

**\$275,000,000**  
**CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK**  
**Variable Rate Revenue Bonds**  
**(The J. Paul Getty Trust)**  
**Series 2003A, Series 2003B, Series 2003C and Series 2003D**

**Dated: Date of Delivery****Price: 100%****Due: April 1, 2033**

The California Infrastructure and Economic Development Bank Variable Rate Revenue Bonds (The J. Paul Getty Trust) Series 2003A, Series 2003B, Series 2003C and Series 2003D (collectively the "Bonds" and each a "Series of Bonds") will be issued pursuant to the terms of the Indenture (as defined herein). The Bonds are being issued by the California Infrastructure and Economic Development Bank (the "Infrastructure Bank"), which will loan the proceeds of the Bonds to



**The J. Paul Getty Trust**

(the "Getty Trust") pursuant to the Loan Agreement (as defined herein). The Bonds will be paid from payments that the Getty Trust makes pursuant to the Loan Agreement. The proceeds of the Bonds will be applied to provide funds that the Getty Trust will use to finance and refinance (including refunding certain outstanding commercial paper notes) a portion of the construction and improvement costs of certain facilities of the Getty Trust located at the Getty Villa site (the "Project" or "Getty Villa Project") and pay costs incurred in connection with the issuance of the Bonds. See the sections entitled "ESTIMATED SOURCES AND USES OF PROCEEDS" and "THE PROJECT" herein.

Each Series of Bonds will accrue interest at the Initial Interest Rate from the Date of Delivery to May 12, 2004 (the "Initial Interest Period"). The Initial Interest Rate will be determined prior to the Date of Delivery of the Bonds. On May 13, 2004, the day following the Initial Interest Period, the Bonds will be subject to a mandatory tender. Unless the Getty Trust otherwise directs in writing, following the Initial Interest Period the Series 2003A Bonds and the Series 2003B Bonds will convert to the Weekly Mode and the Series 2003C Bonds and the Series 2003D Bonds will convert to the Daily Mode. Interest accruing during the Initial Interest Period will be payable on November 15, 2003 and May 13, 2004. There is no optional right to tender Bonds for purchase during the Initial Interest Period. Also see the inside cover for information regarding the aggregate principal amount of and other information regarding each Series of Bonds.

A Series of Bonds in the Weekly Mode will accrue interest at the Weekly Rate from and including each Thursday to and including the following Wednesday. A Series of Bonds in the Daily Mode will accrue interest at the Daily Rate from and including each Rate Determination Date (generally, each Business Day) to the following Rate Determination Date. Interest on a Series of Bonds in the Weekly Mode or the Daily Mode will be payable on the first Business Day of each month. The Weekly Rates and the Daily Rates will be determined by the Remarketing Agents as described herein.

Under the Indenture, after the Initial Interest Period, any Series of Bonds may be converted to a Daily Mode, a Weekly Mode, an Auction Mode, a Commercial Paper Mode or a Fixed Rate Mode.

The Bonds will be issued in book-entry form only and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Bonds. Purchases of beneficial interests in the Bonds will be made in book-entry-only form. During the Initial Interest Period, each Series of Bonds will be in denominations of \$100,000 and any integral multiple of \$5,000 in excess thereof. A Series of Bonds in the Weekly Mode, the Daily Mode or the Commercial Paper Mode will be in denominations of \$100,000 and any integral multiple of \$1,000 in excess thereof. Purchasers of the Bonds will not receive physical certificates (except under certain circumstances described in the Indenture) representing their ownership interests in the Bonds purchased. Upon receipt of payments of principal, premium, if any, purchase price and interest on the Bonds, DTC will in turn distribute such payments to the beneficial owners of the Bonds, as more fully described herein. See Appendix F - "BOOK-ENTRY ONLY SYSTEM" attached hereto.

The Bonds are subject to optional and mandatory redemption and mandatory tender for purchase as described herein. A Series of Bonds in the Weekly Mode or the Daily Mode will be subject to optional tender for purchase as described herein. See the sections entitled "THE BONDS - Redemption" and " - Optional Tender and Mandatory Purchase" herein. While any Series of Bonds is in an Auction Mode, such Bonds will not be subject to optional tender for purchase, nor will they be purchased in the event of a "failed" auction (although they will be subject to mandatory tender upon conversion to a different Mode, provided certain conditions to conversion are satisfied, all as described herein).

The Getty Trust will provide its own liquidity in connection with mandatory and optional tenders and remarketing of the Bonds (and the Getty Trust plans not to provide any third-party liquidity facility to support this obligation). See the section entitled "SECURITY FOR THE BONDS" herein.

**THE BONDS ARE LIMITED OBLIGATIONS OF THE INFRASTRUCTURE BANK AND ARE NOT A LIEN OR CHARGE UPON THE FUNDS OR PROPERTY OF THE INFRASTRUCTURE BANK, EXCEPT TO THE EXTENT OF THE PLEDGE AND ASSIGNMENT OF REVENUES AND FROM CERTAIN AMOUNTS HELD UNDER THE INDENTURE. NEITHER THE STATE OF CALIFORNIA NOR THE INFRASTRUCTURE BANK SHALL BE OBLIGATED TO PAY THE PRINCIPAL OF THE BONDS, PREMIUM, IF ANY, OR THE INTEREST THEREON, EXCEPT FROM REVENUES RECEIVED BY THE INFRASTRUCTURE BANK. NEITHER THE FULL FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF CALIFORNIA IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON, THE BONDS. THE INFRASTRUCTURE BANK HAS NO TAXING POWER. THE BONDS ARE NOT A DEBT OF THE STATE OF CALIFORNIA AND SAID STATE IS NOT LIABLE FOR PAYMENT THEREOF. ALTHOUGH THE BONDS ARE ISSUED BY THE INFRASTRUCTURE BANK, THE BONDS SHOULD BE VIEWED FOR CREDIT PURPOSES AS DIRECT OBLIGATIONS OF THE GETTY TRUST.**

**This cover page contains certain information for quick reference only. It is not intended to be a summary of this issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.**

In the opinion of Orrick, Herrington & Sutcliffe LLP, Sacramento, California, Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions and assuming, among other matters, compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from State of California personal income taxes. In the further opinion of Bond Counsel, interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Bond Counsel observes that such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds. See the section entitled "TAX MATTERS" herein.

The Bonds are offered by the Underwriters, when, as and if issued by the Infrastructure Bank and accepted by the Underwriters subject to the approval of validity by Orrick, Herrington & Sutcliffe LLP, Sacramento, California, Bond Counsel, and subject to certain other conditions. Certain legal matters will be passed upon for the Underwriters by their counsel, Hawkins, Delafield & Wood, San Francisco, California, for the Infrastructure Bank by its counsel, Brooke Bassett, Esq., and for the Getty Trust by its vice president, general counsel and secretary, Peter C. Erichsen, Esq., and by its outside counsel, O'Melveny & Myers LLP, and its special tax counsel, Caplin & Drysdale, Chartered, Washington, D.C. It is expected that the Bonds will be available for delivery to DTC in New York, New York on or about May 15, 2003.

**MORGAN STANLEY**

**JPMORGAN**

Dated: May 7, 2003

**\$275,000,000**  
**California Infrastructure and Economic Development Bank**  
**Variable Rate Revenue Bonds**  
**(The J. Paul Getty Trust)**

<b>Series</b>	<b>Par Amount</b>	<b>Proposed Mode following First Mandatory Purchase Date*</b>	<b>Remarketing Agent*</b>
2003A	\$85,000,000	Weekly Mode	Morgan Stanley
2003B	80,000,000	Weekly Mode	Morgan Stanley
2003C	55,000,000	Daily Mode	J.P. Morgan Securities Inc.
2003D	55,000,000	Daily Mode	J.P. Morgan Securities Inc.

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\* With respect to the first Mandatory Purchase Date, the Getty Trust has the right to direct that any Series of Bonds convert to a different Mode than the Mode listed above. See "THE BONDS - Change of Mode" herein.

This Official Statement does not constitute an offer to sell the Bonds in any jurisdiction in which or to any person to whom it is unlawful to make such an offer. No dealer, salesperson or other person has been authorized by the Morgan Stanley & Co. Incorporated or J.P. Morgan Securities Inc. (together, the "Underwriters"), the Infrastructure Bank, or the Getty Trust, to give any information or to make any representations, other than those contained herein, in connection with the offering of the Bonds and, if given or made, such information or representations must not be relied upon.

The information set forth in the sections entitled "THE INFRASTRUCTURE BANK" and "ABSENCE OF MATERIAL LITIGATION - The Infrastructure Bank" have been obtained from the Infrastructure Bank. All other information set forth herein has been obtained from the Getty Trust and other sources. Estimates and opinions are included and should not be interpreted as statements of fact. Summaries of documents do not purport to be complete statements of their provisions. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder will, under any circumstances, create any implication that there has been no change in the affairs of the Infrastructure Bank or the Getty Trust since the date hereof.

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their responsibility to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

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**IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.**

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## **OFFICIAL STATEMENT**

**\$275,000,000**

**CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK  
VARIABLE RATE REVENUE BONDS  
(THE J. PAUL GETTY TRUST)  
SERIES 2003A, SERIES 2003B, SERIES 2003C AND SERIES 2003D**

### **INTRODUCTION**

This Introduction contains only a brief summary of certain of the terms of the Bonds being offered and a brief description of the Official Statement. All statements contained in this introduction are qualified in their entirety by reference to the entire Official Statement. References to, and summaries of, provisions of the Indenture, the Loan Agreement and any documents referred to herein do not purport to be complete and such references are qualified in their entirety by reference to the complete provisions of such documents.

#### **Purpose of the Bonds and the Project**

The California Infrastructure and Economic Development Bank (the "Infrastructure Bank") will lend the proceeds of the California Infrastructure and Economic Development Bank Variable Rate Revenue Bonds (The J. Paul Getty Trust), Series 2003A (the "Series 2003A Bonds"), Series 2003B (the "Series 2003B Bonds"), Series 2003C (the "Series 2003C Bonds") and Series 2003D (the "Series 2003D Bonds," and collectively with the Series 2003A Bonds, Series 2003B Bonds and Series 2003C Bonds, the "Bonds" and each a "Series of Bonds") to The J. Paul Getty Trust (the "Getty Trust") pursuant to a Loan Agreement (the "Loan Agreement"), dated as of May 1, 2003, between the Infrastructure Bank and the Getty Trust, to provide funds that the Getty Trust will use to finance and refinance (including refunding certain outstanding commercial paper notes) a portion of the renovation and improvement costs of certain facilities of the Getty Trust (the "Getty Villa Project") and pay costs incurred in connection with the issuance of the Bonds. The Getty Villa Project consists of the renovation of, and construction of certain improvements to, the Getty Trust's museum facilities known as the Getty Villa in Malibu, California. See the sections entitled "ESTIMATED SOURCES AND USES OF PROCEEDS" and "THE PROJECT" herein.

#### **The Getty Trust**

The Getty Trust, a California charitable trust and private operating foundation, is an international cultural and philanthropic institution devoted to the visual arts and the humanities based at the Getty Center in Los Angeles, California. Important information on the financial condition of the Getty Trust is set forth in Appendix A – "THE J. PAUL GETTY TRUST" and in Appendix B – "FINANCIAL STATEMENTS OF THE GETTY TRUST FOR THE YEARS ENDING JUNE 30, 2002 AND 2001" attached hereto which should each be read in its entirety.

#### **The Bonds**

The Bonds will be issued pursuant to the provisions of the Bergeson–Peace Infrastructure and Economic Development Bank Act, constituting Division 1 of Title 6.7 of the California

Government Code (commencing at Section 63000 thereof), as amended or supplemented (the "Act"), and an Indenture (the "Indenture"), dated as of May 1, 2003, between the Infrastructure Bank and Wells Fargo Bank, National Association, as trustee (the "Bond Trustee"). The Bonds are dated their date of delivery and are issuable as fully registered Bonds in denominations of (i) \$100,000 and any integral multiple of \$1,000 in excess thereof, with respect to Bonds in a Daily Mode, a Weekly Mode or a Commercial Paper Mode, and (ii) \$25,000 and any integral multiple thereof, with respect to Bonds in an Auction Mode, (iii) \$5,000 and any integral multiple thereof, with respect to Bonds in the Fixed Rate Mode and (iv) \$100,000 and any integral multiple of \$5,000 in excess thereof, with respect to Bonds during the Initial Interest Period. The Bonds are subject to redemption and tender as set forth in the Indenture as summarized herein.

The Bonds will be registered in the name of "Cede & Co.," as nominee of the Securities Depository and will be evidenced by one Bond in the total aggregate principal amount of each Series of Bonds. See Appendix F – "BOOK-ENTRY ONLY SYSTEM" attached hereto.

### **Initial Interest Period**

Each Series of Bonds will accrue interest at the Initial Interest Rate from the Date of Delivery to and including May 12, 2004 (the "Initial Interest Period"). The Initial Interest Rate will be determined prior to the Date of Delivery of the Bonds. On May 13, 2004, the day following the Initial Interest Period, the Bonds will be subject to a mandatory tender. Unless the Getty Trust otherwise directs in writing, the Series A Bonds and the Series B Bonds will convert to the Weekly Mode and the Series C Bonds and Series D Bonds will convert to the Daily Mode. Interest accruing during the Initial Interest Period will be payable on November 15, 2003 and May 13, 2004. There is no optional right to tender Bonds for purchase and the Bonds are not subject to optional redemption during the Initial Interest Period. Also see the inside cover for information regarding the aggregate principal amount of and other information regarding each Series of Bonds.

### **Security for the Bonds**

Under the Indenture, the Bonds are secured by a pledge of the Revenues. The Revenues consist principally of the Loan Repayments to be made by the Getty Trust under the Loan Agreement. The Getty Trust also agrees to pay the purchase price of any Bonds tendered for purchase under the Indenture. See "THE BONDS – Optional Tender and Mandatory Purchase" herein. The Getty Trust's obligation to make payments under the Loan Agreement is an unsecured, general obligation of the Getty Trust. See the section entitled "SECURITY FOR THE BONDS" herein.

THE BONDS ARE LIMITED OBLIGATIONS OF THE INFRASTRUCTURE BANK AND ARE NOT A LIEN OR CHARGE UPON THE FUNDS OR PROPERTY OF THE INFRASTRUCTURE BANK, EXCEPT TO THE EXTENT OF THE PLEDGE AND ASSIGNMENT OF REVENUES AND CERTAIN AMOUNTS HELD UNDER THE INDENTURE. NEITHER THE STATE OF CALIFORNIA NOR THE INFRASTRUCTURE BANK SHALL BE OBLIGATED TO PAY THE PRINCIPAL OF THE BONDS, PREMIUM, IF ANY, OR THE INTEREST THEREON, EXCEPT FROM REVENUES RECEIVED BY THE INFRASTRUCTURE BANK. NEITHER THE FULL FAITH AND CREDIT NOR THE



TAXING POWER OF THE STATE OF CALIFORNIA IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON, THE BONDS. THE INFRASTRUCTURE BANK HAS NO TAXING POWER. THE BONDS ARE NOT A DEBT OF THE STATE OF CALIFORNIA AND SAID STATE IS NOT LIABLE FOR PAYMENT THEREOF. ALTHOUGH THE BONDS ARE ISSUED BY THE INFRASTRUCTURE BANK, THE BONDS SHOULD BE VIEWED FOR CREDIT PURPOSES AS DIRECT OBLIGATIONS OF THE GETTY TRUST.

### **Outstanding Indebtedness**

Upon delivery of the Bonds and after taking into account the amount of Getty CP Notes (described below) to be retired with a portion of the proceeds of the Bonds, the Getty Trust is expected to have a total principal amount of approximately \$442,800,000 of long-term debt and commercial paper debt outstanding (including the Bonds).

As of May 1, 2003, the Getty Trust has payment and other obligations with respect to \$98,500,000 outstanding principal amount of California Statewide Communities Development Authority Certificates of Participation (the "Getty Center COPs"). The Getty Center COPs financed a portion of the construction of the Getty Center facility in Los Angeles, California. The final payment date for the Getty Center COPs is October 1, 2023. The Getty Trust's obligation with respect to the Getty Center COPs is an unsecured, general obligation of the Getty Trust.

