price of any Series 2008 Bonds tendered or required to be tendered for purchase in accordance with the terms and conditions hereof but only to the extent of amounts on deposit in the Purchase Fund, (iii) secure the performance and observance of all covenants and conditions herein and in the Series 2008 Bonds contained, (iv) secure the payment of amounts due to the Liquidity Provider under and the performance and observance of all covenants and conditions in the Liquidity Agreement and (v) declare the terms and conditions upon which the Series 2008 Bonds are issued authenticated, delivered, secured and accepted by all persons who shall from time to time be or become Holders thereof, and for and in consideration of the mutual covenants herein contained, of the acceptance by the Trustee of the trust hereby created, and of the purchase and acceptance of the Series 2008 Bonds by the Holders thereof, the District has executed and delivered this Supplemental Indenture, and by these presents does hereby convey, grant, assign and pledge a security interest in and unto the Trustee, its successor or successors and its or their assigns forever, with power of sale, all and singular, the property, hereinafter described.

GRANTING CLAUSES

DIVISION I

The Trust Estate as defined in the Master Trust Indenture;

DIVISION II

All cash and securities held in the funds and accounts established hereunder other than amounts held in the Purchase Fund; and

DIVISION III

All other property of any kind conveyed, transferred, mortgaged, pledged, assigned or hypothecated at any time as and for additional security hereunder in favor of the Trustee, which is hereby authorized to receive all such property at any time and to hold and apply it subject to the terms hereof;

TO HAVE AND TO HOLD the same unto the Trustee, and its successor or successors and its or their assigns, forever;

IN TRUST, NEVERTHELESS, upon the terms and trust herein set forth, for the equal and ratable benefit and security of all and each of the Holders (as defined in Article I) of the Series 2008 Bonds issued hereunder, without preference, priority or distinction as to lien or otherwise, except as otherwise hereinafter provided, of any one Series 2008 Bond over any other Series 2008 Bond or as between principal and interest and, to the extent provided herein, for the benefit and security of the Liquidity Provider. It is hereby mutually covenanted and agreed that the terms and conditions upon which the Series 2008 Bonds are to be issued, authenticated, delivered, secured and accepted by all persons who shall from time to time be or become the Holders thereof, and the trusts and conditions upon which the pledged moneys and revenues are to be held and disbursed, are as follows:

ARTICLE I **DEFINITIONS**

Section 1.01 *Definitions*. In addition to the words and terms elsewhere defined in the Master Trust Indenture and the Series Resolution, the following words and terms as used in this Supplemental Indenture shall have the following meanings unless the context or use indicates another or different meaning or intent:

“*Adjustable Long Period*” means any Adjustment Period other than a Short Mode Period.

“*Adjustment Date*” means with respect to each Series 2008 Bond, (i) the date or dates specified in Schedule I hereto, (ii) each Termination Tender Date and (iii) any other date so designated by the Remarketing Agent in the manner set forth in Section 2.02(f) of this Supplemental Indenture including any Substitute Adjustment Date. Each Adjustment Date is also a Rate Change Date.

“*Adjustment Period*” means with respect to each Series 2008 Bond, the period beginning on the date of the initial authentication and delivery of such Series 2008 Bond and ending at 12:00 Midnight, New York time, on the applicable date specified in Schedule I to this Supplemental Indenture (unless the interest rate on such Series 2008 Bond has been converted to the Fixed Interest Rate or a Substitute Adjustment Date has occurred) and, thereafter, each period beginning on an Adjustment Date for such Series 2008 Bond and ending on the day before the next Adjustment Date for such Series 2008 Bond. No Adjustment Period shall have a duration of less than 20 days. Unless the Remarketing Agent affirmatively designates a different Adjustment Period and all other conditions relating to such designation are satisfied as specified in Section 2.02(f) to this Supplemental Indenture, if the preceding Adjustment Period for such Series 2008 Bond was a Daily Mode Period, a Weekly Mode Period, a Monthly Mode Period, Semiannual Mode Period or an Adjustable Long Period, such period shall remain in effect.

“*Affiliate*” means, with respect to any specified Person, any other Person controlling or controlled by or under common control with such specified Person. For the purposes of this definition, “control,” when used with respect to any specified Person, means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise, and the terms “controlling” and “controlled” have meanings correlative to the foregoing.

“Alternate Liquidity Support Facility” means any irrevocable direct-pay letter of credit, line of credit or similar facility issued by, or bond purchase agreement entered into by, any financial or similar institution and obtained by or on behalf of the District pursuant to Section 2.11 of this Supplemental Indenture, which Alternate Liquidity Support Facility is in effect to provide Liquidity Support for any Outstanding Variable Rate Series 2008 Bonds; provided that any extension of a Liquidity Support Facility then in effect shall not constitute an Alternate Liquidity Support Facility.

“Authorized Denominations” means (i) prior to the Conversion Date for any Series 2008 Bond, \$100,000 and any integral multiple of \$5,000 in excess of \$100,000 and (ii) on and after the Conversion Date for such Series 2008 Bond, \$5,000 and any integral multiple thereof. Series 2008 Bonds may be redeemed in denominations of \$5,000 or any integral multiple thereof, provided that prior to its Conversion Date the principal amount of the portion of any Series 2008 Bond not being redeemed shall be in a denomination of at least \$100,000.

“Base Rate” means the corporate base rate or prime rate of interest, as announced from time to time by the Trustee, said rate to change when and as such corporate base rate or prime rate changes.

“Beneficial Holder” shall mean any person which has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Series 2008 Bonds, including persons holding Series 2008 Bonds; through nominees or depositories.

“Business Day” means any day other than (i) a Saturday or Sunday, (ii) a day on which commercial banks in New York, New York; Sioux Falls, South Dakota; or the city or cities in which are located the Principal Office of the Trustee and the office of the Liquidity Provider or other location at which demands for payment under the Liquidity Support Facility are to be presented, are authorized by law or executive order to close or (iii) a day on which the New York Stock Exchange is closed.

“Conversion Date” means the date upon which any Series 2008 Bond begins to bear interest at the Fixed Interest Rate as provided in Section 2.03 of this Supplemental Indenture.

“Daily Mode Period” means any Adjustment Period during which interest on any Series 2008 Bonds is determined each Business Day as set forth in Section 2.02(b)(1) of this Supplemental Indenture.

“Default” shall have the meaning given thereto in the Master Trust Indenture.

“District Account” means the account so designated which is an Eligible Account created and established in the Purchase Fund pursuant to Section 4.03(a)(1) of this Supplemental Indenture.

“Eligible Account” means an account that is either (a) maintained with a federal or state-chartered depository institution or trust company that has a short-term debt rating of at least ‘A-2’ (or, if no short-term debt rating, a long-term debt rating of ‘BBB+’) or equivalent rating from each Rating Agency then rating Series 2008 Bonds; or (b) maintained with the corporate trust department of a federal depository institution or state-chartered depository institution subject to

regulations regarding fiduciary funds on deposit similar to Title 12 of the U.S. Code of Federal Regulation Section 9.10(b), which, in either case, has corporate trust powers and is acting in its fiduciary capacity.

“*Expiration Date*” means, as of any date, the date upon which any Liquidity Support Facility is then scheduled to expire in accordance with its terms.

“*Favorable Opinion of Tax Counsel*” means an Opinion of Tax Counsel, addressed to the District and the Trustee, to the effect that the action proposed to be taken is not prohibited by the laws of the State of South Dakota and this Supplemental Indenture and will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Series 2008 Bonds.

“*Fixed Interest Rate*” means the fixed annual interest rate on any Series 2008 Bond established in accordance with Section 2.03 of this Supplemental Indenture.

“*Fixed Rate Period*” means the remaining term to maturity or earlier mandatory redemption of any Series 2008 Bond after conversion of the interest rate on such Series 2008 Bond to the Fixed Interest Rate, as established pursuant to Section 5.01(B) of this Supplemental Indenture.

“*Immediate Notice*” means notice by telephone or electronic transmission to such address as the addressee shall have directed in writing, promptly followed by written notice by first class mail postage prepaid.

“*Independent Counsel*” means a firm or firms of attorneys duly admitted to practice law before the highest court in any state of the United States of America and, without limitation, may include independent legal counsel for any of the Trustee or the District who are not employees thereof.

“*Initial Liquidity Provider*” means U.S. Bank National Association, and its successors and assigns.

“*Initial Liquidity Support Facility*” means the Standby Bond Purchase Agreement, dated as of March 1, 2008, among the District, the Trustee and the Initial Liquidity Provider, as amended and supplemented from time to time in accordance with its terms, or any replacement thereof.

“*Interest Payment Date*”, with respect to any Series 2008 Bond, means (i) each Adjustment Date; (ii) each Mandatory Tender Date; (iii) for Series 2008 Bonds in a Daily Mode Period, Weekly Mode Period or Monthly Mode Period, the first Business Day of each calendar month; (iv) for Series 2008 Bonds in the Semiannual Mode, August 1, 2008, and each February 1 and August 1 thereafter; (v) for Series 2008 Bonds in an Adjustable Long Period, each Rate Change Date and each February 1 and August 1; (vi) after the Conversion Date for any Series 2008 Bond, each February 1 and August 1 with respect to such Series 2008 Bond; or (vii) any other date on which principal is payable on the Series 2008 Bonds.

“*Liquidity Agreement*” means with respect to the Initial Liquidity Support Facility and any Alternate Liquidity Support Facility, the agreement or instrument between the District and the issuer or issuers of such Alternate Liquidity Support Facility which governs the rights, duties and obligations of such parties, in each case as each such agreement may be amended or supplemented.

“*Liquidity Facility Effective Date*” means the effective date of any Liquidity Support Facility.

“*Liquidity Provider*” means (a) initially, the Initial Liquidity Provider and (b) with respect to any Alternate Liquidity Support Facility, the obligor with respect to such Liquidity Support Facility.

“*Liquidity Provider Bond*” means any Series 2008 Bond purchased upon an optional or mandatory tender for purchase with funds provided by a Liquidity Provider under a Liquidity Support Facility and registered in the name of the Liquidity Provider as the owner thereof or, if the Book-Entry System is in effect, registered in the name of the Liquidity Provider, or such agent or nominee as the Liquidity Provider shall direct, or as collateral security in favor of the Liquidity Provider pursuant to the Liquidity Agreement, until such time as such Series 2008 Bond is remarketed pursuant to the Remarketing Agreement, or the Liquidity Provider is reimbursed by the District for such draw on the Liquidity Support Facility pursuant to the Liquidity Agreement or such Series 2008 Bond is paid in full.

“*Liquidity Purchase Account*” means the account so designated which is an Eligible Account created and established in the Purchase Fund pursuant to Section 4.03(a)(1) of this Supplemental Indenture.

“*Liquidity Support*” means, as to any Liquidity Support Facility, the obligation of the Liquidity Provider to provide for the payment of the purchase price of any Series 2008 Bonds tendered or deemed tendered in accordance with any provision of Article II of this Supplemental Indenture.

“*Liquidity Support Facility*” means (a) the Initial Liquidity Support Facility; or (b) in the event of delivery of any Alternate Liquidity Support Facility, the Alternate Liquidity Support Facility then in effect.

“*Mandatory Tender Date*” means each date on which Holders and Beneficial Holders are required to tender their Series 2008 Bonds for purchase pursuant to Section 2.02(e) or Section 5.03 of this Supplemental Indenture.

“*Maximum Rate*” means (a) so long as a Liquidity Support Facility is applicable to a Series 2008 Bond and such Series 2008 Bond is not a Liquidity Provider Bond, the rate of interest specified in the Liquidity Support Facility for determining interest coverage, (b) at all times such Series 2008 Bond is a Liquidity Provider Bond, the rate of interest specified in the then applicable Liquidity Agreement, and (c) at all other times, the lower of (1) the rate of interest specified in the applicable clause or provision and (2) if no such rate is specified, the maximum rate of interest permitted by applicable law.

“*Mode*” means the method of determining interest rates, Interest Payment Dates, Rate Determination Dates and Rate Change Dates during any Daily Mode Period, Weekly Mode Period, Monthly Mode Period, Semiannual Mode Period or Adjustable Long Period.

“*Monthly Mode Period*” means any Adjustment Period during which the interest rate on any Series 2008 Bonds is determined on a monthly basis as set forth in Section 2.02(b)(3) of this Supplemental Indenture.

“*Opinion of Tax Counsel*” means a written opinion of independent counsel who is, and the form and substance which is, acceptable to the District and the Trustee and who is of recognized standing in matters relating to the tax exemption of interest on obligations issued by states and their political subdivisions.

“*Optional Tender Date*” means each date on which Holders or Beneficial Holders are required to tender their Series 2008 Bonds for purchase pursuant to a notice of optional tender given in accordance with the provisions of Section 2.02(d)(1) or (2) of this Supplemental Indenture.

“*Participant*” means one of the entities which is a member of the Securities Depository and deposits securities, directly or indirectly, in the Book-Entry System.

“*Purchase Fund*” means the Purchase Fund which is established by the Trustee with the Tender Agent pursuant to Section 4.03 of this Supplemental Indenture.

“*Rate Change Date*” means for each Adjustment Period, the date the interest rate on a Series 2008 Bond changes, specifically (i) during any Daily Mode Period, the first day of the Daily Mode Period in accordance with Sections 2.02(b)(1) and 2.02(f) of this Supplemental Indenture; (ii) during any Weekly Mode Period, the day of the week (initially, Wednesday) designated by the Remarketing Agent in accordance with Sections 2.02(b)(3) and 2.02(f) of this Supplemental Indenture; (iii) during any Monthly Mode Period, the day of the month (initially, the first Business Day of the month) designated by the Remarketing Agent in accordance with Sections 2.02(b)(iii) and 2.02(f) of this Supplemental Indenture; (iv) during any Semiannual Mode Period, the February 1 or August 1 immediately following the Rate Determination Date for such Semiannual Mode Period; (v) a Optional Tender Date during a Monthly Mode Period on which any Series 2008 Bonds are actually delivered in accordance with the requirements of Section 2.02(d) of this Supplemental Indenture; (vi) during any Adjustable Long Period, the date(s) specified in the notice delivered to the Trustee in accordance with Section 2.02(f) of this Supplemental Indenture; and (vii) each Adjustment Date.

“*Rate Determination Date*” means for each Adjustment Period, the date the interest rate on a Series 2008 Bond is determined, specifically (i) during any Daily Rate Period, the first day of any Daily Mode Period in accordance with Sections 2.02(b)(1) and 2.02(f) of this Supplemental Indenture; (ii) during any Weekly Mode Period, the day of the week (initially, Wednesday) designated by the Remarketing Agent in accordance with Sections 2.02(b)(2) and 2.02(f) of this Supplemental Indenture; (iii) during any Monthly Mode Period, (A) the day of the month (initially, the first Business Day of the month) designated by the Remarketing Agent in accordance with Sections 2.02(b)(3) and 2.02(f) of this Supplemental Indenture, (B) a Optional

Tender Date during a Monthly Mode Period on which any Series 2008 Bonds are actually delivered in accordance with the requirements of Section 2.02(d) of this Supplemental Indenture, and (C) on any other Business Day as set forth in Section 2.02(b)(3); (iv) during any Semiannual Mode Period, (A) the Business Day before the Rate Change Date preceding an initial Semiannual Mode Period, (B) the last Business Day of each six calendar period thereafter so long as such Series 2008 Bond continues to bear interest at a Semiannual Rate and (C) any other Business Day as set forth in Section 2.02(b)(4); and (v) during any Adjustable Long Period, the date(s) specified in the notice delivered to the Trustee in accordance with Section 2.02(f) of this Supplemental Indenture. If any Rate Determination Date during a Short Mode Period is not a Business Day, the Rate Determination Date shall be the immediately preceding Business Day.

“*Rate Period*” means each period specified by the Remarketing Agent in the manner set forth in Section 2.02(f) of this Supplemental Indenture commencing on a Rate Change Date to and including the day before the next Rate Change Date.

“*Remarketing Account*” means the account so designated which is an Eligible Account which is created and established in the Purchase Fund pursuant to Section 4.03(a)(1) of this Supplemental Indenture.

“*Remarketing Agent*” means Wachovia Bank, National Association, in its capacity as remarketing agent for the District under the Remarketing Agreement, and its successors and assigns in such capacity.

“*Remarketing Agreement*” means the Remarketing Agreement dated as of March 1, 2008, between the District and the Remarketing Agent, as the same may be amended, supplemented or assigned from time to time, or any similar agreement as may be substituted therefor.

“*Semiannual Rate*” means the interest rate borne by the Series 2008 Bonds when they are in the Semiannual Rate Mode. The initial Semiannual Rate shall be 2.35%; thereafter, the Semiannual Rate shall be determined in accordance with Section 2.02(b)(4) of this Supplemental Indenture.

“*Semiannual Rate Index*” means the average of 180-day yield evaluations at par of at least five component issues of securities that have been issued or that the Remarketing Agent reasonably expects to be issued, selected by the Remarketing Agent, the interest on which is excluded from gross income for federal income taxation purposes, the redemption and tender provisions of which are comparable to the then-applicable redemption and tender provisions of the Series 2008 Bonds, and the other characteristics of which that are relevant to the determination of the market price of such securities are, in the reasonable judgment of the Remarketing Agent, similar to the characteristics of the Series 2008 Bonds, which average is computed by the Remarketing Agent as of the Rate Determination Date; provided that so long as the Series 2008 Bonds are rated by any Rating Agency in either of its two highest long-term debt rating categories, each component issue must be rated by such Rating Agency in its highest note or commercial paper rating category or in either of its two highest long-term debt rating categories; and provided further, that if the Series 2008 Bonds are rated by any Rating Agency in a rating category that is lower than its two highest long-term debt rating categories, each component issue must be rated by such Rating Agency in either (a) its note or commercial paper

rating category correlative, in the Remarketing Agent's judgment, to the long-term debt rating category in which such Rating Agency has rated the Series 2008 Bonds or (b) the same long-term debt rating category as the Series 2008 Bonds are rated by such Rating Agency; and provided further, that the component issuers may be changed from time to time by the Remarketing Agent in its discretion, subject to the foregoing requirements.

“*Semiannual Rate Mode*” means the Mode during which the Series 2008 Bonds bear interest at a Semiannual Rate.

“*Semiannual Mode Period*” means, with respect to Series 2008 Bonds in the Semiannual Rate Mode, (a) the period from and including the Rate Change Date of any change to the Semiannual Rate Mode, to and including the last day of the six calendar month period beginning on such Rate Change Date, and (b) each six-calendar-month period thereafter, as set forth in Section 2.02(b)(4) of this Supplemental Indenture, so long as the Series 2008 Bonds continue to bear interest at a Semiannual Rate.

“*Short Mode Period*” means a Daily Mode Period, a Weekly Mode Period, a Monthly Mode Period or the Semiannual Mode Period.

“*Substantial Change*” is defined as described in the definition of “Substantially Different”.

