

SEVENTH SUPPLEMENTAL TRUST INDENTURE

by and between the

ALAMEDA CORRIDOR TRANSPORTATION AUTHORITY

and

**U.S. BANK NATIONAL ASSOCIATION
as Trustee**

Dated as of February 1, 2004

Relating to

\$210,731,702.85

**Alameda Corridor Transportation Authority
Taxable Subordinate Lien Revenue Refunding Bonds
Series 2004B**

SEVENTH SUPPLEMENTAL TRUST INDENTURE

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(This table of contents is not part of the Seventh Supplemental Trust Indenture and is only for convenience of reference. The captions herein are of no legal effect and do not vary the meaning of legal effect of any part of the Seventh Supplemental Trust Indenture.)

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SEVENTH SUPPLEMENTAL TRUST INDENTURE

This SEVENTH SUPPLEMENTAL TRUST INDENTURE (this “Seventh Supplemental Indenture”) dated as of February 1, 2004 is by and between the ALAMEDA CORRIDOR TRANSPORTATION AUTHORITY, a joint powers authority established under Article I, Chapter 5, Division 7, of Title 1 of the California Government Code and pursuant to an Amended and Restated Joint Exercise of Powers Agreement dated as of December 18, 1996, by and between the City of Long Beach and the City of Los Angeles (the “Authority”), and U.S. BANK NATIONAL ASSOCIATION, as trustee (the “Trustee”), and supplements and amends the Master Trust Indenture dated as of January 1, 1999 (the “Master Indenture”), by and between the Authority and the Trustee.

WHEREAS, on February 9, 1999 the Authority issued \$1,163,147,012.50 aggregate principal amount of Alameda Corridor Transportation Authority Revenue Bonds, Series 1999A, Series 1999B, Series 1999C, and Series 1999D (collectively, the “Series 1999 Bonds”) and previously borrowed approximately \$400,000,000 from the United States Department of Transportation acting through the Federal Highway Administration (the “Federal Loan”);

WHEREAS, Section 2.08 of the Master Indenture provides that the Authority may issue Refunding Bonds from time to time for the purpose of providing funds to pay all or a portion of its outstanding Bonds or the Federal Loan;

WHEREAS, Section 2.09 of the Master Indenture provides that Refunding Bonds may be issued to refund all or a portion of the Federal Loan provided that certain conditions are satisfied, including, among others, the requirement that debt service on the Refunding Bonds to be issued will not exceed the debt service on the portion of the Federal Loan to be refunded;

WHEREAS, in order to generate debt service savings on its outstanding obligations, the Authority desires to issue Refunding Bonds for the purpose of providing funds to prepay all of the outstanding Federal Loan;

WHEREAS, Section 8.02 of the Master Indenture provides for the execution and delivery of Supplemental Indentures setting forth the terms of such Refunding Bonds; and

WHEREAS, the Authority now, by execution and delivery of this Seventh Supplemental Indenture and in compliance with the provisions of the Master Indenture, sets forth the terms of its Alameda Corridor Transportation Authority Taxable Subordinate Lien Revenue Refunding Bonds, Series 2004B (the “Series 2004B Bonds”), provides for the deposit and use of the proceeds of the Series 2004B Bonds and makes other provisions relating to the Series 2004B Bonds.

ARTICLE I DEFINITIONS; INTERPRETATIONS

Section 1.01 *Definitions*. The following definitions shall apply to terms used in this Seventh Supplemental Indenture unless the context clearly requires otherwise:

“Authorized Denominations” shall mean, with respect to the Series 2004B Capital Appreciation Bonds, denominations such that the Accreted Value of such Capital Appreciation Bonds as of the maturity date thereof shall equal \$5,000 or any integral multiple thereof.

“Book-Entry Series 2004B Bonds” shall mean the Series 2004B Bonds held by DTC (or its nominee) as the registered owner thereof pursuant to the terms and provisions of Section 2.05 hereof.

“Cede & Co.” shall mean Cede & Co., the nominee of DTC, and any successor nominee of DTC with respect to the Book-Entry Series 2004B Bonds.

“DTC” shall mean The Depository Trust Company, a limited-purpose trust company organized under the laws of the State of New York, and its successors and assigns.

“Indenture” shall mean the Master Indenture, as amended and supplemented from time to time (including by this Seventh Supplemental Indenture) in accordance therewith.

“Master Indenture” shall mean the Master Trust Indenture dated as of January 1, 1999 between the Authority and the Trustee.

“Participants” shall mean the participants of DTC which include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations.

“Principal Payment Date” shall mean, with respect to a Series 2004B Bond, October 1 of the year in which the Final Compounded Amount of such Series 2004B Bond is due and payable.

“Record Date” shall mean March 15 for any April 1 Interest Payment Date and September 15 for any October 1 Interest Payment Date.

“Registrar” for purposes of this Seventh Supplemental Indenture, shall mean the Trustee.

“Representation Letter” shall mean the Blanket Letter of Representations dated December 18, 1998 from the Authority and the Trustee to DTC with respect to the Bonds, or such similar letter or agreement filed with DTC from time to time.

“Series 2004A Bonds” shall mean the \$475,292,386.40 aggregate Initial Amount of Bonds issued under the Master Indenture and the Sixth Supplemental Indenture and designated as the “Alameda Corridor Transportation Authority Tax-Exempt Subordinate Lien Revenue Refunding Bonds, Series 2004A”.

“Series 2004B Bonds” shall mean the \$210,731,702.85 aggregate Initial Amount of Bonds issued under the Master Indenture and this Seventh Supplemental Indenture and designated as the “Alameda Corridor Transportation Authority Taxable Subordinate Lien Revenue Refunding Bonds, Series 2004B”.