The Getty Trust also has payment and other obligations with respect to Tax-Exempt Commercial Paper Notes issued from time to time by the Infrastructure Bank at the request of the Getty Trust (the "Getty CP Notes"). Upon request of the Getty Trust, there may be up to \$225,000,000 principal amount of Getty CP Notes outstanding at any given time under current authorization. As of May 1, 2003, there was \$158,000,000 principal amount of Getty CP Notes outstanding, approximately \$88,700,000 of which is expected to be retired with a portion of the proceeds of the Bonds. The proceeds from Getty CP Notes may be used by the Getty Trust to finance (i) renovation of the Getty Villa and (ii) capital projects at the Getty Center and the acquisition of art and archival materials to be displayed at the Getty Villa or the Getty Center. The Getty Trust's obligation with respect to the Getty CP Notes is an unsecured, general obligation of the Getty Trust. See also Appendix A – "THE J. PAUL GETTY TRUST – THE GETTY TRUST FINANCIAL OPERATIONS – Outstanding Debt" attached hereto.

### **Liquidity For Tenders and Remarketing**

The Getty Trust will provide liquidity in connection with mandatory and optional tenders and remarketing of the Bonds. The Getty Trust plans not to provide any third party liquidity facility or credit facility. The Getty Trust may decide at its sole option to provide a liquidity facility in connection with tenders in the future. **While any Series of Bonds is in the Auction Mode, such Bonds will not be subject to optional tender for purchase, nor will they be purchased in the event of a "failed" auction.** See "THE BONDS – Optional Tender and Mandatory Purchase" and "– Remarketing" herein.

## **Certain Information Related to this Official Statement**

The descriptions herein of the Indenture, the Loan Agreement, and other agreements relating to the Bonds are qualified in their entirety by reference to such documents, and the description herein of the Bonds is qualified in its entirety by the form thereof and the information with respect thereto included in such documents. See Appendix C - "SUMMARY OF PRINCIPAL DOCUMENTS" for a brief summary of the rights and duties of the Infrastructure Bank and the Bond Trustee, the rights and remedies of the Bond Trustee and the Bondholders upon an event of default, and provisions relating to amendments of the Indenture and procedures for defeasance of the Bonds. See Appendix D – "AUCTION PROCEDURES" for a brief summary of the Auction Procedures.

All capitalized terms used in this Official Statement and not otherwise defined herein have the same meanings as in the Indenture. See Appendix C – "SUMMARY OF PRINCIPAL DOCUMENTS" under the heading "Definitions of Certain Terms" for definitions of certain words and terms used but not otherwise defined herein. See also Appendix D – "AUCTION PROCEDURES" for definitions of certain words and terms relating to the Auction Procedures.

The information and expressions of opinion herein speak only as of their date and are subject to change without notice. Neither delivery of this Official Statement nor any sale made hereunder nor any future use of this Official Statement will, under any circumstances, create any implication that there has been no change in the affairs of the Infrastructure Bank or the Getty Trust.

### **THE INFRASTRUCTURE BANK**

The Infrastructure Bank is an entity within the Technology, Trade and Commerce Agency of the State of California, organized and existing pursuant to the Act. The Infrastructure Bank is further authorized and empowered pursuant to the Act to issue the Bonds, to loan the proceeds thereof to the Getty Trust, to secure the Bonds by a pledge of certain amounts payable by the Getty Trust under the Loan Agreement and to enter into the Loan Agreement and the Indenture.

The Infrastructure Bank is governed by a three-member board of directors consisting of the Secretary of the Technology, Trade and Commerce Agency who serves as Chair, the State Director of Finance and the State Treasurer. The directors serve without compensation. The Infrastructure Bank has no taxing power.

The Bonds are limited obligations of the Infrastructure Bank payable solely from Revenues received by the Infrastructure Bank and the other funds pledged therefor under the Indenture. Except for the statements and information set forth in this section and "ABSENCE OF MATERIAL LITIGATION - The Infrastructure Bank," the Infrastructure Bank makes no representations with respect to the accuracy or completeness of the statements and information set forth herein.

## **ESTIMATED SOURCES AND USES OF PROCEEDS**

The proceeds of the Bonds will be used for the purposes described in the sections entitled "INTRODUCTION–Purpose of the Bonds and the Project" and "THE PROJECT" herein. The estimated sources and uses of the proceeds of the Bonds are shown below.

### **SOURCES:**

Principal Amount of Bonds..... \$ 275,000,000

### **USES:**

Project Fund<sup>(1)</sup> ..... \$ 184,859,657  
Retire a portion of Getty CP Notes<sup>(2)</sup> ..... 88,700,000  
Costs of Issuance<sup>(3)</sup> ..... 1,440,343  
  
TOTAL USES ..... \$ 275,000,000

<sup>(1)</sup> The Project is estimated to cost a total of \$288 million. Costs of the Project in excess of the amount to be financed with the proceeds of the Bonds will be funded from cash and investments of the Getty Trust. See Appendix A – "THE J. PAUL GETTY TRUST – THE GETTY VILLA PROJECT."

<sup>(2)</sup> To be used to retire the portion of the Getty CP Notes used to provide interim financing for the Project.

<sup>(3)</sup> Costs of issuance include rating agency, legal, financial advisory, printing costs, underwriters' discount, issuer fees and other miscellaneous expenses.

## **THE PROJECT**

The proceeds of the Bonds will be applied to provide funds that the Getty Trust will use to finance and refinance (including refunding certain outstanding commercial paper notes) a portion of the construction and improvement costs of certain facilities of the Getty Trust located at the Getty Villa site (the "Project" or "Getty Villa Project") and pay costs incurred in connection with the issuance of the Bonds. Major components of the Getty Villa Project include renovation of the Getty Villa Museum and Getty Villa Ranch House, refurbishment of the subterranean parking structure, upgrading and installation of new roads, repair of the East Side Slide, and construction of the following new structures: a central plant, an auditorium, an outdoor theater, an entry court, a new conservation laboratory, an office building, and two parking structures. The Getty Villa when completed will house the Getty Trust's collection of Greek and Roman antiquities and be a center for the study of classical art and culture. The Getty Villa complex is scheduled to reopen to the public in 2005. See Appendix A – "THE J. PAUL GETTY TRUST – THE GETTY VILLA PROJECT" attached hereto.

## **THE BONDS**

### **Description of the Bonds**

The Bonds will be dated the date of their original issuance and will mature (subject to prior redemption) on April 1, 2033. The Bonds will be delivered in the form of fully registered Bonds in denominations of (i) \$100,000 and any integral multiple of \$1,000 in excess thereof, with respect to Bonds in a Daily Mode, a Weekly Mode or a Commercial Paper Mode, (ii) \$25,000 and any integral multiple thereof, with respect to Bonds in an Auction Mode, (iii)

\$5,000 and any integral multiple thereof, with respect to Bonds in the Fixed Rate Mode and (iv) \$100,000 and any integral multiple of \$5,000 in excess thereof, with respect to Bonds during the Initial Interest Period. The Bonds will be registered in the name of "Cede & Co.," as nominee of the Securities Depository and will be evidenced by one bond in the total aggregate principal amount of each Series of the Bonds. Registered ownership of the Bonds, or any portion thereof, may not thereafter be transferred except as set forth in the Indenture. See Appendix F – "BOOK-ENTRY ONLY SYSTEM" attached hereto.

Each Series of Bonds will accrue interest at the Initial Interest Rate from the date of delivery of the Bonds to and including May 12, 2004, the last day of the Initial Interest Period. On May 13, 2004, the day following the Initial Interest Period, the Bonds will be subject to mandatory purchase in accordance with the Indenture. Unless otherwise directed in a Request of the Getty Trust delivered to the Infrastructure Bank and the Trustee no later than fifteen days prior to the last day of the Initial Interest Period, the Series 2003A and Series 2003B Bonds will convert on May 13, 2004 to the Weekly Mode and the Series 2003C and 2003D Bonds will convert on May 13, 2004 to the Daily Mode. Interest accruing during the Initial Interest Period will be paid by the Trustee on November 15, 2003 and May 13, 2004. There is no optional right to tender Bonds for purchase and the Bonds are not subject to optional redemption during the Initial Interest Period.

A Series of Bonds in the Weekly Mode will accrue interest at the Weekly Rate from and including each Thursday to and including the following Wednesday. Interest on a Series of Bonds in the Weekly Mode will be payable on the first Business Day of each month. The Weekly Interest Rates will be determined by the Remarketing Agents as described below under "Determination of Interest Rates." "Business Day" under the Indenture means (i) any day other than (A) a Saturday or Sunday or legal holiday or a day on which banking institutions in the city or cities in which the designated office of the Bond Trustee or the designated office of the Tender Agent or the Liquidity Facility Provider (if any), are located are authorized by law or executive order to close or (B) a day on which the New York Stock Exchange or any Remarketing Agent is closed or (ii) during an Auction Rate Period, solely for purposes of conducting an Auction, any other day or days as may be agreed to in writing by the Auction Agent, the Broker-Dealers, the Bond Trustee and the Getty Trust.

A Series of Bonds in the Daily Mode will accrue interest at the Daily Rate from and including each Rate Determination Date (generally, each Business Day) to the following Rate Determination Date. Interest on a Series of Bonds in the Daily Mode will be payable on the first Business Day of each month. The Daily Rates will be determined by the Remarketing Agents as described below under "Determination of Interest Rates."

A Series of Bonds in any Mode (other than the Fixed Rate Mode) may be changed to any other Mode at the times and in the manner provided in the Indenture.

Interest on each Series of Bonds for the immediately preceding Interest Payment Period is payable on each Interest Payment Date for such Series of Bonds. "Interest Payment Period" means the period commencing on the last Interest Payment Date to which interest has been paid (or, if no interest has been paid in such Mode, from the date of original issuance of the Bonds, or the Mode Change Date, as the case may be) to, but not including, the Interest Payment Date on

which interest is to be paid. "Interest Payment Date" means: (A)(1) with respect to Bonds of any Series in a Commercial Paper Mode, the Purchase Date; (2) with respect to Bonds of any Series in a Daily Mode or a Weekly Mode, the first Business Day of each month; (3) with respect to Bonds of any Series in the Fixed Rate Mode, each April 1 and October 1; (4) for the Initial Interest Period, November 15, 2003 and May 13, 2004; (B) with respect to Bonds of any Series in the Auction Mode, (i) for an Auction Period of 91 days or less, the Business Day immediately succeeding the last day of such Auction Period and (ii) for an Auction Period of more than 91 days, each 13th Wednesday after the first day of such Auction Period and the Business Day immediately succeeding the last day of such Auction Period, provided that the Interest Payment Date may be changed in accordance with the Indenture; and (C) the Mode Change Date for such Bond.

Interest will be calculated on the basis of (i) a 365- or 366-day year, as applicable, for the number of days actually elapsed, during the Initial Interest Period, a Weekly Mode, a Daily Mode or a Commercial Paper Mode, (ii) a 360-day year for the number of days actually elapsed during an Auction Mode and (iii) a 360-day year of twelve 30-day months during and the Fixed Rate Mode. Any such interest not so punctually paid or duly provided for will forthwith cease to be payable to the Bondholder on such Record Date and will be paid to the Person in whose name the Bond is registered at the close of business on a "Special Record Date" for the payment of such defaulted interest to be fixed by the Bond Trustee, notice whereof being given by first class mail to the Bondholders not less than ten (10) days prior to such Special Record Date. "Record Date" means (i) with respect to Bonds of any Series in a Weekly Mode, a Daily Mode or a Commercial Paper Mode, the day (whether or not a Business Day) immediately preceding each Interest Payment Date, (ii) with respect to Bonds of any Series in the Auction Mode, the second Business Day preceding an Interest Payment date for such Interest Period and (iii) with respect to Bonds of any Series in the Initial Interest Period or the Fixed Rate Mode, the fifteenth (15th) day (whether or not a Business Day) of the month immediately preceding each Interest Payment Date.

The principal or redemption price of a Series of Bonds will be payable by check in lawful money of the United States of America at the Designated Office of the Bond Trustee. Payment of the interest on each Interest Payment Date on (i) any Bond in a Weekly Mode, a Daily Mode, an Auction Mode or a Commercial Paper Mode or with respect to the Initial Interest Period will be made by wire transfer in immediately available funds to the Person whose name appears on the registration books of the Bond Trustee as the Holder thereof as of the close of business on the Record Date for such Interest Payment Date to an account within the United States designated by such Holder and (ii) any Bond in the Fixed Rate Mode will be made to the Person whose name appears on the bond registration books of the Bond Trustee as the Holder thereof as of the close of business on the Record Date for each Interest Payment Date, such interest to be paid by check mailed by first class mail to such Holder at its address as it appears on such registration books, or, upon the written request of any Holder of at least \$1,000,000 in aggregate principal amount of a Series of Bonds, submitted to the Bond Trustee at least one Business Day prior to the Record Date, by wire transfer in immediately available funds to an account within the United States designated by such Holder. As long as Cede & Co. is the Holder of all or part of the Bonds in book-entry form, said principal and interest payments will be made to Cede & Co. by wire transfer in immediately available funds.

## **Change of Mode**

All Bonds of each Series must be in the same Mode. While in the Initial Interest Period, an Auction Mode, a Weekly Mode, a Daily Mode or the Fixed Rate Mode, the Series of Bonds will bear interest at the same interest rate. While a Series of Bonds is in a Commercial Paper Mode, Bonds of such Series may bear interest at different rates at the same time. Other than following a change to the Fixed Rate Mode, a Series of Bonds may be changed to a different Mode at the times and in the manner provided in the Indenture. If a Series of Bonds is converted to a Fixed Rate Mode, the Fixed Rate Mode will remain in effect until the maturity date of the Bonds, or acceleration thereof prior to maturity, and may not be changed to any other Mode.

## **Determination of Interest Rates**

Each Series of Bonds will accrue interest at the Initial Interest Rate during the Initial Interest Period. The Initial Interest Rate will be determined prior to the date of delivery of the Bonds. See the inside cover for information regarding the Initial Interest Period and the planned Modes following the Initial Interest Period for each Series of Bonds.

***Weekly Mode and Daily Mode.*** Interest on any Series of Bonds in a Weekly Mode or a Daily Mode will accrue at the rate of interest per annum determined by the Remarketing Agent of such Series on and as of the Rate Determination Date as the minimum rate of interest which, in the opinion of the Remarketing Agent as of the Rate Determination Date under then-existing market conditions, would result in the sale of the Bonds of such Series on the Rate Determination Date at a price equal to the Purchase Price.

Weekly Mode. During the Weekly Mode, the Remarketing Agent for any Series in the Weekly Mode is required to establish the Weekly Rate by 4:00 p.m. New York City time on each Rate Determination Date. The Weekly Rate will be in effect (1) initially, from and including the first day the Series of Bonds becomes subject to the Weekly Mode to and including the following Wednesday and (2) thereafter, from and including each Thursday to and including the following Wednesday. The Remarketing Agent will make the Weekly Rate available after 4:00 p.m. New York City time on the Rate Determination Date by telephone to any Holder, the Infrastructure Bank, the Tender Agent or the Bond Trustee.

Daily Mode. During the Daily Mode, the Remarketing Agent for any Series of Bonds in the Daily Mode is required to establish the Daily Rate by 10:30 a.m. New York City time on each Business Day. The Daily Rate for any day during the Daily Mode which is not a Business Day shall be the Daily Rate established on the immediately preceding Business Day. The Remarketing Agent shall make the Daily Rate available by telephone to any Holder or the Infrastructure Bank, the Bond Trustee, the Tender Agent and the Liquidity Facility Provider (if any). On the last Business Day of each month, the Remarketing Agent shall give notice to the Bond Trustee of the Daily Rates that were in effect for each day of such month by Electronic Means.

***Auction Mode.*** The Auction Rate will be determined pursuant to the Auction Procedures on the Business Day preceding the first day of the related Auction Period by the Auction Agent

to remain in effect until the end of such Auction Period. See Appendix D – "AUCTION PROCEDURES" attached hereto.

***Commercial Paper Mode.*** During each Commercial Paper Rate Period with respect to Bonds of a Series in a Commercial Paper Mode, each Bond of such Series shall bear interest during each Commercial Paper Rate Period for such Bond at the Commercial Paper Rate for such Bond. The Commercial Paper Rate Period and the Commercial Paper Rate for each Bond need not be the same for any two Bonds, even if determined on the same date. Each of such Commercial Paper Rate Periods and Commercial Paper Rates for each Bond shall be determined by the Remarketing Agent for such Series no later than the first day of each Commercial Paper Rate Period. Each Commercial Paper Rate Period for each Bond in such Mode shall be a period of not more than two hundred seventy (270) days, determined by the Remarketing Agent to be the period which, together with all other Commercial Paper Rates for all Bonds of the applicable Series then Outstanding, will result in the lowest overall interest expense on the Bonds of such Series under then-existing market conditions over the next succeeding twelve-month period. Each Commercial Paper Rate Period shall end on either a day which immediately precedes a Business Day or on the day immediately preceding the maturity date. If, for any reason, a Commercial Paper Rate Period for any Bond cannot be so determined by the Remarketing Agent, or if the determination of such Commercial Paper Rate Period is held by a court of law to be invalid or unenforceable, then such Commercial Paper Rate Period shall be thirty (30) days, but if the last day so determined shall not be a day immediately preceding a Business Day, shall end on the first day immediately preceding the Business Day next succeeding such last day, or if such last day would be after the day immediately preceding the maturity date, shall end on the day immediately preceding the maturity date.