“*Substantially Different*” means (i) for purposes of comparing two consecutive Adjustment Periods (a) if both are 35 days or less, that their length differs by more than four days, and (b) in all other cases, that their length differs by more than five percent (5%) of the length of the shorter Adjustment Period, or that one length was one year or less and one length was more than one year; and (ii) for purposes of comparing the difference in intervals between Interest Payment Dates in two consecutive Adjustment Periods, (a) if the intervals between Rate Change Dates or between Interest Payment Dates, as the case may be, are 35 days or less, that the length of the intervals differs by more than four days, and (b) in all other cases, that the length of the intervals differs by more than five percent (5%) of the length of the shorter interval. The terms “*Substantial Change*” and “*Substantially Equal*” shall have the meaning consistent with the foregoing.

“*Substantially Equal*” is defined as described in the definition of “Substantially Different”.

“*Substitute Adjustment Date*” means any date designated by the Remarketing Agent in accordance with Section 2.02(f)(2) of this Supplemental Indenture.

“*Tender Agent*” means the Trustee acting as tender agent under this Supplemental Indenture, and its permitted successors and assigns.

“*Tender Date*” means an Optional Tender Date or a Mandatory Tender Date.

“*Tender Price*” means the applicable purchase price for the Series 2008 Bonds on a Tender Date (including any premium payable upon tender) determined in accordance with Section 2.02(g) of this Supplemental Indenture.

“*Termination Date*” means, with respect to the Liquidity Support Facility, the date specified in a notice of termination given by the Liquidity Provider to the Trustee specifying the date on which the Liquidity Provider will no longer be obligated to purchase Series 2008 Bonds (or otherwise advance funds for the purchase of tendered Series 2008 Bonds) pursuant to the Liquidity Support Facility.

“*Termination Tender Date*” means the date on which the Liquidity Support Facility then in effect (including any extensions thereof) with respect to the Series 2008 Bonds shall (a) be canceled or allowed to terminate or expire and be replaced by an Alternate Liquidity Support Facility with respect to the Series 2008 Bonds, unless the Trustee shall have received, not less than 30 days prior to the cancellation, termination or expiration date of the Liquidity Support Facility then in effect which is being replaced, a written statement from each Rating Agency then rating the Series 2008 Bonds to the effect that such replacement of the Liquidity Support Facility then in effect shall not result in the rating or ratings by such Rating Agency of the Series 2008 Bonds being lowered or withdrawn or (b) be canceled or allowed to terminate or expire without being replaced by any Alternate Liquidity Support Facility with respect to the Series 2008 Bonds, or be reduced in available bond purchase commitment amount so as to no longer secure the Series 2008 Bonds. The date of any declaration of an “event of default” under the Master Trust Indenture shall not be Termination Tender Date.

“*The Bond Buyer*” means the publication so entitled and published in New York, New York, including any successor thereto.

“*Undelivered Bonds*” means (i) Series 2008 Bonds the Holders of which have demanded purchase thereof pursuant to Section 2.02(d) of this Supplemental Indenture or any Series 2008 Bonds which are required to be tendered to the Tender Agent for purchase pursuant to Section 5.03 of this Supplemental Indenture for which sufficient moneys are on deposit with the Trustee or the Tender Agent to pay the applicable Tender Price thereof, as provided in this Supplemental Indenture, but which Series 2008 Bonds have not been presented to the Tender Agent on the related Optional Tender Date or Mandatory Tender Date as required and (ii) Series 2008 Bonds (other than Series 2008 Bonds described in (i) above) which are not presented to the Trustee for payment when the principal thereof and premium, if any, and interest thereon shall have become due, either at maturity or on the date fixed for redemption or otherwise, and for which sufficient moneys are on deposit with the Trustee to pay such principal, premium, if any, and interest thereon in accordance with this Supplemental Indenture.

“*Variable Rate Series 2008 Bonds*” means bonds in a Short Mode Period or an Adjustable Long Mode Period.

“*Weekly Mode Period*” means any Adjustment Period during which the interest rate on any Series 2008 Bonds is determined on a weekly basis as set forth in Section 2.02(b)(2) of this Supplemental Indenture.

Rules of Interpretation. The words “hereof,” “herein,” “hereunder” and other words of similar import refer to this Supplemental Indenture as a whole.

The headings of this Supplemental Indenture are for convenience of reference only and shall not define or limit the provisions hereof.

Unless otherwise specified, references to Articles, Sections and other subdivisions of this Supplemental Indenture are to the designated Articles, Sections and other subdivisions of this Supplemental Indenture as originally executed.

References herein to the masculine shall include the feminine and neuter and vice versa, and references herein to the singular shall include the plural and vice versa unless the context or use indicates otherwise.

ARTICLE II **THE BONDS**

Section 2.01 *Authorized Amount of Series 2008 Bonds.* No Series 2008 Bonds may be issued under the provisions of this Supplemental Indenture except in accordance with this Article. The total principal amount of Series 2008 Bonds that may be issued is hereby expressly limited to \$40,000,000 (other than Series 2008 Bonds issued pursuant to Section 2.09 of the Master Trust Indenture).

Section 2.02 *Certain Terms of Series 2008 Bonds.*

(a) *Description of Series 2008 Bonds; Dating; Payment of Principal and Interest.* The Series 2008 Bonds shall be designated “State Revolving Fund Program Bonds, Series 2008.” The Series 2008 Bonds shall be issuable as fully registered Series 2008 Bonds without coupons in Authorized Denominations, and shall be numbered as determined by the Trustee. If Series 2008 Bonds operate in different Modes at the same time, the Trustee shall use different designations to identify the Series 2008 Bonds operating in different Modes.

Each Series 2008 Bond shall be dated the date of authentication thereof. Subject to prior redemption, upon the terms and conditions hereinafter set forth, the Series 2008 Bonds shall mature in amounts and on the dates set forth in attached Schedule II; provided the Remarketing Agent may establish a schedule of earlier maturities pursuant to Section 5.01(B)(a) on a Conversion Date or, for the Series 2008 Bonds bearing interest at a Fixed Interest Rate, on the Termination Tender Date.

Each Series 2008 Bond shall bear interest from the Interest Payment Date therefor next preceding its date of authentication, unless (i) such date shall be prior to the first Interest Payment Date therefor, in which case such Series 2008 Bond shall bear interest from the date of first authentication and delivery of the Series 2008 Bonds, or (ii) such date of authentication shall be an Interest Payment Date therefor to which interest on such Series 2008 Bond has been paid in full or duly provided for, in which case such Series 2008 Bond shall bear interest from such date of authentication; provided, however, that if, as shown by the records of the Trustee, interest on such Series 2008 Bond shall be in Default, Series 2008 Bonds issued in exchange for such Series 2008 Bond surrendered for transfer or exchange shall bear interest from the last date to which interest has been paid in full on such Series 2008 Bond or, if no interest has been paid on such Series 2008

Bond, from the date of the first authentication and delivery of the Series 2008 Bonds. Each Series 2008 Bond shall bear interest on overdue principal and premium, if any, and, to the extent permitted by law, on overdue interest at the rate borne by such Series 2008 Bond on the date on which such principal and premium or such interest became due and payable.

The principal of, and premium, if any, and interest on, the Series 2008 Bonds shall be payable in any coin or 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. The principal of and premium, if any, due on any Series 2008 Bond shall be payable upon the presentation and surrender thereof at the Principal Office of the Trustee or its successor in trust or, at the option of the Holder, at the Principal Office of any Paying Agent. Payment of interest on any Series 2008 Bond shall be made to the Holder thereof and shall be made (except for Liquidity Provider Bonds) (i) by check mailed on an Interest Payment Date for such Series 2008 Bond to the Holder as of the close of business on the Record Date at its address as it appears on the registration books of the District maintained by the Registrar, or (ii) by wire transfer on an Interest Payment Date for such Series 2008 Bond to the Holder of \$1,000,000 or more in aggregate principal amount of Series 2008 Bonds, as of the close of business on the Record Date, if such Holder shall provide satisfactory written notice to the Trustee not less than 15 days prior to such Interest Payment Date at such wire transfer address as such Holder shall specify (which notice need only be given once by such Holder unless the address to which payment is to be made shall change), except, in each case, that, if and to the extent that there shall be a Default in the payment of the interest due on such Interest Payment Date, such defaulted interest shall be paid to the Holders in whose name any such Series 2008 Bonds are registered at the close of business on the fifth Business Day immediately preceding the date of payment of such defaulted interest; provided further that notwithstanding anything to the contrary herein, interest on Liquidity Provider Bonds shall be paid by wire transfer when due in accordance with the wire instructions to be provided by the Liquidity Provider, as the case may be, not later than three (3) Business Days before such Interest Payment Date.

The Series 2008 Bonds shall bear interest until the principal thereof shall have been paid, whether at maturity, upon redemption or otherwise. Interest on the Series 2008 Bonds shall be paid in arrears on each Interest Payment Date and at maturity. During any Mode with Rate Change Dates occurring less than one year apart, (i) interest on the Series 2008 Bonds in that Mode for that period shall be computed on the basis of the actual number of days elapsed over a year of 365 days (366 in leap years); and (ii) interest shall accrue from and including each Interest Payment Date to and including the calendar day immediately preceding the next succeeding Interest Payment Date. Interest shall be computed on the basis of a 360-day year (consisting of twelve 30-day months) (i) for any Series 2008 Bonds during any Mode with Rate Change Dates occurring one year or more apart; and (ii) for any Series 2008 Bonds bearing interest at a Fixed Interest Rate.

While the Liquidity Support Facility is in effect for the Series 2008 Bonds, the Series 2008 Bonds (other than Liquidity Provider Bonds) shall not bear interest at any

time at a rate per annum in excess of the rate of interest specified in the Liquidity Support Facility for determining interest coverage.

(b) *Description of Modes and of Liquidity Provider Bonds.*

(1) *Daily Mode Period.* During each Rate Period during any Daily Mode Period, the Series 2008 Bonds in such Mode shall bear interest at a rate determined in the following manner: for the initial Rate Period, the Series 2008 Bonds in a Daily Mode Period shall bear interest at a rate determined by the Remarketing Agent on or prior to the first day of the Daily Mode Period, having due regard for pertinent rate indices, comparable issues and prevailing financial market conditions, which is the lowest rate of interest which will permit such Series 2008 Bond to be remarketed at 100 percent of the principal amount thereof (without regard to accrued interest thereon) on the first day of the Daily Mode Period. For each succeeding Rate Period during a Daily Mode Period, the Series 2008 Bonds in such Mode shall bear interest at a rate determined by the Remarketing Agent which shall be the lowest rate of interest which will, having due regard for pertinent rate indices, comparable issues and prevailing financial market conditions, permit such Series 2008 Bond to be remarketed at par, if any, on the first day of such Rate Period.

With respect to Daily Mode Period, Rate Determination Dates and Rate Change Dates shall occur on each Business Day.

If for any reason the interest rate cannot be determined or become effective in the manner specified above for any Series 2008 Bond in the Daily Mode Period, the interest rate on Series 2008 Bonds in the Daily Mode Period shall be the rate in effect for the immediately preceding Rate Period during such Daily Mode Period.

(2) *Weekly Mode Period.* During each Rate Period during any Weekly Mode Period, the Series 2008 Bonds in such Mode shall bear interest at a rate determined in the following manner: on the Rate Determination Date for such Rate Period, the Remarketing Agent, having due regard for pertinent rate indices, comparable issues and prevailing market conditions, will determine, and is required to give Immediate Notice to the Trustee and the District of, the interest rate which, if borne by such Series 2008 Bonds during such Rate Period, would be the interest rate, but would not exceed the interest rate, which would result in the market value of such Series 2008 Bonds on the Rate Change Date being 100 percent of the principal amount thereof (without regard to accrued interest thereon), and the interest rate so determined shall be the interest rate on such Series 2008 Bonds for such Rate Period beginning on the next Rate Change Date.

With respect to each Weekly Mode Period, Rate Determination Dates shall occur weekly, initially on Wednesday of each week (unless such day is not a Business Day, in which case the Rate Determination Date shall be the immediately preceding Business Day), and Rate Change Dates shall occur

weekly, initially on Wednesday of each week. If at any time the Remarketing Agent shall determine that, in its judgment, such weekly Rate Determination Dates or Rate Change Dates then in effect have become inappropriate, taking into account general market practice with respect to periodic adjustment of rates on instruments comparable to the Series 2008 Bonds, whether based upon the time of compilation or reporting of any interest rate or financial index or indicator or otherwise, the Remarketing Agent (upon notice as hereinafter provided) may designate a new schedule of weekly Rate Determination Dates and/or Rate Change Dates, to remain in effect until another redetermination of scheduled weekly Rate Determination Dates or Rate Change Dates in accordance with this subsection. The Remarketing Agent shall give written notice of any change in scheduled weekly Rate Determination Dates or Rate Change Dates to the Trustee, the Tender Agent, the District and the Liquidity Provider, and such change shall become effective on the first scheduled Rate Determination Date or Rate Change Date, as the case may be, so designated occurring not less than 14 days following the giving of such notice. Promptly upon receipt of such notice, the Trustee will notify each Bondholder whose Bonds are affected by such change of such change in writing.

If for any reason the interest rate cannot be determined or become effective in the manner specified above, the interest rate on Bonds in the Weekly Mode shall be equal to 60 percent of the Base Rate on such Rate Determination Date; provided, however, that Bonds may not be sold pursuant to the Remarketing Agreement or otherwise for a price of less than 100 percent of the principal amount thereof.

(3) *Monthly Mode Period.* During each Rate Period during any Monthly Mode Period, the Series 2008 Bonds in such Mode shall bear interest at a rate determined in the following manner: on the Rate Determination Date for such Rate Period, the Remarketing Agent, having due regard for pertinent rate indices, comparable issues and prevailing market conditions, will determine, and is required to give Immediate Notice to the Trustee and the District of, the interest rate which, if borne by such Bonds during such Rate Period, would be the interest rate, but would not exceed the interest rate, which would result in the market value of such Bonds on the Rate Change Date being 100 percent of the principal amount thereof (without regard to accrued interest thereon), and the interest rate so determined shall be the interest rate on such Bonds for such Rate Period beginning on the next Rate Change Date.

Notwithstanding the foregoing, if, any Series 2008 Bonds in a Monthly Mode Period are tendered for purchase on a Tender Date that is not a Rate Change Date and if the Remarketing Agent provides notification to the District, the Tender Agent, the Liquidity Provider and the Trustee in writing or by telephone promptly confirmed in writing that in its determination the Series 2008 Bonds bearing interest at the Monthly Rate then in effect will not have a market value of 100 percent of the principal amount thereof (without regard to accrued interest thereon) on such Tender Date, the Remarketing Agent shall determine,

and notify the District, the Tender Agent, the Liquidity Provider and the Trustee of, a new interest rate for such Series 2008 Bonds effective for all Series 2008 Bonds in such Mode for such Rate Period on such Tender Date for the remainder of the Rate Period in which such determination is made (unless subsequently redetermined pursuant to this sentence). Promptly upon receipt of such notice, the Trustee shall notify each Bondholder whose Series 2008 Bonds are affected by such change of such change in writing.

With respect to each Monthly Mode Period, Rate Determination Dates shall occur monthly, initially on the first Business Day of each month, and Rate Change Dates shall occur monthly, initially on the first Business Day of each month.

If at any time the Remarketing Agent shall determine that, in its judgment, such monthly Rate Determination Dates or Rate Change Dates then in effect have become inappropriate, taking into account general market practice with respect to periodic adjustment of rates on instruments comparable to the Series 2008 Bonds, whether based upon the time of compilation or reporting of any interest rate or financial index or indicator or otherwise, the Remarketing Agent (upon notice as hereinafter provided) may designate a new schedule of monthly Rate Determination Dates and/or Rate Change Dates, to remain in effect until another redetermination of scheduled monthly Rate Determination Dates or Rate Change Dates in accordance with this subsection. The Remarketing Agent shall give written notice of any change in scheduled monthly Rate Determination Dates or Rate Change Dates to the Trustee, the Tender Agent, the District and the Liquidity Provider, and such change shall become effective on the first scheduled Rate Determination Date or Rate Change Date, as the case may be, so designated occurring not less than 14 days following the giving of such notice. Promptly upon receipt of such notice, the Trustee will notify each Bondholder whose Series 2008 Bonds are affected by such change of such change in writing.

If for any reason the interest rate cannot be determined or become effective in the manner specified above, the interest rate on Series 2008 Bonds in the Monthly Mode shall be equal to 60 percent of the Base Rate on such Rate Determination Date; provided, however, that Series 2008 Bonds may not be sold pursuant to the Remarketing Agreement or otherwise for a price of less than 100 percent of the principal amount thereof.

(4) *Semiannual Rate Period.* During each Rate Period during any Semiannual Mode Period, the Series 2008 Bonds in such Mode shall bear interest at a rate determined in the following manner: on the Rate Determination Date for such Rate Period, the Remarketing Agent, having due regard for pertinent rate indices, comparable issues and prevailing market conditions, will determine, and is required to give Immediate Notice to the Trustee and the District of, the interest rate which, if borne by such Series 2008 Bonds during such Rate Period, would be the interest rate, but would not exceed the interest rate, which would result in the market value of such Series 2008 Bonds on the Rate Change Date being 100

percent of the principal amount thereof (without regard to accrued interest thereon), and the interest rate so determined shall be the interest rate on such Series 2008 Bonds for such Rate Period beginning on the next Rate Change Date.

With respect to each Semiannual Mode Period, Rate Determination Dates shall occur semiannually, initially on the last Business Day of the month preceding the initial such Rate Period, and Rate Change Dates shall occur semiannually thereafter.

If at any time the Remarketing Agent shall determine that, in its judgment, such semiannually Rate Determination Dates or Rate Change Dates then in effect have become inappropriate, taking into account general market practice with respect to periodic adjustment of rates on instruments comparable to the Series 2008 Bonds, whether based upon the time of compilation or reporting of any interest rate or financial index or indicator or otherwise, the Remarketing Agent (upon notice as hereinafter provided) may designate a new schedule of semiannually Rate Determination Dates and/or Rate Change Dates, to remain in effect until another re-determination of scheduled semiannually Rate Determination Dates or Rate Change Dates in accordance with this subsection. The Remarketing Agent shall give written notice of any change in scheduled monthly Rate Determination Dates or Rate Change Dates to the District, the Trustee, the Tender Agent and the Liquidity Provider, and such change shall become effective on the first scheduled Rate Determination Date or Rate Change Date, as the case may be, so designated occurring not less than 14 days following the giving of such notice. Promptly upon receipt of such notice, the Trustee will notify each Series 2008 Bondholder whose Series 2008 Bonds are affected by such change of such change in writing.

If for any reason the Remarketing Agent does not set a Semiannual Rate on any Rate Determination Date or a court holds that the rate set for any Semiannual Mode Period is invalid, illegal or unenforceable, the Semiannual Rate for the Series 2008 Bonds for that Semiannual Mode Period shall be 80% of the yield shown for six-month United States Treasury Notes or Series 2008 Bonds, as published in *The Wall Street Journal* in the last issue published on or before the Business Day immediately preceding the commencement of such Semiannual Mode Period; and if that issue does not contain such a yield, the Semiannual Rate shall be determined by linear interpolation between the yields shown in that issue for United States Treasury Notes and Series 2008 Bonds having the next shorter and next longer number of months to maturity.