“Series 2004B Capital Appreciation Bonds” shall mean the Series 2004B Bonds designated as “Capital Appreciation Bonds” pursuant to Section 2.01 of this Seventh

Supplemental Indenture and issued pursuant to Sections 2.01(a) and 2.03(a) of this Seventh Supplemental Indenture.

“*Series 2004B Costs of Issuance Fund*” shall mean the fund by that name created in Section 4.01 of this Seventh Supplemental Indenture and into which money shall be deposited to pay Costs of Issuance with respect to the Series 2004B Bonds.

“*Series 2004B Debt Service Fund*” shall mean the fund by that name created in Section 4.01 of this Seventh Supplemental Indenture and into which money shall be deposited to pay debt service on the Series 2004B Bonds.

“*Series 2004B Debt Service Reserve Account*” shall mean the account by that name created in the Debt Service Reserve Fund pursuant to Section 4.01 of this Seventh Supplemental Indenture.

“*Series 2004 Bond Insurance Policy*” shall mean the financial guaranty insurance policy issued by the Series 2004 Bond Insurer insuring the payment when due of the principal or Accreted Value of and interest on the Series 2004 Bonds as provided therein.

“*Series 2004 Bond Insurer*” shall mean Ambac Assurance Corporation, a Wisconsin-domiciled stock insurance company.

“*Series 2004 Bonds*” shall mean, collectively, the Series 2004A Bonds and the Series 2004B Bonds.

“*Seventh Supplemental Indenture*” shall mean this Seventh Supplemental Trust Indenture dated as of February 1, 2004, between the Authority and the Trustee, as amended and supplemented from time to time in accordance with the Master Indenture.

“*Sixth Supplemental Indenture*” shall mean the Sixth Supplemental Trust Indenture dated as of February 1, 2004, between the Authority and the Trustee, as amended and supplemented from time to time in accordance with the Master Indenture.

Section 1.02 ***Incorporation of Definitions Contained in the Indenture.*** Except as otherwise provided in Section 1.01 of this Seventh Supplemental Indenture, all words, terms and phrases used in this Seventh Supplemental Indenture shall have the same meanings herein as in the Master Indenture.

Section 1.03 ***Article and Section References.*** Except as otherwise indicated, references to Articles and Sections are to Articles and Sections of this Seventh Supplemental Indenture.

Section 1.04 ***Interpretation of Indenture With Respect to Interests of Holders.*** Except to the extent provided in Section 5.02(e) hereof and in Article IX of the Master Indenture, the Trustee, (i) in determining whether any amendments or supplements to the Master Indenture or this Seventh Supplemental Indenture may be made under Article VIII of the Master Indenture without the consent of holders of the Series 2004B Bonds, and (ii) in determining whether any action should be taken under Article VI of the Master Indenture, shall consider the effect of such

amendment, supplement or action on the rights of the holders of the Series 2004B Bonds as if the Series 2004 Bond Insurance Policy were not in effect. The Trustee shall not be in breach of any provision or term of any related document or instrument entered into in connection with the transactions contemplated hereby and shall under no circumstances be deemed to have breached any fiduciary or other duty or obligation hereunder or thereunder as a result of any such action.

**ARTICLE II
THE SERIES 2004B BONDS**

Section 2.01 ***Designation of the Series 2004B Bonds; Initial Amount.*** There is hereby authorized and created a Series of Bonds, designated as the “Alameda Corridor Transportation Authority Taxable Subordinate Lien Revenue Refunding Bonds, Series 2004B” to be issued in the aggregate Initial Amount of \$210,731,702.85. Said Bonds shall consist of Capital Appreciation Bonds and shall, in addition to the designation specified hereinabove, bear the designation “Capital Appreciation Bonds”.

Section 2.02 ***Bonds Under The Indenture; Security; Parity.*** The Series 2004B Bonds are issued under and subject to the terms of the Master Indenture, shall be First Subordinate Lien Bonds as defined pursuant to the Master Indenture and are secured by and payable from the Trust Estate in accordance with the terms of the Master Indenture. The Series 2004B Bonds shall be on a parity with the “Alameda Corridor Transportation Authority Tax-Exempt Subordinate Lien Revenue Bonds, Series 1999B” issued by the Authority on February 9, 1999, the “Alameda Corridor Transportation Authority Taxable Subordinate Lien Revenue Bonds, Series 1999D” issued by the Authority on February 9, 1999, the “Alameda Corridor Transportation Authority Tax-Exempt Subordinate Lien Revenue Refunding Bonds, Series 2004A” to be issued by the Authority concurrently herewith, and any other First Subordinate Lien Bonds issued under the Master Indenture, as and to the extent provided in the Master Indenture.

Section 2.03 ***Terms of the Series 2004B Bonds.*** The Series 2004B Bonds shall, upon initial issuance, be dated their date of delivery. The Series 2004B Bonds shall be issued only in Authorized Denominations. The Series 2004B Capital Appreciation Bonds shall be substantially in the form of Exhibit A, which exhibit is a part of this Seventh Supplemental Indenture.

The Final Compounded Amount of the Series 2004B Bonds shall be paid on the applicable Principal Payment Date.

(a) ***Series 2004B Capital Appreciation Bonds.*** The Series 2004B Capital Appreciation Bonds shall be in the Initial Amounts and shall mature in the years and in the Final Compounded Amounts and shall accrete interest at the rates set forth in the following schedule:

Maturity Date (October 1)	Initial Amount	Interest Rate	Final Compounded Amount
2006	\$ 4,453,981.50	3.05%	\$ 4,790,000
2007	4,845,840.15	3.51	5,455,000
2008	8,014,172.90	4.01	9,545,000
2009	10,396,088.15	4.26	13,055,000
2010	13,275,692.10	4.57	17,730,000

<u>Maturity Date</u> <u>(October 1)</u>	<u>Initial</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Final Compounded</u> <u>Amount</u>
2011	16,892,074.60	4.89	24,155,000
2012	21,721,443.10	5.17	33,355,000
2026	25,085,189.75	6.30	100,675,000
2027	23,522,713.75	6.31	100,675,000
2028	22,052,770.20	6.32	100,670,000
2029	8,965,144.40	6.33	43,660,000
2031	18,249,457.60	6.33	100,670,000
2032	17,146,114.40	6.33	100,670,000
2033	16,111,020.25	6.33	100,675,000

Under the Master Indenture, the Series 2004B Capital Appreciation Bonds shall constitute “Capital Appreciation Bonds.”