The Commercial Paper Rate for a Series of Bonds in such Mode during a Commercial Paper Rate Period shall be the rate of interest per annum determined by the Remarketing Agent to be the minimum interest rate which, if borne by such Bond, would enable the Remarketing Agent to sell such Bond on the effective date of such rate at a price (without regarding accrued interest) equal to the principal amount thereof.

On or after 4:00 p.m. New York City time on the Business Day next preceding each Rate Determination Date for a Series of Bonds in the Commercial Paper Mode, any Holder of such Bonds may telephone the Remarketing Agent and receive notice of the anticipated next Interest Period(s) and the anticipated Commercial Paper Rate(s) for such Interest Period(s). By 12:30 p.m. New York City time on each Rate Determination Date, the Remarketing Agent, with respect to each Bond in the Commercial Paper Mode which is subject to adjustment on such date, will determine the Commercial Paper Rate(s) for the Interest Periods then selected for such Bond and the Purchase Date and will give notice by Electronic Means to the Tender Agent and the new Holders of the Interest Period, the Purchase Date(s) and the Commercial Paper Rate(s). By acceptance of any Bond of a Series in the Commercial Paper Mode, the Holder thereof is deemed to have agreed, during each Interest Period, to the Commercial Paper Rate (including the Alternate Rate, if applicable), Interest Period and Purchase Date then applicable thereto and to have further agreed to tender such Bond to the Tender Agent for purchase on the Purchase Date at the Purchase Price.

**Fixed Rate.** At the option of Getty Trust, all (but not less than all) of the Bonds of a Series may be converted to bear interest at the Fixed Rate to the final maturity date of the Bonds of such Series. The Remarketing Agent shall determine the Fixed Rate not later than 4:00 p.m. New York City time on the Rate Determination Date. The Fixed Rate will be the minimum interest rate which, in the sole judgment of the Remarketing Agent as of the Rate Determination Date, will result in a sale of the Series of Bonds at a price equal to the Purchase Price on the Rate Determination Date. The Remarketing Agent will make the Fixed Rate available by telephone to any Holder or to the Infrastructure Bank, the Bond Trustee or the Tender Agent. Upon request of any Holder, the Infrastructure Bank or the Bond Trustee, the Tender Agent will give notice of such rate by Electronic Means. Such determination will be conclusive and binding upon the Getty Trust, the Infrastructure Bank, the Bond Trustee, the Liquidity Facility Provider (if any), the Remarketing Agent and the Holders of the Bonds.

**Alternate Rate.** If (a) the Remarketing Agent fails or is unable to determine the interest rate(s) or Interest Periods with respect to a Series of Bonds, or (b) the method of determining the interest rate(s) or Interest Periods with respect to a Series of Bonds is held to be unenforceable by a court of law of competent jurisdiction, the Bonds of such Series will, until such time as the Remarketing Agent again makes such determination or until there is delivered an Opinion of Counsel to the effect that the method of determining such rate is enforceable, represent interest from the last date on which such rate was determined in the case of clause (a) and from the date on which interest was legally paid in the case of clause (b), at the Alternate Rate for the Mode in effect. If either of the circumstances described in clauses (a) and (b) occurs on a Rate Determination Date for the Commercial Paper Mode, the relevant Interest Period will be from and including such Rate Determination Date to, but not including, the next succeeding Business Day, and thereafter will commence on a Business Day and extend to, but will not include, the next Business Day. See Appendix C attached hereto for a definition of "Alternate Rate."

## **Auction Mode**

**Submission of Orders.** The procedures for submitting orders prior to the Submission Deadline on each Auction Date during an Auction Rate Period are described in Appendix D hereto, as are the particulars with regard to the determination of the Auction Rate and the allocation of Bonds bearing interest at an Auction Rate.

**Change in Auction Period, Auction Dates and Interest Payment Dates.** During an Auction Rate Period, the Getty Trust may change (a) the length of a single Auction Period or the Standard Auction Period for any Series of Bonds, (b) the Interest Payment Date for such Series with a changed Auction Period, and (c) the Auction Date, by means of a written notice delivered at least 20 days but not more than 60 days prior to the Auction Date for such Auction Period to the Bond Trustee, the Auction Agent, the Infrastructure Bank and the Securities Depository. Any Auction Period or Standard Auction Period may not exceed 364 days in duration. The length of an Auction Period or the Standard Auction Period may not be changed unless Sufficient Clearing Bids existed at both the Auction immediately preceding the date the notice of such change was given and the Auction immediately preceding such changed Auction Period.

The change in length of an Auction Period or the Standard Auction Period and any change in the Auction Date or Interest Payment Date will take effect only if (a) the Bond Trustee



and the Auction Agent receive, by 11:00 a.m. (New York City time) on the Business Day immediately preceding the Auction Date for such Auction Period, a Certificate from the Getty Trust, by telecopy or similar means, authorizing the change in the Auction Period, the Standard Auction Period, the Auction Date or the Interest Payment Date specified in such certificate, (b) the Bond Trustee has not delivered to the Auction Agent by 12:00 noon (New York City time) on the Auction Date for such Auction Period notice that an Event of Default has occurred and is continuing and (c) Sufficient Clearing Bids exist at the Auction on the Auction Date for such Auction Period.

If the Getty Trust's certificate (described in clause (a) of the preceding paragraph) is not delivered in the form and manner required by the Indenture, the Auction Rate for the next succeeding Auction Period will be determined pursuant to the Auction Procedures and the next succeeding Auction Period will be a Standard Auction Period. If any of the conditions referred to in clause (b) or (c) of the preceding paragraph are not met, the Auction Rate for the next succeeding Auction Period will equal the Maximum Interest Rate as determined as of the Auction Date for such Auction Period. The Auction Rate for succeeding Auction Periods will be determined in accordance with the Auction Procedures, and such Auction Periods shall have the same length as the Auction Period in effect prior to such attempted change in length until subsequently changed in accordance with the Auction Procedures. See Appendix D – "AUCTION PROCEDURES" attached hereto.

## **Redemption**

***No Optional Redemption of Bonds during the Initial Interest Period.*** The Bonds are not subject to redemption during the Initial Interest Period.

***Optional Redemption of Bonds in the Weekly Mode or Daily Mode.*** Bonds of a Series in the Weekly or Daily Mode are subject to redemption, at the option of Getty Trust, in whole on any Business Day or in part on any Interest Payment Date, at a redemption price equal to the principal amount of Bonds of such Series called for redemption, without premium.

***Optional Redemption of Bonds in the Auction Mode.*** Bonds of a Series in the Auction Mode are subject to redemption, at the option of the Getty Trust, in whole or in part on the Business Day immediately succeeding any Auction Date or on any Interest Payment Date at a redemption price equal to the principal amount of Bonds of such Series called for redemption, without premium.

***Optional Redemption of Bonds in the Commercial Paper Mode.*** Bonds of a Series in the Commercial Paper Mode are not subject to optional redemption prior to their respective Purchase Dates. Bonds in the Commercial Paper Mode will be subject to redemption, at the option of the Getty Trust, in whole or in part on their respective Purchase Dates at a redemption price equal to the principal amount called for redemption, without premium.

***Optional Redemption of Bonds in the Fixed Rate Mode.*** Bonds of a Series in the Fixed Rate Mode are subject to redemption, in whole on any date or in part on any Interest Payment Date, at the option of the Getty Trust, at the redemption prices set forth below:

(i) If, on the Mode Change Date, the remaining period to the final maturity date of the Series of Bonds is greater than fifteen (15) years, then the Bonds will not be subject to redemption until the first April 1 or October 1 (whichever is earlier) to follow the tenth (10th) anniversary of the Mode Change Date. On such first April 1 or October 1, the Bonds will be subject to redemption at a redemption price of 101% of the principal amount of the Bonds called for redemption, plus accrued interest, if any, to the date fixed for redemption, which price will decline by 0.5% per annum on each succeeding anniversary of such first April 1 or October 1 until reaching a price of 100% of the principal amount of the Bonds called for redemption plus accrued interest, if any, to the date fixed for redemption, and thereafter at a redemption price of 100% of the principal amount of the Bonds called for redemption, plus accrued interest, if any, to the date fixed for redemption.

(ii) If, on the Mode Change Date, the remaining period to the final maturity date of the Series of Bonds is equal to or less than fifteen (15) years, but greater than ten (10) years, the Bonds will not be subject to redemption until the first April 1 or October 1 (whichever is earlier) to follow the seventh (7th) anniversary of the Mode Change Date. On such first April 1 or October 1, the Bonds will be subject to redemption at a redemption price of 101% of the principal amount of the Bonds called for redemption, plus accrued interest, if any, to the date fixed for redemption, which price will decline by 0.5% per annum on each succeeding anniversary of such first April 1 or October 1 until reaching a price of 100% of the principal amount of the Bonds called for redemption, plus accrued interest, if any, to the date fixed for redemption, and thereafter at a redemption price of 100% of the principal amount of the Bonds called for redemption, plus accrued interest, if any, to the date fixed for redemption.

(iii) If, on the Mode Change Date, the remaining period to the final maturity date of the Series of Bonds is equal to or less than ten (10) years but greater than five (5) years, the Bonds will not be subject to redemption until the first April 1 or October 1 (whichever is earlier) to follow the third anniversary of the Mode Change Date. On such first April 1 or October 1, the Bonds will be subject to redemption at a redemption price of 100.5% of the principal amount of the Bonds called for redemption, plus accrued interest, if any, to the date fixed for redemption, which price will decline by 0.5% per annum on each succeeding anniversary of such first April 1 or October 1 until reaching a price of 100% of the principal amount of the Bonds called for redemption, plus accrued interest, if any, to the date fixed for redemption, and thereafter at a redemption price of 100% of the principal amount of the Bonds called for redemption, plus accrued interest, if any, to the date fixed for redemption.

(iv) If, on the Mode Change Date, the remaining period to the final maturity date of the Series of Bonds is equal to or less than 5 years, the Bonds will be subject to redemption on or after the first April 1 or October 1 (whichever is earlier) to follow the second anniversary of the Mode Change Date at a redemption price equal to 100% of the principal amount of the Bonds called for redemption, plus accrued interest, if any, to the date fixed for redemption, and prior thereto will not be subject to optional redemption.

***Mandatory Sinking Account Redemption.*** The Bonds of the respective Series are also subject to redemption prior to their stated maturity date, in part, from Mandatory Sinking Account Payments deposited in the Principal Fund pursuant to the Indenture on April 1 of each

of the years set forth below, in the principal amounts set forth below, together with interest accrued thereon to the date fixed for redemption, without premium.

Mandatory Sinking Account Payments

Year (April 1)	<u>Series 2003A</u>	<u>Series 2003B</u>	<u>Series 2003C</u>	<u>Series 2003D</u>	<u>Total</u>
2012	\$ 1,340,000	\$ 1,260,000	\$ 865,000	\$ 870,000	\$ 4,335,000
2013	1,400,000	1,315,000	905,000	905,000	4,525,000
2014	1,355,000	1,275,000	875,000	880,000	4,385,000
2015	1,330,000	1,250,000	860,000	855,000	4,295,000
2016	1,305,000	1,230,000	845,000	845,000	4,225,000
2017	1,310,000	1,235,000	850,000	845,000	4,240,000
2018	1,305,000	1,230,000	845,000	845,000	4,225,000
2019	1,340,000	1,260,000	865,000	870,000	4,335,000
2020	1,455,000	1,365,000	940,000	940,000	4,700,000
2021	1,590,000	1,495,000	1,030,000	1,025,000	5,140,000
2022	1,825,000	1,720,000	1,180,000	1,185,000	5,910,000
2023	2,155,000	2,025,000	1,395,000	1,390,000	6,965,000
2024	2,435,000	2,295,000	1,575,000	1,580,000	7,885,000
2025	5,085,000	4,785,000	3,290,000	3,285,000	16,445,000
2026	5,540,000	5,215,000	3,585,000	3,590,000	17,930,000
2027	6,035,000	5,680,000	3,905,000	3,900,000	19,520,000
2028	6,550,000	6,160,000	4,240,000	4,235,000	21,185,000
2029	7,105,000	6,685,000	4,595,000	4,595,000	22,980,000
2030	7,680,000	7,230,000	4,970,000	4,970,000	24,850,000
2031	8,295,000	7,810,000	5,370,000	5,365,000	26,840,000
2032	8,940,000	8,415,000	5,785,000	5,790,000	28,930,000
2033	9,625,000	9,065,000	6,230,000	6,235,000	31,155,000

***Selection of Bonds for Redemption.*** Whenever provision is made in the Indenture for the redemption of less than all of a Series of Bonds outstanding of any maturity or any given portion thereof, the Bond Trustee will select the Bonds to be redeemed, from all Bonds subject to redemption or such given portion thereof not previously called for redemption, by lot in any manner which the Bond Trustee in its sole discretion deems appropriate.

***Notice of Redemption.*** Notice of redemption will be mailed by the Bond Trustee by first class mail, not less than thirty (30) days, nor more than sixty (60) days prior to the redemption date, to the Infrastructure Bank and the respective Holders of any Series of Bonds designated for redemption at their addresses appearing on the bond registration books of the Bond Trustee. If the Bonds are no longer held by the Securities Depository or its successor or substitute, the Bond Trustee will also give notice of redemption by overnight mail to such securities depositories and/or securities information services as will be designated in a Certificate of the Getty Trust. Each notice of redemption will state the date of such notice, the date of issue of the Bonds, the redemption date, the Redemption Price, the place or places of redemption (including the name and appropriate address or addresses of the Bond Trustee) the maturity (including CUSIP numbers, if any), and, in the case of a Series of Bonds to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed. Each such notice will also state that on

said date there will become due and payable on each of said Bonds the Redemption Price thereof or of said specified portion of the principal amount thereof in the case of a Bond of a Series 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 will cease to accrue, and will require that such Bonds be then surrendered.

Failure by the Bond Trustee to give notice to any one or more of the securities information services or depositories designated by the Getty Trust, or the insufficiency of any such notice will not affect the sufficiency of the proceedings for redemption. Failure by the Bond Trustee to mail notice of redemption pursuant to the Indenture to any one or more of the respective Holders of any Bonds designated for redemption will not affect the sufficiency of the proceedings for redemption with respect to the Holders to whom such notice was mailed.

The Getty Trust may instruct the Bond Trustee to provide a conditional notice of redemption, which may be conditioned upon the receipt of money or any other event. Additionally, any notice given pursuant to the Indenture may be rescinded by written notice given to the Bond Trustee by the Getty Trust no later than five (5) Business Days prior to the date specified for redemption. The Bond Trustee will give notice of such rescission, as soon thereafter as practicable, in the same manner, to the same persons, as notice of such redemption was given pursuant to the Indenture.

***Effect of Redemption.*** Notice of redemption having been duly given, and moneys for payment of the Redemption Price of, together with interest accrued to the date fixed for redemption on, a Series of Bonds (or portions thereof) so called for redemption being held by the Bond Trustee, on the date fixed for redemption designated in such notice, such Series of Bonds (or portions thereof) so called for redemption will become due and payable at the Redemption Price specified in such notice and interest accrued thereon to the date fixed for redemption, interest on such Series of Bonds so called for redemption will cease to accrue, said Bonds (or portions thereof) will cease to be entitled to any benefit or security under the Indenture, and the Holders of said Bonds will have no rights in respect thereof except to receive payment of said Redemption Price and accrued interest to the date fixed for redemption from funds held by the Bond Trustee for such payment.

## **Optional Tender and Mandatory Purchase**

***Mandatory Purchase at end of Initial Interest Period and on Mode Change Date.*** Each Series of Bonds is subject to mandatory purchase on May 13, 2004, the day following the last day of the Initial Interest Period at a Purchase Price (equal to the principal amount of such Bonds). Additionally, each Series of Bonds to be changed from one Mode to another Mode is subject to mandatory purchase on the Mode Change Date at a Purchase Price equal to the principal amount of such Bonds plus accrued interest thereon (if any). The Tender Agent will give notice of such mandatory purchase by mail to the Holders of the Bonds subject to mandatory purchase no less than ten (10) days prior to the Mandatory Purchase Date. The notice will state the New Mode, the proposed Mode Change Date, that the Holder is required to tender such Holder's Bonds for purchase on such proposed Mode Change Date, the Mandatory Purchase Date, the Purchase Price and that interest on Bonds subject to mandatory purchase will cease to accrue from and after the Mandatory Purchase Date. The failure to mail such notice with respect

to any Bond will not affect the validity of the mandatory purchase of any other Bond with respect to which notice was so mailed. Any notice mailed will be conclusively presumed to have been given, whether or not actually received by any Holder.