(5) *Adjustable Long Period.* For each Rate Period during an Adjustable Long Period, the Series 2008 Bonds in such Mode shall bear interest at a rate determined in the following manner. The Rate Determination Date and Rate Change Date for each Rate Period shall each be a Business Day designated by the Remarketing Agent. On the Rate Determination Date for such Rate Period, the Remarketing Agent, having due regard for pertinent rate indices, comparable issues and prevailing market conditions, will determine the interest rate which, if

borne by such Series 2008 Bonds during such Rate Period, would be the interest rate, but would not exceed the interest rate, which would result in the market value of such Series 2008 Bonds on the Rate Change Date being 100 percent of the principal amount thereof (without regard to accrued interest thereon); and the interest rate so determined shall be the interest rate on such Series 2008 Bonds for such Rate Period.

With respect to each Adjustable Long Period, the Remarketing Agent shall designate a schedule of Rate Determination Dates and Rate Change Dates in accordance with Section 2.02(f). For the Adjustment Date which is the first day of an Adjustable Long Period, and for each Rate Change Date thereafter within such Adjustable Long Period, the Remarketing Agent will give Immediate Notice to the District, the Tender Agent, and the Trustee on each related Rate Determination Date of the interest rate which will be effective commencing on the next Rate Change Date for such Rate Period. Upon receipt of such Immediate Notice, the Trustee shall promptly notify the Holders of such Series 2008 Bonds in writing of the interest rate for such Rate Period.

If for any reason the interest rate cannot be determined or become effective in the manner specified above, the interest rate for such Rate Period shall be 95 percent, 90 percent, 80 percent, 75 percent, 65 percent or 60 percent of the 11-Bond Index for the most recent period (as published in The Bond Buyer or any successor publication, or if none are published and available, the published and generally available interest rate index that is, in the judgment of the Remarketing Agent, most comparable to such index) if the length of such Rate Period equals or exceeds fifteen, nine, six, two or one years or is less than one year, respectively; provided, however, that Series 2008 Bonds may not be sold pursuant to the Remarketing Agreement or otherwise for a price of less than 100 percent of the principal amount thereof. If for any reason the interest rate cannot be determined or become effective in the manner specified above, the interest rate on Series 2008 Bonds in such Mode for such Rate Period shall be 90 percent, 75 percent, 65 percent or 60 percent of the Base Rate on the first Business Day of such Rate Period determined by reference to the length of such Rate Period equals or exceeds ten years, three years or one year, or is less than one year, respectively; provided, further, that Series 2008 Bonds may not be sold pursuant to the Remarketing Agreement or otherwise for a price of less than 100 percent of the principal amount thereof. Upon the alternative computation of the interest rate for any Rate Period as described in this paragraph, the Trustee shall give Immediate Notice to each Holder of Series 2008 Bonds in the Adjustable Long Period for which such interest rate computation is then being made, of the interest rate which will apply to such Series 2008 Bonds during such Rate Period.

(6) *Liquidity Provider Bonds.* Series 2008 Bonds which are Liquidity Provider Bonds purchased pursuant to a Liquidity Support Facility will bear interest, for the period in which they are Liquidity Provider Bonds, at the Liquidity Provider Rate.

(c) *Information to Holders.*

(1) By 10:00 a.m., New York time, on the first day of each Rate Period during a Daily Mode Period, the Remarketing Agent shall determine the rate applicable for such Rate Period. By 4:00 p.m., New York time, on the same day, the Remarketing Agent shall furnish to the Trustee by Immediate Notice, and the Trustee shall furnish to the District, the Liquidity Provider and the Tender Agent by Immediate Notice, the rates applicable to such Series 2008 Bonds for each Rate Period during the Daily Mode Period. Should any Series 2008 Bondholder or Beneficial Holder request in writing the rate applicable to such Series 2008 Bonds for any particular Rate Period during a Daily Mode Period, the Trustee (if such Series 2008 Bonds are not held in a Book-Entry System) or the Remarketing Agent (if such Series 2008 Bonds are held in a Book-Entry System) shall furnish Immediate Notice of the rate for such Rate Period to such requesting Series 2008 Bondholder or Beneficial Holder, respectively.

(2) During a Weekly Mode Period, Monthly Mode Period or Semiannual Mode Period, the Trustee shall give any Holder of Series 2008 Bonds, upon the request of such Holder, information in writing regarding the Adjustment Period or Periods and interest rate or rates applicable to such Series 2008 Bonds.

(d) *Demand for Purchase.* Holders or Beneficial Holders of Series 2008 Bonds (other than Liquidity Provider Bonds and Series 2008 Bonds owned by the District or any affiliate of the District) may tender their Series 2008 Bonds for purchase in the following manner:

(1) During a Daily Mode Period when a Book-Entry System is in effect, any Series 2008 Bond (other than a Liquidity Provider Bond) in such Mode will be purchased on the demand of the Beneficial Holder thereof through its direct Participant in the Securities Depository at the Tender Price therefor (equal to 100 percent of the principal amount thereof, plus accrued interest to but not including the Optional Tender Date) on any Business Day upon delivery to the Remarketing Agent, at its Principal Office, by 10:00 a.m., New York time, on any Business Day, of a written irrevocable notice, which will be effective upon receipt, which states (a) the name and address of the beneficial owner, (b) the principal amount of such beneficial interest (and the portion thereof to be tendered, if less than the full principal amount thereof is to be tendered), and (c) the date on which such beneficial interest shall be so purchased, which date shall be a Business Day (and which date may be the date of the delivery of such notice to the Remarketing Agent). A copy of any such notice shall be delivered to the Trustee and Tender Agent. During any Daily Mode Period when a Book-Entry System is not in effect, any Series 2008 Bond (other than a Liquidity Provider Bond) in such Mode will be purchased on the demand of an Holder of a Series 2008 Bond at the Tender Price therefor (equal to 100 percent of the principal amount thereof, plus accrued interest to but not including the Optional Tender Date) on any Business Day upon delivery to the Tender Agent, at the

address of the Tender Agent filed with the Trustee, by 10:00 a.m., New York time, on any Business Day, of the following:

(A) a written irrevocable notice, which will be effective upon receipt, which states (i) the name and address of the registered owner, (ii) the principal amount of such Series 2008 Bond (and the portion thereof to be tendered, if less than the full principal amount thereof is to be tendered) and the Series 2008 Bond number, (iii) the date on which such Series 2008 Bond shall be so purchased, which date shall be a Business Day (and which date may be the date of the delivery of such notice to the Tender Agent), and (iv) if the Series 2008 Bond is not delivered with such notice as permitted in paragraph (b) below, that the registered owner agrees to deliver the Series 2008 Bond (with all necessary endorsements and guarantees of signature) as specified in paragraph (b) below; and

(B) such Series 2008 Bond (with all necessary endorsements and guarantees of signature) attached to the aforesaid notice; provided, however, that such Series 2008 Bond shall be so purchased only if the Series 2008 Bond delivered to the Tender Agent shall conform in all respects to the description thereof in the aforesaid notice; and provided, further, that if the registered owner of the tendered Series 2008 Bond is an open-ended diversified management investment company (registered under the Investment Company Act of 1940, as amended), the delivery required under this paragraph (b) need not be made until 11:00 a.m., New York time, on the date such Series 2008 Bond is to be purchased from such registered owner.

(2) During any Weekly Mode Period or Monthly Mode Period, while a Book-Entry System is in effect, any Series 2008 Bond other than a Liquidity Provider Bond in such Mode shall be purchased on the demand of the Holder or Beneficial Holder thereof (through its direct Participant in the Securities Depository) at a Tender Price equal to 100 percent of the principal amount thereof, plus accrued interest to but not including the Optional Tender Date, on any Optional Tender Date upon irrevocable written notice or irrevocable telephonic notice (subsequently confirmed in writing) to the Tender Agent and the Trustee at their Principal Offices, which notice must be received by the Tender Agent and the Trustee not later than 2:00 p.m., New York time, on any Business Day in order to be effective on that day, and which notice states (i) the principal amount and number of such Series 2008 Bond, the name and the address of such Holder or Beneficial Holder and the taxpayer identification number, if any, of such Holder or Beneficial Holder and (ii) that such Series 2008 Bond is to be purchased on a specified Optional Tender Date. During any Weekly Mode Period or any Monthly Mode Period or on the Adjustment Date immediately succeeding such Weekly or Monthly Mode Period (if the Adjustment Period then commencing is a Weekly Mode Period or Monthly Mode Period, as the case may be), the Optional Tender Date shall be the first Business Day occurring on or after the seventh calendar day after the effective date of the receipt of such written or

telephonic notice by the Tender Agent. Any Holder or Beneficial Holder of Series 2008 Bonds who has so demanded purchase of his Series 2008 Bonds shall effect delivery of such Series 2008 Bonds by causing such direct Participant to transfer its interest in the Series 2008 Bonds tendered for purchase equal to such Beneficial Holder's interest therein on the records of the Securities Depository to the participant account of the Tender Agent with the Securities Depository prior to 10:00 a.m., New York time, on the Optional Tender Date specified in the notice. During any Weekly Mode Period or Monthly Mode Period when a book-entry system is not in effect, an Holder of a Series 2008 Bond may tender the Series 2008 Bond (or portion of the Series 2008 Bond) by delivering the notice described above in the manner described above, by the time set forth above (which shall include the certificate number of the Series 2008 Bond as well as the name, address and taxpayer identification number of the Holder), and also shall deliver the Series 2008 Bond to the Tender Agent on the Optional Tender Date (with an appropriate transfer of registration form executed in blank) at such Principal Office prior to 10:00 a.m., New York time, on the Optional Tender Date specified in the notice.

(3) Any telephonic notice received by the Tender Agent or Remarketing Agent pursuant to subparagraphs (1) or (2) above from any Person reasonably believed by the Tender Agent or Remarketing Agent, as applicable, to be the Holder or Beneficial Holder of a Series 2008 Bond may be conclusively relied upon by the Tender Agent and Remarketing Agent as a true, irrevocable notice of demand with respect to such Series 2008 Bond. The Tender Agent shall give Immediate Notice to the Remarketing Agent, the District, the Trustee and the Liquidity Provider as to the contents of any such notices received by it. Notwithstanding the foregoing, the Holder or Beneficial Holder of a Series 2008 Bond is not entitled to demand purchase of his Series 2008 Bonds as described above if no Liquidity Support Facility is in effect for the Series 2008 Bonds on the Optional Tender Date.

(4) There are no Optional Tender Dates during a Semiannual Mode Period, an Adjustable Long Period or a Fixed Rate Period.

(5) If any Holder or Beneficial Holder of Series 2008 Bonds in a Daily Mode Period, Weekly Mode Period or a Monthly Mode Period gives the written or telephonic notice described in subparagraphs (1) or (2) above and fails to deliver or to effect delivery, as the case may be, of the Series 2008 Bonds described in such notice at the time and date set forth above, such Series 2008 Bonds shall constitute Undelivered Bonds. If the Series 2008 Bonds are not held in the Book-Entry System, replacement Series 2008 Bonds shall be executed, authenticated and delivered in the place of such Undelivered Bonds as provided in Section 2.07, and such replacement Series 2008 Bonds may be remarketed by the Remarketing Agent in accordance with the Remarketing Agreement.

(e) *Termination of Liquidity Support Facility.* In the event of the occurrence of a Termination Tender Date with respect to the Series 2008 Bonds, the Trustee shall

give written notice thereof (and to the extent circumstances permit, such notice shall be given not less than 15 days prior thereto) to all Holders of the affected Series 2008 Bonds (except Liquidity Provider Bonds), by first class mail, postage prepaid, and to the Remarketing Agent, the Liquidity Provider, the Tender Agent and if the Book-Entry System is in effect, the Securities Depository, such notice to state the Termination Tender Date and that all such Outstanding Series 2008 Bonds (except Liquidity Provider Bonds) will be purchased on the Termination Tender Date by payment of the Tender Price therefor. Any Series 2008 Bonds (except Liquidity Provider Bonds) not properly delivered by the Holders thereof pursuant to this Section 2.02(e) shall constitute Undelivered Bonds. All Series 2008 Bonds purchased on such Termination Tender Date shall constitute Liquidity Provider Bonds and shall be delivered to the Liquidity Provider or, if the Book-Entry System is in effect, registered in the name of the Liquidity Provider, or such agent or nominee, as the Liquidity Provider shall direct, as collateral security in favor of the Liquidity Provider or, if purchased by the Liquidity Provider pursuant to a Liquidity Support Facility registered in the name of the Liquidity Provider as the owner of such Liquidity Provider Bond.

(f) *Adjustment Dates and Adjustment Periods.*

(1) The initial Adjustment Period for the Series 2008 Bonds shall be as set forth in Schedule I hereto. Thereafter, the Remarketing Agent (after consultation with the District) shall designate Adjustment Periods and the Rate Determination Dates, Rate Change Dates and Interest Payment Dates therein for each Series 2008 Bond, and each Series 2008 Bond will remain in such Mode until the end of such Adjustment Period or until the designation, if any, of a Substitute Adjustment Date by the Remarketing Agent pursuant to this Section 2.02(f). Such designations must comply with the following limitations:

(A) if more than one Rate Change Date shall be selected for such Adjustment Period, the Rate Periods therein shall be of Substantially Equal length;

(B) if more than one Interest Payment Date shall be selected for the Rate Period or Periods, the periods between such Interest Payment Dates shall be of Substantially Equal length;

(C) the Remarketing Agent may not designate a Mode in which a premium may be payable on or with respect to the Series 2008 Bonds (including a premium constituting a portion of the Tender Price of the Series 2008 Bonds on Termination Tender Date) unless the Liquidity Support Facility then in effect with respect to Series 2008 Bonds includes or is increased by the amount of such premium;

(D) no Series 2008 Bond (except Liquidity Provider Bonds) secured by a Liquidity Support Facility shall bear interest at a rate per annum in excess of the rate of interest specified in the such Liquidity

Support Facility for determining interest coverage with respect to such Series 2008 Bonds;

(E) if the Rate Period or Periods within any Adjustment Period shall be less than one year, the first day of each such Rate Period and each Interest Payment Date within such Period shall be a Business Day;

(F) with respect to any Adjustment Period, if a Liquidity Support Facility is then in effect with respect to the Series 2008 Bonds, the number of days of interest covered by such Liquidity Support Facility shall be not less than the sum of the following, as applicable:

(1) the maximum number of days the Liquidity Provider is allowed pursuant to the provisions of the Liquidity Support Facility then in effect for the Series 2008 Bonds to reinstate the Liquidity Support Facility then in effect;

(2) five days (or such other number of days as may be required by any Rating Agency then rating such Series 2008 Bonds); and

(3) either (i) the maximum number of days between scheduled Interest Payment Dates in such Adjustment Period or (ii) with respect to an Adjustable Long Period with no Interest Payment Dates therein, the number of days in such Period.

(G) if the succeeding Adjustment Period is to be an Adjustable Long Period, the Remarketing Agent shall give Immediate Notice to the District, the Tender Agent, the Liquidity Provider and the Trustee on the initial Rate Determination Date for such Adjustable Long Period of the interest rate which shall be effective commencing on the first day of such Adjustable Long Period for the initial Rate Period therein. Said notice shall be accompanied or preceded by written evidence from each Rating Agency having a rating in effect for the Series 2008 Bonds that such Rating Agency has reviewed the proposed Adjustment Period and that the selection of an Adjustable Long Period will not in the context of the then existing Liquidity Support Facility or any proposed Alternate Liquidity Support Facility result in (A) a withdrawal of its rating or ratings of the Series 2008 Bonds or (B) the then current rating or ratings assigned to the Series 2008 Bonds being lowered. In the case of an Adjustable Long Period, the Interest Payment Dates must be on each February 1 and August 1.

The Remarketing Agent shall evidence the designation of each such Adjustment Period by giving Immediate Notice to the District and written notice to the Trustee, the Tender Agent, the Liquidity Provider, and if the Book-Entry System is in effect, the Securities Depository, which shall be received by the

Trustee, the Tender Agent and the Liquidity Provider not less than 15 days prior to each Adjustment Date, of (i) the Adjustment Date and the Mode in which such Series 2008 Bonds will operate commencing with such Adjustment Date, (ii) the length of such Adjustment Period for each Series 2008 Bond affected thereby and the Rate Determination Date or Dates, the Rate Change Date or Dates and the Interest Payment Date or Dates within such Adjustment Period and (iii) if such Adjustment Period is to be an Adjustable Long Period, the applicable mandatory tender provisions and the applicable optional redemption provisions determined in accordance with Section 5.01(A)(2) and that the interest rate that such Series 2008 Bonds will bear for the initial Rate Period within such Adjustable Long Period will be determined in accordance with this Supplemental Indenture on the initial Rate Determination Date selected by the Remarketing Agent and will be the interest rate which, if borne by such Series 2008 Bonds during such Rate Period, will be the interest rate which would result in the market value of such Series 2008 Bonds on such date being 100 percent of the principal amount thereof (without regard to accrued interest thereon).

It is not necessary that all of the Series 2008 Bonds operate in the same Mode at the same time, or that Series 2008 Bonds in the same Mode at the same time have the same or similar Rate Periods, Interest Payment Dates, Rate Determination Dates or Rate Change Dates. Notwithstanding anything in this Supplemental Indenture to the contrary, there shall be delivered to the Trustee and the Liquidity Provider concurrently with the notice described above, and no such designation of an Adjustment Period, Rate Change Dates or Interest Payment Dates shall take effect without, (i) a Favorable Opinion of Tax Counsel whenever there is a change from a Rate Period of one year or less to a Rate Period of more than one year, or vice versa and (ii) a written statement from each Rating Agency then rating the Series 2008 Bonds to the effect that any change from a Short Mode Period to an Adjustable Long Period shall not result in the rating or ratings of such Rating Agency of the Series 2008 Bonds being lowered or withdrawn. In the event that the Remarketing Agent does not make the designation of an Adjustment Period or an interest rate with respect to any Series 2008 Bond in the manner and within the time periods described above, or if the Favorable Opinion of Tax Counsel described above is not delivered or is withdrawn, the next Adjustment Period with respect to the Series 2008 Bonds in the Adjustment Period then ending shall be (a) if the preceding Adjustment Period was either a Short Mode Period or an Adjustable Long Period with Rate Periods of one year or less, such period shall remain in effect; or (b) if the preceding Adjustment Period was an Adjustable Long Period with Rate Periods of longer than one year, an Adjustable Long Period with one Rate Period of one year and one day shall be in effect, unless a Favorable Opinion of Tax Counsel is delivered which permits a different Adjustment Period, and in all cases until the designation, if any, of a Substitute Adjustment Date by the Remarketing Agent pursuant to this Section 2.02(f).