Interest on the Series 2004B Capital Appreciation Bonds shall accrue, but shall not be payable until maturity or prior redemption, at the applicable rate set forth above, compounded semiannually on October 1 and April 1 of each year, commencing October 1, 2004. The Accreted Value with respect to the Series 2004B Capital Appreciation Bonds on October 1 and April 1 of each year shall be as set forth on the Accreted Value Table attached hereto as Exhibit B, which is part of this Seventh Supplemental Indenture. The Accreted Value with respect to the Series 2004B Capital Appreciation Bonds on any date other than October 1 and April 1 of any year shall be calculated by the Trustee using straight line interpolation, which calculation will be binding absent manifest error.

(b) *Payments.* Payment of the Final Compounded Amount or the redemption price of the Series 2004B Bonds shall be made upon surrender of the Series 2004B Bonds to the Trustee. All payments in respect of the Series 2004B Bonds shall be made by the Authority in lawful money of the United States of America.

If the Accreted Value of a Series 2004B Bond becomes due and payable, but shall not have been paid when due, and no provision is made for its payment, then interest on overdue Accreted Value and, to the extent lawful, on overdue interest will accrue at the rate applicable to such Series 2004B Bond until all overdue amounts (including interest thereon) are paid in full (or payment of such amounts is provided for as set forth in the Master Indenture and in this Seventh Supplemental Indenture).

Section 2.04 *Exchange of Series 2004B Bonds.* Series 2004B Bonds which are delivered to the Registrar for exchange pursuant to the Master Indenture may be exchanged for an equal total Initial Amount of Series 2004B Bonds of the same type, interest rate and maturity date.

Section 2.05 *Book-Entry Series 2004B Bonds.*

(a) The registered owner of all of the Series 2004B Bonds shall be DTC. Payment of the Final Compounded Amount and the redemption price of

any Series 2004B Bond registered in the name of Cede & Co. shall be made by wire transfer of New York clearing house or equivalent next day funds or by wire transfer of same day funds to the account of Cede & Co. at the address indicated on the Record Date or special record date for Cede & Co. in the registration books of the Registrar.

(b) The Series 2004B Bonds shall be initially issued in the form of a separate single authenticated fully registered Series 2004B Bond for each separate stated maturity. Upon initial issuance, the ownership of such Series 2004B Bonds shall be registered in the registration books of the Registrar in the name of Cede & Co., as nominee of DTC. The Trustee, the Registrar, the Series 2004 Bond Insurer and the Authority may treat DTC (or its nominee) as the sole and exclusive owner of the Series 2004B Bonds registered in its name for the purposes of payment of the Final Compounded Amount and the redemption price of the Series 2004B Bonds, selecting the Series 2004B Bonds or portions thereof to be redeemed, giving any notice permitted or required to be given to holders of the Series 2004B Bonds under the Indenture, registering the transfer of Series 2004B Bonds and, subject to Section 5.02(e) hereof, obtaining any consent or other action to be taken by Bondholders and for all other purposes whatsoever, and neither the Trustee, the Registrar, the Series 2004 Bond Insurer nor the Authority shall be affected by any notice to the contrary. Neither the Trustee, the Registrar, the Series 2004 Bond Insurer nor the Authority shall have any responsibility or obligation to any Participant, any person claiming a beneficial ownership interest in the Series 2004B Bonds under or through DTC or any Participant, or any other person which is not shown on the registration books as being a Bondholder, with respect to the accuracy of any records maintained by DTC or any Participant; the payment by DTC or any Participant of any amount in respect of the Final Compounded Amount and the redemption price of the Series 2004B Bonds; any notice which is permitted or required to be given to holders of the Series 2004B Bonds under the Indenture; the selection by DTC or any Participant of any person to receive payment in the event of a partial redemption of the Series 2004B Bonds; any consent given or other action taken by DTC as Bondholder; or any other purpose. The Trustee shall pay the Final Compounded Amount and the redemption price of the Series 2004B Bonds only to or “upon the order of” DTC (as that term is used in the Uniform Commercial Code as adopted in the State), and all such payments shall be valid and effective to fully satisfy and discharge the Authority’s obligations with respect to the Final Compounded Amount and the redemption price of the Series 2004B Bonds to the extent of the sum or sums so paid. No person other than DTC shall receive an authenticated Series 2004B Bond evidencing the obligation of the Authority to make payments of Final Compounded Amount and the redemption price pursuant to the Indenture. Upon delivery by DTC to the Trustee of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions herein with respect to Record Dates, the word “Cede & Co.” in this Seventh Supplemental Indenture shall refer to such new nominee of DTC.

(c) Notwithstanding any other provision of the Indenture to the contrary, so long as any Series 2004B Bond is registered in the name of Cede & Co., as nominee of DTC, all payments with respect to the Final Compounded Amount and the redemption price of such Series 2004B Bond and all notices with respect to such Series 2004B Bond shall be made and given, respectively, to DTC as provided in the Representation Letter.

(d) Subject to Section 5.02(e) hereof, in connection with any notice or other communication to be provided to holders of the Series 2004B Bonds pursuant to the Indenture by the Authority or the Trustee with respect to any consent or other action to be taken by Bondholders, the Authority or the Trustee, as the case may be, shall establish a record date for such consent or other action and give DTC notice of such record date not less than fifteen (15) calendar days in advance of such record date to the extent possible.