***Optional Tenders of Bonds in the Weekly Mode or Daily Mode.*** The Holders of Eligible Bonds (*i.e.*, Bonds other than the Bonds owned by or on behalf of any Liquidity Facility Provider, the Infrastructure Bank or the Getty Trust) in a Weekly Mode or a Daily Mode may elect to have their Bonds (or portions of those Bonds in amounts equal to the lowest denomination then authorized pursuant to the Indenture) purchased on any Business Day at a price equal to the Purchase Price

(i) in the case of a Series of Bonds in a Weekly Mode, upon delivery of an irrevocable written notice of tender or irrevocable telephonic notice of tender to the Remarketing Agent and the Tender Agent, promptly confirmed in writing to the Tender Agent, not later than 4:00 p.m. New York City time on a Business Day not less than seven (7) days before the Purchase Date specified by the Holder in such notice and;

(ii) in the case of a Series of Bonds in a Daily Mode, upon delivery of an irrevocable telephonic notice of tender to the Remarketing Agent and the Tender Agent not later than 10:00 a.m. New York City time on the Purchase Date specified by the Holder.

Such notices of tender will state the CUSIP number, Bond number (if the Bonds are not registered in the name of the Securities Depository) and the principal amount of such Bond and that such Bond will be purchased on the Purchase Date specified above. Payment of the Purchase Price will be made pursuant to the Indenture only if the Bond so delivered to the Tender Agent conforms in all respects to the description thereof in the tender notice described above. A Holder who gives the notice of tender as set forth above may repurchase the Bonds so tendered on such Purchase Dates if the Remarketing Agent agrees to sell the Bonds so tendered to such Holder. If such Holder decides to repurchase such Bonds and the Remarketing Agent agrees to sell the specified Bonds to such Holder, the delivery requirements set forth in the Indenture will be waived. The Tender Agent may assume that a Bond is an Eligible Bond unless it has actual knowledge to the contrary.

***Mandatory Purchase at End of Commercial Paper Rate Periods.*** Each Series of Bonds in the Commercial Paper Mode will be subject to mandatory purchase on the Purchase Date for the current Interest Period at the Purchase Price. No notice of such mandatory purchase will be given to the Holders.

***Payment of Purchase Price.*** The Getty Trust is responsible for all payments of Purchase Price, and the Getty Trusts plans to have no outside liquidity facility to support this obligation. At or before close of business New York City time on the Purchase Date and upon receipt by the Tender Agent of the aggregate Purchase Price of the tendered Bonds, the Tender Agent will pay the Purchase Price of such Bonds to the Holders by bank wire transfer in immediately available funds. The Tender Agent will pay the purchase price from the following accounts and in the following order of priority: (1) the Remarketing Proceeds Account to the extent funds are available therein, (2) in the case of Eligible Bonds, if a Liquidity Facility is then in effect with

respect to such Bonds, the Liquidity Facility Deposit Account, and (3) the Corporate Deposit Account. *There will be no liquidity facility in effect upon issuance of the Bonds.*

## **Remarketing**

The Getty Trust expects to enter into separate Remarketing Agreements, dated as of May 1, 2003 (the "Remarketing Agreements"), with Morgan Stanley & Co. Incorporated ("Morgan Stanley") and J.P. Morgan Securities Inc., as the respective Remarketing Agents thereunder (collectively, the "Remarketing Agents"). The Remarketing Agreements provide for the establishment of rates and remarketing upon tenders of Bonds after the Initial Interest Period and for Bonds in the Weekly Mode and the Daily Mode. The Remarketing Agreements also provide for the establishment of Commercial Paper Rate Periods, Commercial Paper Rates and remarketing of Bonds in the Commercial Paper Mode, and for the determination of the Fixed Rate on Bonds converting to the Fixed Rate Mode. Under its respective Remarketing Agreement, Morgan Stanley agrees to use its best efforts to offer for sale all Series 2003A Bonds and Series 2003B tendered in accordance with the provision of the Indenture. Under its respective Remarketing Agreement, J.P. Morgan Securities Inc. agrees to use its best efforts to offer for sale all Series 2003C Bonds and Series 2003D Bonds tendered in accordance with the provision of the Indenture.

## **SECURITY FOR THE BONDS**

### **General**

**THE BONDS ARE LIMITED OBLIGATIONS OF THE INFRASTRUCTURE BANK AND ARE NOT A LIEN OR CHARGE UPON THE FUNDS OR PROPERTY OF THE INFRASTRUCTURE BANK, EXCEPT TO THE EXTENT OF THE PLEDGE AND ASSIGNMENT OF REVENUES AND FROM CERTAIN AMOUNTS HELD UNDER THE INDENTURE. NEITHER THE STATE OF CALIFORNIA NOR THE INFRASTRUCTURE BANK SHALL BE OBLIGATED TO PAY THE PRINCIPAL OF THE BONDS, PREMIUM, IF ANY, OR THE INTEREST THEREON, EXCEPT FROM REVENUES RECEIVED BY THE INFRASTRUCTURE BANK. NEITHER THE FULL FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF CALIFORNIA IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON, THE BONDS. THE INFRASTRUCTURE BANK HAS NO TAXING POWER. THE BONDS ARE NOT A DEBT OF THE STATE OF CALIFORNIA AND SAID STATE IS NOT LIABLE FOR PAYMENT THEREOF. ALTHOUGH THE BONDS ARE ISSUED BY THE INFRASTRUCTURE BANK, THE BONDS SHOULD BE VIEWED FOR CREDIT PURPOSES AS DIRECT OBLIGATIONS OF THE GETTY TRUST.**

The Indenture provides that the Revenues and certain other amounts (including proceeds of the sale of Bonds) held in the funds or accounts established pursuant to the Indenture (other than the Rebate Fund and the Purchase Fund) are pledged to the Bonds. The Indenture provides that such pledge will constitute a lien on and security interest in such assets and will attach, be perfected and be valid and binding from and after delivery by the Bond Trustee of the Bonds, without any physical delivery thereof or further act. "Revenues" is defined under the Indenture as

all amounts received by the Infrastructure Bank or the Bond Trustee for the account of the Infrastructure Bank pursuant or with respect to the Loan Agreement, including, without limiting the generality of the foregoing, Loan Repayments (including both timely and delinquent payments and any late charges, and whether paid from any source), prepayments and all interest, profits or other income derived from the investment of amounts in any fund or account established pursuant to the Indenture, but not including any Additional Payments (described below) or any moneys required to be deposited in the Rebate Fund.

Under the Indenture, the Infrastructure Bank transfers in trust, grants a security interest in and assigns to the Bond Trustee in trust, for the benefit of the Holders from time to time of the Bonds, all of the Revenues and other assets pledged in the Indenture and all of the right, title and interest of the Infrastructure Bank in the Loan Agreement (except for Reserved Rights). The Bond Trustee will be entitled to and will, subject to the provisions of the Indenture, collect and receive all of the Revenues, and any Revenues collected or received by the Infrastructure Bank will be deemed to be held, and to have been collected or received, by the Infrastructure Bank as the agent of the Bond Trustee and will forthwith be paid by the Infrastructure Bank to the Bond Trustee. The Bond Trustee also will be entitled to and will, subject to the provisions of the Indenture, take all steps, actions and proceedings reasonably necessary in its judgment to enforce all of the rights of the Infrastructure Bank and all of the obligations of the Getty Trust under the Loan Agreement other than Reserved Rights. All Revenues deposited with the Bond Trustee will be held, disbursed, allocated and applied by the Bond Trustee only as provided in the Indenture.

All Revenues will be promptly deposited by the Bond Trustee upon receipt thereof in a special fund designated as the "Revenue Fund" which the Bond Trustee will establish, maintain and hold in trust, except as otherwise provided in the Indenture and except that all moneys received by the Bond Trustee and required by the Loan Agreement to be deposited in the Corporate Deposit Account of the Purchase Fund and the Redemption Fund will be promptly deposited in such Fund. All Revenues deposited with the Bond Trustee will be held, disbursed, allocated and applied by the Bond Trustee only as provided in the Indenture.

The Getty Trust's obligation to make payments under the Loan Agreement is an unsecured, general obligation of the Getty Trust.

### **Loan Agreement**

The Infrastructure Bank has agreed to lend to the Getty Trust the proceeds received from the sale of the Bonds, such proceeds to be applied under the terms and conditions of the Loan Agreement and the Indenture. In consideration of the loan of such proceeds to the Getty Trust, the Getty Trust has agreed to pay, or cause to be paid, "Loan Repayments" on or before 1:00 p.m. New York City time on each Interest Payment Date and each Principal Payment Date in the amounts necessary to enable the Bond Trustee to make the transfers required on such Interest Payment Dates and Principal Payment Dates, respectively, by of the Indenture. Notwithstanding the foregoing, the Getty Trust has agreed to make payments, or cause payments to be made, at the times and in the amounts required to be paid as principal of, premium, if any and interest on the Bonds from time to time Outstanding under the Indenture and other amounts required to be

paid under the Indenture, as the same will become due whether at maturity, upon redemption, by declaration of acceleration or otherwise.

In addition to Loan Repayments and Additional Payments (described below), the Getty Trust is required to pay to the Tender Agent such amounts as may be required to pay the Purchase Price of Bonds tendered or deemed tendered pursuant to the Indenture. Such payments shall be paid by the Getty Trust to the Tender Agent in immediately available funds in the amount requested by the Tender Agent. There is initially no liquidity facility to support the obligation of the Getty Trust to pay the Purchase Price of the Bonds.

The Getty Trust's obligation to make payments under the Loan Agreement is an unsecured, general obligation of the Getty Trust. None of the property, assets or revenues of the Getty Trust, including without limitation the art collections of the Getty Trust, will be pledged as security for the payment of the Bonds. In addition, the Loan Agreement does not contain any financial covenants limiting the ability of the Getty Trust to incur indebtedness, encumber or dispose of its property or merge with any other entity, or any covenants requiring the Getty Trust to produce revenues at any specified level or to obtain any insurance with respect to its property or operations.

### **Additional Payments**

In addition to Loan Repayments, the Getty Trust will also pay to the Infrastructure Bank or the Bond Trustee, as the case may be, to the extent such amounts have not previously been paid from the Costs of Issuance Fund, "Additional Payments," as follows: (a) all taxes and assessments of any type or character charged to the Infrastructure Bank or to the Bond Trustee affecting the amount available to the Infrastructure Bank or the Bond Trustee from payments to be received under the Loan Agreement or in any way arising due to the transactions contemplated hereby (including taxes and assessments assessed or levied by any public agency or governmental authority of whatsoever character having power to levy taxes or assessments) but excluding franchise taxes based upon the capital and/or income of the Bond Trustee and taxes based upon or measured by the capital or income or net income of the Bond Trustee; provided, however, that the Getty Trust will have the right to protest any such taxes or assessments which it in good faith believes are not due and owing and to require the Infrastructure Bank or the Bond Trustee, at the Getty Trust's expense, to protest and contest any such taxes or assessments levied upon them and that the Getty Trust will have the right to withhold payment of any such taxes or assessments pending disposition of any such protest or contest unless such withholding, protest or contest would adversely affect the rights or interests of the Infrastructure Bank, the Holders or the Bond Trustee under the Loan Agreement, the Indenture or otherwise with respect to the Bonds; (b) all reasonable fees, charges, expenses and indemnities (as set forth in certain sections of the Loan Agreement) of the Bond Trustee under the Loan Agreement and under the Indenture, as and when the same become due and payable; (c) the reasonable fees and expenses of such accountants, consultants, attorneys and other experts as may be engaged by the Infrastructure Bank or the Bond Trustee to prepare audits, financial statements, reports, opinions or provide such other services required under the Loan Agreement or the Indenture; (d) the fees and costs of the Infrastructure Bank; (e) an annual fee payable to the Infrastructure Bank; and (f) all other reasonable and necessary fees and expenses attributable to the Loan Agreement.



## **Certain Funds and Accounts Established by the Indenture**

***Project Fund.*** The Bond Trustee will establish, maintain and hold in trust a separate fund designated as the "Project Fund." The moneys in the Project Fund will be used and withdrawn by the Bond Trustee to pay the costs of the Project (including retirement of the portion of the outstanding Getty CP Notes allocable to the Project), including any item of cost which is chargeable to the capital account of the Getty Trust in accordance with generally accepted accounting principles. No moneys in the Project Fund will be used to pay Costs of Issuance.

When the Project is completed, there will be delivered to the Bond Trustee a Certificate of the Getty Trust stating the fact and date of such completion and stating that all of the costs thereof have been determined and paid (or that all of such costs have been paid less specified claims that are subject to dispute and for which a retention in the Project Account is to be maintained in the full amount of such claims until such dispute is resolved). Upon the receipt of such Certificate, the Bond Trustee will, as directed by said Certificate, transfer any remaining balance in such Project Fund, less the amount of any such retention, to the Optional Redemption Account, and the Project Fund will be closed upon the disbursement of such retention.

***Purchase Fund.*** The Tender Agent will establish and maintain a special fund designated as the "Purchase Fund," and within such fund certain separate accounts designated, respectively, as the "Corporate Deposit Account," the "Liquidity Facility Deposit Account" and the "Remarketing Proceeds Account." The money in the Purchase Fund will be held in trust and applied solely as provided in the Indenture. The Tender Agent is required to deposit all moneys delivered to it under the Indenture by the Remarketing Agent for the purchase of Bonds into the Remarketing Proceeds Account and will hold all such moneys in trust for the exclusive benefit of the Person that delivered such moneys until the Bonds purchased with such moneys are delivered to it for the account of such Person and, thereafter, for the benefit of the Holders tendering such Bonds. The Tender Agent will deposit all moneys delivered to it by the Getty Trust for the purchase of Bonds tendered or deemed tendered into the Corporate Deposit Account pursuant to the Indenture. Moneys will be deposited in the Liquidity Facility Deposit Account only if the Getty Trust elects to provide a Liquidity Facility. Moneys in the Corporate Deposit Account, the Liquidity Facility Deposit Account and the Remarketing Proceeds Account will not be commingled with other funds held by the Tender Agent and will remain uninvested. Neither the Infrastructure Bank nor the Getty Trust will have any right, title or interest in or to any moneys held in the Liquidity Facility Deposit Account or the Remarketing Proceeds Account.

For information on other funds and accounts established by the Indenture, see Appendix C – "SUMMARY OF PRINCIPAL DOCUMENTS."

## **CERTAIN INVESTMENT CONSIDERATIONS**

The following are certain investment considerations and risk factors that have been identified by the Getty Trust and should be carefully considered by prospective purchasers of the Bonds. The following list should not be considered to be exhaustive and has been prepared by the Getty Trust within the context of this Official Statement, including Appendix A – "THE J. PAUL GETTY TRUST" and Appendix B – "FINANCIAL STATEMENTS OF THE J. PAUL

GETTY TRUST FOR THE YEARS ENDING JUNE 30, 2002 AND 2001" attached hereto. Investors should read Appendix A and Appendix B in their entirety. Inclusion of certain factors below is not intended to signify that there are not other investment considerations or risks attendant to the Bonds that are as material to an investment decision with respect to the Bonds that are otherwise described or apparent elsewhere herein.

## **General**

Under the Loan Agreement, the principal of and interest on the Bonds is payable from Loan Repayments made by the Getty Trust. The obligations of the Getty Trust to pay Loan Repayments securing the Bonds is an unsecured general obligation of the Getty Trust. None of the property, assets or revenues of the Getty Trust, including without limitation the art collections of the Getty Trust, will be pledged as security for the payment of the Bonds. In addition, the Loan Agreement does not contain any financial covenants limiting the ability of the Getty Trust to incur indebtedness, encumber or dispose of its property or merge with any other entity, or any covenants requiring the Getty Trust to produce revenues at any specified level or to obtain any insurance with respect to its property or operations. The net revenues from the Getty Trust's operations (including the J. Paul Getty Museum, which does not charge for admission) do not contribute materially to the financial position of the Getty Trust. The most significant factor with respect to the ratings on the Bonds is the Getty Trust's unrestricted reserves and portfolio of investments. A significant decrease in the value of the unrestricted reserves or investments of the Getty Trust could have a material adverse impact on its ability to pay the Loan Repayments, the market value of the Bonds and any rating on the Bonds.