Upon receipt of notice from the Remarketing Agent as described above with respect to the designation of an Adjustment Period, not less than ten days

prior to the first day of such Adjustment Period, the Trustee shall give written notice by first class mail, postage prepaid, to each Holder of Series 2008 Bonds (other than Liquidity Provider Bonds) affected by such change in Mode that, as applicable, either (i) all such Outstanding Series 2008 Bonds will be purchased on the Adjustment Date by payment of the Tender Price therefor, or (ii) if the immediately preceding Adjustment Period and the current Adjustment Period are both Daily Mode, Weekly Mode or Monthly Mode Periods, the length of the new Adjustment Period and the Rate Determination Date or Dates, the Rate Change Date or Dates and the Interest Payment Date or Dates within such Adjustment Period. Such notice to the Holders shall also state, if applicable, that such change or changes on the Adjustment Date are conditional upon the receipt of a Favorable Opinion of Tax Counsel and that, if such opinion is not delivered or is withdrawn, such change or changes shall be of no force and effect and the next Adjustment Period for such Series 2008 Bonds shall be determined in accordance with the last sentence of the preceding paragraph. In the event that such opinion is not delivered or is withdrawn, the Trustee shall, within a reasonable time, give notice to each Holder of such Series 2008 Bonds, in the manner in which such notice with respect to the designation of an Adjustment Period was given, that such opinion was not delivered or had been withdrawn. The Trustee shall give any such required written notice to the Holders of such Series 2008 Bonds, at their addresses as shown on the bond registration books kept by the Registrar, and to the Liquidity Provider. Failure by the Trustee to give such notice, or any defect therein, shall not extend the period for making elections or in any way change the rights of the Holders of such Series 2008 Bonds to elect to have their Series 2008 Bonds purchased on any Optional Tender Date. Any notice so given by the Trustee shall be conclusively presumed to have been given, whether or not the Holder receives the same.

(2) Notwithstanding any provision of this Supplemental Indenture, the Remarketing Agent may designate a Substitute Adjustment Date for any Series 2008 Bonds which are in a Short Mode Period, which Substitute Adjustment Date for such Series 2008 Bonds shall be the next succeeding Adjustment Date for such Series 2008 Bonds for all purposes of this Supplemental Indenture, unless the Termination Tender Date occurs before such Substitute Adjustment Date. Such designations must comply with the limitations set forth in clauses (A) through (G) of Section 2.02(f)(1) above and must meet the requirements of the last unnumbered paragraph of Section 2.02(f)(1) above, including the delivery of the Favorable Opinion of Tax Counsel, if applicable. The Remarketing Agent shall evidence each such designation by giving written notice to the District, the Liquidity Provider, the Tender Agent and the Trustee, which shall be received by the District, the Liquidity Provider, the Tender Agent and the Trustee not less than 15 days prior to each such Substitute Adjustment Date, of the information set forth in clauses (i) through (iii) of Section 2.02(f). Upon receipt of such notice from the Remarketing Agent, the Trustee, at least ten days prior to such Substitute Adjustment Date, shall give written notice to each Holder of the Series 2008 Bonds (other than Liquidity Provider Bonds) affected thereby by first class mail, postage prepaid, of the Substitute Adjustment Date. The Trustee shall give such

notice to the Holders of such Series 2008 Bonds, at their addresses as shown on the bond registration books kept by the Registrar, and to the Liquidity Provider. Failure by the Trustee to give such notice, or any defect therein, shall not extend the period for making elections or in any way change the rights of the Holders of such Series 2008 Bonds to elect to have their Series 2008 Bonds purchased on any Optional Tender Date. Any notice so given by the Trustee shall be conclusively presumed to have been given, whether or not the owner receives the notice.

It is recognized that (i) the Remarketing Agent may, in the exercise of its judgment, determine Adjustment Periods and Rate Periods that result in interest rates on certain Series 2008 Bonds that are higher than those that would be borne by Series 2008 Bonds with different Adjustment Periods and/or Rate Periods in order to increase the likelihood of achieving the lowest overall debt service costs to the District by assuring the availability of such interest rates for the longer Adjustment Periods and/or Rate Periods and (ii) in view of the uncertainties involved in forecasting interest rates, the Remarketing Agent may establish different Adjustment Periods and/or Rate Periods for Series 2008 Bonds on the same Adjustment Date in order to achieve an average length of Adjustment Periods and/or Rate Periods that, in its judgment, is most likely to achieve the lowest overall debt service on the Series 2008 Bonds. The determination of Adjustment Periods and Rate Periods by the Remarketing Agent shall be based upon the market for and the relative yields of the Series 2008 Bonds and other securities that bear interest at a variable rate or at fixed rates that, in the judgment of the Remarketing Agent, are otherwise comparable to the Series 2008 Bonds, or any fact or circumstance relating to the Series 2008 Bonds or affecting the market for the Series 2008 Bonds or affecting such other comparable securities in a manner that, in the judgment of the Remarketing Agent, will affect the market for the Series 2008 Bonds. The Remarketing Agent, in its discretion, may consider such information and resources as it deems appropriate in making the determinations required by this Section, but the Remarketing Agent's determination of the Adjustment Periods and Rate Periods for each Series 2008 Bond shall be based solely upon the Remarketing Agent's judgment, and the Remarketing Agent's determination shall be conclusive and binding upon all parties.

(g) *Tender Price.* The Tender Price for any Series 2008 Bond tendered or required to be tendered on a Optional Tender Date or a Mandatory Tender Date shall be 100 percent of the principal amount thereof plus accrued interest thereon to but not including the Optional Tender Date or Mandatory Tender Date, as the case may be, except as provided in the next sentence with respect to the tender on Termination Tender Date of any Series 2008 Bonds in a Fixed Rate Period or an Adjustable Long Period.

At any time for Series 2008 Bonds in a Fixed Rate Period or an Adjustable Long Period, the Tender Price (expressed as percentages of the principal amount of Series 2008 Bonds subject to mandatory tender for purchase) on Termination Tender Date shall be the purchase price determined in accordance with the following table plus accrued interest to but not including such Termination Tender Date:

Length of Fixed Rate Period, Adjustable Long Period or Period from Currently Occurring Termination Tender Date Until End of Adjustable Long Period or Fixed Rate Period, As Applicable	Tender Price (Periods Measured from and Including First Day of Such Period)
greater than 10 years	(i) After first year and for next 4 years — 105 percent (ii) for next 2 years — 103 percent; and (iii) after 7 years — 102.5 percent declining 0.5 percent per 12 months to 100 percent
less than or equal to 10 years and greater than 7 years	(i) after first year and for next 4 years — 103 percent; and (ii) after 5 years — 101.5 percent declining 0.5 percent per 12 months to 100 percent
less than or equal to 7 years and greater than 4 years	(i) after first year and for next 2 years — 102.5 percent; and (ii) after 3 years — 101 percent declining 0.5 percent per 12 months to 100 percent
less than or equal to 4 years	after first year and prior to maturity — 102.5 percent

The Tender Price shall be calculated in accordance with the above table. The determination of the length of the period and the corresponding Tender Price shall be made by counting from the currently occurring Termination Tender Date, Conversion Date or the first day of Adjustable Long Period to the end of such period.

(h) *Notice of Interest Due.* The Trustee hereby agrees to adopt procedures mutually acceptable to the Trustee and the District to inform the District on or prior to each Interest Payment Date of the amount of interest due on the Series 2008 Bonds on such Interest Payment Date.

Section 2.03 *Establishment of a Fixed Interest Rate; Change of Fixed Interest Rate.* *Conversion of Series 2008 Bonds.* The interest rate on any Series 2008 Bonds may be converted to a Fixed Interest Rate on any Rate Change Date for Series 2008 Bonds, and the interest rate on any Liquidity Provider Bonds may be converted to a Fixed Interest Rate at any time (provided the conversion of a Liquidity Provider Bond to a Fixed Interest Rate shall not be effective unless such Liquidity Provider Bond is actually purchased as provided in the underwriting or purchase contract, and the other conditions precedent are satisfied, as provided in the second succeeding paragraph below), in each case upon receipt by the Trustee of a direction from the District not less than 15 days prior to the Conversion Date specified in such notice, provided that in the case of (i) the failure of the Liquidity Provider to purchase Series 2008 Bonds tendered pursuant to Section 2.02, (ii) expiration or termination of the Liquidity Support Facility without substitution thereof with an Alternate Liquidity Support Facility or (iii) if Series 2008 Bonds are Liquidity

Provider Bonds for a period of 45 days or more in any calendar year, such Series 2008 Bonds shall bear interest at the Maximum Rate.

Except as otherwise provided in Section 2.03(b), such Series 2008 Bonds so converted shall bear interest from and after the Conversion Date at such Fixed Interest Rate until payment of the principal or redemption price thereof shall have been made or provided for in accordance with the provisions hereof, whether at maturity, upon redemption or otherwise. No Conversion Date shall occur during the five days prior to the stated expiration or termination date of the Liquidity Support Facility then in effect for the Series 2008 Bonds.

A Fixed Interest Rate shall be determined for each Series 2008 Bond being so converted on the basis of the Fixed Rate Period for such Series 2008 Bond, taking into consideration any designation of a specific serial maturity or mandatory redemption date for such Series 2008 Bond pursuant to clause (i) of the second sentence below in this paragraph. Such direction of conversion shall specify the portion of the Series 2008 Bonds to be converted and, whether the District has, pursuant to Section 2.05(a) of this Supplemental Indenture, canceled the Liquidity Support Facility for any Series 2008 Bond to be converted and such direction shall be accompanied by (i) a firm underwriting or purchase contract from a recognized firm of bond underwriters or recognized institutional investors to underwrite or purchase all Series 2008 Bonds which are to be converted on such Conversion Date at a price equal to 100 percent of the principal amount thereof (without regard to accrued interest thereon), which contract may designate specific serial maturities or mandatory redemption dates for all or a portion of the Series 2008 Bonds to be converted which, together with any prior designations in connection with prior conversions, shall be consistent with the serial maturity or mandatory redemption requirements for the Series 2008 Bonds set forth in Section 5.01(B)(a), (ii) a certification from such underwriter or purchaser that, in its best judgment under prevailing market conditions, the Fixed Interest Rate for each Series 2008 Bond specified in such underwriting or purchase contract is the interest rate, but does not exceed the interest rate, which would result in the market value of such Series 2008 Bond, on the date of such firm underwriting or purchase contract, being 100 percent of the principal amount thereof (without regard to accrued interest thereon), (iii) a Favorable Opinion of Tax Counsel with respect to the conversion to a Fixed Rate Period (which shall not have been withdrawn on or prior to the Conversion Date); (iv) written evidence from each Rating Agency having a rating in effect for the Series 2008 Bonds that such Rating Agency has reviewed the proposed conversion to a Fixed Rate Period and either (A) the District has requested that such Rating Agency (1) withdraw its rating on the Series 2008 Bonds being converted to a Fixed Interest Rate because after conversion to a Fixed Rate Period the Series 2008 Bonds will not be remarketed with a rating by such Rating Agency and (2) confirm its rating on any Series 2008 Bonds not subject to such conversion and currently rated by such Rating Agency, or (B) that following such conversion, the Series 2008 Bonds subject to such conversion will be rated no lower than the then current rating or ratings assigned to all outstanding fixed-rate Bonds issued under the Master Trust Indenture, and (v) such other materials as shall be requested by the Trustee including without limitation a form of Fixed Rate Series 2008 Bond. The District shall provide copies of such direction to the Paying Agent, if any, and the Remarketing Agent.

Upon conversion to a Fixed Interest Rate under this Section, such Series 2008 Bonds shall be subject to mandatory tender pursuant to Section 5.03(b) on such Conversion Date. The

Trustee shall promptly give Immediate Notice of such election by the District to the Remarketing Agent, the Liquidity Provider and the Holders of all Series 2008 Bonds to be converted that such Series 2008 Bonds will be purchased on the Conversion Date by payment of the Tender Price therefor.

On the Conversion Date for any Series 2008 Bonds, such Series 2008 Bonds shall commence to bear interest at the Fixed Interest Rate or Rates determined as provided above.

The Trustee shall affix a legend on the face of each Series 2008 Bond authenticated on or after the Conversion Date therefor in substantially the following form:

This Series 2008 Bond bears interest at the Fixed Interest Rate, as defined in this Series 2008 Bond, of ____% per annum from and after _____.

Following the establishment of a Fixed Interest Rate for any Series 2008 Bonds and notwithstanding anything herein to the contrary, any replacement Series 2008 Bonds for such Series 2008 Bonds shall be in the denomination of \$5,000 or any integral multiple thereof.

The determination of the Fixed Interest Rate for any Series 2008 Bonds shall be conclusive and binding upon the Holders of such Series 2008 Bonds, the District and the Trustee.

After the Conversion Date for any Series 2008 Bonds, such Series 2008 Bonds shall no longer be subject to the provisions of Sections 2.02(b) through 2.02(g).

After the Conversion Date for any Series 2008 Bonds, interest on such Series 2008 Bonds shall be payable semiannually on each February 1 and August 1 thereafter until all of such Series 2008 Bonds shall have been paid or payment shall have been duly provided for; provided, however, that the interest payable on the February 1 or August 1, as the case may be, next following the Conversion Date for such Series 2008 Bonds shall be for the period, which may be less than six months, commencing on such Conversion Date until such February 1 or August 1.

If the conversion of the interest rate on any Series 2008 Bond does not occur for any reason, including that any condition precedent to such conversion as herein provided shall not occur, such Series 2008 Bonds shall continue to operate in the Mode which they were in prior to the date on which the Trustee received from the District the direction described in Section 2.03(a).

Section 2.04 *Notices to Series 2008 Bondholders.*

(a) On each Adjustment Date with respect to any Series 2008 Bond which is not also a Mandatory Tender Date for such Series 2008 Bond, the Trustee shall notify the Holder of such Series 2008 Bond by first class mail, postage prepaid, of (i) the Mode applicable to such Series 2008 Bond, (ii) the length of the Adjustment Period commencing with such Adjustment Date and (iii) the Rate Determination Dates, Rate Change Dates and Interest Payment Dates, if any, during such Adjustment Period.

(b) In addition, the Trustee shall give notice to the Holders of the related Series 2008 Bonds, by first class mail, postage prepaid, of the proposed substitution of any Alternate Liquidity Support Facility for the Liquidity Support Facility then in effect for the Series 2008 Bonds which has not resulted in a Termination Tender Date, such notice to be given not less than ten (10) days prior to the effective date of such substitution.

(c) Promptly following the successful substitution of any Liquidity Support Facility then in effect, the Trustee shall give notice to the Holders of the related Series 2008 Bonds, by first class mail, postage prepaid, of such substitution, such notice to be given not more than ten (10) days following the effective date of such substitution

Section 2.05 *Liquidity Support Facility.*

(a) The District may, at its option, cause the Trustee to be provided with a Alternate Liquidity Support Facility from any Liquidity Provider, in substitution for or replacement of the initial Liquidity Support Facility or any Alternate Liquidity Support Facility; provided, that such Alternate Liquidity Support Facility shall provide for the purchase by its Liquidity Provider of any Series 2008 Bonds that are Liquidity Provider Bonds on the Liquidity Facility Effective Date of such Alternate Liquidity Support Facility, or other provision for the payment of such Liquidity Provider Bonds must have otherwise been made on or prior to such Liquidity Facility Effective Date; and provided further, that the District shall give written notice of the delivery of any such Alternate Liquidity Support Facility to the Trustee and the Liquidity Provider of the Liquidity Support Facility that is being replaced not less than 45 days prior to the Liquidity Facility Effective Date thereof.

(b) In order for such Alternate Liquidity Support Facility to qualify as a Alternate Liquidity Support Facility hereunder, the District shall deliver to the Trustee (1) a copy of the Liquidity Agreement, if any, pursuant to which such proposed Alternate Liquidity Support Facility is issued, and (2) an opinion of Independent Counsel stating that such proposed Alternate Liquidity Support Facility is valid, binding and enforceable in accordance with its terms, subject to customary exceptions for bankruptcy and equitable remedies.

(c) The Trustee shall furnish written notice by first class mail, postage prepaid, of the planned substitution of the Alternate Liquidity Support Facility to the Holders of the Series 2008 Bonds no later than 40 days prior to such substitution becoming effective.

(d) Upon the effective date of the Alternate Liquidity Support Facility and receipt of such Alternate Liquidity Support Facility, any related Liquidity Agreement and Opinion of Counsel, and provided all draws under the Liquidity Support Facility being replaced have been honored, the Trustee shall surrender the Liquidity Support Facility being replaced to its Liquidity Provider.

(e) The District shall maintain a Liquidity Support Facility meeting the requirements of this Section 2.05 throughout any period in which the Series 2008 Bonds are in any Short Mode Period or Adjustable Long Mode Period which ends prior to the final maturity date of the Series 2008 Bonds. In the event the short-term rating of the Series 2008 Bonds is withdrawn, suspended or lowered below “A-1” by S&P or “VMIG-1” by Moody’s, the District shall, as soon as practical, replace the then-current Liquidity Support Facility with an Alternate Liquidity Support Facility from a provider with sufficient liquidity rating so as to permit the Series 2008 Bonds to obtain short-term ratings of at least “A-1” by S&P and “VMIG-1” by Moody’s, in accordance with the procedures set forth in this Section 2.05. The District hereby agrees not to take any action, or omit to take any action, which would result in the suspension, termination, cancellation or reduction, while the Series 2008 Bonds are in any Short Mode Period or Adjustable Long Mode Period, of a Liquidity Support Facility prior to its Expiration Date without first obtaining a Alternate Liquidity Support Facility.

(f) If on the 45th day preceding the Expiration Date, no notice of extension of the Liquidity Support Facility or no Alternate Liquidity Support Facility has been furnished by the District to the Trustee, then the Series 2008 Bonds shall be subject to mandatory tender on the fifth Business Day prior to the Expiration Date, as provided in Section 5.03(a) hereof.

(g) Pursuant to any agreement executed in connection with the issuance of a Liquidity Support Facility, the District may pledge to the Liquidity Provider, and grant the Liquidity Provider a security interest in, all of the District’s right, title and interest in and to all moneys and investments on deposit in the Funds created under this Supplemental Indenture; provided that the Liquidity Provider’s security interest shall in all events be subject and subordinate to the prior security interest granted to the Trustee for the benefit of the Holders. In connection therewith, the Trustee agrees to act as an agent for the Liquidity Provider for the sole purpose of perfecting the Liquidity Provider’s security interest in all moneys and investments.

(h) At any time after the Conversion Date for any Series 2008 Bond, the District may cancel the Liquidity Support Facility with respect to such Series 2008 Bonds, or permit such Liquidity Support Facility then in effect with respect to such Series 2008 Bonds to expire or terminate or have its available bond purchase commitment amount reduced, without providing a replacement therefor, thereby causing the Series 2008 Bonds to be purchased as set forth in Section 5.03(a). The District shall provide written notice of cancellation to the Trustee, which notice shall specify whether the cancellation applies to all or a specified portion of the Series 2008 Bonds.