(e) NEITHER THE AUTHORITY, THE CITY OF LOS ANGELES, THE HARBOR DEPARTMENT OF THE CITY OF LOS ANGELES, THE CITY OF LONG BEACH, THE HARBOR DEPARTMENT OF THE CITY OF LONG BEACH, THE REGISTRAR, THE SERIES 2004 BOND INSURER NOR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DTC PARTICIPANTS, INDIRECT PARTICIPANTS OR BENEFICIAL OWNERS WITH RESPECT TO: THE PAYMENT BY DTC, ANY DTC PARTICIPANT OR ANY INDIRECT PARTICIPANT OF THE FINAL COMPOUNDED AMOUNT AND THE REDEMPTION PRICE OF THE SERIES 2004B BONDS; THE PROVIDING OF NOTICE TO DTC PARTICIPANTS, INDIRECT PARTICIPANTS OR BENEFICIAL OWNERS; THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY DTC PARTICIPANT OR ANY INDIRECT PARTICIPANT; OR ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS OWNER OF THE SERIES 2004B BONDS.

ARTICLE III REDEMPTION

Section 3.01 *Notices to Bondholders.* The Trustee shall give notice of redemption (which may be conditional), in the name of the Authority, to Bondholders of the Series 2004B Bonds affected by any redemption pursuant to this Article III at least thirty (30) days but not more than sixty (60) days before each redemption. The Trustee shall send such notices of redemption by first-class mail (or with respect to Series 2004B Bonds held by DTC by an express delivery service for delivery on the next following Business Day) to each owner of a Series 2004B Bond to be redeemed; each such notice shall be sent to the owner's registered address.

Each notice of redemption shall specify the Series 2004B Bonds to be redeemed, the date of issue, the maturity date thereof, if less than all Series 2004B Bonds of a maturity are called for redemption, the numbers of the Series 2004B Bonds, the Initial Amount and the CUSIP numbers assigned to the Series 2004B Bonds to be redeemed, the Accreted Value to be redeemed and the

interest rate applicable to the Series 2004B Bonds to be redeemed, the date fixed for redemption, the redemption price, the place or places of payment, the Trustee's or Paying Agent's name, that payment will be made upon presentation and surrender of the Series 2004B Bonds to be redeemed, that interest, if any, accrued to the date fixed for redemption and not paid will be paid as specified in said notice, and that on and after said date interest thereon will cease to accrue.

Failure to give any required notice of redemption as to any particular Series 2004B Bonds will not affect the validity of the call for redemption of any other Series 2004B Bonds in respect of which such failure does not occur. Any notice sent as provided herein will be conclusively presumed to have been given whether or not actually received by the addressee. When notice of redemption is given, Series 2004B Bonds called for redemption become due and payable on the date fixed for redemption at the applicable redemption price. In the event that funds are deposited by the Authority with the Paying Agent sufficient for redemption, interest on the Series 2004B Bonds to be redeemed will cease to accrue as of the date fixed for redemption. In addition, the following requirements shall apply to any notice of redemption:

(a) at least two days before the date of the mailing required by the first paragraph of this Section 3.01, such redemption notice shall be given by (i) registered or certified mail, postage prepaid, (ii) telephonically confirmed facsimile transmission or (iii) overnight delivery service, to each of the following securities depositories:

- (1) The Depository Trust Company
711 Stewart Avenue
Garden City, NY 11530
Facsimile transmission: (516) 227-4039
(516) 227-4190
- (2) Midwest Securities Trust Company
Capital Structured-Call Notification
440 South LaSalle Street
Chicago, IL 60605
Facsimile transmission: (312) 663-2343
- (3) Philadelphia Depository Trust Company
Reorganization Division
1900 Market Street
Philadelphia, PA 19103
Facsimile transmission: (215) 496-5058

(b) such redemption notice shall be given by (i) registered or certified mail, postage prepaid, or (ii) overnight delivery service, to one of the following services selected by the Authority and designated in writing to the Trustee:

- (1) Bloomberg Municipal Repositories;

- (2) DPC Data Inc.;
- (3) Interactive Data, Attn: Repository; or
- (4) Standard & Poor's J. J. Kenny Repository.

Failure to give the notice described in the immediately preceding paragraph or any defect therein shall not in any manner affect the redemption of any Series 2004B Bond.

Section 3.02 ***Optional Redemption of the Series 2004B Bonds.*** The Series 2004B Bonds are not subject to optional redemption prior to maturity.

Section 3.03 ***[Reserved]***

Section 3.04 ***Extraordinary Redemption of the Series 2004B Bonds.*** The Series 2004B Bonds shall be subject to extraordinary redemption as provided in the Master Indenture.

Section 3.05 ***Payment of Series 2004B Bonds Called for Redemption.*** Upon surrender to the Trustee, Series 2004B Bonds called for redemption shall be paid at the redemption price stated in the notice, plus, when applicable, interest accrued to the date fixed for redemption.

Section 3.06 ***Series 2004B Bonds Redeemed in Part.*** Upon surrender of a Series 2004B Bond to be redeemed in part only, the Trustee will authenticate for the holder a new Series 2004B Bond or Series 2004B Bonds of the same maturity equal in Initial Amount to the unredeemed portion of the Series 2004B Bond surrendered.

Section 3.07 ***Effect of Call for Redemption.*** On the date so designated for redemption, notice having been given in the manner and under the conditions provided herein and moneys for payment of the redemption price being held in trust to pay the redemption price, (a) the Series 2004B Bonds so called for redemption shall become due and payable on the date fixed for redemption, (b) interest on such Series 2004B Bonds shall cease to accrue from and after such date fixed for redemption, (c) such Series 2004B Bonds shall cease to be entitled to any lien, benefit or security under the Indenture and (d) the owners of such Series 2004B Bonds shall have no rights in respect thereof except to receive payment of the redemption price. Series 2004B Bonds which have been duly called for redemption under the provisions of this Article III and for which moneys for the payment of the redemption price thereof, together with interest accrued to the date fixed for redemption, shall have been set aside and held in trust for the holders of the Series 2004B Bonds to be redeemed, all as provided in this Seventh Supplemental Indenture, shall not be deemed to be Outstanding under the provisions of the Indenture.