## **No Credit or Liquidity Facility**

The payment of the purchase price of tendered Bonds will not be supported by a credit or liquidity facility. The Loan Agreement contains no covenants requiring the Getty Trust to maintain any specified level of liquidity. See "Bankruptcy" below.

## **Tax-Exempt Status**

*Tax-Exempt Status of Interest on the Bonds.* The Internal Revenue Code of 1986, as amended (the "Code"), imposes a number of requirements that must be satisfied for interest on state and local obligations, such as the Bonds, to be excludable from gross income for federal income tax purposes. These requirements include limitations on the use of Bond proceeds, limitations on the investment earnings of Bond proceeds prior to expenditure, a requirement that certain investment earnings on Bond proceeds be paid periodically to the United States and a requirement that issuers file an information report with the Internal Revenue Service (the "IRS"). The Infrastructure Bank and the Getty Trust have covenanted in certain of the documents referred to herein that they will comply with such requirements. Failure by the Getty Trust to comply with the requirements stated in the Code and related regulations, rulings and policies may result in the treatment of interest on the Bonds as taxable, retroactively to the date of original issuance of the Bonds.

In December 1999, as a part of a larger reorganization of the IRS, the IRS commenced operation of its Tax Exempt and Government Entities Division (the "TE/GE Division"), as the

successor to its Employee Plans and Exempt Organizations division. The TE/GE Division has a subdivision that is specifically devoted to tax-exempt bond compliance. Public statements by IRS officials indicate that the number of tax-exempt bond examinations (which would include the issuance of securities such as the Bonds) is expected to increase significantly under the TE/GE Division.

The Getty Trust has not sought to obtain a private letter ruling from the IRS with respect to the Bonds, and the opinion of Orrick, Herrington & Sutcliffe LLP is not binding on the IRS. There is no assurance that an IRS examination of the Bonds will not adversely affect the market value of the Bonds. See the section entitled "TAX MATTERS" herein.

***Tax-Exempt Status of the Getty Trust.*** The tax-exempt status of interest on the Bonds presently depends upon the maintenance by the Getty Trust of its status as an organization described in Section 501(c)(3) of the Code. The maintenance of such status is contingent upon compliance with general rules promulgated in the Code and related regulations regarding the organization and operation of tax-exempt entities, including their operation for charitable purposes and their avoidance of transactions which may cause their earnings or assets to inure to the benefit of private individuals. In addition, the Getty Trust is a private operating foundation within the meaning of Sections 509(a) and 4942(j)(3) of the Code. The Code imposes on private foundations separate rules, which are not applicable to other tax-exempt entities, relating to expenditures and other matters. Compliance with the general rules for tax-exempt entities and the separate private foundation rules requires a high level of administrative oversight.

As a result of ongoing IRS audit programs, tax-exempt organizations are increasingly subjected to a high level of scrutiny. One penalty available to the IRS under the Code with respect to a tax-exempt charity engaged in unlawful, private benefit or political activity is the revocation of tax-exempt status. Although the IRS has not frequently revoked the tax-exempt status of nonprofit corporations or trusts, it could do so in the future. Loss of tax-exempt status by the Getty Trust would most likely result in loss of tax exemption of interest on the Bonds and of other tax-exempt debt of the Getty Trust, and defaults in covenants regarding the Bonds and other tax-exempt debt would likely be triggered. Loss of tax-exempt status of the Getty Trust would also have material adverse consequences on the financial condition of the Getty Trust.

Since 1990, the Exempt Organizations division of the IRS has conducted Coordinated Examination Program ("CEP") audits of certain large tax-exempt organizations. CEP audits are conducted by teams of revenue agents, often take years to complete, and require the expenditure of significant staff time by both the IRS and the organization under audit. The CEP audit teams that examine tax-exempt organizations consider examining a wide range of possible issues, including compensation of officers and other officials, contracting, retirement plans and employee benefits, and unrelated business income.

In January 2003, the Getty Trust received notice from the IRS to the effect that the IRS will audit the Getty Trust's operations and activities for the two-year period ended June 30, 2002 as part of the CEP program. No prediction can be made as to the outcome the IRS's audit or the financial impact, if any, of any final determination made by the IRS as a result of the audit. The Getty Trust believes that it has properly complied with the tax laws. Nevertheless, because of the complexity of the tax laws and the presence of issues about which reasonable persons can

differ, a CEP audit could result in additional taxes, interest and penalties being incurred by the Getty Trust. A CEP audit ultimately could affect the tax-exempt status of the Getty Trust as well as the exclusion from gross income for federal income tax purposes of the interest payable on the Bonds. See the section entitled "TAX MATTERS" herein.

***Unrelated Business Income.*** In recent years, the IRS, the State of California ("California"), county and local taxing authorities have been undertaking audits and reviews of the operations of tax-exempt organizations with respect to their exempt activities and the generation of unrelated business taxable income ("UBTI"). The Getty Trust has historically generated UBTI, and is expected to participate in activities which generate UBTI in the future. Management of the Getty Trust believes it has properly accounted for and reported UBTI; nevertheless, an investigation or audit could lead to a challenge which could result in taxes, interest and penalties with respect to unreported UBTI and in some cases could ultimately affect the tax-exempt status of the Getty Trust as well as the exclusion from gross income for federal income tax purposes of the interest on the Bonds and other future tax-exempt debt of the Getty Trust, if any.

***State Regulation.*** Charitable organizations like the Getty Trust are also subject to oversight and regulation by the California Attorney General and California taxing authorities. While California has not been as active as the IRS in scrutinizing the income tax exemption of organizations, this does not preclude future California scrutiny, and it is likely that the loss by the Getty Trust of federal tax exemption would also trigger a challenge to California tax exemption of the Getty Trust. Depending on the circumstances, such an event could be adverse and material.

***Exemption from Property Taxes.*** In recent years, state, county and local taxing authorities have been undertaking audits and reviews of the operations of tax-exempt organizations with respect to their real and personal property tax exemptions. The Getty Trust believes that substantially all of the Getty Center, the Getty Villa and the J. Paul Getty Museum collections are and will continue to be exempt from California real property taxation, including possessory interest taxes.

## **Investment of Funds Risk**

The endowment of the Getty Trust is invested pursuant to investment policies approved from time to time by its Board of Trustees (the "Board"). As part of its annual budgeting process, the Board approves a spending level equal to a specified percentage (currently no more than 5%) of the rolling three-year average portfolio value. The amount authorized for expenditure is reflected on the statements of activities as "endowment funds used for operations," and is set at a level that is intended to preserve the long-term purchasing power of the Getty Trust's endowment.

The Board has established an investment policy statement to guide the management and investment of the portfolio. See Appendix A – "THE J. PAUL GETTY TRUST – THE GETTY TRUST FINANCIAL OPERATIONS – Investments" attached hereto.

All investments, including the Investment Securities and other investments made by the Getty Trust, entail risk. Such risks include, but are not limited to, a lower rate of return than expected, loss of market value and delayed receipt or loss of principal due to illiquidity of particular investments or other factors. The net revenues from the Getty Trust's operations do not contribute materially to the Getty Trust's financial position. Losses resulting from these or other investment risks could therefore have a material adverse effect on the Getty Trust's ability to pay the Bonds. The Getty Trust calculates net losses on investments, after adding interest and dividend income and subtracting investment fees, during fiscal year 2001 and fiscal year 2002 to be \$392,669,000 and \$310,769,000, respectively. See Appendix A – "THE J. PAUL GETTY TRUST – THE GETTY TRUST FINANCIAL OPERATIONS – Operating Performance" attached hereto.

Further, the Getty Trust regularly invests a portion of its endowment in derivative financial instruments such as interest rate swaps and lends securities from its portfolio. Derivative financial instruments such as interest rate swaps and securities lending may have a higher degree of risk than other types of investment activities. Risks of interest rate swap agreements include, the risks that the swap counterparties may fail or be unable to perform, that interest rates may vary from assumptions and that the Getty Trust may be required to make significant payments in the event of an early termination of an interest rate swap. The Getty Trust has entered into interest rate swap agreements in connection with the Getty Center COPs and plans to enter into interest rate swap agreements in connection with the Bonds. See Appendix A – "THE J. PAUL GETTY TRUST – THE GETTY TRUST FINANCIAL OPERATIONS – Outstanding Debt – Interest Rate Swap Agreements" attached hereto. Risks of securities lending arrangements include the risks that the securities borrower may fail to perform its obligations or become insolvent and that collateral provided by the securities borrower may be inadequate or subject to the claims of other creditors of the borrower. A portion of the Getty Trust's endowment is or may be invested in illiquid assets or alternate investments, including investments in real property assets, hedge funds and equity securities in companies that are not publicly traded. Each of these types of alternative investments entails risk. These alternative investments may not be readily liquidated. Additionally, among other risks, hedge funds may be leveraged, may experience volatile performance and involve a risk of loss of principal. Hedge funds are subject to limited disclosure requirements by virtue of being privately held. See Appendix A – "THE J. PAUL GETTY TRUST – THE GETTY TRUST FINANCIAL OPERATIONS – Investments" for a description of the investment of the Getty Trust's funds.

See Appendix B – "FINANCIAL STATEMENTS OF THE J. PAUL GETTY TRUST FOR THE YEARS ENDING JUNE 30, 2002 AND 2001", for a summary of the investments, including derivative financial instruments and other investments held by the Getty Trust as of June 30, 2002. Appendix B should be read in its entirety.

### **Acts of Terrorism**

A significant act of terrorism on U.S. soil or against U.S. interests could have an adverse impact on the Getty Trust by, among other things, causing dramatic increases in the cost of insurance for the facilities of the Getty Trust and for the insurance of exhibitions, the costs the Getty Trust incurs for security services and facilities, and the cost of the Getty Trust's international field projects and travel, thereby increasing the cost of operations of the Getty

Trust. Acts of terrorism could also result in fewer visitors to the facilities of the Getty Trust, resulting in lost revenues for food services and bookstore operations, thereby reducing revenues from operations. Terrorist activities could also result in additional dislocations in the markets in which the Getty Trust invests, and could lead to further declines in the value of the investments of the Getty Trust.

### **Seismic Risks and Other Natural Disasters**

The Getty Center and the Getty Villa are located in a seismically active region of southern California. These facilities have been designed to meet all applicable seismic standards. However, the occurrence of severe seismic activity in the area could result in substantial damage to the Getty Center, the Getty Villa or the Getty Trust's art collections. The Getty Trust currently maintains earthquake insurance in amounts it considers reasonable, but the Loan Agreement does not require that earthquake insurance (or any other insurance) on any property of the Getty Trust be maintained, and the Getty Trust could decide to discontinue its policy of earthquake insurance at any time, or such insurance could become unavailable at rates considered reasonable by the Getty Trust. The Getty Trust's facilities are also subject to other natural and man-made disasters or "acts of God" that could cause significant damage to the facilities. See Appendix A – "THE J. PAUL GETTY TRUST – THE GETTY TRUST FINANCIAL OPERATIONS – Insurance" attached hereto.

### **Bankruptcy and Other Factors that Could Affect Security for the Bonds**

The payment of the Bonds will not be supported by a credit or liquidity facility. In the event of bankruptcy of the Getty Trust, the rights and remedies of the Holders of the Bonds are subject to various provisions of the United States Bankruptcy Code. If the Getty Trust were to file a petition in bankruptcy, payments made by the Getty Trust during the 90-day (or perhaps longer) period immediately preceding the filing of such petition may be avoidable as preferential transfers to the extent such payments allow recipients thereof to receive more than they would have received in the event of the Getty Trust's liquidation. Such a bankruptcy filing would operate as an automatic stay of the commencement or continuation of any judicial or other proceeding against the Getty Trust and its property, and as an automatic stay of any act or proceeding to enforce, maintain or enhance the rights of the bankruptcy trustee. If the bankruptcy court so ordered, the property of the Getty Trust could be used for financial rehabilitation of the Getty Trust rather than payment of the Bonds. The rights of the Bond Trustee to enforce its right to payment could be delayed during the pendency of the rehabilitation hearing.

The Getty Trust could file a plan for the adjustment of its debts in any such proceeding which could include provisions modifying or altering the rights of creditors generally, or any class of them, secured or unsecured. The plan, when confirmed by a court, binds all creditors who had notice or knowledge of the plan and, with certain exceptions, discharges all claims against the debtor to the extent provided for in the plan.

In addition, the Bond Trustee's ability to enforce the Loan Agreement will depend upon the exercise of various remedies specified in those documents which may in many instances

require judicial actions that are often subject to discretion, delay and substantial costs or that otherwise may not be readily available or may be limited.

The various legal opinions to be delivered concurrently with the issuance of the Bonds will be qualified as to the enforceability of the various legal instruments by, among other things, limitations imposed by California and federal laws, rulings and decisions affecting remedies, and by bankruptcy, reorganization or other laws of general application affecting the enforcement of creditors' rights, including equitable principles.

## **LEGALITY FOR INVESTMENT IN CALIFORNIA**

Obligations issued by the Infrastructure Bank under the Act are, under California law, securities in which all banks, savings banks, trust companies, savings and loan associations, investment companies and other persons carrying on a banking business, all insurance companies, insurance associations and other persons carrying on an insurance business, and all administrators, executors, guardians, trustees and other fiduciaries and all other persons whatsoever, who now are or may hereafter be authorized to invest in bonds or other obligations of the State, may properly and legally invest any funds, including capital belonging to them or within their control; and such obligations are securities which may properly and legally be deposited with and received by any state or municipal officer or agency of the State for any purpose for which the deposit of bonds or notes or other obligations of the State is now or may hereafter be authorized by law.

## **CERTAIN RELATIONSHIPS**

Two Trustees of the Getty Trust serve as directors of J.P. Morgan Chase & Co., an affiliate of J.P. Morgan Securities Inc., one of the Underwriters with respect to the sale of the Bonds.

## **TAX MATTERS**

In the opinion of Orrick, Herrington & Sutcliffe LLP, Sacramento, California, ("Bond Counsel"), based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Code and is exempt from California personal income taxes. Bond Counsel is also of the opinion that interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Bond Counsel observes that such interest will be included in adjusted current earnings when calculating corporate alternative minimum taxable income. A complete copy of the proposed form of the opinion of Bond Counsel is set forth as Appendix E hereto.

The Bonds purchased, whether at original issuance or otherwise, for an amount greater than their principal amount payable at maturity (or, in some cases, at their earlier call date) ("Premium Bonds") will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of Bonds, like the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax exempt interest received, and a purchaser's basis in a Premium Bond, will be

reduced by the amount of amortizable bond premium properly allocable to such purchaser. Beneficial Owners of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Bonds. The Getty Trust and the Infrastructure Bank have covenanted to comply with certain restrictions designed to insure that interest on the Bonds will not be included in federal gross income. Failure to comply with these covenants may result in interest on the Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Bonds. The opinion of Bond Counsel assumes compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Bonds may adversely affect the value of, or the tax status of interest on, the Bonds. Further, no assurance can be given that pending or future legislation or amendments to the Code, if enacted into law, or any proposed legislation or amendments to the Code, will not adversely affect the value of, or the tax status of interest on, the Bonds. Prospective beneficial owners are urged to consult their own tax advisors with respect to proposals to restructure the federal income tax.

In addition, Bond Counsel has relied on the opinion of Caplin & Drysdale, Chartered, Washington, D.C., special tax counsel to the Getty Trust ("Special Tax Counsel"), regarding the qualification of the Getty Trust as an organization described in Section 501(c)(3) of the Code. Neither Bond Counsel nor Special Tax Counsel for the Getty Trust can give or has given any opinion or assurance about the future activities of the Getty Trust or about the effect of future changes in the Code, applicable regulations, the interpretation thereof, or the resulting changes in enforcement thereof by the Internal Revenue Service. Failure of the Getty Trust to be organized and operated in accordance with the Internal Revenue Service's requirements for the maintenance of its status as an organization described in Section 501(c)(3) of the Code may result in interest payable with respect to the Bonds being included in gross income, possibly from the date of original issuance of the Bonds.

The interest rate mode and certain requirements and procedures contained or referred to in the Indenture, the Loan Agreement, the Tax Certificate and other relevant documents may be changed and certain actions (including, without limitation, defeasance of the Bonds) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. Bond Counsel expresses no opinion as to any Bond or the interest thereon if any such change occurs or action is taken or omitted upon the advice or approval of bond counsel other than Orrick, Herrington & Sutcliffe LLP.