(i) Series 2008 Bonds constituting Liquidity Provider Bonds purchased with moneys from a Liquidity Support Facility shall not be transferred or exchanged or delivered pursuant to the Remarketing Agreement or the Liquidity Agreement prior to the Trustee receiving notice or confirmation from the Liquidity Provider as provided in the Liquidity Agreement that the Liquidity Support Facility then in effect securing such Series 2008 Bonds has been reinstated to an amount including (i) the principal and

premium of such Series 2008 Bonds plus (ii) interest thereon at the rate and for the period specified in the Liquidity Support Facility for determining interest coverage thereon.

Section 2.06 Deposit of Series 2008 Bonds. The Tender Agent will hold all Series 2008 Bonds delivered to it pursuant to Section 2.02(d) or Section 5.03 in trust for the benefit of the respective Series 2008 Bondholders which shall have so delivered such Series 2008 Bonds, until the Tender Price of such Series 2008 Bonds shall have been delivered to or for the account of or to the order of such Series 2008 Bondholders pursuant to Section 2.08(e) or until such Series 2008 Bonds are redeemed and canceled pursuant to Section 2.09 of this Supplemental Indenture.

Section 2.07 Remarketing of Series 2008 Bonds.

(a) Upon its receipt of a demand for purchase from a Series 2008 Bondholder pursuant to Section 2.02(d)(1), the Tender Agent shall give Immediate Notice not later than the close of business on the Business Day after receipt of such notice to the Trustee, the Remarketing Agent, the District and the Liquidity Provider specifying the principal amount of Series 2008 Bonds for which it has received such demand, the accrued interest on such Series 2008 Bonds to but not including the Optional Tender Date, the name of such Series 2008 Bondholder, the Person or Persons (with address or addresses) to whom or to whose order the proceeds of any purchase of such Series 2008 Bonds are to be paid, the bank and account number, if any, to which wire transfer of such proceeds is to be made, and the Optional Tender Date.

(b) The Remarketing Agent has agreed in the Remarketing Agreement to offer for sale at the Tender Price required by Section 2.02(g) hereof and to use its best efforts to sell the Series 2008 Bonds (including the Liquidity Provider Bonds) in accordance with the terms of this Supplemental Indenture and the Remarketing Agreement to purchasers other than the District.

(c) No later than 10:30 a.m., New York time, on each Tender Date for a Series 2008 Bond in the Daily Mode Period and by no later than 2:30 p.m., New York time, on the Business Day before each Tender Date for a Series 2008 Bond in the Weekly Mode Period or the Monthly Mode Period, the Remarketing Agent shall give Immediate Notice to the Trustee, the Tender Agent, the Liquidity Provider and the District specifying the principal amount of and accrued interest on Series 2008 Bonds required to be purchased on such Tender Date and the specific Series 2008 Bonds for which it has arranged a remarketing pursuant to the terms of the Remarketing Agreement. The Remarketing Agent also shall give to the Tender Agent Immediate Notice of the name, address, taxpayer identification number, denomination breakdown, and wire instructions for payment of principal and interest, if any, for each new Series 2008 Bondholder.

(d) If the notice by the Remarketing Agent to the Trustee pursuant to subsection (c) above indicates that not all Series 2008 Bonds required to be purchased on such Tender Date have been remarketed, or if the Trustee does not receive the notice described in Section 2.07(c) at or before 10:30 a.m., New York time, in the case of Series 2008 Bonds in the Daily Mode Period or 2:30 p.m., New York time, in the case of Series 2008 Bonds in the Weekly Mode Period or Monthly Mode Period, the Trustee shall draw

on the Liquidity Support Facility then in effect on or before the time specified in Section 4.03(b) in an amount equal to the aggregate Tender Price of all such unremarketed Series 2008 Bonds or, if no notice was received, in an amount equal to the aggregate Tender Price of all Series 2008 Bonds for which a demand for purchase on such Tender Date has been made. The Trustee shall deliver to the Tender Agent for deposit in the Purchase Fund the proceeds of such draw. The deposit of amounts received by the Tender Agent from potential purchasers of the Series 2008 Bonds, the deposit of amounts received from the Liquidity Provider pursuant to draws under this Section 2.07(d), and the manner and timing of draws on the Liquidity Support Facility in the event of a deficiency of funds for purchase of Series 2008 Bonds required to be purchased on the Tender Date is governed by the provisions of Section 4.03(b) of this Supplemental Indenture.

(e) Pursuant to the Remarketing Agreement, the Remarketing Agent has agreed to arrange for the purchasers of Series 2008 Bonds remarketed by it to deliver to the Tender Agent, in funds immediately available in Sioux Falls, South Dakota, for deposit into the Remarketing Account of the Purchase Fund, at or before 10:30 a.m., New York time, on each Tender Date, an amount equal to the aggregate Tender Price of Series 2008 Bonds specified in the notices from the Remarketing Agent referred to in subsection (c) above.

Section 2.08 Delivery of Series 2008 Bonds for Purchase.

(a) Series 2008 Bonds delivered to the Tender Agent which are purchased as a result of the application of moneys in the Remarketing Account of the Purchase Fund shall be canceled by the Co-Paying Agent, as Co-Registrar, and returned to the Trustee for destruction, and new Series 2008 Bonds shall be authenticated, registered in the names and delivered to such persons as shall have been designated by the Remarketing Agent.

(b) Series 2008 Bonds delivered to the Trustee or the Tender Agent which become Liquidity Provider Bonds as a result of the application of moneys in the Liquidity Purchase Account of the Purchase Fund shall be canceled by the Co-Paying Agent, as Co-Registrar, and returned to the Trustee for destruction, and new Series 2008 Bonds shall be registered in the name of the District, authenticated and delivered to the Liquidity Provider, or, if the Book-Entry System is in effect, registered in the name of the Liquidity Provider, or such agent or nominee as the Liquidity Provider shall direct, as collateral security in favor of the Liquidity Provider as owner of such Series 2008 Bonds until such time as such Series 2008 Bonds are remarketed pursuant to the Remarketing Agreement or the District has reimbursed the Liquidity Provider for amounts paid by the Liquidity Provider under the Liquidity Support Facility.

(c) Series 2008 Bonds delivered to the Tender Agent which are purchased by the District as a result of the application of moneys in the District Account of the Purchase Fund deposited therein by the District shall be canceled by the Co-Paying Agent, as Co-Registrar, and returned to the Trustee for destruction, and new Series 2008 Bonds shall be authenticated, registered in the name of and delivered to or upon the order of the District.

(d) With respect to any Undelivered Bonds, (i) if such Undelivered Bonds were purchased as a result of the application of moneys in the Remarketing Account of the Purchase Fund, the Trustee shall provide replacement Series 2008 Bonds to the Tender Agent which shall be registered in the name of the District, shall be in such Authorized Denominations as the Remarketing Agent shall designate, and which shall be delivered by the Tender Agent in accordance with the instructions of the Remarketing Agent; (ii) if such Undelivered Bonds were purchased as a result of the application of moneys in the Liquidity Purchase Account of the Purchase Fund, the Trustee shall provide replacement Series 2008 Bonds which shall be in such Authorized Denominations as the Liquidity Provider shall designate, and shall be held by the Trustee registered in the name of the Liquidity Provider in accordance with the instructions of the Liquidity Provider, and (iii) if such Undelivered Bonds were purchased as a result of the application of moneys in the District Account of the Purchase Fund deposited therein by the District, the Trustee shall provide replacement Series 2008 Bonds to the Tender Agent which shall be registered in the name of the District, shall be in such Authorized Denominations as the District shall designate, and shall be delivered by the Trustee in accordance with the instructions of the District.

(e) The Tender Price of Series 2008 Bonds delivered to the Tender Agent pursuant to Section 2.07(e) shall be delivered, to the account of or to the order of the Holder of such Series 2008 Bonds, by wire transfer of immediately available funds to the bank account specified by such Holder, if any, or by check mailed to the address specified by such Holder, if any, or, if none, by check mailed to the registered Holder of such Series 2008 Bonds at the address of such Holder as it appears in the registration books. The purchase price of Undelivered Bonds shall be transferred to the Trustee, which shall deposit the amount so transferred in the Section 4.06 Fund pursuant to Section 4.06.

Section 2.09 Registration of Partially Redeemed and Partially Liquidity Provider Bonds. If only a portion (in an Authorized Denomination) of any Series 2008 Bond is to be purchased and the remaining portion thereof is to be redeemed, the Co-Paying Agent shall advise the Trustee of the principal amount of such Series 2008 Bond to be redeemed and the principal amount thereof which has been purchased by the Tender Agent (which shall be in an Authorized Denomination) and shall cancel the Series 2008 Bond and return it to the Trustee for destruction and (i) the Trustee shall authenticate and the Trustee or Co-Paying Agent, as Co-Registrar shall register such principal amount as has been purchased, (ii) the Co-Paying Agent, as Co-Registrar, shall deliver a Series 2008 Bond representing such purchased portion as provided in Section 2.08 and (iii) the Co-Paying Agent shall redeem the remaining portion of the Series 2008 Bond in accordance with Section 5.04.

Section 2.10 Purchase of Liquidity Provider Bonds. As provided in the Remarketing Agreement, the Remarketing Agent, acting on behalf of the District, may from time to time designate one or more persons to purchase all or any portion of the Liquidity Provider Bonds then held by the Trustee pursuant to purchases hereunder or by any other entity pursuant to a purchase or assignment of such Liquidity Provider Bonds, other than pursuant to a remarketing under the Remarketing Agreement. The Remarketing Agent shall give Immediate Notice to the Tender Agent, the Trustee, the District and the Liquidity Provider of any such proposed purchase

no later than 4:00 p.m., New York time, on the Business Day before the date on which such purchase is to take place (the “Liquidity Provider Bond Transfer Date”). On such Liquidity Provider Bond Transfer Date, the Liquidity Provider (or other entity) shall make the Liquidity Provider Bond or Liquidity Provider Bonds being purchased available to the Trustee by 9:30 a.m., New York time. Upon payment by or on behalf of the purchaser thereof to the Tender Agent, for the benefit of the Liquidity Provider (or other entity), by 10:00 a.m., New York time, in immediately available funds, of the purchase price of the Liquidity Provider Bond (or portion thereof) then being purchased in an amount equal to 100 percent of the principal amount thereof plus accrued interest thereon, the Tender Agent shall notify the Trustee and shall destroy such Liquidity Provider Bond or Liquidity Provider Bonds. Upon the receipt of such purchase price, the Tender Agent shall authenticate, register and deliver new Series 2008 Bonds in exchange for such Liquidity Provider Bond or Liquidity Provider Bonds so purchased as directed by the Remarketing Agent pursuant to Section 2.08(a). The foregoing notwithstanding, the Trustee shall not destroy the Liquidity Provider Bond or Liquidity Provider Bonds, or deliver new Series 2008 Bonds in exchange therefor, unless (i) the Trustee has received written notice from the Liquidity Provider of full reinstatement of the Liquidity Support Facility or (ii) full reinstatement of the Liquidity Support Facility would automatically occur upon such destruction or delivery. Upon receipt of such purchase price from or on behalf of the purchaser, the Tender Agent shall initiate a wire transfer to the Liquidity Provider (or other entity) of funds immediately available in Sioux Falls, South Dakota no later than 11:00 a.m., New York time, on such Liquidity Provider Bond Transfer Date.

Section 2.11 *Book-Entry System.* The Series 2008 Bonds shall be issued in the name of Cede & Co., as nominee for The Depository Trust Company as the Securities Depository and registered owner of the Series 2008 Bonds, and held in the custody of the Securities Depository. A single certificate will be issued and delivered to the Securities Depository for the Series 2008 Bonds, and the Beneficial Holders will not receive physical delivery of Series 2008 Bond certificates except as provided herein. For so long as the Securities Depository shall continue to serve as securities depository for the Series 2008 Bonds as provided herein, all transfers of beneficial ownership interests will be made by book-entry only, and no investor or other party purchasing, selling or otherwise transferring beneficial ownership of Series 2008 Bonds is to receive, hold or deliver any Series 2008 Bond certificate.

At the direction of the District, with notice to the Trustee, the District, the Tender Agent, the Liquidity Provider and the Remarketing Agent, but without the consent of the Series 2008 Bondholders, the Trustee and the District, at the direction and expense of the District and with the consent of the Remarketing Agent, may appoint a successor Securities Depository and enter into an agreement with the successor Securities Depository, to establish procedures with respect to a Book-Entry System for the Series 2008 Bonds not inconsistent with the provisions of this Supplemental Indenture. Any successor Securities Depository shall be a “clearing agency” registered under Section 17A of the Securities Exchange Act of 1934, as amended.

The District, the Liquidity Provider, and the Trustee will recognize the Securities Depository or its nominee as the Series 2008 Bondholder for all purposes, including notices and voting.

The District, the Liquidity Provider, the Trustee, the Registrar, the Tender Agent and the Remarketing Agent may rely conclusively upon (i) a certificate of the Securities Depository as to the identity of the Participants in the Book-Entry System with respect to the Series 2008 Bonds and (ii) a certificate of any such Participant as to the identity of, and the respective principal amount of Series 2008 Bonds beneficially owned by, the Beneficial Holders.

Whenever, during the term of the Series 2008 Bonds, the beneficial ownership thereof is determined by book-entry at the Securities Depository, the requirements of this Supplemental Indenture of holding, delivering or transferring Series 2008 Bonds shall be deemed modified to require the appropriate person to meet the requirements of the Securities Depository as to registering or transferring the book-entry to produce the same effect. Any provision hereof permitting or requiring delivery of Series 2008 Bonds shall, while the Series 2008 Bonds are in the Book-Entry System, be satisfied by the notation on the books of the Securities Depository in accordance with applicable state law.

Except as otherwise specifically provided in this Supplemental Indenture and the Series 2008 Bonds with respect to the rights of Participants and Beneficial Holders, when a Book-Entry System is in effect, the District, the Trustee, the Liquidity Provider, the Registrar, the Tender Agent and the Remarketing Agent may treat the Securities Depository (or its nominee) as the sole and exclusive owner of the Series 2008 Bonds registered in its name for the purposes of payment of the principal of, premium, if any, and interest on the Series 2008 Bonds or portion thereof to be redeemed or purchased, and of giving any notice permitted or required to be given to Series 2008 Bondholders under this Supplemental Indenture and none of the District, the Trustee, the Liquidity Provider, the Registrar, the Tender Agent nor the Remarketing Agent shall be affected by any notice to the contrary. None of the District, the Trustee, the Registrar, the Tender Agent, or the Remarketing Agent will have any responsibility or obligations to the Securities Depository, any Participant, any Beneficial Holder or any other person which is not shown on the registration books maintained by the Trustee, with respect to (i) the accuracy of any records maintained by the Securities Depository or any Participant, (ii) the payment by the Securities Depository or by any Participant of any amount due to any Beneficial Holder in respect of the principal amount or redemption or purchase price of, or interest on, any Series 2008 Bonds, (iii) the delivery of any notice by the Securities Depository or any Participant, (iv) the selection of the Beneficial Holders to receive payment in the event of any partial redemption of the Series 2008 Bonds, or (v) any other action taken by the Securities Depository or any Participant. The Trustee shall pay all principal of, premium, if any, and interest on the Series 2008 Bonds registered in the name of Cede & Co. only to or “upon the order of” the Securities Depository (as that term is used in the Uniform Commercial Code as adopted in South Dakota and New York), and all such payments shall be valid and effective to fully satisfy and discharge the District’s obligations with respect to the principal of, premium, if any, and interest on such Series 2008 Bonds to the extent of the sum or sums so paid.

Liquidity Provider Bonds will be held on the records of the Book-Entry System registered in the name of the Liquidity Provider, or such agent or nominee of the Liquidity Provider, as the Liquidity Provider shall direct, as collateral security in favor of the Liquidity Provider.

The Book-Entry System may be discontinued by the Trustee and the District, at the direction and expense of the District, and the District and the Trustee will cause the delivery of Series 2008 Bond certificates to such Beneficial Holders of the Series 2008 Bonds and registered in the names of such Beneficial Holders as shall be specified to the Registrar by the Securities Depository in writing, under the following circumstances:

(a) The Securities Depository determines to discontinue providing its service with respect to the Series 2008 Bonds and no successor Securities Depository is appointed as described above. Such a determination may be made at any time by giving 30 days' prior written notice to the District, the Registrar, the Tender Agent and the Trustee and discharging its responsibilities with respect thereto under applicable law.

(b) The District determines not to continue the Book-Entry System through a Securities Depository.

When the Book-Entry System is not in effect, all references herein to the Securities Depository shall be of no further force or effect.

ARTICLE III
APPLICATION OF BOND PROCEEDS

Section 3.01 *Deposit of Funds.* The proceeds of the Series 2008 Bonds shall be deposited and applied to the credit of the following accounts in the following amounts:

	Accounts	Amounts
(a)	Series 2008 Clean Water State Match Loan	\$ 1,885,996.80
(b)	Series 2008 Clean Water Leveraged Loan Amount	19,826,250.00
(c)	Series 2008 Clean Water State Administration Account	116,153.07
(d)	Series 2008 Clean Water SRF Account	78,583.20
(e)	Series 2008 Drinking Water State Match Loan Account	4,887,600.00
(f)	Series 2008 Drinking Water Leveraged Loan Amount	13,000,000.00
(g)	Series 2008 Drinking Water State Administration Account	108,846.93
		\$39,903,430.00

ARTICLE IV
THE PURCHASE FUND

Section 4.01 *Source of Payment of Series 2008 Bonds.* The Series 2008 Bonds herein authorized and all payments to be made by the District hereunder are not general obligations of the District but are limited obligations payable solely out of the Trust Estate in the Master Indenture.

Section 4.02 *Bond Fund.* The Series 2008 Bonds shall mature and are subject to Sinking Fund Installments as provided in Schedule II attached hereto, unless a serial maturity and/or mandatory sinking fund redemption schedule is established for all or a portion of the Series 2008 Bonds in a Fixed Rate Period pursuant to Section 5.01(B) (including, without

limitation, Section 5.01(B)(d) hereof with respect to Liquidity Provider Bonds), in which case it shall be the amounts due on the dates determined pursuant to said schedule.

The Allocable Portion of Clean Water and Drinking Water Series 2008 Bonds, and the State Match Portion and Leveraged Portion of Series 2008 Bonds are set forth on Schedule III.

Section 4.03 *Purchase Fund.*

(a) *Creation of Purchase Fund.*

(1) There is hereby created and established with the Tender Agent a trust fund designated the "Purchase Fund" (the "Purchase Fund"). There are also hereby created and established three separate accounts in such Fund to be designated the "Remarketing Account," the "Liquidity Purchase Account" and the "District Account." Funds in each account will not be commingled with funds from the other accounts or from any other source. The Purchase Fund shall be a trust fund held by the Tender Agent as agent for the Trustee.

(2) Any moneys received by the Tender Agent pursuant to Section 4.03(b)(1) from purchasers of Series 2008 Bonds (other than the Liquidity Provider acting pursuant to the Liquidity Agreement) shall be deposited in the Remarketing Account of the Purchase Fund and paid out in accordance with Section 4.03(c).