ARTICLE IV ESTABLISHMENT OF FUNDS AND ADMINISTRATION THEREOF

Section 4.01 ***Establishment of Funds and Accounts.*** There is hereby established within the Debt Service Reserve Fund established pursuant to Section 3.02(c) of the Master Indenture the Series 2004B Debt Service Reserve Account, to be held and administered by the

Trustee in accordance with the Master Indenture and Section 4.04 of this Seventh Supplemental Indenture. In addition, the following funds are hereby established pursuant to Section 3.02 of the Master Indenture, each of which shall be held and administered by the Trustee as set forth herein:

(a) The Alameda Corridor Transportation Authority Taxable Subordinate Lien Revenue Refunding Bonds Costs of Issuance Fund, Series 2004B (the “Series 2004B Costs of Issuance Fund”); and

(b) The Alameda Corridor Transportation Authority Taxable Subordinate Lien Revenue Refunding Bonds Debt Service Fund, Series 2004B (the “Series 2004B Debt Service Fund”), which shall contain a Principal Account and a Redemption Account for purposes of the Master Indenture.

Section 4.02 *Application of Proceeds and Other Funds and Securities.* The net proceeds of the sale of the Series 2004B Bonds, being the amount of \$208,781,261.32 (of which \$14,359,820 shall be paid directly by the initial purchasers to the Series 2004 Bond Insurer for the Series 2004B Bonds as provided in clause (2) below), shall be received by the Trustee and shall be deposited by the Trustee as follows:

(1) the sum of \$574,873.12 shall be deposited into the Series 2004B Costs of Issuance Fund;

(2) the sum of \$14,359,820 shall be paid by the initial purchasers to the Series 2004 Bond Insurer for the Series 2004B Bonds for the purchase of the Series 2004 Bond Insurance Policy relating to the Series 2004B Bonds;

(3) the sum of \$21,073,170.29 shall be deposited into the Series 2004B Debt Service Reserve Account; and

(4) the remainder of \$172,773,397.91 shall be applied to prepay the Federal Loan.

Section 4.03 *Series 2004B Debt Service Fund.* The Trustee shall withdraw funds and make payments from the Revenue Fund for deposit in the Series 2004B Debt Service Fund at the times and in the amounts required by Section 3.03 - FIFTH of the Master Indenture in respect of the Series 2004B Bonds. With the funds made available to it pursuant to Section 3.03 of the Master Indenture for such purpose, the Trustee shall make deposits or transfers into the Series 2004B Debt Service Fund as follows:

(a) *Principal Account.* The Trustee shall deposit or transfer into the Principal Account of the Series 2004B Debt Service Fund amounts, as provided in the Master Indenture and this Seventh Supplemental Indenture, to be used to pay the Final Compounded Amount of the Series 2004B Bonds at maturity. The Trustee shall also deposit into the Principal Account any other amounts deposited with it for deposit into such Principal Account or transferred from

other funds and accounts for deposit therein. Earnings on amounts in the Principal Account shall be credited to such account.

(b) *Redemption Account.* The Trustee shall deposit or transfer into the Redemption Account of the Series 2004B Debt Service Fund amounts as instructed by or as received from the Authority, as provided in the Master Indenture and this Seventh Supplemental Indenture, to be used to pay the redemption price of Series 2004B Bonds being redeemed as provided in Section 2.12 of the Master Indenture and Section 3.02 of this Seventh Supplemental Indenture. The Trustee shall also deposit into the Redemption Account any other amounts deposited with it for deposit into the Redemption Account or transferred from other funds and accounts for deposit therein. Earnings on amounts in the Redemption Account shall be credited to such account, and any remaining earnings or other amounts therein following the applicable date fixed for redemption shall be withdrawn by the Trustee on the Business Day following such date fixed for redemption and deposited into the Revenue Fund, unless an Event of Default exists under the Master Indenture, in which event the earnings shall be retained in such Redemption Account.

Pursuant to Section 3.11 of the Master Indenture, amounts on deposit in the Series 2004B Debt Service Fund and the accounts therein may be invested and reinvested as directed by an Authorized Authority Representative in Permitted Investments.

Section 4.04 *Series 2004B Debt Service Reserve Account.* As a condition of issuance of the Series 2004B Bonds, the amount set forth in Section 4.02(3) shall be deposited in the Series 2004B Debt Service Reserve Account of the Debt Service Reserve Fund so that the amount credited thereto will be equal to the Debt Service Reserve Requirement for the Series 2004B Bonds. In the event that a Debt Service Reserve Surety Policy shall be deposited in the Series 2004B Debt Service Reserve Account as provided in Section 3.05(c) of the Master Indenture, then any amounts in the Series 2004B Debt Service Reserve Account in excess of the Debt Service Reserve Requirement resulting from such deposit shall be transferred to the Series 2004B Debt Service Fund, unless an Event of Default exists under the Indenture, in which event the excess amounts shall be retained in the Series 2004B Debt Service Reserve Account, as provided in Section 3.05(d) of the Master Indenture.

