TRUSTEES OF THE CALIFORNIA STATE UNIVERSITY

and

TREASURER OF THE STATE OF CALIFORNIA

INDENTURE

Dated as of April 1, 2002

Authorizing the Issuance of

TRUSTEES OF THE CALIFORNIA STATE UNIVERSITY
SYSTEMWIDE REVENUE BONDS

including

$___,000,000

TRUSTEES OF THE CALIFORNIA STATE UNIVERSITY
SYSTEMWIDE REVENUE BONDS
SERIES 2002A
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Execution

EXHIBIT A FORM OF SERIES 2002A BOND ......................................................... A-1
THIS INDENTURE, made and entered into as of the first day of April, 2002, by and among the TRUSTEES OF THE CALIFORNIA STATE UNIVERSITY, an agency of the State of California (herein called “the Board”), and the TREASURER OF THE STATE OF CALIFORNIA, as trustee (herein called the “Trustee”),

WITNESSETH;

WHEREAS, the Board is vested with powers conferred upon it by law, including without limitation the powers established by The State University Revenue Bond Act of 1947, codified at California Education Code Sections 90010 and following (the “Act”);

WHEREAS, the Board desires to supplement and amend in accordance with its terms the 1968 Bond Resolution (as hereinafter defined), under which various series of California State University Housing System Revenue Bonds have been issued and certain of which are now Outstanding;

WHEREAS, the Board desires to provide in accordance with the Act for the issuance of its revenue bonds (the “Bonds”) from time to time for the financing or refinancing of various capital facilities;

WHEREAS, the Board desires that the Bonds be payable from Gross Revenues in accordance with and subject to the terms of this Indenture;

WHEREAS, the Board desires that the Bonds be issued from time to time in various series;

WHEREAS, the Board desires that this Indenture shall amend and supplement certain terms and conditions of the 1968 Bond Resolution, but only after the requirements of the 1968 Bond Resolution have been satisfied;

WHEREAS, the Board now desires to issue an initial series of bonds (the “Series 2002A Bonds”) in order to finance and refinance various capital facilities; and

WHEREAS, all acts and proceedings required by law, including the Act, necessary to make the Bonds, when executed by the Board and authenticated and delivered by the Trustee, the valid, legal and binding limited obligations of the Board, payable out of the Gross Revenues as provided in this Indenture, and to constitute this Indenture a valid and binding agreement for the uses and purposes herein set forth, in accordance with its terms, have been done and taken and the execution and delivery of this Indenture have been in all respects duly authorized;

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

**ARTICLE I**

**DEFINITIONS**

**SECTION 1.01. Definitions.** Unless the context otherwise requires, the terms defined in this Section 1.01 shall, for all purposes of this Indenture and of any indenture supplemental hereto, have the meanings herein specified, the following definitions to be equally applicable to both the singular and plural forms of any of the terms herein defined:

**Act**

“Act” means The State University Revenue Bond Act of 1947, codified at California Education Code Sections 90010 and following, as in force on the date of the initial execution and delivery of this Indenture and as it may thereafter be amended from time to time.

**Aggregate Debt Service**

“Aggregate Debt Service” means, as of any date of calculation and with respect to any period, the sum of amounts of Debt Service for the Indebtedness specified herein for such period.

**Authorized CSU Representative**

“Authorized CSU Representative” means any person or persons at the time designated to act on behalf of the Board pursuant to a Certificate of the Board containing the specimen signature of each such person and filed with the Trustee.

**Balloon Indebtedness**

“Balloon Indebtedness” means Indebtedness or Designated Auxiliary Debt having an original maturity greater than one year or renewable at the option of the Board for a period of greater than one year from the date of original incurrence or issuance thereof, 25% or more of the original principal of which becomes due (either by maturity or mandatory redemption) or may be tendered for purchase or payment at the option of the holder during any period of 12 consecutive months, which portion of the principal is not required by the documents governing such Indebtedness or Designated Auxiliary Debt to be amortized below 25% by mandatory redemption prior to such date.

**Board**

“Board” means the Trustees of the California State University, an agency of the State of California, its successors and assigns organized and existing under and by virtue of the laws of the State of California.
**Bond Counsel**

“Bond Counsel” means any attorney at law or firm of attorneys selected by the Board, of nationally recognized standing in matters pertaining to the validity of and federal tax exemption of interest on obligations issued by states and political subdivisions, and duly admitted to practice law before the highest court of any state of the United States of America.

**Bond Payment Date**

“Bond Payment Date” means each Interest Payment Date and Principal Payment Date.

**Bonds**

“Bonds” means any or all of the Trustees of the California State University Systemwide Revenue Bonds authorized under and secured by this Indenture. The term “Serial Bonds” shall mean the Bonds, falling due by their terms in specified years, for which no Mandatory Sinking Account Payments are provided. The term “Term Bonds” shall mean the Bonds, if any, payable at or before their specified maturity date or dates from Mandatory Sinking Account Payments established for that purpose and calculated to retire such Bonds on or before their specified maturity date or dates.

**Business Day**

“Business Day” means any day other than Saturday, Sunday or a day on which banking institutions in Los Angeles or San Francisco, California, or New York, New York, are authorized or required to be closed or a day on which the New York Stock Exchange is closed [or a date the offices of the State Treasurer are closed].

**Capitalized Interest Accounts**

“Capitalized Interest Accounts” means the accounts in the Interest Fund so designated and established pursuant to Section 5.03.

**Certificate, Request, Requisition, Statement and Written Order of the Board**

“Certificate,” “Request,” “Requisition,” “Statement” and “Written Order” mean, respectively, a written certificate, request, requisition, statement or order signed, in the case of the Board, in the name of the Board by an Authorized CSU Representative. Any such instrument and supporting opinions or representations, if any, may, but need not, be combined in a single instrument with any other instrument, opinion or representation, and the two or more so combined shall be read and construed as a single instrument. If and to the extent required by the provisions of Section 1.02, each certificate shall include the statements provided for in Section 1.02.

**Code**

Continuing Disclosure Certificate

“Continuing Disclosure Certificate” means that certain Continuing Disclosure Certificate executed and delivered by the Board on the date of issuance and delivery of the Series 2002A Bonds, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

Costs of Issuance Account

“Costs of Issuance Account” means the account in the Program Fund so designated and established pursuant to Section 3.03.

Costs of Issuance

“Costs of Issuance” means the costs and expenses incurred by the Board to effect the authorization, preparation, issuance, sale and delivery of the Bonds, including but not limited to any printing costs, rating agency fees, fees and disbursements of Bond Counsel, fees and disbursements of the Board, fees and expenses of the Board incurred in connection with issuance of the Bonds, and initial fees and expenses of the Trustee.

Credit Facility Provider

“Credit Facility Provider” means a bank, insurance company or other financial institution that is obligated to make payments with respect to the Bonds pursuant to a letter of credit, line of credit, standby bond purchase agreement, bond insurance policy, reserve fund surety bond or policy, guaranty or similar undertaking that secures payment of the Bonds.

Debt Enhancement Agreement

“Debt Enhancement Agreement” means any loan agreement, revolving credit agreement, insurance contract, commitment to purchase, purchase or sale agreement, or commitments or other contracts or agreements, including, without limitation, interest rate agreements, including interest rate swap agreements, entered into by the Board in connection with the issuance, payment, sale, resale or exchange of any Indebtedness or Designated Auxiliary Debt to enhance the security for or provide for the payment, prepayment or remarketing of such Indebtedness or Designated Auxiliary Debt and the interest thereon or to reduce or manage the interest thereon.

Debt Service

“Debt Service” means, when used with respect to any Indebtedness or Designated Auxiliary Debt, as of any date of calculation and with respect to any period, the sum of (1) the interest falling due on such Indebtedness or Designated Auxiliary Debt during such period (except to the extent that such interest is payable from the proceeds of such Indebtedness or Designated Auxiliary Debt or other moneys specifically set aside for such purpose), and (2) the principal (or mandatory sinking fund or installment purchase price or lease rental or similar) payments or deposits required with respect to such Indebtedness or Designated Auxiliary Debt during such period (except to the extent that such principal is payable from the proceeds of such Indebtedness or Designated Auxiliary Debt or other moneys specifically set aside for such
purpose); computed on the assumption that no portion of such Indebtedness or Designated Auxiliary Debt shall cease to be outstanding during such period except by reason of the application of such scheduled payments; provided, however, that for purposes of such computation if any of the Indebtedness or Designated Auxiliary Debt is Balloon Indebtedness, the computation of Debt Service shall, at the option of the Board, assume that such Balloon Indebtedness is to be amortized over thirty (30) years beginning on the date of maturity of such Balloon Indebtedness or such earlier date as may be specified by the Board, assuming level debt service and the rate of interest on such Balloon Indebtedness; and provided further that if interest on Indebtedness or Designated Auxiliary Debt is payable pursuant to a variable interest rate formula, the interest rate on such Indebtedness or Designated Auxiliary Debt for periods when the actual interest rate cannot be yet determined shall be assumed to be equal to the greater of (a) the current interest rate calculated pursuant to the provisions of such agreement or, (b) if available, the daily average interest rate on such Indebtedness or Designated Auxiliary Debt during the preceding 36 months preceding the date of calculation or, (c) if such Indebtedness or Designated Auxiliary Debt has not been Outstanding for such 36-month period, such daily average interest rate on comparable debt of a state or political subdivision of a state which debt is then rated by a nationally recognized bond rating agency with a rating similar to the rating on such Indebtedness or Designated Auxiliary Debt; and provided further that if any such Indebtedness or Designated Auxiliary Debt is bearing interest at other than a fixed rate and the payments received and made by the Board under a Debt Enhancement Agreement with respect to such Indebtedness or Designated Auxiliary Debt is expected to produce a fixed rate to be paid by the Board, then such Indebtedness or Designated Auxiliary Debt shall be treated as bearing interest at such fixed rate.

**Defeasance Securities**

“Defeasance Securities” means (i) moneys or noncallable securities of the category specified in clauses (1) or (2) of the definition of the term Investment Securities, or (ii) any other securities, provided that a Rating Agency has rated the defeased Bonds “AAA” or equivalent, without regard to any insurance policy or other credit enhancement securing payment of such defeased Bonds, or (iii) any other securities, with the written consent of the Credit Facility Provider.

**Designated Auxiliary Debt**

“Designated Auxiliary Debt” means any bond, note, lease, installment purchase agreement or other obligation of a Designated Auxiliary Organization which is secured by a pledge of or lien upon Designated Auxiliary Revenues and which is designated in a Certificate of the Board filed with the Trustee [;provided that such obligation does not constitute Indebtedness hereunder].

**Designated Auxiliary Organization**

“Designated Auxiliary Organization” means any duly qualified and recognized auxiliary organization of the Board designated in a Certificate of the Board filed with the Trustee.
Designated Auxiliary Revenues

“Designated Auxiliary Revenues” means any revenues, income, receipts, or other moneys of a Designated Auxiliary Organization which have been pledged to, or are subject to a lien securing the repayment of, Designated Auxiliary Debt and which are designated in a Certificate of the Board filed with the Trustee [;provided that such revenues do not constitute Gross Revenues hereunder].

Designated Office

“Designated Office” means with respect to the Trustee, the office of the Trustee at 915 Capitol Mall, Room 235, Sacramento, CA 95814 or such other or additional offices as may be specified to the Board by the Trustee in writing or the office at which at any particular time its corporate trust business shall be principally administered.

DTC

“DTC” means The Depository Trust Company, New York, New York, and its successors and assigns.

Event of Default

“Event of Default” means any of the events specified in Section 7.01.

Excluded Facilities

“Excluded Facilities” means any facilities which may be designated from time to time by the Board as Excluded Facilities in a Certificate of the Board which is filed with the Trustee.

Fiscal Year

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

Gross Revenue Fund

“Gross Revenue Fund” means the fund by that name established pursuant to Section 5.01, and which shall be comprised of such funds and accounts at the Gross Revenue Fund Depositories as the Board shall designate from time to time as the funds and accounts comprising the Gross Revenue Fund, all as set forth in a Certificate of the Board filed with the Trustee.

Gross Revenue Fund Depositories

“Gross Revenue Fund Depositories” means such banking, governmental, financial or other institutions (which may include the Trustee) as the Board shall designate from time to time as the depositories of the funds and accounts comprising the Gross Revenue Fund, all as set forth in a Certificate of the Board filed with the Trustee.
**Gross Revenues**

“Gross Revenues” means (i) all income, including interest income on Gross Revenues, rentals, fees, rates, charges, insurance proceeds, condemnation proceeds and other moneys derived from the ownership or operation of the Projects, but excluding any refundable deposits, fines or forfeitures or operating revenues from student unions or student centers that are not mandatory student center fees, and (ii) any other revenues, receipts, income or other moneys from time to time designated by the Board for the payment of principal of and interest on the Bonds, in each case subject to the provisions of the Security Documents governing any Indebtedness secured by a Senior Lien.

**Holder or Bondholder**

“Holder” or “Bondholder” means the person in whose name a Bond is registered.

**Indebtedness**

“Indebtedness” means any indebtedness or obligation of the Board which is:

(a) secured by a pledge of or other encumbrance on Gross Revenues; and

(b) is either (i) classified as a liability on a balance sheet in accordance with generally accepted accounting principles for colleges and universities; or (ii) is a Debt Enhancement Agreement.

**Indenture**

“Indenture” means this Indenture, as originally executed or as it may from time to time hereafter be supplemented, modified or amended by any Supplemental Indenture entered into pursuant to the provisions hereof.

**Independent Certified Public Accountant**

“Independent Certified Public Accountant” means any certified public accountant or firm of such accountants appointed and paid by the Board, and who, or each of whom—

1. is in fact independent, and not under domination of the Board;

2. does not have any substantial interest, direct or indirect, with the Board; and

3. is not connected with the Board as a member of the Board, or as an official or employee of the Board or of the California State University, but who may be regularly retained to make annual or similar audits of any of the books of the Board.

**Information Services**

“Information Services” means Financial Information, Inc.’s “Daily Called Bond Service,” 30 Montgomery Street, 10th Floor, Jersey City, New Jersey 07302, Attention: Editor; Kenny
Information Services’ “Called Bond Service,” 55 Broad Street, 28th Floor, New York, New York 10004; Moody’s “Municipal and Government,” 99 Church Street, 8th Floor, New York, New York 10007, Attention: Municipal News Reports; and Standard and Poor’s “Called Bond Record,” 25 Broadway, 3rd Floor, New York, New York 10004; or to such other addresses and/or such other services providing information with respect to called bonds as the Board may designate.

**Interest Fund**

“Interest Fund” means the fund by that name established pursuant to Section 5.02.

**Interest Payment Date**

“Interest Payment Date” means ______ 1, 200_ and each May 1 and November 1 thereafter, until the principal and interest on all Bonds has been paid or payment has been duly provided for such amounts, and such other interest payment date or dates as may be specified in a Supplemental Indenture for a Series of Bonds.