Although Bond Counsel is of the opinion that interest on the Bonds is excluded from gross income for federal income tax purposes and is exempt from California personal income taxes, the ownership or disposition of, or the accrual or receipt of interest on, the Bonds may affect a beneficial owner's federal or California tax liability. The nature and extent of these other tax consequences will depend upon the particular tax status of the beneficial owner or the beneficial owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.



No assurance can be given that any future legislation or clarification of the Code, if enacted into law, will not cause interest on the Bonds to be subject, directly or indirectly, to federal income taxation, or otherwise prevent beneficial owners from realizing the full current benefit of the tax status of such interest. Further, no assurance can be given that the introduction or enactment of any such future legislation, or any action of the Internal Revenue Service, including but not limited to selection of the Bonds or the Getty Trust for audit examination, or the course or result of any Internal Revenue Service examination of bonds or notes, which present similar tax issues, will not affect the market price for the Bonds. Prospective purchasers of the Bonds should consult their own tax advisers regarding any pending or proposed federal tax legislation, as to which Bond Counsel expresses no opinion.

## **ABSENCE OF MATERIAL LITIGATION**

### **The Infrastructure Bank**

There is no litigation pending against the Infrastructure Bank concerning the validity of the Bonds or pending against the Infrastructure Bank which if determined adversely to the Infrastructure Bank would have a material adverse effect on the Bonds.

### **The Getty Trust**

There is no litigation pending against the Getty Trust concerning the sale, delivery or validity of the Bonds or pending against the Getty Trust which if determined adversely to the Getty Trust would have a material adverse effect on the financial position of the Getty Trust.

## **UNDERWRITING**

The State Treasurer, as agent of sale for the Infrastructure Bank, and the Infrastructure Bank, entered into a purchase contract as approved by the Getty Trust with the Underwriters, and the Underwriters have agreed, subject to certain conditions, to purchase the Bonds from the Infrastructure Bank at a purchase price of \$274,075,957 (being the principal amount of the Bonds less underwriters' discount and expenses of \$924,043).

The Purchase Contract pursuant to which the Bonds are being sold provide that the Underwriters will purchase not less than all of the Bonds. The Underwriters' obligation to make such purchase is subject to certain terms and conditions set forth in the Purchase Contract, the approval of certain legal matters by counsel and certain other conditions.

The Underwriters may offer and sell their related Series of Bonds to certain dealers and others at a price lower than the initial offering price. The offering price of Bonds may be changed from time to time by the Underwriters.

Two Trustees of the Getty Trust serve as directors of J.P. Morgan Chase & Co., an affiliate of J.P. Morgan Securities Inc., one of the Underwriters with respect to the sale of the Bonds. See "CERTAIN RELATIONSHIPS" herein.

## **FINANCIAL ADVISOR**

The Getty Trust has retained Fieldman, Rolapp & Associates, Inc., Irvine, California as financial advisor (the "Financial Advisor") in connection with the delivery of the Bonds. Fieldman, Rolapp & Associates is an independent financial advisory firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

## **CONTINUING DISCLOSURE**

The Getty Trust has undertaken all responsibilities for any continuing disclosure to Bondholders as described below, and the Infrastructure Bank will have no liability to the Holders of the Bonds or any other person with respect to Rule 15c2-12 (the "Rule") promulgated by the Securities and Exchange Commission.

The Getty Trust has covenanted for the benefit of the holders and beneficial owners of the Bonds to provide to the Dissemination Agent for dissemination as described below certain financial information relating to the Getty Trust (the "Annual Report") by not later than six months following the end of each fiscal year thereafter (which fiscal year currently begins on July 1 of each year and ends on the next succeeding June 30), commencing with the report for the fiscal year ending June 30, 2003 (due not later than December 31, 2003), and to provide notices to the Dissemination Agent for dissemination of the occurrence of certain enumerated events, if material. The Annual Report will be filed by the Getty Trust or the Dissemination Agent on behalf of the Getty Trust with each Nationally Recognized Municipal Securities Information Repository (and with the State Repository, if any). The notices of material events will be filed by the Getty Trust or the Dissemination Agent on behalf of the Getty Trust with the Municipal Securities Rulemaking Board and the State Repository, if any. As of the date of this Official Statement, there is no State Repository. The specific nature of the information to be contained in the Annual Report or the notices of material events is summarized in Appendix G – "FORM OF CONTINUING DISCLOSURE AGREEMENT." These covenants have been made in order to assist the Underwriters in complying with SEC Rule 15c2-12(b)(5). The Getty Trust has not previously undertaken to provide annual reports or notices of material events with regard to said rule.

## **APPROVAL OF LEGALITY**

Legal matters incident to validity of the Bonds and certain other matters are subject to the approving opinion of Orrick, Herrington & Sutcliffe LLP, Sacramento, California, Bond Counsel. Bond Counsel undertakes no responsibility for the accuracy, completeness or fairness of this Official Statement. Certain legal matters will be passed upon for the Underwriters by their counsel, Hawkins, Delafield & Wood, San Francisco, California; for the Infrastructure Bank by its counsel, Brooke Bassett, Esq., San Francisco, California; and for the Getty Trust by its vice president, general counsel and secretary, Peter C. Erichsen, Esq., its outside counsel, O'Melveny & Myers LLP, Los Angeles, California, and its special tax counsel, Caplin & Drysdale, Chartered, Washington, D.C.

## **INDEPENDENT ACCOUNTANTS**

The consolidated financial statements of the Getty Trust for the fiscal years ended June 30, 2002 and June 30, 2001, appended hereto as part of this Official Statement, have been audited by independent certified public accountants. KPMG LLP ("KMPG") audited the financial statements for fiscal year 2002 and fiscal year 2001. The report of KMPG dated August 15, 2002 is also appended hereto. These financial statements should be read in their entirety.

## **RATINGS**

Moody's is expected to assign a rating of "Aaa/VMIG 1" and Standard & Poor's is expected to assign a rating of "AAA/A-1+" and on the Bonds. Any explanation of the significance of such ratings may only be obtained from Moody's and Standard & Poor's. The Getty Trust furnished to Moody's and Standard & Poor's certain information and material relating to the Bonds and the Getty Trust that have not been included in this Official Statement. Generally, rating agencies base their ratings on information and materials furnished and on investigation, studies, and assumptions by the rating agencies. There is no assurance that the rating mentioned above will remain in effect for any given period of time or that a rating might not be lowered or withdrawn entirely, if in the judgment of the rating agency originally establishing the rating, circumstances so warrant. Any such downward change in or withdrawal of a rating might have an adverse effect on the market price or marketability of the Bonds.



**APPENDIX A**

**THE J. PAUL GETTY TRUST**

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## APPENDIX A

### THE J. PAUL GETTY TRUST

#### GENERAL INTRODUCTION AND OVERVIEW

**The J. Paul Getty Trust** (the “Getty Trust”), a California charitable trust and private operating foundation within the meaning of section 509(a) of the Internal Revenue Code, is an international cultural and philanthropic institution devoted to the visual arts and the humanities based at the Getty Center in Los Angeles. Its mission is to provide opportunities for people to more fully enjoy, preserve, share, study and conserve the world’s artistic and cultural heritage. The Getty serves both general audiences and specialized professionals through four operating programs:

- **The J. Paul Getty Museum** (the “Museum”) acquires, preserves, exhibits and interprets works of art in the following fields: classical antiquities; European paintings, drawings, sculpture, illuminated manuscripts and decorative arts; and European and American photographs. The Museum offers a wide range of public programs, including lectures, classes, films and performances.
- **The Getty Research Institute** (the “Research Institute”) encourages, enables and inspires advanced scholarship through innovative, often interdisciplinary, research projects, publications, public programs and exhibitions. The Institute serves scholars worldwide through (1) an art library that provides research tools; databases of cultural information; and vocabulary tools online, on CD-ROM and in print; and (2) a program that gathers together distinguished international scholars, artists, writers and promising pre- and postdoctoral fellows, to pursue individual and collaborative research projects.
- **The Getty Conservation Institute** (the “Conservation Institute”) pursues a broad range of activities dedicated to furthering conservation practice and education in order to enhance and encourage the preservation, understanding and interpretation of the visual arts. The Conservation Institute serves the international community through scientific research into the nature, decay and treatment of materials; education and training; model field projects; and a publications program.
- **The Getty Grant Program** (the “Grant Program”) provides support to institutions and individuals throughout the world in fields that are aligned most closely with the Getty Trust’s strategic priorities. It funds a diverse range of projects that promote learning and scholarship about the history of the visual arts and the conservation of cultural heritage, and it consistently searches for collaborative efforts that set high standards and make significant contributions.

## GOVERNANCE AND MANAGEMENT

### Board of Trustees

A Board of Trustees (the “Board”), currently consisting of 12 elected Trustees and the President/Chief Executive Officer serving *ex officio*, governs the Getty Trust. The number of Trustees may fluctuate at the discretion of the Trustees; however, there may not be fewer than three serving at any one time. Trustees are elected by the Board for terms of four years and may be elected for up to three four-year terms. Trustees are not compensated for their service on the Board. Trustees serving on the Board as of May 1, 2003 are as follows:

<u>Trustee</u>	<u>Principal Affiliation</u>	<u>Current Term Ends</u>
Lewis W. Bernard, Vice Chairman	Classroom Inc. Chairman	June 30, 2006
John H. Biggs	TIAA-CREF President, Chairman & CEO (retired)	June 30, 2003
Louise H. Bryson	Lifetime TV Executive Vice President	June 30, 2006
Ronald Burkle	The Yucaipa Companies Managing Partner	June 30, 2005
Ramon C. Cortines	Scholastic Inc. Director	June 30, 2004
Lloyd E. Cotsen	Cotsen Management Corporation President	June 30, 2006
Barbara G. Fleischman	The Archives of American Art President	June 30, 2004
David P. Gardner, Chairman	The William and Flora Hewlett Foundation President (Retired)	June 30, 2004
Agnes Gund	Museum of Modern Art President Emerita	June 30, 2006
Helene L. Kaplan, Vice Chairman	Skadden, Arps, Slate, Meagher & Flom, LLP Of Counsel	June 30, 2004
Barry Munitz	The J. Paul Getty Trust President & CEO	<i>Ex officio</i>
Luis G. Nogales	Nogales Partners President	June 30, 2004
Blenda J. Wilson	Nellie Mae Foundation President & CEO	June 30, 2005

The Board meets up to four times per year, with an Annual Meeting held in June of each year. Among other duties, the Board reviews and adopts the annual budget and reviews and approves the acquisition of any work of art by the Museum valued at \$5,000,000 or more and other



works that the Board may designate from time to time. The standing committees of the Board are the Audit Committee, the External Relations Committee, the Senior Management Compensation Committee, the Leadership Development Committee and the Finance and Investment Committee, including an Investment Subcommittee.

### **Officers and Senior Staff Members**

The following table lists the names of the principal executive officers of the Getty Trust and certain other members of the Getty Trust's senior staff, their current positions and the year each was appointed to his or her position. A brief statement on the officers' background is provided below.

<u>Name</u>	<u>Position</u>	<u>Year Appointed to Position</u>
Barry Munitz	President and Chief Executive Officer	1997
Peter Erichsen	Vice President, General Counsel & Secretary	2001
Deborah Gribbon	Vice President of the Trust and Director, The J. Paul Getty Museum	2000
Steve Juarez	Director of Financial Management	1998
Bradley Wells	Vice President, Finance & Administration	2001
Alma Whitlow	Controller	1998
James Williams	Vice President and Chief Investment Officer	2002

**Dr. Barry Munitz** was appointed President and Chief Executive Officer of the J. Paul Getty Trust in July 1997. Dr. Munitz assumed his post on January 6, 1998, having served as Chancellor of the California State University, the largest system of senior higher education in the United States, beginning in 1991.

Born and raised in Brooklyn, New York, Dr. Munitz received a bachelor's degree in classics and comparative literature from Brooklyn College and a master's degree and Ph.D. from Princeton University. He began his academic career in 1966 at the University of California, Berkeley, as an assistant professor in the dramatic arts and literature department. From 1968 to 1970 he served under former University of California President Clark Kerr at the Carnegie Foundation Commission on Higher Education. In 1970 Dr. Munitz went to the University of Illinois, where he served for six years, first as associate Provost and later as Vice President for the University of Illinois system.

Dr. Munitz became Vice President and Dean of Faculties at the University of Houston-Central Campus in 1976 and was made Chancellor of that university in 1977. Dr. Munitz gained experience in the business world when he left the University of Houston in 1982 to become a senior executive at MAXXAM, Inc. in Houston. He remained at the company until he became Chancellor of the California State University system in 1991.

In addition to his professional affiliations, Dr. Munitz has been a national leader in promoting educational excellence at all levels. Since 1992 he has served on numerous public and private boards. He was chair of the American Council on Education, the leading higher education group in America, and Chair of the California Education Round Table. He also served on the Commission on National Investment in Higher Education and as a director of SunAmerica. He is currently a director of SallieMae and Kaufman & Broad and a Trustee of Princeton University.

**Peter Erichsen** became Vice President and General Counsel of the Trust and Secretary to the Board in September 2001. Mr. Erichsen joined the Getty Trust's senior management team from the University of Pennsylvania, where he was Vice President and General Counsel from 1997 to 2001.

Upon graduation from Harvard Law School, Mr. Erichsen joined the law firm of Ropes & Gray in Boston and became a partner in 1990. From 1993 to 1996, he was Deputy Assistant Attorney General in the U.S. Department of Justice in Washington, D.C. From 1996 to 1997, Mr. Erichsen served as Associate Counsel to the President of the United States. He is a Governor of the Philadelphia Stock Exchange and chair of its Audit Committee. He is a graduate of Harvard College.

**Deborah Gribbon** assumed her position as Vice President of the Getty Trust and Director of the Museum in October 2000. She had been deputy director and chief curator of the Museum since 1998, with responsibility for the day-to-day management of the Museum. Ms. Gribbon joined the Museum in 1984 as assistant director for curatorial affairs and was named associate director for curatorial affairs in 1987 and associate director and chief curator in 1991.

Ms. Gribbon graduated from Wellesley College, where she was elected to Phi Beta Kappa. She received a Ph.D. in fine arts from Harvard University, where she held a Rousseau Fellowship and taught the history of art. In 1976, Ms. Gribbon became curator of the Isabella Stewart Gardner Museum in Boston, where she oversaw the collections, supervised research and scholarly symposia, undertook renovations and edited an annual journal. A specialist in French 19th century paintings, Ms. Gribbon is the author of various articles and was co-author of the recently published *The J. Paul Getty Museum and its Collections: A Museum for the New Century*. She currently sits on the Governing Board of the Courtauld Institute of Art and is a member of both the Association of Art Museum Directors (AAMD) and the International Women's Forum.

**Steve Juarez** joined the Getty Trust in October of 1998. As Director of Financial Management, Mr. Juarez is responsible for the budget, accounting and procurement functions of the Getty Trust, as well as administering the Getty Trust's capital finance program. Prior to joining the Getty Trust, Mr. Juarez was the Assistant Vice Chancellor for the Office of Government & Community Relations at the University of California Los Angeles (UCLA), where he directed UCLA's external relations with federal, state and local elected officials, public agency representatives and community organizations on issues of mutual interest. He has also served in a number of key management positions at the state and local level.

Mr. Juarez has a Master's Degree in Public Administration from the University of Southern California and a Bachelor's Degree in Political Science from UCLA. He is also a member of the

number of nonprofit boards in Southern California, including serving as President of the Board of Trustees of the Neighborhood Youth Association.

**Bradley Wells** joined the Getty Trust in May 2001 as Vice President, Finance and Administration. Prior to joining the Getty Trust, Mr. Wells was the Assistant Vice Chancellor, Financial Services for the California State University Chancellor's Office where he oversaw accounting, contracts, risk management, financing and treasury functions for the 23-campus university system. Mr. Wells earned his B.A. in Political Science at California State University, Long Beach, in 1983.

A long-time resident of Long Beach, Mr. Wells has served on the Board of Trustees for Harbor Area Halfway Houses (Long Beach) and for the University of West Los Angeles (Inglewood).

**Alma Whitlow** has been Controller of the Getty Trust since 1998. She is responsible for overseeing the Getty Trust's accounting operations including tax, investments, cash management and reporting. She is also responsible for administering organizational policies, ensuring adequate internal accounting controls to safeguard the assets of the Getty Trust and overseeing the administration of the financial information system. She joined the Getty Trust in 1994 as Assistant Controller. She received her B.S. and M.S. degrees in Accounting Science from the University of Illinois at Urbana.