Section 4.05 *Series 2004B Costs of Issuance Fund.* There shall be deposited into the Series 2004B Costs of Issuance Fund the amount provided in Section 4.02(1) above. The Trustee shall make payments or disbursements from the Series 2004B Costs of Issuance Fund to pay Costs of Issuance relating to the Series 2004B Bonds upon receipt from the Authority of a Requisition meeting the requirements of Section 3.13 of the Master Indenture. Pursuant to Section 3.11 of the Master Indenture, amounts on deposit in the Series 2004B Costs of Issuance Fund may be invested and reinvested by an Authorized Authority Representative in Permitted Investments. Subject to Section 3.11 of the Master Indenture, earnings on amounts in the Series 2004B Cost of Issuance Fund shall be retained therein. Upon the Trustee's receipt of written instructions from an Authorized Authority Representative, all amounts remaining on deposit in

the Series 2004B Costs of Issuance Fund shall be transferred to the Series 2004B Debt Service Fund.

ARTICLE V
SERIES 2004 BOND INSURER PROVISIONS

Section 5.01 *Covenant of the Authority*. The Authority covenants that, while the Series 2004 Bond Insurance Policy is in effect and the Series 2004 Bond Insurer is not in default of its obligation to make payments thereunder:

(a) the Series 2004B Debt Service Reserve Account for the Series 2004B Bonds shall be cash-funded at all times unless agreed to in writing by the Series 2004 Bond Insurer; and (ii) unless it shall have obtained the prior written consent of the Series 2004 Bond Insurer, the Authority shall not approve or agree to any amendment, waiver or other modification of the Use and Operating Agreement which could reasonably be expected to result in a material impairment of the security for the Series 2004B Bonds or materially adversely affect the Series 2004 Bond Insurer's obligations under the Series 2004 Bond Insurance Policy;

(b) The Authority shall prepay, redeem, defease, retire or purchase First Subordinate Lien Bonds prior to any other Outstanding Bonds pursuant to paragraph Seventeenth of Section 3.03(a) of the Master Indenture to the extent it is permitted to do so under the Master Indenture;

(c) The Authority shall not issue any Series of Senior Lien Bonds (other than Refunding Bonds) pursuant to Section 2.08 of the Master Indenture unless it shall have obtained the prior written consent of the Series 2004 Bond Insurer, which consent, if any, shall be provided in the sole discretion of the Series 2004 Bond Insurer;

(d) As a condition to the issuance of any Series of Bonds under the Indenture, all references in Section 2.09 of the Master Indenture to "100%" shall be deemed to be 110%;

(e) For purposes of calculating Dedicated Revenues under Section 2.09 of the Master Indenture, an Independent Consultant acceptable to the Series 2004 Bond Insurer shall calculate Dedicated Revenues as follows:

(i) In each Bond Year, Contingent Port Obligations shall be 40% of such year's debt service on all Outstanding Bonds and the Federal Loan, calculated as if the proposed Series of Bonds to be issued were Outstanding; and

(ii) Use Fees and Container Charges shall be the Use Fees and Container Charges that were collected in any twelve (12) consecutive months out of the eighteen (18) consecutive months

immediately preceding the date of issuance of the proposed Series of Bonds, increased each January 1, commencing January 1, 2003, at a rate of 1.5%, or such other minimum rate of fee escalation specified in the Use and Operating Agreement;

provided, however, that (i) if the rating of either Port is (A) less than AA- but higher than BBB+ (in the case of Standard & Poor's) or (B) less than Aa3 but higher than Baa1 (in the case of Moody's Investors Service ("Moody's")), then "Contingent Port Obligations" shall be deemed to be 20% (instead of 40%) of each year's Debt Service on all Outstanding Bonds, calculated as if the proposed Series of Bonds to be issued were Outstanding; and (ii) if the rating of either Port is (A) less than A- (in the case of Standard & Poor's) or (B) less than A3 (in the case of Moody's), then "Contingent Port Obligations" shall be deemed to be 0% (instead of 40%) of each year's Debt Service on all Outstanding Bonds, calculated as if the proposed Series of Bonds to be issued were Outstanding.

Section 5.02 **Consent.** While the Series 2004 Bond Insurance Policy is in effect, and the Series 2004 Bond Insurer is not in default of its obligation to make payments thereunder, the following provisions shall apply:

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

(b) The Series 2004 Bond Insurer's consent shall be required in lieu of the consent of the Bondholders of the Series 2004B Bonds when required under the Indenture.

(c) Any reorganization or liquidation plan with respect to the Authority must be acceptable to the Series 2004 Bond Insurer. In the event of any reorganization or liquidation, the Series 2004 Bond Insurer shall have the right to vote on behalf of all Bondholders of the Series 2004B Bonds.

(d) Anything in the Indenture to the contrary notwithstanding, upon the occurrence and continuance of an Event of Default, the Series 2004 Bond Insurer shall be entitled to control and direct the enforcement of all rights and remedies granted to the Bondholders of the Series 2004B Bonds or the Trustee for the benefit of the Bondholders of the Series 2004B Bonds under the Indenture.

(e) The Series 2004 Bond Insurer shall be deemed to be the sole owner of all Series 2004B Bonds then Outstanding for all purposes (including, without limitation, all approvals, consents, waivers, authorizations, directions, inspections and the institution of any action), and the Series 2004 Bond Insurer shall have the right to approve any Swap for the Series 2004B Bonds.

Section 5.03 *Notices.*

(a) While the Series 2004 Bond Insurance Policy is in effect and the Series 2004 Bond Insurer is not in default of its obligations thereunder, the Authority or the Trustee, as appropriate, shall furnish to the Series 2004 Bond Insurer, upon request, at the Authority's expense, to the attention of the Surveillance Department, unless otherwise indicated, the following:

(1) a copy of any financial statement, audit and/or annual report of the Authority;

(2) a copy of any notice to be given to the registered owners of the Series 2004B Bonds, including, without limitation, notice of any redemption of or defeasance of the Series 2004B Bonds, and any certificate rendered pursuant to the Indenture relating to the security for the Series 2004B Bonds;

(3) a copy of any Annual Report or notice of material event delivered pursuant to the Continuing Disclosure Certificate; and

(4) such additional information as the Series 2004 Bond Insurer may reasonably request.