**Investment Securities**

“Investment Securities” means any of the following which at the time are legal investments under the laws of the State of California for moneys held hereunder and then proposed to be invested therein: (i) bonds or interest-bearing notes or obligations of the United States, or those for which the faith and credit of the United States are pledged for the payment of principal and interest; (ii) bonds or interest-bearing notes or obligations that are guaranteed as to principal and interest by a federal agency of the United States; (iii) bonds of the State of California or bonds for which the faith and credit of the State of California are pledged for the payment of principal and interest; (iv) bonds or warrants, including but not limited to revenue warrants, of any county, city, metropolitan water district, California water district, California water storage district, irrigation district in the State of California, municipal utility district or school district of the State of California; (v) bonds, consolidated bonds, collateral trust debentures, consolidated debentures or other obligations issued by general land banks or federal intermediate credit banks established under the Federal Farm Loan Act, as amended, debentures and consolidated debentures issued by the Central Bank for Cooperatives and banks for cooperatives established under the Farm Credit Act of 1933, as amended, bonds or debentures of the Federal Home Loan Bank Board established under the Federal Home Loan Bank Act, stock, bonds, debentures and other obligations of the Federal National Mortgage Association established under the National Housing Act, as amended, and the bonds of any federal home loan bank established under said act, obligations of the Federal Home Loan Mortgage Corporation, and bonds, notes and other obligations issued by the Tennessee Valley Authority under the Tennessee Valley Authority Act, as amended; (vi) commercial paper rated within the top rating designation by a nationally recognized rating agency and issued by corporations (1) organized and operating within the United States, (2) having total assets in excess of $500,000,000 and (3) approved by the Pooled Money Investment Board, provided, however that eligible commercial paper may not exceed 180 days’ maturity, represent more than ten percent (10%) of the outstanding paper of an issuing corporation nor exceed thirty percent (30%) of the resources of an investment program, and that at the request of the Pooled Money Investment Board, such
investment shall be secured by the issuer by depositing with the State Treasurer securities authorized by Section 53651 of the California Government Code of a market value of at least ten percent (10%) in excess of the amount of the State’s investment; (vii) bills of exchange or time drafts drawn on and accepted by a commercial bank the general obligations of which are rated within the top two rating categories by a nationally recognized rating agency, otherwise known as bankers acceptances, which are eligible for purchase by the Federal Reserve System; (viii) negotiable certificates of deposit issued by a nationally or state-chartered bank or savings and loan association or by a state-licensed branch of a foreign bank which, to the extent they are not insured by federal deposit insurance are issued by an institution the general obligations of which are rated in one of the top two rating categories by a nationally recognized rating agency; (ix) bonds, debentures and notes issued by corporations organized and operating within the United States which securities are rated in one of the top two rating categories by a nationally recognized rating agency; (x) interest-bearing accounts in state or national banks or in state or federal savings and loan associations having principal offices in the State of California, the deposits of which shall be secured at all times and in the same manner as state moneys are by law required to be secured; (xi) deposits in the Surplus Money Investment Fund referred to in Section 15487 of the California Government Code; (xii) repurchase agreements or reverse repurchase agreements, as such terms are defined and pursuant to the terms of Section 16480.4 of the California Government Code; (xiii) collateralized or uncollateralized investment agreements or other contractual arrangements with corporations, financial institutions or national associations within the United States, provided that the senior long-term debt of such corporations, institutions or associations is rated within the top two rating categories by a nationally recognized rating agency; or (xiv) money market funds that invest solely in obligations described in clause (i) of this definition; or commercial paper rated within the top rating designation by a nationally recognized rating agency and issued by corporations (1) organized and operating within the United States, (2) having total assets in excess of $500,000,000, and (3) approved by the Pooled Money Investment Board, provided, however, that eligible commercial paper may not exceed 180 days’ maturity or represent more than ten percent (10%) of the outstanding paper of an issuing corporation, and at the request of the Pooled Money Investment Board, such investment shall be secured by the issuer by depositing with the State Treasurer securities authorized by Section 53651 of the California Government Code of a market value of at least ten percent (10%) in excess of the State’s investment.

Maintenance and Operation Expenses

“Maintenance and Operation Expenses” means necessary operating expenses, maintenance charges, expenses of reasonable upkeep and extraordinary repairs, a properly allocated share of charges for insurance, direct or special administrative expenses directly chargeable to the Projects and all other expenses incident to the operation of the Projects, but shall not include interest, amortization and depreciation expense and other non-cash charges, nor any general administrative expenses of the Board or of the State.

Mandatory Sinking Account Payment

“Mandatory Sinking Account Payment” means, with respect to Bonds of any Series and maturity, the amount required by this Indenture or any Supplemental Indenture to be paid by the Board on any single date for the retirement of Term Bonds of such Series and maturity.
Net Income Available for Debt Service

“Net Income Available for Debt Service” means with respect to any period, the sum of:
(1) the excess of Gross Revenues over Maintenance and Operation Expenses (before
extraordinary items), determined in accordance with generally accepted accounting principles,
each item determined in accordance with such generally accepted accounting principles, and
excluding (a) any profits or losses on the sale or disposition, not in the ordinary course of
business, of investments or fixed or capital assets relating to the Projects or resulting from the
early extinguishment of Indebtedness or Designated Auxiliary Debt, (b) gifts, grants, bequests,
donations and contributions, to the extent specifically restricted by the donor to a particular
purpose inconsistent with their use for the payment of Debt Service, and (c) the net proceeds of
insurance (other than business interruption insurance) and condemnation awards; plus (2)
Designated Auxiliary Revenues.

1968 Bond Resolution

“1968 Bond Resolution” means the Resolution Authorizing the Issuance of California
State Colleges Housing System Revenue Bonds, in the form originally adopted by the Board on
April 25, 1968 and as thereafter amended and supplemented, up to and including the Fifty-First
Supplemental Resolution, adopted by the Board on September 26, 2001.

Opinion of Counsel

“Opinion of Counsel” means a written opinion of counsel who is selected by the Board
(including counsel to the Board) and who is acceptable to the Trustee. If and to the extent
required by the provisions of Section 1.02, each opinion of Counsel shall include the statements
provided for in Section 1.02.

Optional Redemption Account

“Optional Redemption Account” means the account by that name established pursuant to
Section 5.05.

Outstanding

“Outstanding” when used as of any particular time with reference to Bonds, means
(subject to the provisions of Section 11.09) all Bonds theretofore, or thereupon being,
authenticated and delivered by the Trustee under this Indenture except (1) Bonds theretofore
cancelled by the Trustee or surrendered to the Trustee for cancellation; (2) Bonds with respect to
which all liability of the Board shall have been discharged in accordance with Section 10.02,
including Bonds (or portions of Bonds) referred to in Section 11.10; and (3) Bonds for the
transfer or exchange of or in lieu of or in substitution for which other Bonds shall have been
authenticated and delivered by the Trustee pursuant to this Indenture.

Parity Lien

“Parity Lien” means any pledge, lien, security interest, encumbrance or charge of any
kind, on or in any Gross Revenues which is equal and ratable to the lien of this Indenture on or in
such Gross Revenues; provided, that the Security Document creating such and equal and ratable lien provides that an Event of Default hereunder shall constitute and event of default under such Security Document.

Participants

“Participants” means those broker-dealers, banks and other financial institutions from time to time for which DTC holds Bonds as a securities depository.

Person

“Person” means an individual, a corporation, a partnership, a trust, an unincorporated organization or a government or any agency or political subdivision thereof.

Principal Fund

“Principal Fund” means the fund by that name established pursuant to Section 5.02.

Principal Payment Date

“Principal Payment Date” means November 1, 200_ and each November 1 thereafter, until the principal on all Bonds has been paid or payment has been duly provided for such amounts, and such other principal payment date or dates as may be specified in a Supplemental Indenture for a Series of Bonds.

Program Fund

“Program Fund” means the fund by that name established pursuant to Section 3.03.

Project Account

“Project Account” means the account in the Program Fund so designated and established pursuant to Section 3.03.

Projects

“Projects” means, on any given date, all of the housing, parking, student union, student center, student health center and continuing education facilities owned or operated by the Board and any other facilities designated by the Board as Projects hereunder in a Certificate of the Board filed with the Trustee, except in all cases the Excluded Facilities.

Rating Agency

“Rating Agency” means, on any given date, any nationally recognized rating agency which then has outstanding a credit rating on the Bonds (or other obligations to which reference is made herein).
**Rebate Fund**

“Rebate Fund” means the fund by that name established pursuant to Section 5.07.

**Record Date**

“Record Date” means the fifteenth day of the month next preceding each Interest Payment Date or such other record date as may be established by a Supplemental Indenture with respect to a Series of Bonds.

**Redemption Fund**

“Redemption Fund” means the fund by that name established pursuant to Section 5.05.

**Representation Letter**

“Representation Letter” means, with respect to any Series of Bonds, the Letter of Representations dated the date of issuance of such Series of Bonds to The Depository Trust Company, New York, New York, from the Board and the Trustee relating to such Series of Bonds.

**Revenue Fund**

“Revenue Fund” means the fund by that name established pursuant to Section 5.01.

**Securities Depositories**

The term “Securities Depositories” means: The Depository Trust Company, 711 Stewart Avenue, Garden City, New York 11530, Fax-(516) 227-4039 or 4190; Midwest Securities Trust Company, Capital Structures-Call Notification 440 South LaSalle Street, Chicago, Illinois 60605, Fax-(312) 663-2343; Philadelphia Depository Trust Company, Reorganization Division, 1900 Market Street, Philadelphia, Pennsylvania 19103, Attention: Bond Department, Dex-(215) 496-5058; or to such other addresses and/or such other securities depositories as the Board may designate.

**Security Documents**

“Security Documents” means all of the instruments, documents and agreements which, as of any date, have been executed and are then binding upon the Board in connection with any Senior Lien or Parity Lien or Subordinate Lien, including without limitation any indenture, trust agreement, loan agreement, credit agreement or security agreement.

**Senior Lien**

“Senior Lien” means any pledge, lien, security interest, encumbrance or charge of any kind on or in any Gross Revenues which is senior in priority and superior to the lien of this Indenture on or in such Gross Revenues.
Series

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

Series 2002A Bonds

“Series 2002A Bonds” means the Trustees of the California State University Systemwide Revenue Bonds, Series 2002A issued pursuant to this Indenture.

Series 2002A Projects

“Series 2002A Projects” means the facilities or equipment which have been acquired by or on behalf of the Board with proceeds of the Series 2002A Bonds.

Series 2002A ____ Term Bonds

“Series 2002A ____ Term Bonds” means those Series 2002A Bonds maturing on November 1, 20__.

Sinking Accounts

“Sinking Accounts” means the accounts in the Principal Fund so designated and established pursuant to Section 5.04.

Special Redemption Account

“Special Redemption Account” means the account by that name established pursuant to Section 5.05.

State

“State” means the State of California.

State Treasurer

“State Treasurer” means the Treasurer of the State of California or his duly authorized representative.

Subordinate Lien

“Subordinate Lien” means any pledge, lien, security interest, encumbrance or charge of any kind on or in any Gross Revenues which is subordinate in priority and junior to the lien of this Indenture on or in such Gross Revenues.
Supplemental Indenture

“Supplemental Indenture” or “Indenture supplemental hereto” means any indenture hereafter duly authorized and entered into between the Board and the Trustee in accordance with the provisions of this Indenture.

Tax Certificate

“Tax Certificate” means the certificate signed by the Board on the date any Series of Bonds are issued relating to the requirements of the Code.

Transition Date

“Transition Date” means the date specified in a Certificate of the Board filed with the Trustee to the effect that all of the terms of this Indenture, on and after such date, constitute the amendment and restatement of the 1968 Bond Resolution in accordance with Section 11.18 hereof and the 1968 Bond Resolution, including without limitation Section 8.01 thereof, which Certificate of the Board shall be accompanied by an Opinion of Bond Counsel to the effect that the Indenture constitutes a valid and binding amendment of the 1968 Bond Resolution in accordance with Section 11.18 hereof and Section 8.01 of the 1968 Bond Resolution.

Trustee

“Trustee” means the State Treasurer, any agent of the State Treasurer as provided in Section 8.02, or any successor as Trustee hereunder as provided in Section 8.08.

SECTION 1.02. Content of Certificates and Opinions. Every certificate or opinion with respect to compliance with a condition or covenant provided for in this Indenture shall include (a) a statement that the Person or Persons making or giving such certificate or opinion have read such covenant or condition and the definitions herein relating thereto; (b) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based; (c) a statement that, in the opinion of the signers, they have made or caused to be made such examination or investigation as is necessary to enable them to express an informed opinion as to whether or not such covenant or condition has been complied with; and (d) a statement as to whether, in the opinion of the signers, such condition or covenant has been complied with.

Any such certificate or opinion made or given by an officer of the Board may be based, in so far as it relates to legal matters, upon a certificate or opinion of or representations by counsel, unless such officer knows that the certificate or opinion or representations with respect to the matters upon which his or her certificate or opinion may be based are erroneous, or in the exercise of reasonable care should have known that the same were erroneous. Any such certificate or opinion made or given by counsel may be based, in so far as it relates to factual matters, information with respect to such matters which is in the possession of the Board, upon the certificate or opinion of or representations by an officer or officers of the Board, unless such counsel knows that the certificate or opinion or representations with respect to the matters upon which his or her opinion may be based as aforesaid are erroneous, or in the exercise of reasonable care should have known that the same were erroneous.
SECTION 1.03. Rules of Construction.

(a) The singular form of any word used herein, including the terms defined in Section 1.01, shall include the plural, and vice versa. The use herein of a word of any gender shall include correlative words of the other genders.

(b) All references herein to “Articles,” “Sections” and other subdivisions hereof are to the corresponding Articles, Sections or subdivisions of this Indenture as originally executed; and the words “herein,” “hereof,” “hereunder” and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or subdivision hereof.

(c) The headings or titles of the several Articles and Sections hereof, and any table of contents appended to copies hereof, shall be solely for convenience of reference and shall not affect the meaning, construction or effect of this Indenture.

ARTICLE II

THE BONDS

SECTION 2.01. Authorization of Bonds. Bonds may be issued hereunder from time to time in order to obtain moneys to carry out the purposes of the Board’s program of providing funds to pay the costs of acquisition, construction, financing and refinancing of the Projects as determined by the Board and as provided in this Indenture or in a Supplemental Indenture. The maximum principal amount of Bonds which may be issued hereunder is not limited. The Bonds are designated generally as “Trustees of the California State University Systemwide Revenue Bonds” with such variations or additions as the Board may deem appropriate with respect to any Series of Bonds. The Bonds may be issued in such series as from time to time shall be established and authorized by the Board, and this Indenture constitutes a continuing agreement with the owners of all the Bonds issued or to be issued and at any time outstanding to secure the full and final payment of the principal of and premium, if any, and the interest on all Bonds which may from time to time be executed and delivered hereunder; subject to the covenants, agreements, provisions and conditions herein contained.

SECTION 2.02. Terms of the Series 2002A Bonds. An initial Series of Bonds to be issued under this Indenture is hereby created and such Bonds are designated generally as “Trustees of the California State University Systemwide Revenue Bonds, Series 2002A” (herein called the “Series 2002A Bonds”). The aggregate principal amount of the Series 2002A Bonds which may be issued and Outstanding under this Indenture shall not exceed ________________ dollars ($___,000,000), exclusive of Series 2002A Bonds executed and authenticated as provided in Section 2.08. Interest on the Series 2002A Bonds shall be payable semiannually on May 1 and November 1 in each year, commencing ________ 1, 200_, until payment of the principal of all of said Bonds has been made. The Series 2002A Bonds shall bear interest at the rates per annum (based on a 360-day year consisting of twelve 30-day months), and shall mature on the dates and in the amounts as follows:
The principal of the Series 2002A Bonds shall be payable at the Designated Office of the Trustee in lawful money of the United States of America. The interest thereon is payable to the Person whose name appears on the bond registration books of the Trustee as the registered owner thereof as of the close of business on the fifteenth day of the month immediately preceding an Interest Payment Date, whether or not such day is a Business Day, such interest to be paid by check or draft mailed to such registered owner at his or her address as it appears on such registration books.

The Series 2002A Bonds may be issued as fully registered Bonds without coupons in the denomination of Five Thousand Dollars ($5,000) or any integral multiple thereof. The Series 2002A Bonds shall be substantially in the form hereinabove set forth.

The Series 2002A Bonds shall be dated ___________ 1, 200_, and shall be registered on the date of registration noted on such Bond by the Trustee. Each Bond of Series 2002A shall bear interest from the Interest Payment Date next preceding the date of registration thereof, unless such date of registration is an Interest Payment Date, in which event it shall bear interest from such date, or unless such date of registration is a date after the Record Date for an Interest Payment Date and before such Interest Payment Date, in which event it shall bear interest from such Interest Payment Date, or unless it is registered prior to ______ 15, 200_, in which event it shall bear interest from __________ 1, 200_.

The Series 2002A Bonds shall be subject to redemption as provided in Article IV.

SECTION 2.03. Execution of Bonds. The Bonds shall be signed on behalf of the Board in its corporate name by its Chair and its Secretary, under its official seal. All such signatures may be printed, lithographed or otherwise mechanically reproduced. Such seal may be in the form of a facsimile of the Board’s seal and may be reproduced, imprinted or impressed on the Bonds. The Bonds shall then be delivered to the Trustee for authentication by it. In case any of the officers who shall have signed or countersigned any of the Bonds shall cease to be such officer or officers of the Board before the Bonds so signed or countersigned shall have been authenticated or delivered by the Trustee or issued by the Board, such Bonds may nevertheless be authenticated, delivered and issued and, upon such authentication, delivery and issue, shall be binding upon the Board as though those who signed and countersigned the same had continued to be such officers of the Board, and also any Bond may be signed and countersigned on behalf of the Board by such persons as at the actual date of execution of such Bond shall be the proper officers of the Board although at the nominal date of such Bond any such person shall not have been such officer of the Board.
Only such of the Bonds as shall bear thereon a certificate of authentication and registration in the form set forth in the preambles hereto, manually executed by the authorized signatory of the Trustee, shall be valid or obligatory for any purpose or entitled to the benefits of this Indenture, and such certificate of the Trustee shall be conclusive evidence that the Bonds so authenticated have been duly executed, authenticated and delivered hereunder and are entitled to the benefits of this Indenture.