(3) Any moneys received by the Tender Agent pursuant to Section 4.03(b)(2) or Section 4.03(b)(3) from the Trustee as a result of a draw pursuant to a Liquidity Support Facility then in effect shall be deposited in the Liquidity Purchase Account of the Purchase Fund and paid out in accordance with Section 4.03(c).

(4) Any moneys received by the Tender Agent pursuant to Section 4.03(b)(4) from the District to be applied in connection with the purchase of Series 2008 Bonds by the District shall be deposited in the District Account of the Purchase Fund and paid out in accordance with Section 4.03(c).

(b) *Deposits into the Purchase Fund.*

(1) The Tender Agent shall deposit into the Remarketing Account of the Purchase Fund any amounts received by the Tender Agent from the remarketing of Series 2008 Bonds by the Remarketing Agent pursuant to the terms of the Remarketing Agreement. Pursuant to the Remarketing Agreement, the Remarketing Agent has agreed to arrange for the purchasers of Series 2008 Bonds remarketed by it to deliver to the Tender Agent, in immediately available funds, for deposit into the Remarketing Account of the Purchase Fund, at or before 10:30 a.m., New York time, on each Tender Date, an amount equal to the aggregate Tender Price of Series 2008 Bonds specified in the notices from the Remarketing Agent referred to in Section 2.07(c). The Remarketing Agent shall

give the Tender Agent Immediate Notice of the amount of Series 2008 Bonds remarketed pursuant to the Remarketing Agreement.

Any moneys received by the Tender Agent from potential purchasers of Series 2008 Bonds for deposit into the Remarketing Account after 10:30 a.m., New York time, on any Tender Date, which relate to Series 2008 Bonds required to be purchased on such Tender Date shall be returned to the depositor thereof (unless such moneys (or any portion thereof) are subsequently used to purchase all or a portion of such Series 2008 Bonds on such Tender Date).

(2) At or before 10:45 a.m., New York time, on each Tender Date, the Tender Agent shall give Immediate Notice to the Trustee, the Liquidity Provider and the District stating whether or not the deposit referred to in Section 4.03(b)(1) has been made, and the amounts, if any, which are then on deposit in the Remarketing Account of the Purchase Fund pursuant to Section 4.03(b)(1). In the event that the Trustee does not receive such notice from the Tender Agent at or before 10:45 a.m., New York time, the Trustee shall draw on the Liquidity Support Facility then in effect on or before 11:00 a.m., New York time, in accordance with its terms on such Tender Date, in an amount sufficient to pay the Tender Price of all Series 2008 Bonds required to be purchased on such Tender Date.

(3) The notice by the Tender Agent pursuant to Section 4.03(b)(2) above shall indicate whether there are sufficient moneys on deposit with the Tender Agent to provide for the purchase of all Series 2008 Bonds required to be purchased on such Tender Date and if there is a deficiency in such moneys, the amount of such deficiency (the "Deficit Amount") and in the event of a deficiency, such notice shall request the Trustee to direct the purchase of Series 2008 Bonds by the Liquidity Provider pursuant to the Liquidity Agreement, on or before 11:00 a.m., New York time, on such Tender Date in an amount equal to the Deficit Amount, the Trustee hereby agreeing to make such direction to the Liquidity Provider and to deliver or cause to be delivered such Deficit Amount to the Tender Agent not later than 3:00 p.m., New York time, on such Tender Date, for deposit into the Liquidity Purchase Account of the Purchase Fund, in immediately available funds so that the Tender Agent will have an amount sufficient to pay the Tender Price of all Series 2008 Bonds required to be purchased on such Tender Date.

(4) If the Tender Agent fails to receive the full amount of the Deficit Amount (defined in Section 4.03(b)(3) above) by 3:00 p.m., New York time, on such Tender Date from moneys realized under the Liquidity Support Facility, the Tender Agent shall give Immediate Notice to the District not later than 3:15 p.m., New York time, on such Tender Date of the Deficit Amount. At or before 3:30 p.m., New York time, on such Tender Date, while a Liquidity Support Facility is in effect with respect to the Series 2008 Bonds, the District may, but shall not be obligated to, deliver or cause to be delivered to the Tender Agent, in funds immediately available in New York, New York, for deposit into the District

Account of the Purchase Fund, moneys in an amount equal to the portion of the Deficit Amount not delivered to the Tender Agent pursuant to Section 4.03(b)(3).

(c) *Disbursements from the Purchase Fund.* Moneys in the Purchase Fund shall be applied, by 4:00 p.m., New York time, or as soon thereafter as possible, on each Tender Date, as follows:

(1) Moneys in the Remarketing Account of the Purchase Fund shall be used by the Tender Agent on behalf of the Series 2008 Bond purchasers designated by the Remarketing Agent to purchase Series 2008 Bonds required to be purchased on such Tender Date, and shall be so applied to the Tender Price thereof, to the extent of such moneys.

(2) To the extent the amount of moneys in the Remarketing Account is insufficient to pay the purchase price of all Series 2008 Bonds required to be purchased on such Tender Date, moneys in the Liquidity Purchase Account of the Purchase Fund shall be used by the Tender Agent to purchase Series 2008 Bonds required to be purchased on such Tender Date, and shall be so applied to the Tender Price thereof, to the extent of such moneys.

(3) To the extent the aggregate amount of moneys in the Remarketing Account and moneys in the Liquidity Purchase Account at 4:00 p.m., New York time, on the Tender Date are insufficient to pay the Tender Price of all Series 2008 Bonds required to be purchased on such Tender Date, any moneys in the District Account of the Purchase Fund shall be used by the Tender Agent on behalf of the District to purchase Series 2008 Bonds which the District has requested be purchased on such Tender Date, and shall be so applied to the Tender Price thereof, to the extent of such moneys.

The Tender Agent agrees to give Immediate Notice to the Liquidity Provider and the Trustee of the amount, if any, in the Liquidity Purchase Account which is not so applied to the purchase of Series 2008 Bonds required to be purchased on such Tender Date (or which is not transferred to the Trustee pursuant to Section 2.08(e)) at 4:00 p.m., New York time, on such Tender Date. Any moneys remaining in the Purchase Fund after making the payments specified in this Section 4.03(c) (or the transfer to the Trustee required by Section 2.08(e)), which relate to Series 2008 Bonds required to be purchased on such Tender Date shall be returned to the depositor thereof as promptly as practicable after 4:00 p.m., New York time, on such Tender Date. In any event, however, the Tender Agent shall return moneys payable to the Liquidity Provider which were obtained from a draw on the Liquidity Support Facility no later than 10:00 a.m., New York time, on the Business Day after such Tender Date.

It is understood and agreed by the District and the Trustee that no advance or use of any funds to effectuate any purchase described in this Section shall be deemed to be a payment or redemption of any Series 2008 Bond and such Series 2008 Bond shall be deemed to remain Outstanding.

Notwithstanding anything to the contrary contained in this Supplemental Indenture, so long as a Liquidity Support Facility is in effect with respect to the Series 2008 Bonds, the failure of the District to provide amounts described in Section 4.03(c)(3) to pay the Tender Price of Series 2008 Bonds for which remarketing proceeds or proceeds of a draw on the Liquidity Support Facility, if any, are insufficient shall not constitute a default or an Event of Default.

Section 4.04 Application of Moneys to Pay Series 2008 Bonds; Draws Under Liquidity Support Facility.

(a) The foregoing provisions of this Article notwithstanding, the Trustee will pay when due the principal, premium, if any, and interest on the Series 2008 Bonds whether at maturity, by mandatory sinking fund redemption or upon acceleration, upon an Interest Payment Date, upon optional redemption, upon optional or mandatory tender for purchase, or otherwise, from the following sources, in the order listed:

(1) with respect to optional or mandatory tenders for purchase, proceeds of remarketing of Series 2008 Bonds pursuant to the Remarketing Agreement or any other underwriting or purchase agreement otherwise permitted by this Supplemental Indenture) to any Person (other than the District) who has purchased such Series 2008 Bonds with their own assets and for their own account, to the extent available, but only to pay the Tender Price of Series 2008 Bonds;

(2) with respect to optional or mandatory tenders for purchase, amounts drawn under the Liquidity Support Facility then in effect, if any, provided, however, that the Trustee shall not apply such amounts for the payment of the Tender Price of any Series 2008 Bonds which are not secured by such Liquidity Support Facility; and

(3) any other moneys specifically made available by the District for such purpose.

(b) The Trustee shall maintain a record of the total amount from time to time on deposit in all accounts of each of the Funds which constitute deposits therein from moneys of the District and the date of each such deposit, such amount being hereinafter sometimes referred to as the "District Deposit" in the respective Funds. If the Liquidity Support Facility terminates and is not replaced with an Alternate Liquidity Support Facility, the separate accounts in the Purchase Fund shall be terminated and all moneys on deposit in such accounts shall be held by the Trustee in such Fund without segregation or separate identification except that the Trustee shall be required to maintain a record of the amounts of the District Deposit.

(c) The Trustee hereby agrees to require the Liquidity Provider under the Liquidity Support Facility if then in effect to purchase Series 2008 Bonds and provide funds in accordance with the terms of Section 4.03(b) to make timely payments of the

Tender Price of Series 2008 Bonds tendered or required to be tendered for purchase by depositing in the Liquidity Purchase Account the moneys required by Section 4.03.

Section 4.05 *Supplemental Investment of Funds Provisions.* Notwithstanding any provision of the Master Trust Indenture or this Supplemental Indenture to the contrary, amounts received from the Liquidity Provider for deposit in the Purchase Fund shall only be invested in Investment Obligations identified in clauses (a) or (d) of the definition thereof in the Master Trust Indenture, but as to investments described in such clause (d), only if and to the extent that such investment is rated AAA/A-1+ or its equivalent by each Rating Agency and which mature in 30 days or less, as needed to meet the timely payment of principal and interest.

Section 4.06 *Non-Presentation of Series 2008 Bonds.* With respect to Undelivered Bonds, all liability of the District to the Holders thereof for the payment of such Undelivered Bonds shall forthwith cease, determine and be completely discharged, and thereupon it shall be the duty of the Trustee to hold moneys on deposit for the benefit of such Undelivered Bonds without liability for interest thereon, for the benefit of the Holders of such Undelivered Bonds who thereafter shall be restricted exclusively to such moneys, for any claim of whatever nature under this Supplemental Indenture or on, or with respect to, Undelivered Bonds. The Trustee shall give written notice by first class mail, postage prepaid, to all Holders of Undelivered Bonds of the matters set forth in the immediately preceding sentence. Such moneys shall be held in a separate and segregated fund designated a "Section 4.06 Fund" and shall not be invested.

Any moneys so deposited with and held by the Trustee in the Section 4.06 Fund not so applied to the payment of Undelivered Bonds, if any, within two years after the date on which the same shall have become due shall be paid by the Trustee to the District upon the written direction of an Authorized Officer of the District. Thereafter Series 2008 Bondholders shall be entitled to look only to the District for payment, and then only to the extent of the amount so repaid, and the District shall not be liable for any interest thereon and shall not be regarded as a trustee of such money.

Section 4.07 *Trust Funds.* All moneys and securities received by the Trustee or the Tender Agent under the provisions of this Supplemental Indenture shall be trust funds under the terms hereof, shall be kept separate and apart from all other property belonging to or in the custody of the Trustee, and shall not be subject to lien or attachment of any creditor of the District; provided, however, that cash awaiting investment or distribution may be held temporarily on deposit with the Trustee. Such moneys shall be held in trust and applied in accordance with the provisions of this Supplemental Indenture; provided, however, subject to the provisions of Section 4.04, that moneys on deposit in all Funds held under this Supplemental Indenture may be applied to the payment of the principal portion of the redemption price of all Series 2008 Bonds when the same are redeemable or when due hereunder or to the payment of the principal portion of the Tender Price and the cancellation of any Series 2008 Bonds, or to reimburse the Liquidity Provider for a draw under the Liquidity Support Facility to pay such amounts, if (i) the District shall certify to the Trustee that such redemption is in the best interests of the District and shall set forth the reasons therefor and (ii) the provisions of Section 8.01 are satisfied, taking into account all moneys in all Funds held under this Supplemental Indenture. Upon compliance with the foregoing provisions, all such moneys shall be deposited by the Trustee into the appropriate Fund or account, to be applied to such payment when due.

Section 4.08 *Liquidity Support Facility*. The Trustee agrees to hold the Liquidity Support Facility for the benefit of the Holders of the Series 2008 Bonds secured thereby and to draw or realize upon the same in accordance with the provisions of this Supplemental Indenture. Notwithstanding any provision of this Supplemental Indenture to the contrary, Series 2008 Bonds registered in the name of the District and any Liquidity Provider Bonds shall not be entitled to payment from moneys drawn under the Liquidity Support Facility.

ARTICLE V
REDEMPTION OF BONDS BEFORE MATURITY;
MANDATORY TENDER FOR PURCHASE

Section 5.01 *Redemption Dates and Prices*. The Series 2008 Bonds shall be subject to redemption prior to maturity only in the amounts, at the times and in the manner provided in this Section and in the form of Series 2008 Bond.

(a) *Optional Redemption*.

(1) *Series 2008 Bonds in a Short Mode Period*. During any Short Mode Period, the Series 2008 Bonds (i) in the Daily Rate Mode, Weekly Rate Mode and Monthly Rate Mode are subject to redemption in whole or in part at any time at the direction of the District during such Short Mode Period and (ii) Series 2008 Bonds in the Semiannual Rate Mode are subject to redemption in whole or in part on any Interest Payment Date, in each case at a redemption price equal to 100 percent of the principal amount thereof plus accrued interest, if any, to the redemption date upon receipt by the Trustee not less than 35 days prior to such redemption date of a Written Request from the District stating that it intends to exercise its option to effect redemption of such Series 2008 Bonds; provided that Liquidity Provider Bonds shall be redeemed first before any other Series 2008 Bonds are redeemed.

(2) *Series 2008 Bonds in an Adjustable Long Period or Fixed Period*. Subject to the limitations set forth below, after the Conversion Date and during any Adjustable Long Period, the related Series 2008 Bonds are subject to redemption, at the direction of the District in whole at any time or in part, on any Rate Change Date during an Adjustable Long Period (except for the initial Adjustable Long Period) or on any Interest Payment Date following such Conversion Date, at the redemption prices (expressed as percentages of the principal amount) set forth in the table below (provided that in no event shall such redemption price be less than 100 percent of the principal amount) plus accrued interest to the redemption date upon receipt by the Trustee not less than 45 days prior to such redemption date of a Written Request from the District stating that it intends to exercise its option to effect redemption of such Series 2008 Bonds and, if the Liquidity Support Facility permits draws to pay redemption premium on such Series 2008 Bonds, upon receipt by the Trustee not less than 30 days prior to such redemption date of moneys sufficient to pay any applicable redemption premium, as follows:

BOND OPTIONAL REDEMPTION SCHEDULE

Length of Fixed Rate Period or Adjustable Long Period for Bond	Redemption Price (Periods Measured from and Including First Day of Such Period)
greater than 15 years	after 8 years — 102.5 percent declining 0.5 percent per 12 months to 100 percent
less than or equal to 15 years and greater than 10 years	after 7 years — 102 percent, declining 0.5 percent per 12 months to 100 percent
less than or equal to 10 years and greater than 7 years	after 5 years — 101.5 percent, declining 0.5 percent per 12 months to 100 percent
less than or equal to 7 years and greater than 4 years	after 3 years — 101 percent, declining 0.5 percent per 12 months to 100 percent
less than or equal to 4 years	NOT SUBJECT TO OPTIONAL REDEMPTION

Notwithstanding the foregoing, if, due to the expiration, termination, cancellation or reduction in the available bond purchase commitment amount of the Liquidity Support Facility then in effect with respect to the Series 2008 Bonds, which results in the establishment of a different Termination Tender Date for the Series 2008 Bonds, then after such Termination Tender Date such Series 2008 Bonds shall be subject to optional redemption in accordance with the Series 2008 Bond Optional Redemption Schedule set forth above but with reference to such Termination Tender Date for purposes of determining length of Rate Period and optional redemption prices as indicated in the above table.

(3) *Series 2008 Bonds on any Adjustment Date and on the Conversion Date.* The Series 2008 Bonds are subject to redemption on the Conversion Date therefor and on any Adjustment Date therefor in whole or in part, at the direction of the District, at a redemption price equal to 100 percent of the principal amount thereof plus accrued interest, if any, to the redemption date upon receipt by the Trustee not less than 35 days prior to such redemption date (unless the Adjustment Period immediately preceding such Adjustment Date has a length of less than 45 days, in which case such receipt by the Trustee from the District shall be not later than the first Business Day of such Adjustment Period) of a Written Request from the District stating that it intends to exercise its option to effect redemption of such Series 2008 Bonds.

(b) *Mandatory Redemption.*

(1) The Series 2008 Bonds shall be subject to mandatory sinking fund redemption as set forth in Schedule II hereto on the Interest Payment Date occurring in each August at a redemption price equal to 100% of the principal amount thereof and accrued interest to the redemption date, unless a serial maturity and/or different mandatory sinking fund redemption schedule is

established for all or a portion of the Series 2008 Bonds in a Fixed Rate Period as provided below, in which case it shall be the amounts due on the dates determined pursuant to said schedule.

So long as Series 2008 Bonds are in a Short Mode Period, such mandatory sinking fund redemption will occur on the first Business Day of August; otherwise, such mandatory sinking fund redemption will occur on the first calendar day of August.

Prior to the Conversion Date for any Series 2008 Bonds which are being converted to a Fixed Interest Rate, the Remarketing Agent may, and prior to Termination Tender Date for any Series 2008 Bonds which are then subject to mandatory sinking fund redemption or which have serial maturities, the Remarketing Agent shall, deliver to the District and the Trustee a certificate which includes (i) a schedule specifying the principal amount of Series 2008 Bonds to mature on the first August 1 occurring after such Conversion Date and on each August 1 thereafter to and including the first August 1 occurring on or after the tenth anniversary of the Conversion Date, (ii) a schedule specifying the principal amount of Series 2008 Bonds to be called for mandatory sinking fund redemption on each August 1 occurring after the last August 1 specified pursuant to (i), but prior to the final maturity of the Series 2008 Bonds, (iii) the principal amount of Series 2008 Bonds to mature on the final maturity date of the Series 2008 Bonds and (iv) a schedule specifying the interest to be paid on August 1 and February 1 of each year, commencing with the first August 1 or February 1 to occur after the Conversion Date, to and including August 1, 2029. In determining the amount of interest and principal that shall be payable on such dates, the Remarketing Agent shall use the following guidelines:

(2) The Remarketing Agent shall set the interest rate on each Series 2008 Bond to be the lowest interest rate that will enable such Series 2008 Bond upon conversion to be remarketed at 100 percent of the principal amount thereof (plus any accrued interest) taking into account the fact that such Series 2008 Bond shall mature or be subject to sinking fund redemption on a particular August 1 up to and including the final maturity date of the Series 2008 Bonds in accordance with (2) below, that all Series 2008 Bonds shall pay interest semiannually on August 1 and February 1 of each year, that all Series 2008 Bonds maturing on a particular August 1 shall bear interest at the same rate, and that all such Series 2008 Bonds shall only be remarketed at 100 percent of the principal amount thereof; and

(3) The schedule of principal payments shall be set to achieve annual level debt service (including both principal and interest) for all remaining bond years or portions thereof and to the extent such annual level debt service cannot be exactly achieved with principal maturing in \$5,000 denominations or integral multiples thereof, such annual level debt service shall be achieved by rounding down all maturing principal amounts to the next \$5,000 denomination or integral multiple thereof except for the last principal payment.