(b) While the Series 2004 Bond Insurance Policy is in effect and the Series 2004 Bond Insurer is not in default of its obligations thereunder, the Authority or the Trustee, as appropriate, shall furnish to the Series 2004 Bond Insurer, to the attention of the General Counsel's Office, unless otherwise indicated, the following:

(1) The Trustee or the Authority, as appropriate, shall notify the Series 2004 Bond Insurer of any failure of the Authority to provide any required notice or document; and

(2) Notwithstanding any other provision of the Indenture, the Trustee or the Authority, as appropriate, shall immediately notify the Series 2004 Bond Insurer if at any time there are insufficient moneys to make any payment of the Accreted Value of the Series 2004B Bonds as required and immediately upon the occurrence of any Event of Default.

(c) The Authority will permit the Series 2004 Bond Insurer to discuss the affairs, finances and accounts of the Authority or any information the

Series 2004 Bond Insurer may reasonably request regarding the security for the Series 2004B Bonds with appropriate officers of the Authority. The Trustee or the Authority, as appropriate, will permit the Series 2004 Bond Insurer to have access to and to make copies of all books and records relating to the Series 2004B Bonds at any reasonable time.

Section 5.04 ***[Reserved].***

Section 5.05 ***Defeasance.*** Notwithstanding anything in the Indenture to the contrary, in the event that the Accreted Value due on the Series 2004B Bonds shall be paid by the Series 2004 Bond Insurer pursuant to the Series 2004 Bond Insurance Policy, the Series 2004B Bonds shall remain Outstanding for all purposes, not be defeased or otherwise satisfied and not be considered paid by the Authority, and the assignment and pledge of the Trust Estate and all covenants, agreements and other obligations of the Authority to the Bondholders of the Series 2004B Bonds shall continue to exist and shall run to the benefit of the Series 2004 Bond Insurer, and the Series 2004 Bond Insurer shall be subrogated to the rights of such Bondholders.

Section 5.06 ***Payment Procedure.*** As long as the Series 2004 Bond Insurance Policy shall be in full force and effect and the Series 2004 Bond Insurer is not in default of its obligation to make payments thereunder, the Authority, the Trustee and any Paying Agent hereby agree to comply with the following provisions:

(a) At least one (1) Business Day prior to any date on which payment of the Final Compounded Amount of the Series 2004B Bonds is due, the Trustee or Paying Agent, if any, shall determine whether there will be sufficient funds in the Series 2004B Debt Service Fund to pay the Final Compounded Amount of the Series 2004B Bonds on such date. If the Trustee or Paying Agent, if any, determines that there will be insufficient funds in such Series 2004B Debt Service Fund, the Trustee or Paying Agent, if any, shall so notify the Series 2004 Bond Insurer. Such notice shall specify the amount of the anticipated deficiency, the Series 2004B Bonds to which such deficiency is applicable and whether such Series 2004B Bonds will be deficient as to the payment of the Final Compounded Amount. If the Trustee or Paying Agent, if any, has not so notified the Series 2004 Bond Insurer at least one (1) Business Day prior to the Principal Payment Date, the Series 2004 Bond Insurer will make payments of Final Compounded Amount due on the Series 2004B Bonds on or before the first (1st) Business Day next following the date on which the Series 2004 Bond Insurer shall have received notice of nonpayment from the Trustee or Paying Agent, if any.

(b) The Trustee or Paying Agent, if any, shall, after giving notice to the Series 2004 Bond Insurer as provided in (a) above, make available to the Series 2004 Bond Insurer and, at the Series 2004 Bond Insurer's direction, to The Bank of New York, in New York, New York, as insurance trustee for the Series 2004 Bond Insurer or any successor insurance trustee (the "Insurance Trustee"), the registration books of the Authority maintained by the Trustee or Paying Agent, if any, and all records relating to the funds and accounts

maintained under this Seven Supplemental Indenture or otherwise with respect to the Series 2004B Bonds.

(c) The Trustee or Paying Agent, if any, shall provide the Series 2004 Bond Insurer and the Insurance Trustee with a list of registered owners of the Series 2004B Bonds entitled to receive the Accreted Value from the Series 2004 Bond Insurer under the terms of the Series 2004 Bond Insurance Policy, and shall make arrangements with the Insurance Trustee to pay the Accreted Value upon the Series 2004B Bond surrendered to the Insurance Trustee by the registered owners of the Series 2004B Bonds entitled to receive full or partial payments on the Accreted Value, as applicable, from the Series 2004 Bond Insurer.

(d) The Trustee or Paying Agent, if any, shall, at the time it provides notice to the Series 2004 Bond Insurer pursuant to (a) above, notify the registered owners of the Series 2004B Bonds entitled to receive, as applicable, the payment of the Accreted Value thereon from the Series 2004 Bond Insurer (i) as to the fact of such entitlement, (ii) that should they be entitled to receive full payment of the Accreted Value from the Series 2004 Bond Insurer, they must surrender their Series 2004B Bonds (along with an appropriate instrument of assignment in form satisfactory to the Insurance Trustee to permit ownership of such Series 2004B Bonds to be registered in the name of the Series 2004 Bond Insurer) for payment to the Insurance Trustee, and not the Trustee or Paying Agent, if any, and (iii) that should they be entitled to receive partial payment of the Accreted Value from the Series 2004 Bond Insurer, they must surrender their Series 2004B Bonds for payment thereon first to the Trustee or Paying Agent, if any, who shall note on such Series 2004B Bonds the portion of the Accreted Value paid by the Trustee or Paying Agent, if any, and then, along with an appropriate instrument of assignment in form satisfactory to the Insurance Trustee, to the Insurance Trustee, which will then pay the unpaid portion of the Accreted Value.