SECTION 2.04. **Transfer of Bonds.** Any Bond may, in accordance with its terms, be transferred, upon the books required to be kept pursuant to the provisions of Section 2.06, by the person in whose name it is registered, in person or by its duly authorized attorney, upon surrender of such Bond for cancellation, accompanied by a written instrument of transfer, duly executed in a form approved by the Trustee.

Whenever any Bond or Bonds shall be surrendered for transfer, the Board shall execute and the Trustee shall authenticate and deliver a new Bond or Bonds of authorized denomination or denominations and for the aggregate principal amount of such surrendered Bond or Bonds then remaining Outstanding, which will be delivered to the transferee in exchange therefor. The Trustee shall require the payment by the Bondholder requesting such transfer of any tax or other governmental charge required to be paid with respect to such transfer.

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

SECTION 2.05. **Exchange of Bonds.** Any Bond may, in accordance with its terms, be exchanged, at the Designated Office of the Trustee for a new Bond or Bonds, of any authorized denomination or denominations and for the aggregate principal amount of such Bond then remaining outstanding.

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

SECTION 2.06. **Bond Register.** The Trustee will keep or cause to be kept sufficient books for the registration and transfer of the Bonds, which shall at all times be open to inspection by the Board; and, upon presentation for such purpose, the Trustee shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on such books, Bonds as hereinbefore provided.

SECTION 2.07. **Ownership of Bonds.** The person in whose name any Bond shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of or on account of the principal of, and the interest on, any such Bond, shall be made only to or upon the order of the registered owner thereof or its legal representative. All such payments made with respect to a Bond shall be valid and effectual to satisfy and discharge the liability upon such Bond including the interest thereon to the extent of the sum or sums so paid.

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

SECTION 2.09. Bonds Mutilated, Lost, Destroyed or Stolen. If any Bond shall
become mutilated, the Board, at the expense of the owner of said Bond, shall execute, and the
Trustee shall thereupon authenticate and deliver, a new Bond of like tenor and number in
exchange and substitution for the Bond so mutilated, but only upon surrender to the Trustee of
the Bond so mutilated. Every mutilated Bond so surrendered to the Trustee shall be cancelled by
it and delivered to, or upon the order of, the Board. If any Bond shall be lost, destroyed or
stolen, evidence of such loss, destruction or theft may be submitted to the Board or the Trustee
and, if such evidence be satisfactory to each of them and indemnity satisfactory to each of them
shall be given, the Board, at the expense of the owner, shall execute, and the Trustee shall
thereupon authenticate and deliver, a new Bond of like tenor and number in lieu of and in
substitution for the Bond so lost, destroyed or stolen (or if any such Bond shall have matured or
shall be about to mature, instead of issuing a substitute Bond, the Trustee may pay the same
without surrender thereof). The Board may require payment of a sum not exceeding the actual
cost of preparing each new Bond issued under this Section and of the expenses which may be
incurred by the Board and the Trustee in the premises. Any Bond issued under the provisions of
this Section in lieu of any Bond alleged to be lost, destroyed or stolen shall constitute an original
additional contractual obligation on the part of the Board whether or not the Bond so alleged to
be lost, destroyed or stolen be at any time enforceable by anyone, and shall be equally and
proportionately entitled to the benefits of this Indenture with all other Bonds secured by this
Indenture.

SECTION 2.10. Special Covenants for the Bonds as to Book-Entry Only System.

(a) Notwithstanding any of the other provisions of this Article II to the contrary, unless
otherwise provided in a Supplemental Indenture providing for the issuance of any Series of
Bonds, the Bonds shall be initially issued in the form of a separate single fully registered Bond
for each maturity of each Series; the ownership of the Bonds shall be registered in the
registration books kept by the Registrar in the name of Cede & Co., as nominee of DTC and the
Bonds shall be governed by the provisions of this Section.

(b) Except as provided in a Supplemental Indenture, in this paragraph and in paragraph
(d) of this Section, all of the Outstanding Bonds shall be registered in the registration books kept
by the Trustee in the name of Cede & Co., as nominee of DTC. With respect to the Bonds
registered in the registration books kept by the Trustee in the name of Cede & Co., as nominee of
DTC, the Board and the Trustee and any paying agent shall have no responsibility or obligation
to any Participant or to any person on behalf of which a Participant holds an interest in the
Bonds. Without limiting the immediately preceding sentence, the Board, the Trustee and any paying agent shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co. or any Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any Participant or any other person, other than a Bondholder, as shown in the registration books kept by the Trustee of any notice with respect to the Bonds, including any notice of redemption, or (iii) the payment to any Participant or any other person, other than a Bondholder, as shown in the registration books kept by the Trustee of any amount with respect to principal of or interest on the Bonds. The Board, the Trustee and any paying agent may treat and consider the person in whose name each Bond is registered in the registration books kept by the Trustee as the holder and absolute owner of such Bond for the purpose of payment of principal, premium and interest with respect to such Bond, for the purpose of giving notices of redemption and other matters with respect to such Bond, for the purpose of registering transfers with respect to such Bond, and for all other purposes whatsoever. The Trustee shall pay all principal of and interest on the Bonds only to or upon the order of the respective Bondholders, as shown in the registration books kept by the Trustee as provided in Section 2.06, or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the Board’s obligations with respect to payment of principal of and interest on the Bonds to the extent of the sum or sums so paid. No person other than a Bondholder, as shown in the registration books kept by the Trustee, shall receive a certificated Bond evidencing the obligation of the Board to make payments of principal and interest pursuant to this Indenture. Upon delivery by DTC to the Board or the Trustee of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions herein with respect to record dates, the words “Cede & Co.” in this Indenture shall refer to such new nominee of DTC.

(c) The delivery of any representation letter or other instrument by the Board to DTC shall not in any way limit the provisions of paragraph (b) of this Section or in any other way impose upon the Board any obligation whatsoever with respect to persons having interests in the Bonds other than the Bondholders, as shown on the registration books kept by the Trustee. The Trustee shall take all action necessary for all representations of the Board in the Representation Letter with respect to the Trustee to at all times be complied with.

(d) DTC may determine to discontinue providing its services with respect to the Bonds at any time by giving reasonable notice to the Board or the Trustee and discharging its responsibilities with respect thereto under applicable law. The Board, in its sole discretion and without the consent of any other person, may terminate the services of DTC with respect to the Bonds. Upon the discontinuance or termination of the services of DTC with respect to the Bonds, unless a substitute securities depository is appointed to undertake the functions of DTC hereunder, the Board is obligated to deliver Bond certificates at the expense of the beneficial owners of the Bonds, as described in this Indenture, and the Bonds shall no longer be restricted to being registered in the registration books kept by the Trustee in the name of Cede & Co. as nominee of DTC, but may be registered in whatever name or names Bondholders transferring or exchanging Bonds shall designate, in accordance with the provisions of this Indenture.

(e) Notwithstanding any other provision of this Indenture to the contrary, so long as any Bond is registered in the name of Cede & Co., as nominee of DTC, all payments with respect to principal and interest on such Bond and all notices with respect to such Bond shall be made and
given, respectively, in the manner provided in any agreement between the Board and DTC. Bondholders shall have no lien or security interest in any rebate or refund paid by DTC to the Trustee which arises from the payment by the Trustee of principal of or interest on the Bonds in immediately available funds to DTC.

ARTICLE III

ISSUE OF BONDS


(a) From time to time when authorized by the Indenture and subject to the terms, limitations and conditions established in Sections 3.04, 3.05 and 6.03 of this Indenture, the Board may authorize the issuance of Additional Bonds by entering into a Supplemental Indenture. The Additional Bonds of any such series may be issued and delivered to the Trustee for authentication upon compliance with the provisions hereof and of any Supplemental Indenture.

Each Supplemental Indenture authorizing the issuance of Additional Bonds shall specify and determine the principal amount of such Bonds, the purposes for which such Bonds are being issued, the form, title, designation, and the manner of numbering or denominations, if applicable, of such Bonds, the date or dates of maturity of and the payment of interest on such Bonds, the date of issuance of such Bonds, the rate or rates of interest (or method of determining the rate or rates of interest) borne by such Bonds, and any other provisions deemed advisable or necessary by the Board.

(b) The Trustee, forthwith upon the execution and delivery of this Indenture, upon the execution and delivery to it by the Board of the Series 2002A Bonds as hereinabove provided, and without any further action on the part of the Board, shall authenticate the Series 2002A Bonds in the aggregate principal amount of $____,000,000 dollars, and shall deliver the Series 2002A Bonds to, or upon the Written Order of, the Board.


The proceeds received by the Board from the sale of the Series 2002A Bonds shall be applied as follows:

(1) the Board shall set aside in the Series 2002A Costs of Issuance Account the sum of $____________; and

(2) the Board shall set aside the remainder of said proceeds in the Series 2002A Project Account.

SECTION 3.03. Establishment of Program Fund; Project Accounts and Costs of Issuance Accounts; Series 2002A Costs of Issuance Account; Series 2002A Project Account.

(a) The Board shall establish and maintain with the Trustee and, if permitted by law, at such banking institution or other financial, governmental or other institutions as the Board may
determine (and which may be the Trustee) a fund entitled “Trustees of the California State University Systemwide Revenue Bonds Program Fund” (the “Program Fund”). To the extent required by the Act as determined by the Board, the Program Fund shall constitute an account within the California State University Dormitory Construction Fund required to be maintained under the Act.

(1) With respect to each Series of Bonds, the Board shall establish and maintain a separate account within the Program Fund designated as the “Series __ Project Account” (inserting therein the appropriate Series designation). The moneys in the Project Account within the Program Fund shall be used and withdrawn by the Board to pay the cost of acquisition and construction of the Projects or to refund obligations used to pay such cost.

(2) With respect to each Series of Bonds, the Board shall establish and maintain a separate account within the Program Fund designated as the “Series __ Costs of Issuance Account” (inserting therein the appropriate series of designation). Moneys deposited in said account shall be used to pay Costs of Issuance.

(3) The Trustee shall be under no duty with respect to the use and application of moneys in the Program Fund and shall not be liable for the manner or method in which moneys withdrawn by the Board are in fact used and applied by the Board. Subject to Section 5.07, the moneys deposited to the Program Fund may be invested by the Board in Investment Securities or any other lawful investment for funds of the Board. Subject to Section 5.07, any moneys remaining in the Program Fund after completion of the Projects shall be promptly deposited to the Revenue Fund.

(b) The Board shall establish and maintain an account within the Program Fund designated as “Trustees of the California State University Systemwide Revenue Bonds Series 2002A Costs of Issuance Account.” The amount initially deposited in the Series 2002A Costs of Issuance Account and any investment earnings thereon shall be held by the Trustee. At the end of six months from the date of issuance of the Series 2002A Bonds, or upon earlier determination by the Board that amounts in said account are no longer required for the payment of Costs of Issuance, said account shall be terminated and any amounts then remaining in said account shall be promptly transferred to the Program Fund.

(c) The Board shall establish, maintain an account within the Program Fund designated as the “Trustees of the California State University Systemwide Revenue Bonds Series 2002A Project Account.” The amount initially deposited in the Series 2002A Project Account and any investment earnings thereon shall be held by the Trustee. Moneys in the Series 2002A Project Account shall be used and withdrawn by the Board to pay the cost of the acquisition, construction, improvement and/or renovation of the Series 2002A Projects, including reimbursements of any sums advanced by the Board for such purposes and refunding bond anticipation notes or other borrowings of the Board incurred for such purposes, and to pay interest on the Series 2002A Bonds in such amounts and on such dates as may be determined by the Board. Notwithstanding any other provision of the Indenture, amounts in the Series 2002A Project Account may be invested in Investment Securities or any other lawful investment for funds of the Board.
SECTION 3.04. **Issuance of Additional Series of Bonds.** In addition to the Series 2002A Bonds, the Board may by Supplemental Indenture establish one or more other Series of Bonds, and the Board may issue, and the Trustee may authenticate and deliver to, or upon the Written Order of, the Board, Bonds of any Series so established, in such principal amount as shall be determined by the Board, but only upon compliance by the Board with the provisions of Section 3.05, and subject to the following specific conditions, which are hereby made conditions precedent to the issuance of any such additional Series of Bonds:

(a) The Supplemental Indenture providing for the issuance of such Series shall specify the purposes for which such Series is being issued, which shall be one or more of the following: (1) to provide moneys needed to acquire, implement, install, construct or complete Projects, including reimbursements of any sums advanced by the Board for such purposes, by depositing into the Program Fund the proceeds of such Series to be so applied, (2) to refund all or part of the Bonds of any one or more Series then Outstanding, or (3) to provide moneys needed to refund all or part of any other Indebtedness or Designated Auxiliary Debt. Such Supplemental Indenture may, but is not required to, provide for the payment of expenses incidental to such purposes, including the costs of issuance of such Series, interest on Bonds of such series and, in the case of Bonds issued to refund other Bonds or Indebtedness or Designated Auxiliary Debt, expenses incident to calling, redeeming, paying or otherwise discharging the Bonds or Indebtedness or Designated Auxiliary Debt to be refunded.

(b) The Board shall be in full compliance with all covenants and undertakings set forth in this Indenture or any indenture supplemental hereto and with all covenants and undertakings in connection with any Bonds then Outstanding.

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

(d) Such additional Series of Bonds shall satisfy the requirements for the issuance of Indebtedness secured by a Parity Lien provided in Section 6.03.

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

Nothing in this Section or in this Indenture contained shall prevent or be construed to prevent the Supplemental Indenture providing for the issuance of Additional Bonds from pledging or otherwise providing, in addition to the security given or intended to be given by this Indenture, additional security for the benefit of such Additional Bonds or the Bonds or any portion thereof.

SECTION 3.05. **Proceedings for Issuance of Additional Series of Bonds.** Whenever the Board shall determine to issue an additional Series of Bonds pursuant to Section 3.04, the Board shall take action to declare the purpose for which the proceeds of the Bonds proposed to be issued shall be expended, specify the maximum principal amount of Bonds to be issued for such purpose, and authorize the execution and delivery of a Supplemental Indenture prescribing the terms and conditions of such additional Series of Bonds.
Such Supplemental Indenture shall prescribe the forms of Bonds of such additional Series and, subject to the provisions of Section 3.04, shall provide for the distinctive designation, denominations, methods of numbering, dates, maturity dates, interest rates (or methods for computing interest), interest payment dates and places of payment of principal and interest of such Bonds.

The Board may by Supplemental Indenture adopt any other provisions respecting the Bonds of such Series consistent with the terms of this Indenture, including registration, transfer and exchange provisions, provisions for call and redemption as a whole or in part, provisions for the payment of principal and interest, sinking or redemption fund provisions, provisions for establishing capitalized interest accounts and costs of issuance accounts and project accounts, provisions limiting the aggregate principal amount of Bonds of such or other Series, provisions excluding the application of Section 6.07 to such Series of Bonds in the case of taxable Bonds and provisions concerning compliance with the requirements of Rule 15c2-12 of the Securities Exchange Commission or such other securities laws as may be applicable to such Series of Bonds.

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

(a) An Opinion of Counsel, addressed to the Trustee, substantially to the effect (1) that he or she has examined the Supplemental Indenture; (2) that the execution and delivery of the additional Series of Bonds have been duly authorized by the Board; (3) that the issuance of the additional Series of Bonds is authorized by the Act or by law; (4) that said additional Series of Bonds, when duly executed by the Board and authenticated and delivered by the Trustee, will be valid, legal and binding obligations of the Board, payable from Gross Revenues in accordance with the terms of this Indenture; (5) that upon the delivery of the additional Series of Bonds, the aggregate principal amount of Bonds then Outstanding will not exceed the amount at the time permitted by law or any limits of indebtedness of the Board set forth in this Indenture; and (6) that all the conditions and provisions of Section 3.04 and 3.05 have been complied with by the Board. The Trustee shall be protected in relying on such opinions.

(b) A Certificate of the Board that the requirements of Section 3.04 (b) and (d) have been met.

(c) In the case of a Series of Bonds issued for the purposes described in Section 3.04(a)(2), irrevocable instructions to the Trustee to give notice as provided in Article IV of redemption of all Bonds, if any, to be redeemed in connection with such refunding.

(d) In the case of a Series of Bonds issued for the purposes described in Section 3.04(a)(3), written evidence that all actions and conditions required precedent to the discharge of such Indebtedness or Designated Auxiliary Debt to be refunded have been taken or exist in accordance with the terms of such Indebtedness or Designated Auxiliary Debt.