Prior to joining the Getty Trust, Ms. Whitlow was Vice President of Corporate and Investments/Borrowings accounting at California Federal Bank. In this position she was responsible for all facets of the financial accounting and reporting operations for the parent company as well as its subsidiaries, including Securities and Exchange Commission and regulatory reporting. Her public accounting experience as a senior auditor was with Coopers & Lybrand Certified Public Accountants in Chicago, Illinois and St. Louis, Missouri. Ms. Whitlow is a Certified Public Accountant and serves as a member of the California Society of Certified Public Accountants and the American Institute of Certified Public Accountants.

**James Williams** has served as the Vice President and Chief Investment Officer of the Getty Trust since December 2002. Before joining the Getty Trust, he was for three years the President of Harbor Capital Advisors and President of the Harbor family of mutual funds. Prior to joining Harbor, he was manager of the Pension Asset Management department of Ford Motor Company. Mr. Williams has a B.S. in engineering from the University of Michigan and an M.B.A. in finance from the University of Chicago.

## THE J. PAUL GETTY TRUST

J. Paul Getty died in 1976 at age 83 and left \$700 million in Getty Oil Company stock to further develop the museum he began in 1953 as a nonprofit, tax-exempt trust to oversee his art collection. The Getty Trust's indenture called for "a museum, gallery of art, and library" and stated the purpose of the Getty Trust as "the diffusion of artistic and general knowledge."

The Museum first opened its doors on a limited basis in 1954 and was housed at the Getty Ranch House, a weekend home Mr. Getty purchased in 1945 that is located in Los Angeles on the border of Malibu. In the late 1960s, J. Paul Getty began plans for building a new museum. Mr. Getty modeled this new building and its environs (the "Getty Villa") after the Villa dei Papiri, a Roman country house near Naples that was buried by the eruption of Mount Vesuvius in A.D. 79. The new museum opened in 1974. From its opening until its closure in 1997, the Getty Villa attracted millions of visitors.

After Mr. Getty's Estate was settled in 1981, the Trustees of the Getty Trust expanded the Getty Trust's mission and created new programs under the Getty Trust umbrella. These now include, among others, the Research Institute, the Conservation Institute and the Grant Program. The Museum, meanwhile, continued to add to its collections.

With the expansion of the Getty Trust's mission, the rapid growth of the Museum collection and the addition of the Research and Conservation Institutes and Grant Program, the Trustees became committed to bringing the Getty Trust programs together on one campus. As a result, the Getty Trust undertook the construction of the Getty Center, a 110-acre campus comprising six buildings located on a hill in the Sepulveda Pass at the 405 Freeway in the Brentwood section of Los Angeles. In addition, the Trustees defined an expanded mission for the J. Paul Getty Museum at the Getty Villa (the "Villa Museum") as a center for the study of classical art and culture with the Museum's collection of Greek and Roman antiquities as the core of its exhibitions.

At a cost of approximately \$1 billion, the Getty Center, designed by American architect Richard Meier, was the largest single-phase construction project in the history of Los Angeles. The Getty Center features the Museum, extensive gardens, and distinctive buildings that house the Research Institute, the Conservation Institute and the Grant Program. The Getty Center opened to the public in December 1997. The Getty Villa closed in 1997 and is expected to reopen in 2005. *See* "THE GETTY VILLA PROJECT" for a description of the Getty Villa's planned renovation.

The Getty Center attracts approximately 1.3 million visitors annually and by March 2003 had served over 7.8 million visitors. Admission to the Museum is free, and school programs offered by the Getty serve approximately 65,000 school children per year. A wide range of special programs such as Friday Nights at the Getty, with an eclectic mix of new music and performance, and Family Festivals, including performing arts, gallery talks and art-making workshops for children, are aimed at attracting new audiences. Over half of the Getty's visitors come from the local Southern California region. The Los Angeles Convention and Visitors Bureau cites the Getty Center as drawing large numbers of tourists to Los Angeles, thereby contributing to the area-wide economy.

## **THE GETTY VILLA PROJECT**

The Bonds will finance and refinance (by retiring a portion of the outstanding tax-exempt commercial paper issued on behalf of the Getty Trust) substantially all of the costs of the Getty Villa Project. The purpose of the Getty Villa Project is to renovate and adapt the Getty Villa site to serve as a facility for the display, study and conservation of the Museum's Greek and Roman antiquities collection and the study of classical art and culture. The budget for the entire Getty Villa Project is \$288.8 million. Approximately \$273.6 million of that cost (including \$88.7 million to be used to retire a portion of the commercial paper issued, in part, to fund the Getty Villa Project on an interim basis) will be funded with the net proceeds of the Bonds. The Getty Trust anticipates funding the construction of a cafe and museum store, as well as other project costs in excess of the net proceeds of the Bonds, from its own funds. Although the proceeds of this financing will be used to support the Getty Villa Project, neither the Getty Villa Project itself nor any other asset of the Getty Trust is pledged as security for the Bonds.

Improvements to be funded with the proceeds of the Bonds include renovation of the Villa Museum, renovation of the Ranch House, refurbishment of the subterranean parking structure, upgrading and installation of new roads, repair of the East Side Slide and construction of the following new structures: a central plant, auditorium, an outdoor theater, an entry court, new conservation laboratories, an office building and two parking structures.

The improvements are authorized under conditional use permits issued by the City of Los Angeles in 1983 and 1999. In January 2000, certain homeowners' associations and individual homeowners from areas adjacent to the Getty Villa brought lawsuits challenging the validity of the 1999 conditional use permit. The trial court found for the plaintiffs on certain causes of action and for the Getty on others, but it issued injunctions that prevented the Getty from proceeding with construction under the 1999 conditional use permit. On appeal, the California Court of Appeal issued a unanimous decision in favor of the Getty on all causes of action and affirmed the validity of the 1999 conditional use permit. In January 2003, the California Supreme Court declined to hear the petition filed by plaintiffs appealing the Court of Appeal's decision. Construction is now underway on all phases of the project. Under the conditional use permits, conditions have been imposed with respect to the Getty Villa hours of operation, public performances and parking. Management does not believe that these restrictions will materially affect the operation of the Getty Villa.

## **THE GETTY TRUST FINANCIAL OPERATIONS**

The financial statements of the Getty Trust are presented in Appendix B—"FINANCIAL STATEMENTS OF THE J. PAUL GETTY TRUST" and provide financial information as of June 30, 2002 for the fiscal year then ended, along with certain summarized financial information for the fiscal year ended June 30, 2001. The following pages provide a summary of certain specific information relative to the financial condition of the Getty Trust extracted from the Getty Trust's audited financial statements for the fiscal years ended June 30, 1999 through June 30, 2002, as well as certain unaudited information; however, the financial statements presented in Appendix B are an integral part hereof and should be reviewed carefully in their entirety.

## Operating Performance

During the 1990s, the Getty Trust consistently increased its overall net asset value as a result of returns on its investment portfolio. In the fiscal years ended June 30, 2001 and 2002, respectively, however, unrestricted net assets declined by \$606,847,000 and \$543,094,000, respectively, reflecting both investment losses and expenditures. These figures represent declines in unrestricted net assets of 7.4% and 7.2%, respectively. As of March 31, 2003, the market value of the Getty Trust's investment portfolio was estimated at \$3.988 billion (unaudited). The Statement of Activities for the Getty Trust for the fiscal years ended June 30, 1999 through 2002 and through the nine months ended March 31, 2003, is summarized as follows:

**THE J. PAUL GETTY TRUST**  
**SUMMARY STATEMENT OF ACTIVITIES**  
(Amounts in Thousands)

	For the Years Ended June 30,				Nine Months Ended March 31, <sup>1</sup>
	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u> (Unaudited)
Revenue					
Investment income, net <sup>2</sup>	\$724,427	\$659,919	(\$392,669)	(\$310,769)	(\$340,855)
Sales and other income, net	16,765	9,748	10,417	11,899	8,971
Contributions	1,539	1,601	2,693	1,537	828
<b>Total Revenue</b>	742,731	671,268	(379,559)	(297,333)	(331,056)
Expenses					
Museum	71,990	79,766	78,484	84,750	61,187
Research and library	54,942	44,302	46,187	49,406	39,624
Conservation	26,939	27,488	29,569	33,039	25,134
Education	16,245	12,698	13,069	10,787	8,712
Grants program	16,128	23,729	17,799	25,254	12,577
General and administrative	30,724	33,257	42,180	42,525	33,731
<b>Total Expenses</b>	216,968	221,240	227,288	245,761	180,965
<b>Change in Unrestricted Net Assets</b>	\$525,763	\$450,028	(\$606,847)	(\$543,094)	(\$512,021)

<sup>1</sup> Interim results are not necessarily indicative of results for the full year.

<sup>2</sup> Consists of interest and dividend income plus net realized and unrealized gains (losses) on investments less investment fees.

## Investments

The Board is responsible for general oversight of the Getty Trust's investment activities and for establishing the Investment Policy for the Getty Trust's funds. The Investment Policy provides that overall investment objectives and goals should be achieved through a diversified portfolio that balances return expectations and risk tolerances, and is managed by external investment managers whose performance is reviewed regularly and compared to agreed upon guidelines and market index benchmarks.

The Getty Trust's primary long-term investment objective has been and is currently to achieve a total rate of return (net of investment management fees and expenses) that will yield a real rate of return (net of inflation) greater than 5%. This return is to be achieved within the risk tolerances adopted by the Board and according to the asset allocation guidelines established in the Investment Policy. Asset allocation is discussed regularly by the Investment Subcommittee described below and formally reviewed by the Board at least every three years, or as may be necessary to address a significant change in the operations or financial condition of the Getty Trust. The Getty Trust's Investment Policy and procedures may be changed at any time by its Board.

The Investment Policy currently in effect was adopted by the Board in 2000 and provides that the Getty Trust's investments should be allocated approximately 60% to publicly traded domestic and international equity securities, approximately 30% to fixed income securities, and approximately 10% to alternative investments. At March 31, 2003, approximately 62% of the Getty Trust's investments were in publicly traded domestic and international equity securities, approximately 35% were in fixed income securities and the remainder (approximately 3%) were in alternative investments.

The Getty Trust's investment portfolio utilizes both active management and a core of passive indexed and enhanced index funds. Equity investments include those with value and growth characteristics, companies with large-, mid- and small-capitalization, and international companies. Fixed-income investments cover a range of debt obligations and maturities in predominantly investment grade securities. Alternative investments include investments in, among other things, a diversified blend of interests in buyout and venture capital funds, and hedge funds. Further, the Getty Trust regularly invests a portion of its funds in derivative financial instruments, such as interest rate swaps, and lends securities from its portfolio. Each of these types of alternative investments entails risk. See "CERTAIN INVESTMENT CONSIDERATIONS – Investment of Funds Risk" in the Official Statement.

The Board reviews the Investment Policy at least annually. Management expects that the Board may later this year approve revisions to the Investment Policy to reduce the percentage of investments in publicly traded equity and fixed income securities and to increase the percentage of alternative investments, including private equity, hedge funds and real property assets. If the Board revises the Investment Policy, management expects that investments would be reallocated over a period of up to five years.

The Finance and Investment Committee of the Board oversees and reviews the performance of the Getty Trust's investment managers and assists the Board in determining the strategic asset allocation for the investment program. Beginning in 2002, the work of the Finance and Investment

Committee has been assisted by an Investment Subcommittee, chaired by Trustee John Biggs, retired Chairman, President & Chief Executive Officer of TIAA-CREF, and comprised of other Trustees who have substantial investment experience. The Investment Subcommittee may, from time to time in the future, include non-voting members who are not Trustees but who can provide the Investment Subcommittee with additional investment expertise.

The Vice President and Chief Investment Officer manages the investment program according to the Board's Investment Policy and implements the asset allocation strategy through the selection of external investment managers who invest the assets according to the Investment Policy and specific investment guidelines incorporated into each investment management agreement. The Vice President and Chief Investment Officer is authorized to hire and terminate investment managers as appropriate to achieve the goals of the Investment Policy.

The market value of invested funds by asset class as of the end of each fiscal year ended June 30, 1999 through 2002 and as of March 31, 2003 is shown in the following table. For a complete description of the cost and market value of investments as of the end of the fiscal year ended June 30, 2002, see the financial statements of the Getty Trust attached hereto as Appendix B.

**THE J. PAUL GETTY TRUST**  
**MARKET VALUE OF INVESTMENTS**  
(Amounts in Thousands)

	<u>As of June 30,</u>				<u>As of</u>
	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>March 31, 2003</u>
					(Unaudited)
Short-term investments	\$178,438	\$1,061,320	\$144,010	\$250,692	\$216,632
U.S. Treasury and agency securities	924,058	914,934	967,466	720,117	706,823
Corporate bonds	502,371	567,200	586,489	577,558	565,003
Limited partnerships	46,278	72,122	74,618	197,066	196,788
Common stocks, mutual funds and other investments	3,617,234	3,528,678	3,293,854	2,702,586	2,302,688
<b>Totals:*</b>	<b>\$5,268,379</b>	<b>\$6,144,254</b>	<b>\$5,066,437</b>	<b>\$4,448,019</b>	<b>\$3,987,934</b>

\* Totals represent gross investment assets and do not include investment payables and receivables or income receivable.



## **Annual Support from the Endowment**

The Trustees annually approve the amount of endowment funds to be used for operations for each upcoming year's budget. The Trustees by policy limit the amount of endowment funds authorized to support operations in any year to an amount equal to 5% of the rolling three-year average value of the investment portfolio. On April 14, 2003, the Trustees approved the use of \$231.2 million of endowment funds to support operations during the fiscal year ended June 30, 2004. This amount is approximately \$13 million less than the maximum amount that would be permitted by the Board's policy.

## **Outstanding Debt**

***COPs and Tax-Exempt Commercial Paper.*** As of May 1, 2003, the outstanding indebtedness of the Getty Trust totaled \$253,500,000. This indebtedness includes (i) \$98.5 million outstanding principal amount of certificates of participation ("COPs") issued in 1994 to help finance a portion of the cost of the construction of the Getty Center and (ii) \$158 million outstanding principal amount in tax exempt commercial paper issued in May 2002 and February 2003 to provide interim financing for Getty Villa Project expenses, art and library acquisitions, and capital improvements at the Getty Center (the "Commercial Paper Program"). The COPs are fixed-rate obligations with a final payment date of October 1, 2023, payable from purchase payments required of the Getty Trust under an Installment Sale Agreement. Pursuant to the Commercial Paper Program, the Getty Trust is authorized to borrow up to \$225 million in commercial paper for the purposes stated above. The Getty Trust will apply approximately \$88.7 million derived from the issuance of the Bonds to repay outstanding commercial paper. See "THE GETTY VILLA PROJECT", above.

***Interest Rate Swap Agreements.*** In January 2003, the Getty Trust entered into interest rate swap agreements with each of Morgan Stanley Capital Services Inc. and JP Morgan Chase Bank. Each swap agreement is based on a notional amount of \$47.5 million, for a total notional amount of \$95 million (which approximates the unpaid balance of the COPs). The interest rate swap enables the Getty Trust to receive fixed payments of 3.4% annually on the notional amount of the swaps from the swap counterparties described above, in return for which the Getty Trust accepted the obligation to make variable rate payments based on a floating interest rate index known as the 6-month London InterBank Offer Rate (LIBOR).

Beginning October 1, 2004, each of Morgan Stanley Capital Services Inc. and JP Morgan Chase Bank has the option to convert its interest rate swap agreement into either a swap-to-fixed or swap-to-floating transaction for the remaining term of the 1994 COPs, or to cancel the swap altogether. If the firms select the swap-to-fixed option, the Getty Trust would likely prepay the outstanding COPs and seek the issuance of new variable rate refunding bonds. Under the swap-to-fixed option, the Getty Trust would receive payments from the swap counterparties based on 67 percent of LIBOR, less 20 basis points, and would pay a fixed rate of 3.75%, in each case calculated based upon the notional amount. If the firms select the swap-to-floating option, the Getty Trust would not prepay the outstanding COPs, and would instead, through the maturity of the COPs in 2023, receive a fixed rate equal to the rate on the COPs, and pay a rate equal to the BMA monthly index, less 50 basis points, in each case calculated based upon the notional amount of the swaps. If

the two swap counterparties do not select the same option, a portion of the COPs would be prepaid and a portion would remain outstanding.

The Getty Trust plans to enter into interest rate swap agreements in May 2003 with each of Morgan Stanley Capital Services Inc. and JP Morgan Chase Bank. Each swap agreement is expected to have a notional amount of \$137.5 million, for a total notional amount of \$275 million, and the Getty Trust will receive payments from the swap counterparties based on a variable index and will pay such swap counterparties a fixed rate in return. The swap effective date is expected to be May 13, 2004.