The foregoing notwithstanding, the District may agree to another method for providing for payment of principal on such Series 2008 Bonds after the Conversion Date if there is delivered a Favorable Opinion of Tax Counsel with respect to the utilization of such other method.

The Trustee shall assign each Series 2008 Bond to be outstanding on the Conversion Date or the Termination Tender Date, as the case may be, (I) a maturity date from among those principal payment dates appearing in such schedule which have been designated by the Remarketing Agent in such schedule as maturity dates (provided that all or any portion of the Series 2008 Bonds may have the same assigned maturity date to the extent the schedule provides for the redemption of one or more specified maturities by mandatory sinking account redemption) and (II) a Fixed Interest Rate, which rate corresponds to the Fixed Interest Rate appearing in the schedule with respect to the maturity date assigned to such Series 2008 Bond. The Trustee shall make such assignments by such method as the Trustee shall deem fair and which shall provide for a separate assignment for each \$5,000 of Outstanding principal amount of Series 2008 Bonds. Upon such an assignment, the Series 2008 Bonds shall, subsequent to the related Conversion Date or the Termination Tender Date, as the case may be, mature in the amounts and on August 1 of each of the years and bear interest at the rates set forth in the schedule.

All Series 2008 Bonds delivered on or after the related Conversion Date or Termination Tender Date, as the case may be, shall, if the determination of specific maturity or redemption dates is made as hereinabove provided, have affixed to their face the appropriate maturity or mandatory Sinking Fund Payment Dates therefor.

(c) At its option, to be exercised on or before the forty-fifth (45th) day next preceding any of the mandatory sinking fund redemption dates or the maturity dates of the Series 2008 Bonds referred to above (hereinafter referred to as "Sinking Fund Payment Dates"), the District may (1) deliver to the Trustee for cancellation, Series 2008 Bonds (or portions thereof in Authorized Denominations) in any aggregate principal amount desired, or (2) receive a credit in respect of the Principal Requirement for any Series 2008 Bonds, including Liquidity Provider Bonds redeemed pursuant to Section 5.01(B)(d) (or portions thereof in Authorized Denominations) which prior to said date have been paid or redeemed (otherwise than through the operation of the of the Debt Service Fund) and canceled by the Trustee and not theretofore applied as a credit against the Principal Requirement for the Series 2008 Bonds. Each Series 2008 Bond or portion thereof so delivered or previously redeemed shall be credited by the Trustee at 100 percent of the principal amount thereof on the Principal Requirement of the District for the Series 2008 Bonds on such Sinking Fund Payment Date and any excess over such amount shall be credited on such future Principal Requirements for the Series 2008 Bonds as the District shall designate and the principal amount of the Series 2008 Bonds to be redeemed by the operation of the Debt Service Fund shall be accordingly reduced. The District will, on or before the forty-fifth (45th) day next preceding each such Sinking Fund Payment Date on which the provisions of this paragraph are to be utilized, furnish

the Trustee with a certificate signed by an Authorized Officer indicating to what extent the provisions of (1) and (2) of this paragraph are to be utilized with respect to such Sinking Fund Payment Date.

(d) In connection with the conversion of any or all of the Series 2008 Bonds to a Fixed Interest Rate pursuant to Section 2.03 and the establishment of a principal maturities or mandatory sinking fund redemption schedule, if any, for such Series 2008 Bonds pursuant to Section 5.01(B)(a), the Trustee shall, at the request of the Remarketing Agent and the District, determine the specific Series 2008 Bonds, if any, to be converted to a Fixed Interest Rate which will be redeemed pursuant to the Principal Requirements referred to in Section 4.02(b) so as to facilitate the remarketing of such Series 2008 Bonds on the Conversion Date therefor at various interest rates reflecting the various Fixed Rate Periods of the Series 2008 Bonds to be so converted.

(e) Notwithstanding any provision in this Supplemental Indenture to the contrary, Liquidity Provider Bonds shall be redeemed at the times and in the amounts as required by the terms of the Liquidity Support Facility under which such Liquidity Provider Bonds were purchased.

Section 5.02 *Notice of Redemption.* Notice of the call for any redemption of Series 2008 Bonds (other than Liquidity Provider Bonds) or any portion thereof (which shall be in Authorized Denominations) pursuant to Section 5.01 identifying the Series 2008 Bonds or portions thereof to be redeemed, specifying the redemption date, the redemption price and the place and manner of payment, shall be given by the Trustee by mailing a copy of the redemption notice by first-class mail at least 15 days and not more than 60 days prior to the date fixed for redemption to the Liquidity Provider and the Holder of each Series 2008 Bond to be redeemed in whole or in part at the address shown on the registration books. Notice of the redemption of Liquidity Provider Bonds or any portion thereof (which shall be in Authorized Denominations) pursuant to Section 5.01, specifying the above information, shall be given by the Trustee in writing or by telephone not later than one Business Day prior to the date fixed for redemption to the Liquidity Provider.

Except for a mandatory sinking fund redemption pursuant to Section 5.01, prior to the date that the redemption notice is first mailed as aforesaid, funds shall be placed with the Trustee to pay the principal of such Series 2008 Bonds, the accrued and unpaid interest thereon to the redemption date and the premium, if any, thereon or such notice of redemption shall state that any redemption is conditional on such funds being deposited with the Trustee on the redemption date and that failure to make such a deposit shall not constitute an Event of Default hereunder. If such moneys shall not have been so received, the notice shall be of no force and effect, the Series 2008 Bonds shall not be redeemed pursuant thereto and the Trustee shall give notice, in the same manner in which such notice of redemption was given, that such funds were not received. Upon the happening of the above conditions and the deposit of funds as aforesaid, the Series 2008 Bonds, or portions thereof, thus called for redemption shall not bear interest after the applicable redemption date, shall no longer be protected by this Supplemental Indenture and shall not be deemed to be outstanding under the provisions of this Supplemental Indenture. The Trustee shall redeem or purchase, in the manner provided in this Article V, such an aggregate principal

amount of Series 2008 Bonds at the principal amount thereof plus accrued interest to the redemption date and premium, if any, as will exhaust as nearly as practicable such funds.

Any notice mailed as provided in this Section shall be conclusively presumed to have been duly given, whether or not the Holder receives the notice. To the extent that the provisions hereof are in conflict with Section 3.04 of the Master Trust Indenture, the provisions of this Section 5.02 shall govern.

Section 5.03 Mandatory Tenders for Purchase of Series 2008 Bonds. Except with respect to Liquidity Provider Bonds, the Holders of Series 2008 Bonds are required to tender their Series 2008 Bonds to the Tender Agent for purchase at the applicable Tender Price therefor on the following Mandatory Tender Dates: (a) on the Business Day prior to each Termination Tender Date; (b) the Conversion Date (but only such Series 2008 Bonds subject to such conversion shall be subject to mandatory tender on such Conversion Date); (c) each Adjustment Date unless the immediately preceding Adjustment Period and the current Adjustment Period are both Daily Mode Periods, Weekly Mode Periods, Monthly Mode Periods or Semiannual Mode Periods; (d) each Rate Change Date within an Adjustable Long Period; and (e) while the Liquidity Support Facility is in effect, the date specified by the Trustee for a mandatory tender of Series 2008 Bonds upon the occurrence of a Notice Termination Event under the Liquidity Support Facility and receipt by the Trustee from the Liquidity Provider of a notice of Mandatory Tender under the applicable provision of the Liquidity Support Facility, which mandatory tender shall be not more than 15 days after the receipt of such notice and in no event later than the Business Day preceding the termination of the Liquidity Support Facility. The Trustee shall give the Remarketing Agent, the Liquidity Provider and the Tender Agent and if the Book-Entry System is in effect, the Securities Depository, written notice of each Mandatory Tender Date referred to in clause (b), (c), (d) or (e) above at the same time that notice is sent to the Holders of such Series 2008 Bonds. With respect to each Mandatory Tender Date referred to in clause (a) above, the Trustee shall give written notice as provided in Section 2.02(e). The Trustee shall give immediate written notice to the Holders of the Series 2008 Bonds with respect to the Mandatory Tender Date referred to in clause (e) above, and interest shall cease to accrue on such Series 2008 Bonds upon the declaration by the Trustee of such Mandatory Tender Date. When a Book-Entry System is in effect, the requirement for physical delivery of the Series 2008 Bonds under this paragraph shall be deemed satisfied when the ownership rights in the Series 2008 Bonds (to the extent of the principal amount tendered for purchase) are transferred by direct Participants on the records of the Securities Depository.

Section 5.04 Partial Redemption of Series 2008 Bonds.

(a) In case a Series 2008 Bond is of a denomination larger than the minimum Authorized Denomination, a portion of such Series 2008 Bond may be redeemed provided that the principal amount not being redeemed is in an Authorized Denomination.

(b) Upon surrender of any Series 2008 Bond for redemption in part only, the District shall execute and the Trustee shall authenticate and deliver to the Holder thereof a new Series 2008 Bond or Series 2008 Bonds in Authorized Denominations in aggregate principal amount equal to the unredeemed portion of the Series 2008 Bond surrendered.

Section 5.05 *Selection of Series 2008 Bonds for Redemption.* If less than all of the Series 2008 Bonds are called for redemption, the Trustee shall select the Series 2008 Bonds or portions thereof to be redeemed, from the Series 2008 Bonds Outstanding not previously called for redemption, in the following order: (A) from any Liquidity Provider Bonds then Outstanding, (B) in the case of a mandatory redemption of Series 2008 Bonds pursuant to Section 5.01(B), from the Series 2008 Bonds previously selected for redemption pursuant to Section 5.01(B)(c), and (C) from any other Series 2008 Bonds then eligible for redemption, from such Mode or Modes as the District deems appropriate and fair, provided that if no designation is made by the District pursuant to this clause (C), Series 2008 Bonds or portions thereof to be selected pursuant to this clause (C) will be selected by the Trustee in such manner as the Trustee shall deem appropriate and fair provided, further, that Liquidity Provider Bonds shall be redeemed first before any other Series 2008 Bonds are redeemed. The Trustee shall promptly notify the District in writing of the Series 2008 Bonds or portions thereof selected for redemption.

In selecting Series 2008 Bonds for redemption, the Trustee may treat Series 2008 Bonds tendered for purchase and remarketed pursuant to the Remarketing Agreement during the 15 days next preceding the notice by mailing of any proposed redemption of Series 2008 Bonds as though such tender and remarketing had not occurred. If a Series 2008 Bond selected for redemption shall have been tendered for purchase and remarketed pursuant to the Remarketing Agreement on or after the fifteenth (15th) day immediately preceding the notice by mailing of any proposed redemption of Series 2008 Bonds, then the Series 2008 Bond delivered in replacement for the Series 2008 Bond so purchased shall be deemed to be the Series 2008 Bond selected for redemption.

If the Holder of any such Series 2008 Bond of a denomination greater than the minimum Authorized Denomination shall fail to present such Series 2008 Bond to the Paying Agent for payment and exchange as aforesaid, such Series 2008 Bond shall, nevertheless, become due and payable on the date fixed for redemption to the extent of the principal amount called for redemption (and to that extent only).

To the extent that any provision of this Section 5.05 is in conflict with any provision of Section 3.05 of the Master Trust Indenture, this Section 5.05 shall govern.

ARTICLE VI **MISCELLANEOUS**

Section 6.01 *Remarketing Agent.* Wachovia Bank, National Association, has been appointed by the District to act as Remarketing Agent for the purposes herein contemplated, and the Trustee has reviewed the terms and conditions of the Remarketing Agreement. The Trustee shall not be required to deal with any Remarketing Agent other than Wachovia Bank, National Association, unless such other Remarketing Agent meets the qualifications set forth in Section 6.02.

The Trustee shall cooperate with the Registrar, each Paying Agent, the Remarketing Agent, the Tender Agent and the District to cause the necessary arrangements to be made and to be thereafter continued whereby funds from the sources specified herein and in the Remarketing

Agreement will be made available for the purchase or redemption of Series 2008 Bonds presented or required to be presented at the Principal Office of the Trustee or the Tender Agent for purchase or redemption in accordance herewith pursuant to the Remarketing Agreement, and whereby the Series 2008 Bonds, executed by the District and authenticated by the Trustee or the Tender Agent, shall be made available to the Remarketing Agent to the extent necessary for delivery pursuant to the terms of the Remarketing Agreement.

Section 6.02 *Qualifications of Remarketing Agent.* The Remarketing Agent shall be a bank, trust company or member of the National Association of Securities Dealers, Inc., organized and doing business under the laws of the United States or any state or the District of Columbia that shall have a capitalization of at least \$60,000,000 as shown on its most recent annual report or published statement of financial condition. The Remarketing Agent shall be authorized by law to perform all the duties contemplated by this Supplemental Indenture to be performed by the Remarketing Agent and shall have knowledge and experience in the remarketing of securities such as the Series 2008 Bonds and a remarketing portfolio (at the time of such appointment) of at least \$60,000,000.

In the event that the Remarketing Agent shall resign or be removed, or be dissolved, or if the property or affairs of the Remarketing Agent shall be taken under the control of any state or federal court or administrative body because of bankruptcy or insolvency, or for any other reason, and the District, with the consent of the Liquidity Provider shall not have appointed its successor as Remarketing Agent, the Trustee, notwithstanding the provisions of the first paragraph of this Section, shall ipso facto be deemed to be the Remarketing Agent for all purposes of this Supplemental Indenture until the appointment by the District with the prior written consent of the Liquidity Provider of a successor Remarketing Agent, provided, however, that the Trustee, in its capacity as Remarketing Agent, shall not be required to sell Series 2008 Bonds or to determine the interest rate on the Series 2008 Bonds except in the manner provided in Section 2.02(b) or Section 2.04, as the case may be, for the determination of the interest rate on the Series 2008 Bonds on the basis of the Base Rate.

ARTICLE VII

SUPPLEMENTAL INDENTURES

Section 7.01 *Supplemental Indentures Not Requiring Consent of Series 2008 Bondholders.* The District and the Trustee may, without the consent of, or notice to, any of the Series 2008 Bondholders, amend or supplement this Supplemental Indenture, any supplement to this Supplemental Indenture or the Series 2008 Bonds, as shall not be inconsistent with the terms and provisions hereof, for any one or more of the following purposes:

- (a) to cure any ambiguity or formal defect or omission;
- (b) to grant to or confer upon the Trustee for the benefit of the Series 2008 Bondholders any additional rights, remedies, powers or authorities that may lawfully be granted to or conferred upon the Series 2008 Bondholders or the Trustee or either of them;

(c) to subject to this Supplemental Indenture additional revenues, properties or collateral;

(d) to provide for the conversion of the interest rate on all or any portion of the Series 2008 Bonds to a Fixed Interest Rate;

(e) to permit continued compliance with the arbitrage requirements of the Code, including, without limitation, continued compliance with the Tax Agreement;

(f) to permit the qualification of this Supplemental Indenture under the Trust Indenture Act of 1939, as then amended, or any similar federal statute hereafter in effect or to permit the qualification of the Series 2008 Bonds for sale under the securities laws of any state of the United States of America;

(g) to permit the issuance of coupon Series 2008 Bonds hereunder and to permit the exchange of Series 2008 Bonds from fully registered form to coupon form and vice versa;

(h) to provide for the utilization of an Alternate Liquidity Support Facility if the Trustee has received an unqualified opinion of recognized bankruptcy counsel acceptable to the Trustee to the effect that such amendment or utilization would not result in payments of principal of and interest on the Series 2008 Bonds being classified as avoidable preferences within the meaning of Section 547 of the United States Bankruptcy Code in the event of a filing of a petition thereunder by or against the District;

(i) to take any other action which, in the opinion of the Trustee, is not prejudicial in any material respect to the Series 2008 Bondholders or the Trustee;

(j) to implement any modification to this Supplemental Indenture that is required by any Rating Agency and that is not prejudicial in any material respect to the interests of the Holders of the Series 2008 Bonds;

(k) to permit the registration and transfer of the Series 2008 Bonds other than to a “book-entry” system and to permit a re-transfer to a “book-entry” system.

(l) to evidence the appointment of a separate co-bond trustee or the succession of a new bond trustee hereunder;

(m) to provide for the refunding or advance refunding of any Series 2008 Bonds, including the right to establish and administer an escrow fund and to take related action in connection therewith; and

(n) to implement any other provision allowed by the Master Trust Indenture.

The District and the Trustee may not enter into any amendments or supplements pursuant to paragraph (e) or (g) of this Section unless they shall have received an Opinion of Tax Counsel to the effect that such amendment or supplement will not adversely affect the exclusion from

federal gross income of the Holders of the interest paid on the Series 2008 Bonds to the extent afforded under Section 103(a) of the Code.

Section 7.02 Supplemental Indentures Requiring Consent of Series 2008 Bondholders; Waivers and Consents by Series 2008 Bondholders. Exclusive of the amendments or supplements covered by Section 7.01 and subject to the terms and provisions contained in this Section, and not otherwise, the Holders of not less than a majority in aggregate principal amount of the Series 2008 Bonds then Outstanding, shall have the right, from time to time, anything contained in this Supplemental Indenture to the contrary notwithstanding, to (i) consent to and approve the execution by the District and the Trustee of such amendment or supplement to this Supplemental Indenture or the Series 2008 Bonds as shall be deemed necessary and desirable by the District for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in this Supplemental Indenture, the Series 2008 Bonds or in any supplemental indenture, or (ii) waive or consent to the taking by the District of any action prohibited, or the omission by the District of the taking of any action required, by any of the provisions of this Supplemental Indenture or of any indenture supplemental hereto; provided, however that nothing in this Article contained shall permit or be construed as permitting (a) an extension of the stated maturity or reduction in the principal amount of, or reduction in the rate or extension of time of paying of interest on, or reduction of any premium payable on the redemption of, or elimination or reduction of the Holder's right to require purchase of, any Series 2008 Bond, without the consent of the Holder of such Series 2008 Bond, (b) a reduction in the amount of, extension of the time of, any payment required by any sinking fund applicable to any Series 2008 Bonds without the consent of the Holders of all the Series 2008 Bonds which would be affected by the action to be taken, (c) the creation of any lien prior to or on a parity with the lien of this Supplemental Indenture, without the consent of the Holders of all the Series 2008 Bonds at the time Outstanding, (d) a reduction in the aforesaid aggregate principal amount of Series 2008 Bonds, the Holders of which are required to consent to any such waiver or supplemental indenture, without the consent of the Holders of all the Series 2008 Bonds at the time Outstanding which would be affected by the action to be taken, (e) a modification of the rights, duties or immunities of the Trustee, without the written consent of the Trustee or (f) the loss of the exclusion from federal gross income of the Holders of the interest paid on the Series 2008 Bonds held by a non-consenting Series 2008 Bondholder to the extent otherwise afforded under Section 103(a) of the Code.