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

SECTION 3.06. Validity of Bonds. The validity of the authorization and issuance of any of the Bonds shall not be dependent on or affected in any way by (a) any proceedings taken by the Board for the acquisition, construction or completion of any Project or any part thereof, (b) any contracts made by the Board in connection therewith, or (c) the failure to complete a Project for which the Bonds are authorized to be issued. The recital contained in the Bonds that the same are authorized to be issued pursuant to the powers and authority of the Board contained in the Act shall be conclusive evidence of their validity and of the legality of their issuance.

ARTICLE IV

REDEMPTION OF BONDS

SECTION 4.01. Terms of Redemption.

(a) The Bonds are subject to redemption prior to their respective stated maturities at the option of the Board, as a whole or in part on any date, from moneys deposited in the Special Redemption Account pursuant to Section 6.09(b), at the principal amount thereof and interest accrued thereon to the date fixed for redemption, without premium. Bonds shall be redeemed from such Series and maturity or maturities as shall be selected by the Board in a Written Order of the Board filed with the Trustee and by lot within a maturity.

(b) The Series 2002A Bonds maturing on or after November 1, ____ are also subject to redemption prior to their respective stated maturities, at the option of the Board, from lawfully available funds deposited in the Optional Redemption Account, as a whole or in part on any date on or after November 1, 200_ (in such maturity or maturities as shall be selected by the Board in a Written Order of the Board filed with the Trustee and by lot within a maturity), at the following redemption prices (expressed as percentages of the principal amount of the Series 2002A Bonds called for redemption), together with accrued interest to the date fixed for redemption:

<table>
<thead>
<tr>
<th>Redemption Period (Dates Inclusive)</th>
<th>Redemption Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>November 1, 200_ to October 31, ___</td>
<td>%</td>
</tr>
<tr>
<td>November 1, 20__ to October 31, 20__</td>
<td>%</td>
</tr>
<tr>
<td>November 1, 20__ and thereafter</td>
<td>100%</td>
</tr>
</tbody>
</table>

(c) The Series 2002A Bonds maturing on November 1, ____ are subject to redemption prior to maturity in part, by lot, at the principal amount thereof plus accrued interest to the date of redemption, without premium, from Mandatory Sinking Account Payments in the following amounts on November 1 of each year on and after November 1, 20__:
(d) Any Series, other than the Series 2002A Bonds, may be made subject to redemption prior to maturity, as a whole or in part, at such time or times, upon payment of the principal amount thereof and interest accrued thereon to the date fixed for redemption plus such premium or premiums, if any, and upon such terms (in addition to and consistent with the terms contained in this Article) as may be determined by the Board at the time such Series is authorized and as shall be set forth in the Supplemental Indenture authorizing such Series.

SECTION 4.02. Selection of Bonds for Redemption. Whenever provision is made in this Indenture for the redemption of the Bonds or a portion thereof by lot, and less than all of the Bonds or portion thereof are called for redemption, the Trustee shall select the Bonds to be redeemed, from the Outstanding Bonds or portion thereof not previously called for redemption, by lot in any manner which the Trustee in its sole discretion shall deem appropriate and fair, subject to the limitations (if applicable) set forth in Section 4.04. For purposes of redeeming Bonds in denominations greater than $5,000, the Trustee shall assign to such Bonds a distinctive number for each such principal amount and, in selecting Bonds for redemption by lot, shall treat such amounts as separate Bonds. The Trustee shall promptly notify the Board in writing of the Bonds or portions thereof so selected for redemption.

SECTION 4.03. Notice of Redemption. Notice of redemption shall be given by mail not less than thirty (30) days nor more than sixty (60) days prior to the redemption date, to the respective registered owners of any Bonds designated for redemption at their addresses appearing on the bond registration books of the Trustee. Each notice of redemption shall state the redemption date, the place or places of redemption, and, as further described in the following paragraph, if such funds are not then held by the Trustee, that such redemption will be cancelled if the funds are not held by the Trustee on the date fixed for redemption, the maturities, and, if less than all of any such maturity, the distinctive numbers of the Bonds of such maturity, to be redeemed and, in the case of Bonds to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed, and shall also state that on said date there will become due and payable on each of said Bonds the principal thereof or of said specified portion of the principal thereof, in the case of a Bond to be redeemed in part only, together with interest.
accrued thereon to the redemption date, and that from and after such redemption date interest thereon shall cease to accrue, and shall require that such Bonds be then surrendered.

With respect to any notice of optional redemption of Bonds, such notice may state that such redemption shall be conditional upon the receipt by the Trustee on or prior to the date fixed for such redemption of moneys sufficient to pay the principal of, premium, if any, and interest on such Bonds to be redeemed and that, if such moneys shall not have been so received, said notice shall be of no force and effect and the Trustee shall not be required to redeem such Bonds. In the event that such notice of redemption contains such a condition and such moneys are not so received, the redemption shall not be made, and the Trustee shall within a reasonable time thereafter give notice, in the manner in which the notice of redemption was given, that such moneys were not so received.

At least thirty (30) days before each redemption date, the Trustee shall also give notice of prepayment containing the aforementioned information by (i) registered or certified mail, postage prepaid, (ii) confirmed (by telephone or otherwise) facsimile transmission or (iii) overnight delivery service to Information Services and Securities Depositories as may be designated by the Board.

Notice of redemption of Bonds shall be given by the Trustee for and on behalf of the Board. Any failure of the Trustee to mail notice of redemption of any Bond to any Bondholder or any defect in such notice shall not affect the validity of the proceedings for redemption of any other Bond. Any failure of the Trustee to give notice pursuant to this section to any one or more of the Information Services or Securities Depositories, or the insufficiency of such notices, shall not affect the validity of the proceedings for redemption of any Bond.

SECTION 4.04. Partial Redemption. Upon surrender of any Bond redeemed in part only, the Board shall execute and the Trustee shall authenticate and deliver to the registered owner thereof, at the expense of the Board, a new Bond or Bonds of authorized denominations and of the same maturity, equal in aggregate principal amount to the unredeemed portion of the Bond surrendered. Series 2002A Bonds shall be redeemed only in multiples of $5,000.

SECTION 4.05. Effect of Redemption. Notice of redemption having been duly given as aforesaid, and moneys for payment of the interest accrued to the redemption date on, the Bonds (or portions thereof) so called for redemption being held by the Trustee, on the redemption date designated in such notice the Bonds (or portions thereof) so called for redemption shall become due and payable at the principal amount specified in such notice and interest accrued thereon to the date fixed for redemption, interest on the Bonds (or portions thereof) so called for redemption shall cease to accrue, said Bonds (or portions thereof) shall cease to be entitled to any benefit or security under this Indenture, and the Holders of said Bonds shall have no rights in respect thereof except to receive payment of said principal amount and accrued interest.

All Bonds redeemed pursuant to the provisions of this Article shall be cancelled upon surrender thereof and delivered to or upon the order of the Board.
ARTICLE V

GROSS REVENUES

SECTION 5.01. Pledge and Assignment; Gross Revenue Fund; Revenue Fund.

(a) Subject only to the provisions of this Indenture permitting the application thereof for or to the purposes and on the terms and conditions set forth herein, the Board hereby pledges to the Trustee to secure the payment of the principal of and interest on the Bonds in accordance with their terms and the provisions of this Indenture, all of the Gross Revenues, all of the proceeds of the Bonds and any other amounts held in any fund or account established pursuant to this Indenture, excluding the Rebate Fund. Said pledge shall constitute a lien on and security interest in such assets and shall attach and be valid and binding from and after delivery by the Trustee of the Bonds, without any physical delivery thereof or further act, against all parties having claims of any kind in tort, contract or otherwise against the Board or the Trustee, irrespective of whether the parties have notice thereof; provided, however, that the pledge of Gross Revenues set forth in this Section 5.01(a) shall in all respects be junior to any Indebtedness secured by a Senior Lien.

(b) The Board agrees that, so long as any of the Bonds remain Outstanding, (i) all of the Gross Revenues not encumbered by any Senior Lien shall be deposited as soon as practicable upon receipt in a fund designated as the “Trustees of the California State University Systemwide Revenue Bonds Gross Revenue Fund” (the “Gross Revenue Fund”) which the Board shall establish and maintain and (ii) funds equal to Gross Revenues encumbered by any Senior Lien shall be deposited in the Gross Revenue Fund at the earliest practicable time and to the extent such funds are available pursuant to the terms of the Security Documents evidencing such Senior Lien. To the extent Gross Revenues to be deposited in the Gross Revenue Fund pursuant to the immediately preceding sentence are encumbered by Indebtedness (other than Additional Bonds) secured by a Parity Lien, the Board agrees to allocate and deposit in the Gross Revenue Fund an amount of such Gross Revenues equal to the product of (A) such Gross Revenues multiplied by (B) a fraction, the numerator of which shall be (i) the proceeds of the Bonds, and the denominator of which shall be (ii) the sum of (x) the proceeds of the Bonds and (y) the proceeds of Indebtedness secured by a Parity Lien. Subject only to the provisions of this Indenture permitting the application thereof for the purposes and on the terms and conditions set forth herein, the Board hereby grants a security interest to the Trustee in the Gross Revenue Fund to secure the payment of the principal of and interest on the Bonds outstanding and the pledge of Gross Revenues hereunder.

To the extent required by the Act, as determined by the Board, the Gross Revenue Fund shall constitute an account within the California State University Dormitory Revenue Fund required to be maintained under the Act.

Amounts in the Gross Revenue Fund may be used and withdrawn by the Board at any time for any lawful purpose (including any use required by a Security Document establishing a Senior Lien or Parity Lien), except as hereinafter provided. In the event of the occurrence of an Event of Default of which the Trustee has actual knowledge or has received written notice, the Trustee shall notify the Board and the Gross Revenue Fund Depositories of such delinquency,
and the Board shall cause the Gross Revenue Fund Depositories to, and the Gross Revenue Fund Depositories shall, transfer the Gross Revenue Fund to the name and credit of the Trustee. All Gross Revenues shall continue to be deposited by the Board in the Gross Revenue Fund as provided herein until all Events of Default known to the Trustee shall have been made good or cured or provision deemed by the Trustee to be adequate shall have been made therefor, whereupon the Gross Revenue Fund shall be returned to the name and credit of the Board. During any period that the Gross Revenue Fund is held in the name and to the credit of the Trustee, the Trustee shall use and withdraw amounts in said fund first to pay fees, expenses and disbursements of the Trustee and its agents in the event such fees, disbursements or expenses have not otherwise been paid by the Board, second to the payment of Maintenance and Operation Expenses, and third to make the transfers and deposits required by Section 5.02 hereof. The Trustee will make payments for Maintenance and Operation Expenses upon receipt from the Board of a Certificate stating the nature and amount of such expenses, and the person or persons to whom such expenses are payable, and certifying that such expenses constitute Maintenance and Operation Expenses properly payable from the Gross Revenue Fund. The Board agrees to execute and deliver all instruments as may be required to implement this Section. The Board further agrees that a failure to comply with the terms of this Section shall cause irreparable harm to the owners from time to time of the Bonds and shall entitle the Trustee, with or without notice, to take immediate action to compel the specific performance of the obligations of the Board as provided in this Section.

On or before the fifteenth day of the month preceding any Bond Payment Date for so long as any of the Bonds remain Outstanding, the Board shall pay to the Trustee for deposit in a special fund designated as “Trustees of the California State University Systemwide Revenue Bonds Revenue Fund” (the “Revenue Fund”), which the Trustee shall establish, maintain and hold in trust, such amount as is required by the Trustee to make or cause the Board to make the transfers and deposits required on such dates by Section 5.02 (or to replenish the amounts required to be on deposit in any fund hereunder). Each transfer by the Board to the Trustee hereunder shall be in lawful money of the United States of America and paid to the Trustee at its Designated Office. All such moneys shall be promptly deposited by the Trustee upon receipt thereof in the Revenue Fund. All moneys deposited with the Trustee shall be held, disbursed, allocated and applied by the Trustee only as provided in this Indenture. If the Board fails to make timely payment of all amounts required to be made pursuant to this Section 5.01(c), the Board shall promptly make such payments in full as soon as possible.

To the extent required by the Act, as determined by the Board, the Revenue Fund shall constitute an account within the California State University Dormitory Interest and Redemption Fund required to be maintained under the Act.

SECTION 5.02. Allocation of Gross Revenues to Funds. The Trustee shall transfer or shall cause the Board to transfer from the Revenue Fund, and deposit into one or more of the following respective funds (each of which the Trustee shall establish and maintain and hold in trust, and each of which shall be disbursed and applied only as hereinafter authorized), on or before the fifteenth day of each month preceding any Bond Payment Date, the following amounts, in the following order of priority, the requirements of each such fund (including the making up of any deficiencies in any such fund resulting from lack of Gross Revenues sufficient
to make any earlier required deposit) at the time of deposit to be satisfied before any transfer is made to any fund subsequent in priority:

First: Into the Interest Fund, the amount, if any, needed to increase the amount in the Interest Fund (including the Capitalized Interest Accounts therein) to the aggregate amount of interest becoming due and payable on the Outstanding Bonds on the next succeeding Interest Payment Date.

Second: Into the Principal Fund, the amount, if any, needed to increase the amount in the Principal Fund to the aggregate amount of principal and Mandatory Sinking Account Payments becoming due and payable on the Outstanding Bonds on the next succeeding Principal Payment Date.

So long as no Event of Default has occurred and is continuing hereunder, the Trustee shall transfer, or shall cause the Board to transfer, any moneys remaining in the Revenue Fund on June 30 in each year which are not required for the payment of the Bonds (assuming for purposes of this sentence that the Board shall continue to make the deposits into the Revenue Fund at the times and in the amounts required under Sections 5.01 and 5.02) to the Board free and clear of the lien of this Indenture to be applied for any lawful purpose of the Board, and the Trustee shall have no obligation or duty to inquire or investigate how such moneys are being used.

SECTION 5.03. Allocation of Interest Fund.

(a) All amounts in the Interest Fund shall be used and withdrawn by the Trustee solely for the purpose of paying the interest on the Bonds as it shall become due and payable (including accrued interest on any Bonds purchased or redeemed prior to maturity pursuant to this Indenture), and otherwise as provided in Section 5.06.

(b) With respect to each Series of Bonds for which proceeds of the sale thereof are required to be set aside to pay interest on the Bonds, the Trustee (if so instructed by the Supplemental Indenture providing for the issuance of such Series) shall establish and maintain a separate account within the Interest Fund, designated as the “Series ___ Capitalized Interest Account” (inserting therein the Series designation of such Bonds) (a “Capitalized Interest Account”). The Trustee shall transfer, or shall cause the Board to transfer, any moneys in a Capitalized Interest Account for deposit in the Interest Fund in the amounts and at the times specified herein or in the Supplemental Indenture providing for the issuance of such Series.

(c) The Trustee shall establish and maintain a separate account within the Interest Fund, designated as the “Series 2002A Capitalized Interest Account.” Moneys in the Series 2002A Capitalized Interest Account shall be transferred to the Interest Fund on or before each Interest Payment Date to and including ________ 1, 200_, and shall be used solely for the purpose of paying a portion of the interest on the Series 2002A Bonds Outstanding as the same shall become due and payable (including accrued interest on any Bonds of Series 2002A purchased or redeemed prior to maturity).
SECTION 5.04. **Application of Principal Fund.**

(a) All amounts in the Principal Fund shall be used and withdrawn by the Trustee solely for the purposes of purchasing or redeeming or paying at maturity the Serial Bonds and the Term Bonds as provided in this Section, and otherwise as provided in Section 5.06.