(e) In the event that the Trustee or Paying Agent, if any, has notice that any payment of Accreted Value of a Series 2004B Bond which has become due for payment and which is made to a holder of a Series 2004B Bond by or on behalf of the Authority has been deemed a preferential transfer and theretofore recovered from its registered owner pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with the final, nonappealable order of a court having competent jurisdiction, the Trustee or Paying Agent, if any, shall, at the time the Series 2004 Bond Insurer is notified pursuant to (a) above, notify all registered owners that in the event that any registered owner's payment is so recovered, such registered owner will be entitled to payment from the Series 2004 Bond Insurer to the extent of such recovery if sufficient funds are not otherwise available, and the Trustee or Paying Agent, if any, shall furnish to the Series 2004 Bond Insurer its records evidencing the payments of Accreted Value of the Series 2004B Bonds which have been made by the

Trustee or Paying Agent, if any, and subsequently recovered from registered owners and the dates on which such payments were made.

(f) In addition to those rights granted the Series 2004 Bond Insurer under this Seven Supplemental Indenture, the Series 2004 Bond Insurer shall, to the extent it makes payment of Accreted Value of the Series 2004B Bonds, become subrogated to the rights of the recipients of such payments in accordance with the terms of the Series 2004 Bond Insurance Policy, and to evidence such subrogation, (i) in the case of subrogation as to claims for past due interest, the Trustee or Paying Agent, if any, shall note the Series 2004 Bond Insurer's rights as subrogee on the registration books of the Authority maintained by the Trustee or Paying Agent, if any, upon receipt from the Series 2004 Bond Insurer of proof of the payment of interest thereon to the registered owners of the Series 2004B Bonds, and (ii) in the case of subrogation as to claims for past due Accreted Value, the Trustee or Paying Agent, if any, shall note the Series 2004 Bond Insurer's rights as subrogee on the registration books of the Authority maintained by the Trustee or Paying Agent, if any, upon surrender of the Series 2004B Bonds by the registered owners thereof together with proof of the payment of Accreted Value thereof.

Section 5.07 *Trustee-Related Provisions.*

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

(b) Notwithstanding any other provision of this Seven Supplemental Indenture, no removal, resignation or termination of the Trustee or Paying Agent shall take effect until a successor, acceptable to Series 2004 Bond Insurer, shall be appointed.

Section 5.08 *Interested Parties.*

(a) To the extent that the Indenture confers upon or gives or grants to the Series 2004 Bond Insurer any right, remedy or claim under or by reason of the Indenture, the Series 2004 Bond Insurer is hereby explicitly recognized as being a third-party beneficiary thereunder and may enforce any such right, remedy, or claim conferred, given or granted thereunder.

(b) Nothing in this Seven Supplemental Indenture expressed or implied is intended or shall be construed to confer upon, or to give or grant to, any person or entity, other than the Authority, the Trustee, the Series 2004 Bond Insurer, the Paying Agent, if any, and the registered owners of the Series 2004B Bonds, any right, remedy or claim under or by reason of this Seven

Supplemental Indenture or any covenant, condition or stipulation hereof, and all covenants, stipulations, promises and agreements in this Seven Supplemental Indenture contained by and on behalf of the Authority shall be for the sole and exclusive benefit of the Authority, the Trustee, the Series 2004 Bond Insurer, the Paying Agent, if any, and the registered owners of the Series 2004B Bonds.

ARTICLE VI MISCELLANEOUS

Section 6.01 *Notices.*

(a) Any notice, request, direction, designation, consent, acknowledgment, certification, appointment, waiver or other communication required or permitted by this Seventh Supplemental Indenture or the Series 2004B Bonds must be in writing except as expressly provided otherwise in this Seventh Supplemental Indenture.

(b) Any notice or other communication, unless otherwise specified, shall be sufficiently given and deemed given when (i) mailed by first-class mail, postage prepaid, addressed to the Authority or the Trustee at the addresses provided in the Master Indenture, (ii) delivered by hand and received by the Authority or the Trustee at the addresses provided in the Master Indenture or (iii) sent by facsimile to the Authority or the Trustee at the number provided in the Master Indenture, provided the machine receiving such facsimile is equipped with automatic answer-back capacity. Any addressee may designate additional or different addresses for purposes of this Section.

Section 6.02 ***Modification of this Seventh Supplemental Indenture.*** The Authority may, from time to time and at any time, execute and deliver Supplemental Indentures supplementing and/or amending this Seventh Supplemental Indenture in the manner set forth in Article VIII of the Master Indenture.

Section 6.03 ***Severability.*** If any provision of this Seventh Supplemental Indenture shall be determined to be unenforceable, that shall not affect any other provision of this Seventh Supplemental Indenture.

Section 6.04 ***Payments or Actions Occurring on Non-Business Days.*** If a payment date is not a Business Day at the place of payment or if any action required hereunder is required on a date that is not a Business Day, then payment may be made at that place on the next Business Day or such action may be taken on the next Business Day with the same effect as if payment were made or the action taken on the stated date, and no interest shall accrue for the intervening period.

Section 6.05 ***Governing Law.*** This Seventh Supplemental Indenture shall be governed by and construed in accordance with the laws of the State.

Section 6.06 **Captions.** The captions in this Seventh Supplemental Indenture are for convenience only and do not define or limit the scope or intent of any provisions or Sections of this Seventh Supplemental Indenture.

Section 6.07 **Counterparts.** This Seventh Supplemental Indenture may be signed in several counterparts. Each will be an original, but all of them together constitute the same instrument.

[Remainder of this page intentionally left blank.]

IN WITNESS WHEREOF, the parties hereto have caused this Seventh Supplemental Indenture to be duly executed all as of the date first above written.

**ALAMEDA CORRIDOR TRANSPORTATION
AUTHORITY**

Attest:

By: _____
Chief Executive Officer

By: _____
Secretary of the
Authority Governing Board

**U.S. BANK NATIONAL ASSOCIATION
as Trustee**

By: _____
Vice President