If at any time the District shall request the Trustee to enter into any such supplemental indenture for any of the purposes of this Section, the Trustee shall, upon being satisfactorily indemnified with respect to expenses, mail notice of the proposed execution of such supplemental indenture to the Holders of the Outstanding Series 2008 Bonds in the same manner as described in Section 5.02. Such notice shall briefly set forth the nature of the proposed supplemental indenture and shall state that copies thereof are on file at the Principal Office of the Trustee for inspection by all Holders of the Series 2008 Bonds. If, within 60 days or such longer period as shall be prescribed by the District following the mailing of such notice the Holders of not less than a majority in aggregate principal amount of the Series 2008 Bonds Outstanding at the time of the execution of any such supplemental indenture shall have consented to and approved the execution thereof as herein provided, no Holder of any Series 2008 Bond shall have any right to object to any of the terms and provisions contained therein, or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the

Trustee or the District from executing the same or from taking any action pursuant to the provisions thereof. Upon the execution of any such supplemental indenture as in this Section permitted and provided, this Supplemental Indenture shall be and be deemed to be modified and amended in accordance therewith.

Section 7.03 *Notice to Tender Agent and Co-Paying Agent.* The Trustee agrees to give to any Co-Paying Agent prompt written notice of any modification or change of or supplement or amendment to this Supplemental Indenture which would affect their respective rights or obligations hereunder; provided, however, that no such modification, change, supplement or amendment will be effective as to the Tender Agent or the Co-Paying Agent without such party's written consent.

ARTICLE VIII

SATISFACTION AND DISCHARGE

Section 8.01 *Satisfaction and Discharge.* All rights and obligations of the District under this Supplemental Indenture shall terminate and such instrument shall cease to be of further effect with respect to a particular Series 2008 Bond when such Series 2008 Bond is deemed paid pursuant to the next paragraph. When all Series 2008 Bonds have been paid or deemed to have been paid, the Trustee shall execute and deliver all appropriate instruments evidencing and acknowledging the satisfaction of this Supplemental Indenture, and shall assign and deliver to the District any moneys and investments in all Funds established hereunder (except moneys or investments held by the Trustee for the payment of principal of, interest on or premium, if any, on the Series 2008 Bonds).

A Series 2008 Bond shall be deemed paid under this Supplemental Indenture when:

- (a) all fees and expenses of the Trustee, any Authenticating Agent and any Paying Agent with respect to such Series 2008 Bond shall have been paid;
- (b) the District shall have performed all of its covenants and promises in this Supplemental Indenture with respect to such Series 2008 Bond; and
- (c) such Series 2008 Bond (i) has become due and payable, or (ii) is to be paid at maturity or called for redemption under arrangements satisfactory to the Trustee for the giving of notice of redemption by the Trustee, or (iii) has been delivered to the Trustee canceled or for cancellation and, in the case of (i) and (ii) above, there shall have been deposited with the Trustee either moneys in an amount which shall be sufficient, or noncallable Government Securities, the principal of and the interest on which, or the principal of which, when due, will provide moneys which shall be sufficient to pay when due the principal or redemption price, if applicable, and maximum amount of interest due and to become due on such Series 2008 Bond prior to and at the redemption date or maturity date thereof, as the case may be and, if such Series 2008 Bond is subject to optional or mandatory tender for purchase prior to its applicable redemption or maturity date, sufficient to cover the Tender Price therefor (after payment of such Tender Price, such Series 2008 Bond shall be canceled) provided, that such a deposit may be made only if, in the Opinion of Tax Counsel, the interest on the Series 2008 Bonds would not

become subject to inclusion in the federal gross income of the Holders as a result thereof and the Trustee has received (1) a verification report of a nationally recognized independent public accounting firm stating that such Government Securities and cash, if any, will be sufficient to pay when due the principal or redemption price if applicable, and interest due and to become due on such Series 2008 Bond and (2) if the Series 2008 Bonds are not irrevocably called for redemption within 90 days following the date of the deposit referred to in clause (c) of this Section 8.01, written evidence from each Rating Agency having a rating in effect for such Series 2008 Bonds that the proposed defeasance will not result in the reduction or withdrawal of the rating on such Series 2008 Bonds;

(d) if the Series 2008 Bonds are to remain rated by a Rating Agency, a copy of the verification report of the accountant or firm of accountants responsible for verifying the adequacy of any deposit made under subsection (c) above, together with an opinion of nationally recognized municipal bond counsel in form and substance satisfactory to the Rating Agency have been delivered to the Rating Agency;

(e) notice of any defeasance has been given by the Trustee not more than seven (7) days after any such defeasance to the holders of all outstanding Series 2008 Bonds and to all nationally recognized information services which customarily publish lists of call notices and defeased obligations; and

(f) anything in this Supplemental Indenture to the contrary notwithstanding, the Series 2008 Bonds shall not be deemed to have been paid pursuant to this Section 8.01 until:

(1) the Trustee have received a certificate of an independent firm of nationally recognized certified public accountants that the cash or Governmental Securities deposited hereunder will be sufficient to make all remaining payments when due on the Series 2008 Bonds;

(2) the Trustee has received all fees, charges and expenses due or to be due under this Supplemental Indenture; and

(3) the District and the Trustee have received an Opinion of Independent Counsel nationally recognized in bankruptcy matters to the effect that upon receipt by the Trustee of such deposit, the Series 2008 Bonds will be deemed to be paid within the meaning of this Section 8.01 and that such transaction and deposit (A) would not constitute an investment company requiring registration under the Investment Company Act of 1940 as amended and (B) is permitted under the terms of this Supplemental Indenture.

Further, no sale, transfer or substitution of the cash or Government Securities deposited pursuant to this paragraph shall take place without the requirements set forth in (i), (ii) and (iii) of this subsection (f) having been satisfied.

Section 8.02 *Application of Trust Money.* All money or obligations deposited with or held by the Trustee pursuant to Section 8.01 shall be held in trust for the Holders of the Series 2008 Bonds, and applied by it, in accordance with the provisions of the Series 2008 Bonds and

this Supplemental Indenture, to the payment, either directly or through any paying agent, to the persons entitled thereto, of the principal (and premium, if any) and interest for whose payment such money has been deposited with the Trustee; but such money or obligations need not, except for the moneys and Government Securities deposited with the Trustee pursuant to Section 8.01(c), be segregated from other funds except to the extent required by law. The moneys and Government Securities deposited with the Trustee pursuant to Section 8.01(c) shall at all times be segregated from all other funds.

Section 8.03 *Consents, etc., of Series 2008 Bondholders.* Any consent, request, direction, approval, objection or other instrument required by this Supplemental Indenture to be executed by the Series 2008 Bondholders may be in any number of substantially concurrent writings of similar tenor and may be executed by such Series 2008 Bondholders in person or by agent appointed in writing. Proof of execution of any such consent, request, direction, approval, objection or other instrument or of the writing appointing any such agent, if made in the following manner, shall be sufficient for any of the purposes of this Supplemental Indenture, and shall be conclusive in favor of the Trustee with regard to any action taken under such request or other instrument, namely:

The fact and date of the execution by any person of any such writing may be proved by the certificate of any officer in any jurisdiction who by law has power to take acknowledgments within such jurisdiction that the person signing such writing acknowledged before him the execution thereof or by affidavit of any witness to such execution.

Any such consent shall be irrevocable and shall bind any subsequent Holder of the related Series 2008 Bond or any Series 2008 Bond delivered in substitution for such Series 2008 Bond.

Section 8.04 *Limitation of Rights.* With the exception of rights herein expressly conferred, nothing expressed or mentioned in or to be implied from this Supplemental Indenture or the Series 2008 Bonds is intended or shall be construed to give to any person other than the parties hereto and the Tender Agent, the Liquidity Provider and the Holders of the Series 2008 Bonds any legal or equitable right, remedy or claim under or in respect to this Supplemental Indenture or any covenants, conditions and provisions herein contained, this Supplemental Indenture and all of the covenants, conditions and provisions hereof being intended to be and being for the sole and exclusive benefit of the parties hereto and the Tender Agent, Liquidity Provider and the Holders of the Series 2008 Bonds as herein provided.

Section 8.05 *Severability.* If any provision of this Supplemental Indenture shall be held or deemed to be or shall, in fact, be inoperative or unenforceable as applied in any particular case in any jurisdiction or in all jurisdictions, or in all cases because it conflicts with any other provision or provisions hereof or any constitution or statute or rule of public policy, or for any other reason, such circumstances shall not have the effect of rendering the provision in question inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions herein contained invalid, inoperative, or unenforceable to any extent whatever.

The invalidity of any one or more phrases, sentences, clauses or Sections in this Supplemental Indenture contained, shall not affect the remaining portions of this Supplemental Indenture, or any part thereof.

Section 8.06 *Notices.* Except as otherwise specifically provided herein, it shall be sufficient service of any notice, request, complaint, demand or other paper on any party if the same shall be duly mailed by registered or certified mail to such parties at the following addresses:

District:	As provided in Master Trust Indenture
Trustee:	As provided in Master Trust Indenture
Liquidity Provider:	U.S. Bank National Association 101 East Fifth Street, 9 th Floor EP-MN-S 9GB St. Paul, Minnesota 55101 Att: Herbert F. Neufeld Phone: (651) 466-8605 Fax: 651) 466-8910
Remarketing Agent:	Wachovia Bank, National Association Municipal Sales & Trading 301 South College Street, 8 th Floor Charlotte, NC 28288 Attn: Rick White Phone: (704) 383-6452 Fax: (704) 383- 0065

Any of the foregoing may, by notice given hereunder to each of the others, designate any further or different addresses to which subsequent notices, certificates, requests or other communication shall be sent hereunder.

Section 8.07 *Trustee as Paying Agent and Registrar; Appointment of Tender Agent.* The Trustee is hereby designated and agrees to act as principal Paying Agent, and the Registrar for and in respect to the Series 2008 Bonds. The Trustee is hereby designated and agrees to act as principal Paying Agent, the Tender Agent and the Registrar for and in respect to the Series 2008 Bonds. The Tender Agent shall at all times be a bank or trust company organized and doing business under the laws of the United States or of any state (i) with a combined capital and surplus of at least \$15,000,000 or (ii) affiliated with and fully indemnified by the Trustee; and shall be authorized under the laws of the United States or of any state to exercise corporate trust powers and be subject to supervision or examination by federal or state authority. If such institution publishes reports of condition at least annually pursuant to law or the requirements of such authority, then for the purposes of this Section the combined capital and surplus of such institution shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

Section 8.08 *Resignation and Removal of Tender Agent.* The Tender Agent may resign from its position as Tender Agent by executing an instrument in writing resigning such position and specifying the date when such resignation shall take effect, and filing the same with the District, the Authenticating Agent, the Remarketing Agent, the Trustee and the Liquidity Provider, not less than 30 days before the date specified in such instrument when such resignation shall take effect. The District, the Liquidity Provider or the Holders of not less than 25 percent of all Series 2008 Bonds then outstanding may remove the Tender Agent from its position as Tender Agent by written notice thereof to the Tender Agent, the Remarketing Agent, the Trustee and the Liquidity Provider not less than 30 days before such removal is to become effective; provided, however, that prior to any such removal, the District shall have appointed a successor Tender Agent. The Trustee shall give notice of any such resignation or removal by mail, not less than three weeks prior to such resignation or removal date, to all Holders of Series 2008 Bonds appearing on the list kept on file by the Trustee as Registrar pursuant to the Master Trust Indenture. Notwithstanding anything to the contrary contained herein, such resignation or removal shall not take effect until the appointment of a successor Tender Agent.

Section 8.09 *Counterparts.* This Supplemental Indenture may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 8.10 *Applicable Law.* This Supplemental Indenture shall be governed exclusively by the applicable laws of the State of South Dakota.

Section 8.11 *Series 2008 Bonds Held by District.* Whenever in this Supplemental Indenture any action is required or permitted to be taken by the Holders of a specified percentage of the Outstanding Series 2008 Bonds, all Series 2008 Bonds then held by the District shall be excluded for all purposes from any such calculations.

Section 8.12 *Telephonic Notice.* Whenever in this Supplemental Indenture notice is required to be given telephonically, such notice may be given by any form of verbal electronic communication capable of immediate transmission which is available to both the sender and the recipient of such notice.

Section 8.13 *Notice to Rating Agencies and Remarketing Agent.* The Trustee hereby agrees that if at any time (i) any of the Series 2008 Bonds are converted to bear interest at a Fixed Interest Rate, are called for redemption (other than scheduled mandatory sinking fund redemptions), are subject to mandatory tender for purchase, (ii) the Liquidity Support Facility then in effect is being amended, substituted for, permitted to expire or terminated with respect to the Series 2008 Bonds, (iii) there shall be made any material changes to this Supplemental Indenture, or Liquidity Support Facility then in effect, the Remarketing Agreement or the official statement relating to the Series 2008 Bonds, (iv) a substitute Remarketing Agent is appointed, (v) an Adjustable Long Period with a duration in excess of three years shall be designated for any of the Series 2008 Bonds or (vi) a successor Trustee is appointed, (vii) all Series 2008 Bonds have been paid or are otherwise no longer Outstanding hereunder, then in each case, the Trustee shall give written notice prior to the occurrence of any of the above-described events to the Remarketing Agent and to any Rating Agency then maintaining a rating on any of the Series 2008 Bonds at such address as shall be furnished by the Remarketing Agent or such Rating

Agency to the Trustee, which notice, in the case of an event referred to in clause (ii) above, shall include a copy of such amended or substituted Liquidity Support Facility and, in the case of an event referred to in clause (iii) above, shall include a copy of such supplement or amendment.

Section 8.14 *References to Liquidity Provider Ineffective During Certain Periods.* During any period of time in which (a) the Liquidity Support Facility is not in effect with respect to the Series 2008 Bonds and (b) no amounts secured under this Supplemental Indenture with respect to the Series 2008 Bonds remain unreimbursed to the Liquidity Provider under the Liquidity Agreement, references in this Supplemental Indenture to the Liquidity Provider shall be ineffective.

Section 8.15 *Amendment of Liquidity Support Facility.* The Trustee must give its prior written consent to any amendment, change or modification of the Liquidity Support Facility from time to time in effect which will reduce (i) the term of such Liquidity Support Facility, (ii) the principal amount of the Series 2008 Bonds to be placed or purchased pursuant to such Liquidity Provider, or (iii) the amount of the Liquidity Support Facility, except in the case of (ii) or (iii), no consent is required for a reduction in the available bond purchase commitment amount of the Liquidity Support Facility in connection with a Termination Tender Date. A copy of any such amendment, change or modification shall be filed with the Trustee.

IN WITNESS WHEREOF, THE SOUTH DAKOTA CONSERVANCY DISTRICT and THE FIRST NATIONAL BANK IN SIOUX FALLS have caused this Trust Indenture to be executed in their respective names and attested by their duly authorized officers, all as of the day first above written.

SOUTH DAKOTA CONSERVANCY DISTRICT

By: _____
Chairman

Attest:

Secretary

THE FIRST NATIONAL BANK IN SIOUX
FALLS

By: _____
Its: _____

SCHEDULE I

INITIAL ADJUSTMENT PERIOD

The initial Adjustment Period for \$40,000,000 of the Series 2008 Bonds shall be the Semiannual Mode Period, shall commence on the date of the initial authentication and delivery of the Series 2008 Bonds and shall continue until the First Adjustment Date, which shall be August 1, 2008, or until such earlier Adjustment Date determined pursuant to this Supplemental Indenture. The initial interest rate for the initial Adjustment Period shall be 2.35%.

SCHEDULE II

MANDATORY SINKING FUND INSTALLMENTS

Interest Payment Date In August	Principal Amount	Interest Payment Date In August	Principal Amount
2010	\$1,375,000	2020	\$1,990,000
2011	1,435,000	2021	2,065,000
2012	1,485,000	2022	2,145,000
2013	1,535,000	2023	2,225,000
2014	1,600,000	2024	2,310,000
2015	1,655,000	2025	2,400,000
2016	1,720,000	2026	2,490,000
2017	1,785,000	2027	2,580,000
2018	1,845,000	2028	2,670,000
2019	1,920,000	2029*	2,770,000

*Maturity

SCHEDULE III

ALLOCABLE PORTIONS OF SERIES 2008 BONDS

	<u>Drinking Water Leveraged Portion</u>		<u>Drinking Water State Match Portion</u>		<u>Clean Water State Match Portion</u>		<u>Clean Water Leveraged Portion</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
8/1/2009	NA	32.78%	NA	12.33%	NA	4.96%	NA	49.93%
8/1/2010	32.73%	32.78%	12.36%	12.33%	5.09%	4.96%	49.82%	49.93%
8/1/2011	32.75%	32.78%	12.20%	12.32%	4.88%	4.96%	50.17%	49.94%
8/1/2012	32.66%	32.78%	12.46%	12.33%	5.05%	4.96%	49.83%	49.93%
8/1/2013	32.90%	32.78%	12.38%	12.32%	4.89%	4.96%	49.83%	49.94%
8/1/2014	32.81%	32.78%	12.19%	12.32%	5.00%	4.96%	50.00%	49.94%
8/1/2015	32.93%	32.78%	12.39%	12.33%	4.83%	4.96%	49.85%	49.93%
8/1/2016	32.85%	32.77%	12.21%	12.32%	4.94%	4.97%	50.00%	49.94%
8/1/2017	32.77%	32.76%	12.32%	12.33%	5.04%	4.97%	49.87%	49.94%
8/1/2018	32.79%	32.76%	12.47%	12.33%	4.88%	4.96%	49.86%	49.95%
8/1/2019	32.81%	32.76%	12.24%	12.32%	4.95%	4.97%	50.00%	49.95%
8/1/2020	32.91%	32.76%	12.31%	12.33%	5.03%	4.97%	49.75%	49.94%
8/1/2021	32.69%	32.74%	12.35%	12.33%	4.84%	4.96%	50.12%	49.97%
8/1/2022	32.63%	32.75%	12.35%	12.33%	4.90%	4.98%	50.12%	49.94%
8/1/2023	32.81%	32.76%	12.36%	12.32%	4.94%	4.99%	49.89%	49.93%
8/1/2024	32.68%	32.75%	12.34%	12.32%	4.98%	4.99%	50.00%	49.94%
8/1/2025	32.71%	32.77%	12.29%	12.32%	5.00%	5.00%	50.00%	49.91%
8/1/2026	32.73%	32.78%	12.25%	12.32%	5.02%	5.00%	50.00%	49.90%
8/1/2027	32.75%	32.79%	12.40%	12.34%	5.04%	4.99%	49.81%	49.88%
8/1/2028	32.77%	32.81%	12.36%	12.32%	5.06%	4.96%	49.81%	49.91%
8/1/2029	32.85%	32.85%	12.27%	12.27%	4.87%	4.87%	50.01%	50.01%