(b) The Trustee shall establish and maintain within the Principal Fund a separate account for the Term Bonds, if any, of each Series and maturity, designated as the “Series ___ 20__ Sinking Account” (the “Sinking Account”), inserting therein the Series and maturity if more than one such account is established for such Series) designation of such Bonds. On or before each November 1, commencing as specified in this Indenture or any Supplemental Indenture, the Trustee shall transfer or shall cause the Board to transfer the amount deposited in the Principal Fund pursuant to Section 5.02 for the purpose of making a Mandatory Sinking Account Payment (if such deposit is required in such month) from the Principal Fund to the applicable Sinking Account. With respect to each Sinking Account, on each Mandatory Sinking Account Payment date established for such Sinking Account, the Trustee shall apply the Mandatory Sinking Account Payment required on that date to the redemption (or payment at maturity, as the case may be) of Term Bonds of the Series and maturity for which such Sinking Account was established, upon the notice and in the manner provided in Article IV; provided that, at any time prior to giving such notice of such redemption, the Trustee shall apply moneys in such Sinking Account to the purchase of Term Bonds of such Series and maturity at public or private sale, as and when and at such prices (including brokerage and other charges, but excluding accrued interest, which is payable from the Interest Fund) as may be directed by the Board, except that the purchase price (excluding accrued interest) shall not exceed the redemption price that would be payable for such Bonds upon redemption by application of such Mandatory Sinking Account Payment. If, during the twelve-month period immediately preceding said Mandatory Sinking Account Payment date, the Trustee has purchased Term Bonds of such Series and maturity with moneys in such Sinking Account, or, during said period and prior to giving said notice of redemption, the Board has deposited Term Bonds of such Series and maturity with the Trustee, or Term Bonds of such Series and maturity were at any time purchased or redeemed by the Trustee from the Redemption Fund and allocable to said Mandatory Sinking Account Payment, such Bonds so purchased or deposited or redeemed shall be applied, to the extent of the full principal amount thereof, to reduce said Mandatory Sinking Account Payment. All Bonds purchased or deposited pursuant to this subsection shall be cancelled and delivered by the Trustee to or upon the Written Request of the Board. The Trustee shall withdraw, or shall cause the Board to withdraw, any amounts remaining in a Sinking Account when all of the Term Bonds for which such account was established are no longer outstanding and shall transfer, or cause the Board to transfer, such amounts to the Revenue Fund. Subject to a different allocation provided for in a Certificate of the Board filed with the Trustee, all Term Bonds purchased from a Sinking Account or deposited by the Board with the Trustee shall be allocated first to the next succeeding Mandatory Sinking Account Payment for such Series and maturity of Bonds, then pro rata to the remaining Mandatory Sinking Account Payments required for such Series and maturity of Bonds in proportion to the amount of such Mandatory Sinking Account Payments.

(c) The Trustee shall establish and maintain and hold in trust a separate account designated as the Series 2002A ____ Term Bonds Sinking Account (the “Series 2002A Sinking Account”). Moneys shall be deposited into the Series 2002A Sinking Account in accordance
with Section 5.04(b). Moneys on deposit in the Series 2002A Sinking Account shall be applied in accordance with Section 5.04(b) to provide for the redemption of the Series 2002A _____ Term Bonds in accordance with Section 4.01(c).

SECTION 5.05. Establishment and Application of Redemption Fund. The Trustee shall establish and maintain within the Redemption Fund (which the Trustee shall establish, maintain and hold in trust) a Special Redemption Account and an Optional Redemption Account. All amounts deposited in the Special Redemption Account and in the Optional Redemption Account shall be used and withdrawn by the Trustee solely for the purpose of redeeming Bonds Outstanding, in the manner and upon the terms and conditions specified in Article IV, at the next succeeding date of redemption for which notice has not been given and at the redemption prices then applicable to redemptions from the Optional Redemption Account and the Special Redemption Account, respectively; provided that, at any time prior to giving such notice of redemption, the Trustee shall apply such amounts to the purchase of Bonds at public or private sale, as and when and at such prices (including brokerage and other charges, but excluding accrued interest, which is payable from the Interest Fund) as may be directed by the Board, except that the purchase price (exclusive of accrued interest) may not exceed the par value of such Bonds. Any Supplemental Indenture may provide for the establishment of such additional accounts or subaccounts within the Redemption Fund as may be applicable to the Series of Bonds authorized by such Supplemental Indenture. Subject to a different allocation provided for such subaccounts by Supplemental Indentures, all Term Bonds of any Series purchased or redeemed from the Redemption Fund shall be allocated to applicable Mandatory Sinking Account Payments pro rata to the Mandatory Sinking Account Payments required for such Series and maturity of Bonds in proportion to the amount of such Mandatory Sinking Account Payments.

SECTION 5.06. Investment of Moneys in Funds. All moneys in any of the funds and accounts established pursuant to this Indenture and held by the Trustee shall be invested by the Trustee in Investment Securities as directed by the Board. All moneys in any of the funds and accounts established pursuant to this Indenture and held by the Board shall be invested by the Board in any lawful investment for funds of the Board. All Investment Securities shall be purchased subject to the limitations set forth in Section 6.07, to the limitations as to maturities in this Section set forth and to such additional limitations or requirements, consistent with the foregoing, as may be established by Request of the Board (or a telephone request which is promptly confirmed by such Request of the Board). The Trustee shall only invest funds hereunder in accordance with directions from the Board and shall have no liability whatsoever with respect to the selection of such investments by the Board.

Investment Securities purchased as an investment of moneys in any fund or account established pursuant to this Indenture shall be credited to such fund or account, subject to the provisions of the immediately succeeding paragraph. Unless otherwise specified in a Supplemental Indenture, for the purpose of determining the amount in any such fund or account, all Investment Securities credited to such fund or account shall be valued at cost plus or minus accreted discount or amortized premium except that in the case of zero-coupons, Investment Securities shall be valued at cost. The moneys on deposit in the Interest Fund and the Principal Fund shall be invested in Investment Securities such that the principal of such Investment Securities at maturity shall be sufficient to pay the interest on and principal of the Bonds,
respectively, payable from the Interest Fund and the Principal Fund, respectively, on the next succeeding Bond Payment Date.

Unless otherwise provided in this Indenture or in a Supplemental Indenture for a Series of Bonds issued pursuant to such Supplemental Indenture and except as provided in Section 5.07, the Trustee shall (1) prior to completion of the acquisition and construction of the Projects, transfer, or cause to be transferred by the Board, all interest, profits and other income received from the investment of moneys in any fund or account established pursuant to this Indenture to the Board for deposit into the related Project Account within the Program Fund, and (2) after completion of the Projects, deposit, or cause the Board to deposit, in the Revenue Fund when received all such interest, profits and other income received from the investment of moneys in any fund or account established pursuant to this Indenture. Notwithstanding anything to the contrary contained in this paragraph, except as provided in Section 5.07, an amount of interest received with respect to an Investment Security equal to the amount of accrued interest, if any, paid as part of the purchase price of such Investment Security shall be credited to the fund or account from which such accrued interest was paid.

The Trustee may act as principal or agent in the making or disposing of any investment. The Trustee may sell at the best price reasonably obtainable or present for redemption, any Investment Security so purchased whenever it shall be necessary in order to provide moneys to meet any required payment, transfer, withdrawal or disbursement from the fund or account to which such Investment Security is credited, and the Trustee shall not be liable or responsible for any loss resulting from such investment. Investments in any and all funds and accounts may be commingled in a separate fund or funds for purposes of making, holding and disposing of investments, notwithstanding provisions herein for transfer to or holding in or to the credit of particular funds or accounts of amounts received or held by the Trustee hereunder, provided that the Trustee shall at all times account for such investments strictly in accordance with the funds and accounts to which they are credited and otherwise as provided in this Indenture.

SECTION 5.07. Rebate Fund. The Trustee shall establish and maintain a fund separate from any other fund established and maintained hereunder designated the Rebate Fund. The Board shall cause to be deposited in the Rebate Fund the rebate requirement as provided in the Tax Certificate for each Series of Bonds. Subject to the provisions of this Section 5.07, moneys held in the Rebate Fund are hereby pledged to secure payments to the United States government, and the Board and the owners shall have no rights in or claim to such moneys. The Trustee shall invest all amounts held in the Rebate Fund pursuant to the Request of the Board.

Upon receipt of the rebate instructions required to be delivered to the Trustee by the Tax Certificate, the Trustee shall remit part or all of the balance held in the Rebate Fund to the United States government as so directed. In addition, if the rebate instructions so direct, the Trustee shall deposit moneys into or transfer moneys out of, or shall cause the Board to deposit moneys into or transfer moneys out of, the Rebate Fund from or into such accounts or funds as the rebate instructions direct.

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

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

SECTION 5.08. Funds and Accounts and Subaccounts. The Trustee and the Board may from time to time establish such additional funds and accounts hereunder and such subfunds or subaccounts therein as the Trustee or the Board may determine to be necessary, appropriate or convenient for the purposes of administering the Gross Revenues or the proceeds of the Bonds or any other moneys related thereto.

ARTICLE VI

PARTICULAR COVENANTS

SECTION 6.01. Punctual Payments. The Board shall pay or cause to be paid punctually the principal of and interest due in respect of all the Bonds, in strict conformity with the terms of the Bonds and of this Indenture, according to the true intent and meaning thereof, but only out of Gross Revenues and other assets pledged for such payment as provided in this Indenture.

SECTION 6.02. No Extension of Payment of Principal and Interest on the Bonds. The Board shall not directly or indirectly extend or assent to the extension of the maturity of any of the Bonds or the time of payment of any of the claims for interest by the purchase or funding of such Bonds or claims for interest or by any other arrangement, and in case the maturity of any of the Bonds or the time of payment of any such claims for interest shall be extended, such Bonds or claims for interest shall not be entitled, in case of any default hereunder, to the benefits of this Indenture, except subject to the prior payment in full of the principal of all of the Bonds then Outstanding and claims for interest thereon which shall not have been so extended. Nothing in this Section shall be deemed to limit the right of the Board to issue obligations for the purpose of refunding any Outstanding Bonds, and such issuance shall not be deemed to constitute an extension of maturity of Bonds.

SECTION 6.03. Additional Indebtedness.

(a) The Board shall not issue or incur any Indebtedness secured by a Senior Lien.

(b) So long as no Event of Default has occurred or is continuing hereunder, the Board may issue or incur Indebtedness secured by a Parity Lien if there is filed with the Trustee a Certificate of the Board confirming its expectation that, for the first full Fiscal Year following the date the Project financed or refinanced with the proceeds of such Indebtedness secured by a Parity Lien is placed in service, Net Income Available for Debt Service for such Fiscal year shall be in an amount at least equal to Aggregate Debt Service for such Fiscal Year on all
Indebtedness secured by a Senior Lien and Indebtedness secured by a Parity Lien and Designated Auxiliary Debt.

(c) Nothing in this Indenture shall limit the power of the Board to issue or incur (a) any Indebtedness secured by a Subordinate Lien; or (b) any Indebtedness which is not secured by any pledge, lien or encumbrance on Gross Revenues.

SECTION 6.04. **Power to Issue Bonds and Make Pledge and Assignment.** The Board is duly authorized pursuant to the Act to issue the Bonds and to execute and deliver this Indenture and to pledge and assign the Gross Revenues and other assets purported to be pledged and assigned, respectively, under this Indenture in the manner and to the extent provided in this Indenture. The Bonds and the provisions of this Indenture are and will be the legal, valid and binding limited obligations of the Board in accordance with their terms, and the Board shall at all times, to the extent permitted by law, defend, preserve and protect said pledge and assignment of Gross Revenues and other assets and all the rights of the Bondholders under this Indenture against all claims and demands of all persons whomsoever.

SECTION 6.05. **Payment of Taxes and Claims.** The Board or the Trustee shall, from time to time, but solely from Gross Revenues, duly pay and discharge, or cause to be paid and discharged, any property taxes, assessments or other governmental charges that may be lawfully imposed upon the Gross Revenues or other assets pledged or assigned under this Indenture, when the same shall become due, as well as any lawful claim which, if unpaid, might by law become a lien or charge upon the Gross Revenues or such other assets or which might impair the security of the Bonds.

SECTION 6.06. **Accounting Records and Financial Statements.**

(a) The Board shall keep or cause to be kept proper books of record and account in which complete and accurate entries shall be made in accordance with industry standards of all transactions relating to the proceeds of Bonds, the Gross Revenues, and all funds and accounts established pursuant to this Indenture. Such books of record and account shall be available for inspection by the Trustee and by any Bondholder, or its agent or representative duly authorized in writing, during any Business Day at reasonable hours and under reasonable circumstances, including at least 24 hours notice.

(b) Not later than two hundred ten (210) days after the end of each Fiscal Year of the Board, commencing with the Fiscal Year ending June 30, 2002, the Board will furnish to the Trustee a detailed, certified report of audit, based on an examination sufficiently complete to comply with generally accepted auditing standards, prepared by an Independent Certified Public Accountant, covering the operations of the Projects for the Fiscal Year next preceding, and showing the Gross Revenues and expenses (by major classification) for such period. There shall also be included with each audit report a written opinion of the Independent Certified Public Accountant, to the effect that in making the examination necessary in connection with said audit, no knowledge of any default by the Board in the fulfillment of any of the terms, covenants, provisions and conditions of this Indenture, or any Supplemental Indenture, was obtained or, if said accountant shall have obtained knowledge of any such default, a statement of the default or defaults thus discovered and the nature thereof.
(c) Not later than two hundred ten (210) days after the end of each Fiscal Year of the Board, the Board shall also furnish to the Trustee a certified report of audit, prepared by an Independent Certified Public Accountant, reflecting the financial condition and record of operation of the Board.

SECTION 6.07. Tax Covenants. The Board will not make any use of the proceeds of the Bonds or any other funds of the Board or of the Projects which will cause any Bond to be an “arbitrage bond” subject to federal income taxation by reason of Section 148 of the Code, or a “federally-guaranteed obligation” under Section 149(b) of the Code, or a “private activity bond” as described in Section 141 of the Code. To that end, the Board, with respect to such proceeds and such other funds and the Projects, will comply with all requirements of such sections of the Code and all regulations of the United States Department of the Treasury issued thereunder to the extent that such requirements are, at the time, applicable and in effect.

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

If at any time the Board is of the opinion that for purposes of this Section 6.07 it is necessary to restrict or limit the yield on or change in any way the investment of any moneys held by the Trustee or under this Indenture, the Board shall so instruct the Trustee or the appropriate officers of the Board in writing, and the Trustee or the appropriate officers of the Board, as the case may be, shall take such actions as may be necessary in accordance with such instructions.

In furtherance of the covenants of the Board set forth above, the Board will comply with the Tax Certificate and will cause the Trustee to comply with the Tax Certificate.

The Board may provide in a Supplemental Indenture for a Series of Bonds that all or a portion of the provisions of this Section 6.07 shall not apply to such Series of Bonds.

SECTION 6.08. Compliance with Indenture, Contracts, Laws and Regulations. The Board shall faithfully observe and perform all the covenants, conditions and requirements of this Indenture, shall not issue any Bonds in any manner other than in accordance with this Indenture, and shall not suffer or permit any default to occur hereunder, or do or permit to be done, anything that might in any way weaken, diminish or impair the security intended to be given pursuant to this Indenture. Subject to the limitations end consistent with the covenants, conditions and requirements contained in this Indenture, the Board and the Trustee shall comply with the terms, covenants and provisions of all contracts concerning or affecting the application of proceeds of Bonds or the Gross Revenues.

SECTION 6.09. Maintenance of Projects; Insurance.

(a) Maintenance of Projects. The Board shall maintain the Projects in good condition and repair, such condition and repair to be comparable with that of similar types of properties. The Board may from time to time enter into leases of the Projects to a Person upon such terms and conditions as the Board may determine.
(b) Insurance; Use of Insurance or Condemnation Proceeds. The Board shall maintain or cause to be maintained insurance or risk management programs of such type, in such amounts and against such risks as are appropriate, as determined by the Board, for facilities of similar size and nature as the Projects (and in any event as are consistent with the amounts and risks applicable to other similar properties of the Board), including, but not limited to, fire and extended coverage insurance, public liability insurance, workers’ compensation insurance and business interruption insurance, in the event and to the extent such insurance is customarily maintained by the Board for facilities of similar size and nature as the Projects. The Board shall pay as the same become due all premiums in respect thereto. In the event of any damage to, or destruction or condemnation of, any Project, the Board will promptly arrange for the application of the insurance proceeds or condemnation awards for the repair, reconstruction or replacement of the damaged, destroyed or taken portion thereof, or for transfer to the Trustee for deposit in the Special Redemption Account for the redemption of the Series of Bonds to which such Project relates in accordance with Article IV.

SECTION 6.10. Rate Covenant. The Board shall set rates, charges, and fees for the Projects for the then current Fiscal Year so as to cause Net Income Available for Debt Service to be in an amount at least equal to Aggregate Debt Service for all Indebtedness and Designated Auxiliary Debt for such Fiscal Year.

SECTION 6.11. Continuing Disclosure for the Series 2002A Bonds. The Board and the Treasurer hereby covenant and agree that they will comply with and carry out all of the provisions of the Continuing Disclosure Certificate. Notwithstanding any other provision of this Indenture, failure of the Board or the Treasurer to comply with the Continuing Disclosure Certificate shall not be considered an Event of Default; however, the Treasurer may (and, at the request of any Participating Underwriter (as defined in the Continuing Disclosure Certificate) or the holders of at least twenty-five percent (25%) aggregate principal amount of Outstanding Bonds, shall) or any Bondholder or Beneficial Owner may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Board or the Treasurer, as the case may be, to comply with its obligations under this Section. For purposes of this Section, “Beneficial Owner” means any person which has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Series 2002A Bonds (including persons holding Series 2002A Bonds through nominees, depositories or other intermediaries).

SECTION 6.12. Waiver of Laws. The Board shall not at any time insist upon or plead in any manner whatsoever, or claim or take the benefit or advantage of, any stay or extension law now or at any time hereafter in force that may affect the covenants and agreements contained in this Indenture or in the Bonds, and all benefit or advantage of any such law or laws is hereby expressly waived by the Board to the extent permitted by law (but only with respect to the application of Gross Revenues to pay the principal of and interest on the Bonds).

SECTION 6.13. Further Assurances. The Board will make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of this Indenture, and for the better assuring and confirming unto the Holders of the Bonds of the rights and benefits provided in this Indenture.
ARTICLE VII

EVENTS OF DEFAULT AND REMEDIES OF BONDHOLDERS

SECTION 7.01. Events of Default. The following events shall be Events of Default:

(a) default in the due and punctual payment of the principal of, or interest or redemption premium, if any, on, any Bond when due and payable;

(b) default in the due and punctual payment of the principal of, or interest or redemption premium, if any, on, any Indebtedness secured by a Parity Lien when due and payable; or

(c) default by the Board in the observance of any of the covenants, agreements or conditions on its part of this Indenture or in the Bonds contained, other than a default described in (a) or (b) above, and continuance of such default for a period of sixty (60) days after written notice thereof, specifying such default and requiring the same to be remedied, shall have been given to the Board by the Trustee, or to the Board and the Trustee by the Holders of not less than twenty-five percent (25%) in aggregate principal amount of the Bonds at the time Outstanding.

SECTION 7.02. Acceleration of Maturities. If an Event of Default shall occur, then, and in each and every such case during the continuance of such Event of Default, the Trustee may, and at the request of the Holders of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding shall, upon notice in writing to the Board, declare the principal of all of the Bonds then Outstanding, and the interest accrued thereon, to be due and payable immediately, and upon any such declaration the same shall become and shall be immediately due and payable, anything in this Indenture or in the Bonds contained to the contrary notwithstanding. The Trustee shall immediately give notice of such declaration to Bondholders, in the same manner that notices of redemption are given, specifying the date of such declaration, that as of the Business Day immediately following such declaration the Bonds shall cease to bear interest, and that all principal of and interest on the Bonds to the Business Day immediately following such declaration of acceleration shall be payable upon the surrender thereof at the Designated Office of the Trustee.

SECTION 7.03. Application of Gross Revenues and Other Funds After Default. If an Event of Default shall occur, then, and in every such case during the continuance of such Event of Default, all Gross Revenues and any other moneys then held or thereafter received by the Trustee under any of the provisions of this Indenture (subject to Section 11.10), shall be applied by the Trustee as follows and in the following order:

(1) To the payment of any compensation and expenses as due to the Trustee under Section 8.03;

(2) To the payment of Maintenance and Operation Expenses, provided that the Trustee will make payments for Maintenance and Operation Expenses only upon receipt from the Board of a Certificate stating the nature and amount of such expenses, and the person or persons to whom such expenses are payable, and certifying that such expenses constitute Maintenance and Operation Expenses properly payable from the Gross Revenues; and
(3) To the payment of the principal of and interest then due on the Bonds (upon presentation of the Bonds to be paid, any stamping thereon of the payment if only partially paid or surrender thereof if fully paid) subject to the provisions of this Indenture (including Section 6.02), as follows:

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

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

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

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

SECTION 7.04. Trustee to Represent Bondholders. The Trustee is hereby irrevocably appointed (and the successive respective Holders of the Bonds, by taking and holding the same, shall be conclusively deemed to have so appointed the Trustee) as trustee and true and lawful attorney-in-fact of the Holders of the Bonds for the purpose of exercising and prosecuting on their behalf such rights and remedies as may be available to such Holders under the provisions of the Bonds and this Indenture, as well as under applicable provisions of any other law. Upon the occurrence and continuance of an Event of Default or other occasion giving rise to a right in the Trustee to represent the Bondholders, the Trustee in its discretion may, and upon the written request of the Holders of not less than twenty-five percent (25%) in aggregate principal amount of the Bonds then Outstanding, and upon being indemnified to its sole satisfaction therefor, shall, proceed to protect or enforce its rights or the rights of such Holders by such appropriate suit, action, mandamus or other proceedings as it shall deem most effectual.
to protect or enforce any such right, at law or in equity, either for the specific performance of any
covenant or agreement contained herein, or in aid of the execution of any power herein granted,
or for the enforcement of any other appropriate legal or equitable right or remedy vested in the
Trustee or in such Holders under this Indenture, or any law; and upon instituting such
proceeding, the Trustee shall be entitled as a matter of right to the appointment of a receiver of
the Gross Revenues and other assets pledged or assigned under this Indenture. All rights of
action under this Indenture or the Bonds or otherwise may be prosecuted and enforced by the
Trustee without the possession of any of the Bonds or the production thereof in any proceeding
relating thereto, and any such suit, action or proceeding instituted by the Trustee shall be brought
in the name of the Trustee for the benefit and protection of all the Holders of such Bonds, subject
to the provisions of this Indenture. Nothing herein contained shall be deemed to require the
Trustee to authorize or consent to or accept or adopt on behalf of any Holder any plan of
reorganization, arrangement, adjustment or composition affecting the Bonds or the rights of any
Holder thereof, or to authorize the Trustee to vote in respect of the claim of any Holder in any
such proceeding.

SECTION 7.05. Bondholders’ Direction of Proceedings. Anything in this Indenture
to the contrary notwithstanding, the Holders of a majority in aggregate principal amount of the
Bonds then Outstanding shall have the right, by an instrument or concurrent instruments in
writing executed and delivered to the Trustee, to direct the method of conducting all remedial
proceedings taken by the Trustee hereunder, provided that such direction shall not be otherwise
than in accordance with the Act and the provisions of this Indenture, and that the Trustee shall
have the right to decline to follow any such direction which in the opinion of the Trustee would
be unjustly prejudicial to Bondholders not parties to such direction.

SECTION 7.06. Limitation on Bondholders’ Right to Sue. No holder of any Bond
shall have the right to institute any suit, action or proceeding at law or in equity, for the
protection or enforcement of any right or remedy under this Indenture, or any applicable law
with respect to such Bond, unless (1) such Holder shall have given to the Trustee written notice
of the occurrence of an Event of Default, (2) the Holders of not less than twenty-five percent
(25%) in aggregate principal amount of the Bonds then outstanding shall have made written
request upon the Trustee to exercise the powers hereinbefore granted or to institute such suit,
action or proceeding in its own name; (3) such Holder or said Holders shall have indemnified the
Trustee against the costs, expenses and liabilities to be incurred in compliance with such request,
which indemnity shall be satisfactory to the Trustee in its sole discretion; and (4) the Trustee
shall have refused or omitted to comply with such request for a period of sixty (60) days after
such written request shall have been received by, and said tender of indemnity satisfactory to the
Trustees shall have been made to, the Trustee.

Such notification, request, tender of indemnity and refusal or omission are hereby
declared, in every case, to be conditions precedent to the exercise by any Holder of Bonds of any
remedy hereunder or under any law; it being understood and intended that no one or more
Holders of Bonds shall have any right in any manner whatever by its or their action to affect,
disturb or prejudice the security of this Indenture on the rights of any other Holder of Bonds, or
to enforce any right under this Indenture or applicable law with respect to the Bonds, except in
the manner herein provided, and that all proceedings at law or in equity to enforce any such right
shall be instituted, had and maintained in the manner herein provided and for the benefit and
protection of all Holders of the Outstanding Bonds, subject to the provisions of this Indenture (including Section 6.02).

**SECTION 7.07. Limited Obligation of the Board.** Nothing in Section 7.06 or in any other provision of this Indenture or in the Bonds shall affect or impair the obligation of the Board, which is absolute and unconditional, to pay the principal of and interest on the Bonds to the respective Holders of the Bonds at their respective dates of maturity, or upon call for redemption, as herein provided, but only out of the Gross Revenues herein pledged therefor, or affect or impair the right of such Holders, which is also absolute and unconditional, to enforce such payment by virtue of the contract embodied in the Bonds.

**SECTION 7.08. Termination of Proceedings.** In case any proceedings taken by the Trustee or any one or more Bondholders on account of any Event of Default shall have been discontinued or abandoned for any reasons or shall have been determined adversely to the Trustee or the Bondholders, then in every such case the Board, the Trustee and the Bondholders, subject to any determination in such proceedings, shall be restored to their former positions and rights hereunder, severally and respectively, and all rights, remedies, powers and duties of the Board, the Trustee and the Bondholders shall continue as though no such proceedings had been taken.

**SECTION 7.09. Remedies Not Exclusive.** No remedy herein conferred upon or reserved to the Trustee or to the Holders of the Bonds is intended to be exclusive of any other remedy or remedies, and each and every such remedy, to the extent permitted by law, shall be cumulative and in addition to any other remedy given hereunder or now or hereafter existing at law or in equity or otherwise.

**SECTION 7.10. No Waiver of Default.** No delay or omission of the Trustee or of any Holder of the Bonds to exercise any right or power arising upon the occurrence of any Event of Default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein; and every power and remedy given by this Indenture to the Trustee or to the Holders of the Bonds may be exercised from time to time and as often as may be deemed expedient.

**ARTICLE VIII**

**THE TRUSTEE**

**SECTION 8.01. Duties, Immunities and Liabilities of Trustee.** The Trustee shall, prior to an Event of Default and after the curing of all such Events of Default which may have occurred, perform such duties and only such duties as are specifically set forth in this Indenture. The Trustee shall, during the existence of any such Event of Default (which has not been cured), exercise such of the rights and powers granted under this Indenture, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of his own affairs.
No provision of this Indenture shall be construed to relieve the Trustee from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that—

(a) prior to such an Event of Default hereunder and after the curing of all such Events of Default which may have occurred—

(1) the duties and obligations of the Trustee shall be determined by the express provisions of this Indenture, and the Trustee shall not be liable except for the performance of such duties and obligations as are specifically set forth in this Indenture, and no implied covenants or obligations shall be read into this Indenture against the Trustee; and

(2) in the absence of bad faith on the part of the Trustee, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon any certificate or opinion furnished to the Trustee conforming to the requirements of this Indenture; but in the case of any such certificate or opinion which by any provision hereof is specifically required to be furnished to the Trustee, the Trustee shall be under a duty to read such certificate or opinion to determine if such document states the matters required by the Indenture to be stated therein; provided, that the Trustee shall not be liable for any such determinations made in error in the absence of bad faith; and

(b) at all times, regardless of whether or not any such Event of Default shall exist—

(1) the Trustee shall not be liable for any error of judgment made in good faith by an authorized representative of the Trustee unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts; and

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

None of the provisions contained in this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur individual financial liability in the performance of any of its duties or in the exercise of any of its rights or powers.

SECTION 8.02. Right of Trustee to Rely upon Documents, Etc. Except as otherwise provided in Section 8.01—

(a) the Trustee may rely and shall be protected in acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, Bond or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties, and the Trustee may rely upon the correctness of statements of fact and of opinions
contained in any certificate, audit report or opinion prepared pursuant to and conforming with the requirements of this Indenture;

(b) any notice, request, direction, election, order or demand of the Board mentioned herein shall be sufficiently evidenced by an instrument signed in the name of the Board by and Authorized CSU Representative (unless other evidence in respect thereof be herein specifically prescribed);

(c) the Trustee may consult with counsel (who may be counsel for the Board) and the opinion of such counsel shall be the full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance with the opinion of such counsel;

(d) whenever in the administration of the provisions of this Indenture the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of negligence or bad faith on the part of the Trustee, be deemed to be conclusively provided and established by a Certificate of the Board; and such Certificate of the Board shall, in the absence of negligence or bad faith on the part of the Trustee, be full warranty to the Trustee for any action taken or suffered by it under the provisions of this Indenture upon the faith thereof; and

(e) the Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of any of the Bondholders pursuant to this Indenture, unless such Bondholders shall have offered to the Trustee security or indemnity, satisfactory to the Trustee, against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction;

(f) the Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, coupon or other paper or document but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Trustee shall determine to make such further inquiry or investigation, it shall be entitled to examine the books, records and premises of the Board, personally or by agent or attorney but shall not assume any liability hereunder as a result of such inquiry;

(g) the Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys and the Trustee shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed by it hereunder;

(h) the Trustee shall be under no obligation to declare an Event of Default pursuant to Section 7.01, unless and until the Trustee has received written notice of an Event of Default from the Holders of not less than twenty-five percent (25%) in aggregate principal amount of the Bonds then Outstanding;

(i) before taking any action under Article VII hereof or this Section at the request or direction of the Holders, the Trustee may require that a satisfactory indemnity bond be furnished
by the Holders, for the reimbursement of all expenses to which it may be put and to protect it against all liability, except liability which is adjudicated to have resulted from its negligence or willful default in connection with any action so taken;

(j) the Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or through agents or attorneys;

(k) the Board shall not be deemed an agent of the Trustee for any purpose, and the Trustee shall not be liable for any noncompliance of the Board in connection with its duties hereunder or in connection with the transactions contemplated hereby;

(l) the Trustee shall be entitled to rely upon telephonic notice for all purposes whatsoever so long as the Trustee reasonably believes such telephonic notice has been given by a person authorized to give notice; and

(m) the immunities extended to the Trustee also extend to its directors, officers, employees and agents.

Whether or not therein expressly so provided, every provision of this Indenture relating to the conduct or affecting the liability of the Trustee shall be subject to the provisions of this Article VIII.

SECTION 8.03. **Trustee Not Responsible for Recitals.** The recitals contained herein and in the Bonds shall be taken as the statements of the Board, and the Trustee assumes and shall have no responsibility for the correctness of the same or duty to analyze any reports, records or financial statements submitted to it in accordance herewith. The Trustee makes no representations as to the validity or sufficiency of this Indenture or of the Bonds, or as to the sufficiency of the Gross Revenues to meet the obligations of the Board hereunder, or as to the right, title or interest of the Board in and to the Projects. The Trustee shall not be accountable for the use or application by the Board of any of the Bonds authenticated or delivered hereunder or the proceeds of such Bonds.

SECTION 8.04. **Right of Trustee to Acquire Bonds.** The Trustee and its officers and directors may acquire and hold, or become the pledgee of, Bonds and otherwise deal with the Board in the manner and to the same extent and with like effect as though it were not Trustee hereunder.

SECTION 8.05. **Moneys Received by Trustee to Be Held in Trust.** Subject to the provisions of Section 3.03 and 10.03, all moneys received by the Trustee, either as Trustee or as paying agent hereunder, shall, until used or applied as herein provided, be held in trust for the purposes for which they were received, but need not be segregated from other funds except to the extent required by law.

SECTION 8.06. **Compensation and Indemnification of Trustee.** The Board covenants and agrees to pay or cause to be paid, but only out of Gross Revenues, as herein provided; to the Trustee from time to time, and the Trustee shall be entitled to, compensation as shall be mutually agreed to by the Trustee and the Board for all services rendered by it in the execution of the trusts hereby created and in the exercise of performance of any of the powers.
and duties hereunder of the Trustee, which compensation shall not be limited by any provision of law in regard to the compensation of a Trustee of an express trust, and the Board will, out of such Gross Revenues exclusively, pay or reimburse the Trustee upon its request for all expenses, disbursements and advances incurred or made by the Trustee in accordance with any of the provisions of this Indenture (including the reasonable compensation and the expenses and disbursements of its counsel and of all Persons not regularly in its employ) except any such expense, disbursement or advance as may arise from its negligence or bad faith. If any property, other than cash, shall at any time be held by the Trustee subject to this Indenture, or any Supplemental Indenture, as security for the Bonds, the Trustee, if and to the extent authorized by any court of competent jurisdiction or by the instrument subjecting such property to the provisions of this Indenture as such security for the Bonds, shall be entitled to make advances for the purpose of preserving such property or of discharging tax liens or other prior liens or encumbrances thereon. The Board also covenants and agrees to indemnify the Trustee for, and to hold it harmless against, any loss, liability, expense or advance incurred or made without negligence or bad faith on the part of the Trustee, arising out of or in connection with the acceptance or administration of this trust, including the costs and expenses of defending itself against any claim of liability in connection with the exercise or performance of any of its powers or duties hereunder. The obligations of the Board under this Section 8.06 to compensate the Trustee for services and to pay or reimburse the Trustee for any and all expenses, disbursements, liabilities and advances shall constitute additional indebtedness hereunder, but shall be limited and restricted to the Gross Revenues available therefor. Such additional indebtedness shall have priority over the Bonds in respect of all property and funds held or collected by the Trustee as such, except funds held in trust by the Trustee for the benefit of the owners of particular Bonds.

SECTION 8.07. Qualifications of Trustee. If the Trustee hereunder is not the Treasurer of the State of California, then there shall at all times be a trustee hereunder which shall be a corporation organized and doing business under the laws of the United States or the State of California, authorized under such laws to exercise corporate trust powers, having a combined capital and surplus of at least one hundred million dollars ($100,000,000), and subject to supervision or examination by federal or state authority. If such corporation publishes reports of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purposes of this Section 8.07 the combined capital and surplus shall be as set forth in its most recent report of condition so published. In case at any time the Trustee shall cease to be eligible in accordance with the provisions of this Section 8.07, the Trustee shall resign upon written notice from the Board or a Bondholder in the manner and with the effect specified in Section 8.08.

SECTION 8.08. Resignation and Removal of Trustee and Appointment of Successor Trustee.

(a) If permitted under the Act, the Trustee may at any time resign by giving written notice to the Board and by giving to the Bondholders notice by mail, first class postage prepaid, at the addresses of the owners set forth on the registration books of the Trustee. Upon receiving such notice of resignation, the Board shall promptly appoint a successor trustee by an instrument in writing. If no successor trustee shall have been so appointed and have accepted appointment within thirty (30) days after the publication of such notice of resignation, the resigning trustee at the expense of the Board may petition any court of competent jurisdiction for the appointment of
a successor trustee. Such court may thereupon, after such notice, if any, as it may deem proper and prescribe, appoint a successor trustee.

(b) If permitted under the Act, the Board may in its sole and absolute discretion remove the Trustee at any time unless an Event of Default shall have occurred and then be continuing, and shall remove the Trustee if at any time requested to do so by an instrument or concurrent instruments in writing signed by the owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding (or their attorneys duly authorized in writing) or if at any time the Trustee shall cease to be eligible in accordance with Section 8.07, or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or a receiver of the Trustee or its property shall be appointed, or any public officer shall take control or charge of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation, in each case by giving written notice of such removal to the Trustee, and thereupon shall appoint a successor Trustee by an instrument in writing.

(c) Any resignation or removal of the Trustee and appointment of a successor trustee pursuant to any of the provisions of this Section 8.08 shall become effective upon acceptance of appointment by the successor trustee as provided in Section 8.09.

SECTION 8.09. Acceptance of Trust by Successor Trustee. Any successor trustee appointed as provided in Section 8.08 shall execute; acknowledge and deliver to the Board and to its predecessor trustee an instrument accepting such appointment hereunder, and thereupon the resignation or removal of the predecessor trustee shall become effective and such successor trustee, without any further act, deed or conveyance, shall become vested with all the rights, powers, trusts, duties and obligations of its predecessor in the trusts hereunder, with like effect as if originally named as trustee herein; but, nevertheless on the Request of the Board or the request of the successor trustee, the trustee ceasing to act shall execute and deliver an instrument transferring to such successor trustee, upon the trusts herein expressed, all the rights, powers and trusts of the trustee so ceasing to act. Upon request of any such successor trustee, the Board shall execute any and all instruments in writing for more fully and certainly vesting in and confirming to such successor trustee all such rights, powers and duties. Any trustee ceasing to act shall, nevertheless, retain a lien upon all property or funds held or collected by such trustee to secure the amounts due it as compensation, reimbursement, expenses and indemnity afforded to it by Section 8.06.

No successor trustee shall accept appointment as provided in this Section 8.09 unless at the time of such acceptance such successor trustee shall be eligible under the provisions of Section 8.07.

Upon acceptance of appointment by a successor trustee as provided in this Section 8.09, the Board shall give notice of such appointment to the owners of the Bonds by mail, first class postage prepaid, at the addresses of the owners set forth on the registration books of the Trustee. If the Board fail to mail such notice within ten days after acceptance of appointment by the successor trustee, the successor trustee shall cause such notice to be mailed at the expense of the Board.
SECTION 8.10. **Merger or Consolidation of Trustee.** Any corporation into which the Trustee may be merged or with which it may be consolidated, or any corporation resulting from any merger or consolidation to which the Trustee shall be a party, or any corporation succeeding to the business of the Trustee, shall be the successor of the Trustee hereunder without the execution or filing of any paper or any further act on the part of any of the parties hereto, anything herein to the contrary notwithstanding, provided that such successor trustee shall be eligible under the provisions of section 8.07.

**ARTICLE IX**

**MODIFICATION OF INDENTURE**

SECTION 9.01. **Modification Without Consent of Bondholders.** The Board and the Trustee from time to time and at any time, subject to the conditions and restrictions in this Indenture contained, may enter into an indenture or indentures supplemental hereto, which indenture or indentures thereafter shall form a part hereof, for any one or more or all of the following purposes—

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

(b) to evidence the succession of another governmental unit or entity, whether public or private, to the Board, or successive successions, and the assumption by such successor of the covenants and obligations of the Board contained in the Bonds and in this Indenture;

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

(d) to conform to the terms and conditions of the reimbursement agreements or loan agreements or similar documents relating to letters of credit, lines of credit, bond insurance policies, reserve fund surety bonds or policies, guarantees or similar undertakings for the Bonds provided by a Credit Facility Provider;

(e) to conform to the terms and conditions of the Security Documents evidencing a Parity Lien, provided such modification shall not materially adversely affect the interests of the Holders of the Bonds;

(f) to modify, amend or supplement this Indenture or any Supplemental Indenture in such manner as to permit the qualification hereof or thereof under the Trust Indenture Act of 1939 or any similar federal statute hereafter in effect, and, if the Board so determines, to add to this Indenture or any Supplemental Indenture such other terms, conditions and provisions as may be permitted by said Trust Indenture Act of 1939 or similar federal statute, and which shall not materially adversely affect the interests of the Holders of the Bonds;
(g) to provide procedures required to permit any Holder, at its option, to utilize an un uncertificated system of registration of its Bonds;

(h) to provide for the procedures required to permit any Holder to separate the right to receive interest on the Bonds from the right to receive the principal thereof and to sell or dispose of such rights, as contemplated by Section 1286 of the Code; and

(i) if permitted under the Act, (1) to provide for the issuance of Bonds and the loan of the proceeds of such Bonds to a Designated Auxiliary Organization, which Bonds shall be repaid from Gross Revenues, including the loan repayments made by such Designated Auxiliary Organization; or (2) to provide for the issuance of Bonds for the acquisition or construction of a Project to be leased or sold to a Designated Auxiliary Organization, which Bonds shall be repaid from Gross Revenues, including the rental payments or purchase payments made by such Designated Auxiliary Organization under such lease or purchase agreement.

Any Supplemental Indenture authorized by the provisions of this Section 9.01 may be executed by the Board and the Trustee without the consent of the owners of any of the Bonds at the time Outstanding but the Trustee shall not be obligated to enter into any such Supplemental Indenture which affects the Trustee’s own rights, duties or immunities under this Indenture or otherwise.

SECTION 9.02. Modification with Consent of Bondholders. With the consent (evidenced as provided in Section 11.08) of the owners of not less than sixty-six and two-thirds percent (66 2/3%) in aggregate principal amount of the Bonds at the time Outstanding, the Board and the Trustee may from time to time and at any time enter into an indenture or indentures supplemental hereto for the purpose of adding any provisions to, or changing in any manner, or eliminating any of the provisions of, this Indenture or of any Supplemental Indenture; provided, however, that no such Supplemental Indenture shall (1) extend the stated maturity of the Bonds or reduce the rate of interest thereon, or extend the time of payment of interest, or reduce the amount of the principal thereof, or reduce any premium payable on the redemption hereof, without the consent of the owner of each Bond so affected, (2) reduce the aforesaid percentage of owners of Bonds required to approve any such Supplemental Indenture, without the consent of the owners of all Bonds then Outstanding, or (3) modify any of the rights or obligations of the Treasurer without his written assent thereto. Upon receipt by the Trustee of a Certificate of the Board authorizing the execution of any such Supplemental Indenture, and upon the filing with the Trustee of evidence of the consent of Bondholders, the Trustee shall join with the Board in the execution of such Supplemental Indenture.

It shall not be necessary for the consent of the Bondholders under this Section 9.02 to approve the particular form of any proposed Supplemental Indenture, but it shall be sufficient if such consent shall approve the substance thereof.

SECTION 9.03. Effect of Supplemental Indenture. Upon the execution of any Supplemental Indenture pursuant to the provisions of this Article IX, this Indenture shall be and be deemed to be modified and amended in accordance therewith, and respective rights, duties and obligations under this Indenture of the Board, the Trustee and all owners of Bonds Outstanding shall thereafter be determined, exercised and endorsed hereunder subject in all
respects to such modification and amendments, and all the terms and conditions of any such Supplemental Indenture shall be and be deemed to be part of the terms and conditions of this Indenture for any and all purposes.

SECTION 9.04. Opinion of Counsel as to Supplemental Indenture. Subject to the provisions of Section 8.01, the Trustee may receive an Opinion of Counsel as conclusive evidence that any Supplemental Indenture executed pursuant to the provisions of this Article IX complies with the requirements of this Article IX.

SECTION 9.05. Notation of Modification on Bonds; Preparation of New Bonds. Bonds authenticated and delivered after the execution of any Supplemental Indenture pursuant to the provisions of this Article IX may bear a notation, in form approved by the Trustee, as to any matter provided for in such Supplemental Indenture, and if such Supplemental Indenture shall so provide, new Bonds, so modified as to conform, in the opinion of the Trustee and the Board, to any modification of this Indenture contained in any such Supplemental Indenture, may be, prepared by the Board, authenticated by the Trustee and delivered without cost to the owners of the Bonds then Outstanding, upon surrender for cancellation of such Bonds in equal aggregate principal amounts.

ARTICLE X

DEFEASANCE

SECTION 10.01. Discharge of Indenture. Bonds may be paid by the Board in any of the following ways; provided that the Board also pays or causes to be paid any other sums payable hereunder by the Board and related to the Bonds:

(a) by paying or causing to be paid the principal, and interest on Outstanding Bonds; as and when the same become due and payable;

(b) by depositing with the Trustee, in trust, at or before maturity, money or securities in the necessary amount (as provided in section 10.03) to pay or redeem Outstanding Bonds; or

(c) by delivering to the Trustee, for cancellation by it, Outstanding Bonds.

If the Board shall pay all Bonds outstanding and shall also pay or cause to be paid all other sums payable hereunder by the Board, then and in that case, at the election of the Board (evidenced by a Certificate of the Board, filed with the Trustee, signifying the intention of the Board to discharge all such indebtedness and this Indenture), and notwithstanding that any Bonds shall not have been surrendered for payment, this Indenture and the pledge of Gross Revenues and other assets made under this Indenture and all covenants, agreements and other obligations of the Board under this Indenture shall cease, terminate, become void and be completely discharged and satisfied, except only as provided in Section 10.02 and except for the obligation of the Board to pay any amounts under and to otherwise satisfy all of its obligations to the Trustee under Section 8.06. In such event, upon Request of the Board, the Trustee shall cause an accounting for such period or periods as may be requested by the Board to be prepared and filed with the Board and shall execute and deliver to the Board all such instruments as may be necessary or desirable to evidence such discharge and satisfaction, and the Trustee and any paying agents.
shall pay over, transfer, assign or deliver to the Board all moneys or securities or other property held by them pursuant to this Indenture which are not required for the payment or redemption of Bonds not theretofore surrendered for such payment or redemption.

**SECTION 10.02. Discharge of Liability on Bonds.** Upon the deposit with the Trustee, in trust, at or before maturity, of money or securities in the necessary amount (as provided in Section 10.03) to pay or redeem any outstanding Bond (whether upon or prior to its maturity or the redemption date of such Bond), provided that, if such Bond is to be redeemed prior to maturity, notice of such redemption shall have been given as provided in Article IV, then all liability of the Board in respect of such Bond shall cease, terminate and be completely discharged, except only that thereafter the owner thereof shall be entitled only to payment of the principal of and interest on such Bond by the Board, and the Board shall remain liable for such payment, but only out of such money or securities deposited with the Trustee as aforesaid for their payment, provided further, however, that the provisions of Section 10.04 shall apply in all events.

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

**SECTION 10.03. Deposit of Money or Securities with Trustee.** Whenever in this Indenture it is provided or permitted that there be deposited with or held in trust by the Trustee money or securities in the necessary amount to pay or redeem any Bonds, the money or securities so to be deposited or held may include money or securities held by the Trustee in the funds and accounts established pursuant to this Indenture and shall be—

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

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

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

**SECTION 10.04. Payment of Bonds After Discharge of Indenture.** Notwithstanding any provisions of this Indenture, any moneys held by the Trustee in trust for the payment of the principal or interest on any Bonds and remaining unclaimed for two (2) years after the principal
of all of the Bonds has become due and payable (whether at maturity or upon call for redemption or by acceleration as provided in this Indenture), if such moneys were so held at such date, or one year after the date of deposit of such moneys if deposited after said date when all of the Bonds became due and payable, shall, upon Request of the Board, be repaid to the Board free from the trusts created by this Indenture, and all liability of the Trustee with respect to such moneys shall thereupon cease provided, however, that before the repayment of such moneys to the Board as aforesaid, the Trustee, as the case may be, shall at the request of the Board (at the cost of the Board) first mail a notice, in such form as may be deemed appropriate by the Trustee, to the owners of the Bonds so payable and not presented and with respect to the provisions relating to the repayment to the Board of the moneys held for the payment thereof.

ARTICLE XI

MISCELLANEOUS

SECTION 11.01. Liability of the Board Limited to Gross Revenues. Notwithstanding anything in this Indenture or in the Bonds contained, the Board shall not be required to advance any moneys derived from any source other than the Gross Revenues and other assets pledged under this Indenture for any of the purposes in this Indenture mentioned, whether for the payment of the principal or purchase price of or interest on the Bonds or for any other purpose of this Indenture.

SECTION 11.02. Successor is Deemed Included in All References to Predecessor. When in this Indenture either the Board or the Trustee is named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all the covenants and agreements in this Indenture contained by or on behalf of the Board or the Trustee shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not. If any of the powers or duties of the Board shall be transferred by or pursuant to any law of the State of California, and if such transfer shall relate to any matter or thing permitted or required to be done under this Indenture by the Board, then the entity or body or official which shall succeed to such powers or duties shall act and be obligated with respect to such matter or thing in the place and stead of the Board as in this Indenture provided.

SECTION 11.03. Limitation of Rights to Parties and Bondholders. Nothing in this Indenture or in the Bonds expressed or implied is intended or shall be construed to give to any person other than the Board, the Trustee and the holders of the Bonds any legal or equitable right, remedy or claim under or in respect of this Indenture or any covenant, condition or provision therein or herein contained and all such covenants, conditions and provisions are and shall be held to be for the sole and exclusive benefit of the Board, and Trustee and the Holders of the Bonds; provided that the Credit Facility Provider is and shall be third party beneficiary of this Indenture.

SECTION 11.04. Waiver of Notice. Whenever in this Indenture the giving of notice by mail or otherwise is required, the giving of such notice may be waived in writing by the person entitled to receive such notice, and in any such case the giving or receipt of such notice shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.
SECTION 11.05. Destruction of Bonds. Whenever in this Indenture provision is made for the cancellation by the Trustee and the delivery to the Board of any Bonds, the Trustee shall, if so instructed by Request of the Board, in lieu of such cancellation and delivery, destroy such Bonds (in the presence of an officer of the Board, if the Board shall so require), and deliver a certificate of such destruction to the Board.

SECTION 11.06. Severability of Invalid Provisions. If any one or more of the provisions contained in this Indenture or in the Bonds shall for any reason be held to be invalid, illegal or unenforceable in any respect, then such provision or provisions shall be deemed severable from the remaining provisions contained in this Indenture and such invalidity, illegality or unenforceability shall not affect any other provision of this Indenture, and this Indenture shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein. The Board hereby declares that it would have authorized the execution and delivery of this Indenture and each and every other Section, paragraph, sentence, clause or phrase hereof and authorized the issuance of the Bonds pursuant thereto irrespective of the fact that any one or more Sections, paragraphs, sentences, clauses or phrases of this Indenture may be held illegal, invalid or unenforceable. The provisions of this Section shall not apply to any limitations on liability of the Board and its officers and agents contained in this Indenture, which limitations are not severable from and are an essential part of this Indenture.

SECTION 11.07. Notice to the Board and Trustee. Any notice to or demand upon the Board or the Trustee may be served or presented, and such demand may be made, and shall be deemed to have been sufficiently given or served for all purposes, by being deposited, first class postage prepaid, in a post office letter box, addressed as follows:

To the Board: Trustees of the California State University
401 Golden Shore, 5th Floor
Long Beach, CA 90802-4210
Attention: Financing and Treasury

To the Trustee: Office of the Treasurer of the State of California
915 Capitol Mall, Room 269
Sacramento, CA 95814

The Board and the Trustee may, by notice given to each of the others as provided above, designate any different address for delivery of notices or demands to such party.

SECTION 11.08. Evidence of Rights of Bondholders. Any request, consent or other instrument required or permitted by this Indenture to be signed and executed by Bondholders may be in any number of concurrent instruments of substantially similar tenor and shall be signed or executed by such Bondholders in person or by an agent or agents duly appointed in writing. Proof of the execution of any such request, consent or other instrument or of a writing appointing any such agent, or of the holding by any person of Bonds transferable by delivery, shall be sufficient for any purpose of this Indenture and shall be conclusive in favor of the Trustee and of the Board if made in the manner provided in this Section.
The fact and date of the execution by any person of any such request, consent or other instrument or writing may be proved by the certificate of any notary public or other officer of any jurisdiction, authorized by the laws thereof to take acknowledgments of deeds, certifying that the person signing such request, consent or other instrument acknowledged to such notary public or other officer the execution thereof, or by an affidavit of a witness of such execution duly sworn to before such notary public or other officer.

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

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

SECTION 11.09. Disqualified Bonds; Credit Facility Provider’s Right to Concur for Certain Bondholders. In determining whether the Holders of the requisite aggregate principal amount of Bonds have concurred in any demand, request, direction, consent or waiver under this Indenture, Bonds which are owned or held by or for the account of the Board, or by any other obligor on the Bonds, or by any person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the Board or any other obligor on the Bonds, shall be disregarded and deemed not to be outstanding for the purpose of any such determination. Bonds so owned which have been pledged in good faith may be regarded as Outstanding for the purposes of this Section if the pledgee shall establish to the satisfaction of the Trustee the pledgee’s right to vote such Bonds and that the pledgee is not a person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the Board or any other obligor on the Bonds. In case of a dispute as to such right, any decision by the Trustee taken upon the advice of counsel shall be full protection to the Trustee. Unless otherwise provided in a Supplemental Indenture, solely for purposes of this Section, so long as a Credit Facility Provider has not defaulted under its credit facility and the credit facility is then in full force and effect, the Credit Facility Provider shall be deemed the Bondholder for all Bonds secured by such credit facility and only the Credit Facility Provider shall have the right to concur in any demand, request, direction, consent or waiver under this Indenture.

SECTION 11.10. Money Held for Particular Bonds. The money held by the Trustee or any paying agent for the payment of the interest or principal due on any date with respect to particular Bonds (or portions of Bonds in the case of Bonds redeemed in part only) shall, on and after such date and pending such payment, be set aside on its books and held in trust by it for the holders of the Bonds entitled thereto, subject, however, to the provisions of Section 10.04.

SECTION 11.11. Funds and Accounts. Any fund required by this Indenture to be established and maintained by the Trustee may be established and maintained in the accounting records of the Trustee, either as a fund or an account, and may, for the purposes of such records, any audits thereof and any reports or statements with respect hereto, be treated either as a fund or as an account; but all such records with respect to all such funds shall at all times be maintained in accordance with generally accepted accounting principles, to the extent practicable, and with due regard for the protection of the security of the Bonds and the rights of every Holder thereof.

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

SECTION 11.14. Holidays. If the date for making any payment or the last date for performance of any act or the exercising of any right, as provided in this Indenture, is not a Business Day, such payment may be made or act performed or right exercised on the next succeeding Business Day with the same force and effect as if done on the date provided therefor in this Indenture and, in the case of any payment, no interest shall accrue for the period after such date.

SECTION 11.15. Waiver of Personal Liability. No officer, agent or employee of the Board shall be individually or personally liable for the payment of the principal or interest on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof; but nothing herein contained shall relieve any such member, officer, agent or employee from the performance of any official duty provided by law or by this Indenture.

SECTION 11.16. Governing Law. This Indenture shall be interpreted in accordance with the Act and the laws of the State of California.

SECTION 11.17. CUSIP Numbers. Neither the Trustee nor the Board shall be liable for any defect or inaccuracy in the CUSIP number that appears on any Bond or in any redemption notice. The Trustee may, in its discretion, include in any redemption notice a statement to the effect that the CUSIP numbers on the Bonds have been assigned by an independent service and are included in such notice solely for the convenience of the Holders and that neither the Trustee nor the Board shall be liable for any inaccuracies in such numbers.

SECTION 11.18. [Indenture is a Supplement to and Amendment of 1968 Bond Resolution]

(a) [Fifty-Second Supplemental Bond Resolution. In accordance with the resolution of the Board adopted on March 13, 2002, upon the execution and delivery hereof and the issuance of the Series 2002A Bonds, this Indenture shall constitute the fifty-second supplemental bond resolution adopted in accordance with the terms and conditions of the 1968 Bond Resolution. The Series 2002A Bonds issued hereunder shall constitute an additional series of Bonds for Additional Projects, as those terms are defined in, and as authorized in accordance with the terms and conditions of, the 1968 Bond Resolution, including without limitation Sections 3.06 and 3.07 of the 1968 Bond Resolution. Until the Transition Date, the terms and conditions of the 1968 Bond Resolution continue to control with respect to all Bonds issued under the 1968 Bond Resolution and this Indenture, except as provided in Section 11.18(d).

(b) Amendment and Restatement of 1968 Bond Resolution. Upon the Transition Date, this Indenture shall constitute a full amendment and complete restatement of the 1968 Bond Resolution and in the case of any inconsistency or contradiction between this Indenture and the
1968 Resolution, the terms of this Indenture shall control; provided, however, that in accordance with the 1968 Bond Resolution under no circumstances shall this Indenture constitute an amendment or restatement of any of the following, namely, this Indenture shall never:

(1) extend the maturity of any Bond, or reduce the interest rate thereon, or otherwise alter or impair the obligation of the Board to pay the principal thereof, or interest or redemption premium thereon, at the time and place and at the rate and in the currency provided in such Bond;

(2) reduce the percentage of Bonds required for written consent to an amendment or modification of the 1968 Bond Resolution or the Indenture; or

(3) modify any of the rights or obligations of the Treasurer without his written assent thereto.

(c) **Consent to Amendment by Holders of Series 2002A Bonds and Additional Series of Bonds.** The Holders of Series 2002A Bonds and the Holders of any additional series of Bonds for Additional Projects, as those terms are defined in and as authorized in accordance with the terms and conditions of the 1968 Bond Resolution, shall, as an express condition to the delivery and purchase of such Bonds, agree and give their consent that: (1) this Indenture shall constitute a full amendment and complete restatement of the 1968 Bond Resolution; and (2) subject to the limitations of this Section 11.18, from and after the Transition Date, in the case of any inconsistency or contradiction between this Indenture and the 1968 Resolution, the language of this Indenture shall control; and (3) notwithstanding Section 8.02 of the 1968 Bond Resolution, a copy of the Indenture need not be mailed to such Holders if a copy of the Indenture has been posted by the Board on the internet.

(d) **Transition Provisions.** In accordance with the terms and conditions of the 1968 Bond Resolution, the following terms and conditions of this Indenture shall be effective with respect to all Bonds issued under the 1968 Bond Resolution and this Indenture as of the date of execution and delivery of this Indenture:

(1) the “Projects” as defined in Section 1.01 hereto shall be added to the “System” under the 1968 Bond Resolution;

(2) the “Gross Revenues” as defined in Section 1.01 hereto shall be added to the “Revenues” under the 1968 Bond Resolution; and

(3) with respect to the Series 2002A Bonds issued pursuant to this Indenture, the particular terms of the Series 2002A Bonds specified in Section 2.02 of this Indenture.

(e) **Disposition of Certain Funds.** Upon the Transition Date, the amounts on deposit in the various funds and accounts established pursuant to the 1968 Bond Resolution shall be transferred by the Trustee (or the Trustee shall cause the Board to transfer such amounts) as follows:
(1) any amounts on deposit in a Series Account within the Construction Fund shall be transferred to a Project Account with the same Series designation within the Program Fund;

(2) any amounts on deposit in the Bond Interest Fund within the Interest and Redemption Account shall be transferred to the Interest Fund;

(3) any amounts on deposit in the Bond Redemption Fund within the Interest and Redemption Account shall be transferred to the Principal Fund; and

(4) any amounts (i) in the Bond Reserve Fund within the Interest and Redemption Account or the Repair and Replacement Reserve Account or (ii) held by the Board or the Trustee as Surplus Revenues shall be transferred in accordance with a Certificate of the Board filed with the Trustee.
IN WITNESS WHEREOF, the TRUSTEES OF THE CALIFORNIA STATE UNIVERSITY has caused this Indenture to be signed in its name by its Chancellor and its Secretary and its official seal to be hereunto affixed, and the TREASURER OF THE STATE OF CALIFORNIA, in token of its acceptance of the trusts created hereunder, has caused this Indenture to be signed in its corporate name by one of its Authorized Signatories, all as of the day and year first above written.

TRUSTEES OF THE CALIFORNIA STATE UNIVERSITY

(Seal)

By: ________________________________
    Chancellor

By: ________________________________
    Secretary

TREASURER OF THE STATE OF CALIFORNIA, as Trustee

By: ________________________________
    Deputy
EXHIBIT A
FORM OF SERIES 2002A BOND

TRUSTEES OF THE CALIFORNIA STATE UNIVERSITY
SYSTEMWIDE REVENUE BOND
SERIES 2002A

R-_____ $_____________

INTEREST RATE MATURITY DATE ORIGINAL ISSUE DATE CUSIP

REGISTERED OWNER:
PRINCIPAL SUM: DOLLARS

The Board of Trustees of the California State University, an agency of the State of California (herein called “the Board”), for value received, hereby promises to pay (but only out of Gross Revenues as hereinafter provided) to the registered owner specified above or registered assigns on the maturity date specified above (subject to any right of prior redemption hereinafter expressly reserved) the principal sum specified above, together with interest on such principal sum from the interest payment date next preceding the date of registration of this Bond (unless such date of registration is an interest payment date, in which event it shall bear interest from such date, or unless such date of registration of is a date after the fifteenth day of the month next preceding an interest payment date and before such interest payment date, in which event it shall bear interest from such interest payment date, or unless this Bond is registered prior to ______ 15, 200_, in which event it shall bear interest from the original Issue Date specified above) until the principal hereof shall have been paid at the interest rate per annum specified above (based on a 360-day year consisting of twelve 30-day months), payable on November 1, 200_, and semiannually thereafter on each May 1 and November 1.

The principal or redemption price hereof is payable upon presentation and surrender hereof at the office of the Treasurer of the State of California (herein called the “Trustee”), and interest shall be paid by check mailed to the person in whose name this Bond is registered as of the close of business on the 15th day of the month immediately preceding an interest payment date, at the address of such registered owner shown on the books of the Trustee.

This Bond is one of a duly authorized issue of Bonds of the Board designated as the “Trustees of the California State University Systemwide Revenue Bonds” (herein called the “Bonds”), unlimited in aggregate principal amount, except as otherwise provided in the Indenture hereinafter mentioned, of the series and designation indicated on the face hereof, which issue of Bonds consists or may consist of one or more series, of varying date, numbers, interest rates and other provisions as in said Indenture provided, all issued under and equally secured by an indenture (herein called the “Indenture”), dated as of _______ 1, 2002, between

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the Board and the Trustee. This Bond, together with all other Bonds issued under the Indenture, is authorized to be issued pursuant to the powers and authority of the Board contained in The State University Revenue Bond Act of 1947 of the State of California (herein called the “Act”). The Bonds are limited obligations of the Board for which the Board is obligated to apply only the Gross Revenues (herein called the “Gross Revenues”) as defined in and only to the extent required by the Indenture, to the payment of the principal of and interest and premium, if any, on the Bonds. This Bond is not a lien, charge or liability against the State of California or against the Board or against the property or funds of either, except to the extent of the pledge of the Gross Revenues, as provided by the Indenture. Under the Indenture the pledge and lien of Gross Revenues is junior to the pledge and lien of certain other indebtedness of the Board, and the Indenture permits the Board to incur additional indebtedness secured by a pledge and lien on Gross Revenues on a parity with or subordinate to the pledge and lien of the Indenture.

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

The Indenture and the rights and obligations of the Board and the Trustee and the owners of the Bonds may be modified or amended from time to time and at any time in the manner, to the extent, and upon the terms provided in the Indenture; provided, however, that no such modification or amendment shall (1) extend the stated maturity of this Bond or reduce the rate of interest hereon, or extend the time of payment of interest, or reduce the amount of the principal hereof, or reduce any premium payable on the redemption hereof, without the consent of the owner hereof, (2) reduce the aforesaid percentage of owners of Bonds Outstanding whose consent is required for the execution of a supplemental indenture, without the consent of the owners of all Bonds then Outstanding, or (3) modify any of the rights or obligations of the Treasurer without his written assent thereto.

The Series 2002A Bonds are subject to redemption prior to their respective stated maturities at the option of the Board, as a whole or in part on any date, from moneys representing insurance and condemnation proceeds not applied to the reconstruction or rebuilding of any Project deposited in the Special Redemption Account, at the principal amount thereof and interest accrued thereon to the date fixed for redemption, without premium.

The Series 2002A Bonds maturing on November 1, ____ are also subject to redemption prior to their respective stated maturity, at the option of the Board, from lawfully available funds deposited in the Optional Redemption Account, as a whole or in part (in such order of maturity as shall be selected by the Trustee upon direction by the Board and by lot within a maturity) on any date on or after November 1, 200_, at the following redemption prices (expressed as percentages of the principal amount of the Series 2002A Bonds called for redemption), together with accrued interest to the date fixed for redemption:
Redemption Period  
(Dates Inclusive)  

November 1, 200_ to October 31, 200_  
November 1, 200_ to October 31, 200_  
November 1, 200_ and thereafter

The Series 2002A Bonds maturing on November 1, ____ are subject to redemption prior to maturity in part, by lot, at the principal amount thereof plus accrued interest to the date of redemption, without premium, from mandatory sinking account payments on November 1 of each year on and after November 1, 200_ in the amounts and subject to the terms and conditions set forth in the Indenture.

Notice of redemption of Bonds shall be given to the registered owners thereof pursuant to the terms and conditions of the Indenture. If this Bond is called for redemption and payment is duly provided therefor as specified in the Indenture, interest hereon shall cease to accrue from and after the date fixed for redemption.

If an Event of Default, as defined in the Indenture, shall occur, the principal of all Bonds may be declared due and payable upon the conditions, in the manner and with the effect provided in the Indenture. The Indenture provides that in certain events such declaration and its consequences may be rescinded by the owners of at least a majority in aggregate principal amount of the Bonds then outstanding.

The Bonds are issuable only as fully registered Bonds without coupons in denominations of $5,000 or any integral multiple thereof. Subject to the limitations and upon payment of the charges, if any, provided in the Indenture, Bonds may be exchanged at the Designated Office of the Trustee for a like aggregate principal amount of Bonds of other authorized denominations. This Bond is transferable by the registered owner hereof, in person, or by its duly authorized attorney, but only in the manner, subject to the limitations and upon payment of the charges provided in the Indenture, and upon surrender and cancellation of this Bond. Upon such transfer a new Bond or Bonds, of authorized denomination or denominations and for the same aggregate principal amount, will be delivered to the transferee in exchange herefor. The registered owner hereof shall be deemed and regarded as the absolute owner hereof for all purposes.

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

This Bond shall not be entitled to any benefit under the Indenture, or become valid or obligatory for any purpose, until the certificate of authentication hereon endorsed shall have been signed by the Trustee.
IN WITNESS WHEREOF, the TRUSTEES OF THE CALIFORNIA STATE UNIVERSITY has caused this Bond to be executed in its name and on its behalf by the facsimile signature of its Chair and its Secretary and its official seal to be imprinted or impressed hereon all as of the Original Issue date specified above.

TRUSTEES OF THE CALIFORNIA STATE UNIVERSITY

(Seal)

By: ____________________________
    Chair

By: ____________________________
    Secretary

[FORM OF TRUSTEES CERTIFICATE OF AUTHENTICATION]

This is one of the Bonds described in the within-mentioned Indenture.

[State Treasurer, as Trustee]

By. ____________________________
    Authorized Signatory

Date of Authentication:
[FORM OF ASSIGNMENT]

ASSIGNMENT

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

Dated: ______________

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

Signature guaranteed by: _____________________________

Note: The signature must be guaranteed by a member of the New York Stock Exchange or a commercial bank or trust company.