These interest rate swap agreements entail risk to the Getty Trust. The counterparties may fail or be unable to perform, interest rates may vary from assumptions and the Getty Trust may be required to make significant payments in the event of an early termination of an interest rate swap. The Getty Trust believes that if such an event were to occur, it would not have a material adverse impact on the financial position of the Getty Trust.

### **Debt Management Policy**

In January 2003, the Trustees approved a Debt Management Policy that provides the Getty Trust's management with guidelines regarding the issuance and management of both short-term and long-term debt. The Debt Management Policy references the purposes and uses of debt by the Getty Trust, including the development of debt limits; specifies debt standards and debt structure considerations; and describes the debt administration process, including the annual review of the Getty Trust's debt portfolio by the Board.

Under the Debt Management Policy, tax-exempt debt is limited by the availability of non-endowment revenues to support annual debt service; tax-exempt debt generally will not be incurred unless income to be derived from operations other than investment income is sufficient to meet annual debt service requirements. Taxable debt is limited by the availability of unrestricted endowment funds to support annual debt service, and the total amount of debt is limited to an amount equal to 20% of the unrestricted endowment funds of the Getty Trust. There can be no assurance that these limits will be complied with at all times because compliance depends in part upon investment performance. The Debt Management Policy may be amended or terminated at any time by the Board, and the Loan Agreement does not impose upon the Getty Trust any limits on outstanding indebtedness. After the issuance of the Bonds, the Getty Trust is expected to have a total principal amount of approximately \$442,800,000 long-term debt and commercial paper debt outstanding, and such amount of debt will equal approximately 11% of the unrestricted endowment funds of the Getty Trust.

### **Future Borrowings**

In addition to the Bonds, the COPs and the tax-exempt commercial paper described above, management anticipates that the Getty Trust will issue approximately \$270 million in additional taxable and tax-exempt debt through June 30, 2006 for a new parking facility at or near the Getty Center, the acquisition of art and archival materials, and for a variety of capital projects at the Getty Center. The issuance of any additional debt is subject to the approval of the Trustees. The Loan Agreement does not impose upon the Getty Trust any limits on outstanding indebtedness.

## **Insurance**

The Getty Trust currently carries insurance on all properties owned and leased by the Getty Trust. These policies include fixed asset coverage for fire, theft, malicious mischief, vandalism, earthquake and flood damage to the buildings, tenant improvements, contents and electronic data processing equipment. In addition to this coverage, the Getty Trust also carries Fine Arts insurance, automobile liability, general liability, directors and officers liability, and fiduciary liability insurance and other specialized coverages such as specialized fine arts and property coverage for terrorist acts. Limits of liability are determined by the Risk Management Department of the Getty Trust in conjunction with advice obtained from the Getty Trust's insurance consultants.

While under construction, the Getty Villa has been removed from the Getty Trust's fixed asset policy and placed on a Course-of-Construction policy that covers renovation to and new construction at the existing Getty Villa. This policy includes any physical damage to the structures as well as damage to those items that will be built into the structures and covers earthquake and flood damage occurring during the construction period.

The Getty Trust has experienced rising costs for its insurance coverage. Additionally, events such as acts of terrorism or other factors affecting the insurance industry may cause the costs of insurance to rise further or particular coverages to become unavailable. The insurance that the Getty Trust currently maintains may not be available for renewal, the Getty Trust may terminate or not renew insurance coverage if it concludes that the cost of such insurance is economically unreasonable or for other reasons, and any insurance the Getty Trust does continue to have or may obtain in the future may not be adequate for any potential claim. The Loan Agreement does not require the Getty Trust to maintain insurance of any kind.

## **OTHER PERTINENT INFORMATION**

### **Employees**

The Getty Trust and its various programs have approximately 1,400 full-time equivalent employees. The Getty Trust's employees are not unionized and management believes that its current relationship with employees is positive.

### **Litigation**

The Getty Trust is involved in a number of legal proceedings arising in the ordinary course of its affairs that, in the aggregate, are not expected to have a material effect on the Getty Trust's financial position.

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**APPENDIX B**

**FINANCIAL STATEMENTS OF THE GETTY TRUST FOR  
THE YEARS ENDING JUNE 30, 2002 AND 2001**

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**THE J. PAUL GETTY TRUST**

Financial Statements

June 30, 2002 and 2001

(With Independent Auditors' Report Thereon)



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355 South Grand Avenue  
Suite 2000  
Los Angeles, CA 90071-1568

### **Independent Auditors' Report**

The Board of Trustees  
The J. Paul Getty Trust:

We have audited the accompanying statements of financial position of The J. Paul Getty Trust (the Trust) (a tax-exempt, private operating foundation) as of June 30, 2002 and 2001 and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Trust's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Trust as of June 30, 2002 and 2001 and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

**KPMG LLP**

August 15, 2002



KPMG LLP, KPMG LLP, a U.S. limited liability partnership, is a member of KPMG International, a Swiss association.

# THE J. PAUL GETTY TRUST

## Statements of Financial Position

June 30, 2002 and 2001

(Amounts in thousands)

<b>Assets</b>	<b>2002</b>	<b>2001</b>
Cash	\$ 212	127
Receivables:		
Investments	107,630	145,492
Interest and dividends	21,689	22,188
Other	6,470	5,564
Investments	4,021,905	5,066,317
Investments loaned under securities lending agreement	385,569	—
Investments whose use is limited	40,545	120
Collateral held under securities lending agreement	395,366	—
Property and equipment, net	1,279,879	1,272,550
Other assets	1,572,922	1,535,038
	<u>\$ 7,832,187</u>	<u>8,047,396</u>
<b>Liabilities and Net Assets</b>		
Liabilities:		
Accounts payable	\$ 22,873	17,110
Payables on investment purchases	136,852	329,497
Accrued and other liabilities	49,900	47,175
Grants payable, net	5,474	6,455
Payable under securities lending agreement	395,366	—
Commercial paper liability	120,250	—
Bonds payable, net of bond issue discount of \$1,596 and \$1,719 in 2002 and 2001, respectively	99,644	102,156
	<u>830,359</u>	<u>502,393</u>
Net assets:		
Unrestricted	7,001,239	7,544,575
Temporarily restricted	409	308
Permanently restricted	180	120
	<u>7,001,828</u>	<u>7,545,003</u>
	<u>\$ 7,832,187</u>	<u>8,047,396</u>

See accompanying notes to financial statements.

## THE J. PAUL GETTY TRUST

### Statements of Activities

Years ended June 30, 2002 and 2001

(Amounts in thousands)

	<u>2002</u>	<u>2001</u>
Changes in unrestricted net assets:		
Operating revenue and expenses:		
Support and revenue:		
Endowment funds used for operations	\$ 260,240	242,191
Sales and other income, net	11,899	10,417
Contributions	1,537	2,693
Total support and revenue	<u>273,676</u>	<u>255,301</u>
Expenses:		
Program services:		
Museum	84,750	78,484
Research and library	49,406	46,187
Conservation	33,039	29,569
Education	10,787	13,069
Grants program	25,254	17,799
Total program services	<u>203,236</u>	<u>185,108</u>
Supporting services:		
General and administrative	42,525	42,180
Total expenses	<u>245,761</u>	<u>227,288</u>
Operating revenue and expenses, net	<u>27,915</u>	<u>28,013</u>
Nonoperating revenue and expenses:		
Interest and dividend income	123,901	213,357
Net realized and unrealized gains (losses) on investments	(423,342)	(592,096)
Investment fees	(11,328)	(13,930)
Endowment funds used for operations	(260,240)	(242,191)
Nonoperating revenue and expenses, net	<u>(571,009)</u>	<u>(634,860)</u>
Change in unrestricted net assets	(543,094)	(606,847)
Change in temporarily restricted net assets – contributions	101	308
Change in permanently restricted net assets – contributions	60	70
Change in net assets	<u>(542,933)</u>	<u>(606,469)</u>
Net assets, beginning of year	7,545,003	8,151,592
Adjustment to minimum retirement liability	(242)	(120)
Net assets, end of year	<u>\$ 7,001,828</u>	<u>7,545,003</u>

See accompanying notes to financial statements.

**THE J. PAUL GETTY TRUST**

Statements of Cash Flows

Years ended June 30, 2002 and 2001

(Amounts in thousands)

	<u>2002</u>	<u>2001</u>
Cash flows from operating activities:		
Change in net assets	\$ (542,933)	(606,469)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation and amortization	38,246	37,970
Net realized and unrealized loss on investments	423,342	592,096
Noncash contributions of art	(830)	(1,885)
Noncash contributions of equipment	(643)	(257)
Contributions restricted for long-term investment	(60)	(70)
Loss on disposition of property and equipment	8	76
Amortization of bond issue discount	123	123
Changes in operating assets and liabilities:		
Investments receivable	37,862	1,162,366
Interest and dividends receivable	499	(2,508)
Other receivables	(906)	(251)
Other assets	(37,054)	(76,879)
Accounts payable	5,763	(4,875)
Payables on investment purchases	(192,645)	(1,553,913)
Grants payable	(981)	(1,214)
Accrued and other liabilities	2,733	3,461
Net cash used in operating activities	<u>(267,476)</u>	<u>(452,229)</u>
Cash flows from financing activities:		
Proceeds from commercial paper	120,000	—
Payments on bonds payable	(2,635)	(2,535)
Contributions restricted for long-term investment	60	70
Net cash provided by (used in) financing activities	<u>117,425</u>	<u>(2,465)</u>
Cash flows from investing activities:		
Proceeds from sales of investments	7,078,905	25,232,351
Purchases of investments	(6,883,829)	(24,746,630)
Proceeds from sale of property and equipment	2,046	132
Purchases of property and equipment	(46,986)	(31,123)
Net cash provided by investing activities	<u>150,136</u>	<u>454,730</u>
Net increase in cash	85	36
Cash, beginning of year	<u>127</u>	<u>91</u>
Cash, end of year	\$ <u>212</u>	\$ <u>127</u>
Supplemental disclosure of cash flow information:		
Cash paid during the year for interest	\$ 4,971	5,108

See accompanying notes to financial statements.

# THE J. PAUL GETTY TRUST

## Notes to Financial Statements

June 30, 2002 and 2001

### (1) Organization

The J. Paul Getty Trust (the Trust) is a tax-exempt, private operating foundation whose mission serves both general audiences and specialized professionals. The Trust is a cultural and educational institution that focuses on the visual arts in all of their dimensions and their capacity to strengthen and to inspire aesthetic and humanistic values. It is dedicated to the presentation, enjoyment, study, and conservation of the visual arts and humanities in order to offer the public opportunities to more fully understand, experience, value, and preserve the world's art and cultural heritage.

### (2) Summary of Significant Accounting Policies

#### (a) Basis of Financial Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting.

The Trust recognizes contributions, including unconditional promises to give, as revenue in the period received. Contributions and net assets are classified based on the existence or absence of donor-imposed restrictions. As such, the net assets of the Trust and changes therein are classified and reported as follows:

- **Unrestricted net assets** – Net assets that are not subject to donor-imposed stipulations and that may be expendable for any purpose in carrying out the Trust's mission. As of June 30, 2002 and 2001, unrestricted net assets totaled \$7,001,239,000 and \$7,544,575,000, respectively.
- **Temporarily restricted net assets** – Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Trust and/or the passage of time. As the restrictions are satisfied, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the accompanying financial statements as net assets released from restrictions. Donor-restricted contributions received and expended in the same reporting period are recorded as unrestricted support. As of June 30, 2002 and 2001, temporarily restricted net assets totaled \$409,000 and \$308,000, respectively.
- **Permanently restricted net assets** – Net assets subject to donor-imposed stipulations that resources be maintained in perpetuity. Investment income generated from these funds is available for general support of the Trust's programs and operations unless otherwise stipulated by the donor. As of June 30, 2002 and 2001, permanently restricted net assets totaled \$180,000 and \$120,000, respectively.

#### (b) Investments

Investments in equity securities with readily determinable market values and all debt securities are stated at fair market value at June 30, 2002 and 2001. Fair market value is determined based on quoted market prices. Unrealized gain or loss on investments is recorded in the statement of activities as a component of investment income. Investment purchases and sales are recorded on a trade-date basis. Dividend income is recorded based upon the ex-dividend date, and interest income is recorded as earned on an accrual basis. Realized gains and losses, recorded upon disposition of investments, are also reported as a component of investment income. The allocation of cost to a sale, where part of a holding is disposed of, is based on specific identification.

# THE J. PAUL GETTY TRUST

## Notes to Financial Statements

June 30, 2002 and 2001

Futures, forwards, and options contracts are marked to market with the change reflected in investment income.

**(c) *Property and Equipment***

Property and equipment are recorded at cost and depreciated on a straight-line basis over the estimated useful lives of the respective assets or amortized over the terms of the respective leases, whichever is shorter, as follows:

Buildings	25 to 50 years
Building improvements	Up to 25 years
Leasehold improvements	Over life of lease
Furniture and equipment	4 to 25 years

The Trust reviews property and equipment for impairment whenever events or changes in circumstances indicate that the carrying value of property, buildings, equipment, and exhibits may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the asset to future net cash flows, undiscounted, and without interest, expected to be generated by the asset. If such asset is considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the asset exceeds the fair value of the asset. During 2002 and 2001, there were no events or changes in circumstances indicating that the carrying amount of the property and equipment may not be recoverable.

**(d) *Other Assets***

Included in other assets are the Trust's collections which are comprised of art objects, artifacts of historical significance, and the research and photographic libraries that are held for educational, research, and curatorial purposes. Collection items are recorded at cost if purchased or, if contributed, at appraised value at the date of contribution.

The publication inventory, also carried as a component of other assets, is carried at lower of cost or estimated net realizable value.

**(e) *Endowment Funds Used for Operations***

As a part of the annual budgeting process, the Trustees approve a spending level from accumulated endowment gains. Such amount is reflected in the accompanying statements of activities as operating revenues. The amount is offset by a nonoperating charge in the same amount, also entitled endowment funds used for operations.

**(f) *Grant Expenditures***

Grant expenditures are recognized in the period the grant is approved, provided the grant is not subject to future contingencies. Grants payable that are expected to be paid in future years are recorded at the present value of expected future payments. A discount rate of 7% was used for the years ended June 30, 2002 and 2001.

# THE J. PAUL GETTY TRUST

## Notes to Financial Statements

June 30, 2002 and 2001

**(g) *Contributed Services***

Contributed services are recognized if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. The Trust receives a significant amount of contributed time from unpaid volunteers that does not meet the two recognition criteria described above. Accordingly, the value of this contributed time has not been determined and is not reflected in the accompanying financial statements.

**(h) *Functional Allocation of Expenses***

The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying statements of activities. Certain costs have been allocated among the programs and supporting services benefited based on management's estimates.

**(i) *Fair Value of Financial Instruments***

The carrying value of the Trust's financial instruments, not otherwise disclosed herein, is comparable to the fair value due to the short-term nature of these financial instruments.

**(j) *Use of Estimates***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**(k) *Income Taxes***

The Trust has been classified as a tax-exempt private operating foundation under Sections 501(c)(3) and 4942(j)(3) of the Internal Revenue Code (IRC) and Section 23701(d) of the California Revenue and Taxation Code (CRTC). The Trust also qualifies as an exempt operating foundation as described in IRC 4940(d)(2) and, as such, is not subject to federal excise taxes on its net investment income under IRC Section 4940.

**(l) *Reclassifications***

Certain reclassifications have been made to the 2001 financial data to conform with the 2002 presentation.

## THE J. PAUL GETTY TRUST

### Notes to Financial Statements

June 30, 2002 and 2001

#### (3) Investments

At June 30, 2002 and 2001, the Trust's investments, at fair market value, consist of the following:

	2002	2001
	(Amounts in thousands)	
Short-term investments	\$ 250,692	144,010
U.S. Treasury and agency securities	720,117	967,466
Corporate bonds	577,558	586,489
Limited partnerships	197,066	74,618
Common stocks, mutual funds, and other investments	2,702,586	3,293,854
	\$ 4,448,019	5,066,437
Investments	\$ 4,021,905	5,066,317
Investments loaned under secured lending transactions	385,569	—
Investments whose use is limited	40,545	120
	\$ 4,448,019	5,066,437

#### (a) Investments and Transactions Pending Settlement

Below is a summary of investments and pending trade transactions as of June 30, 2002 and 2001:

	2002	2001
	(Amounts in thousands)	
Investments at market value	\$ 4,448,019	5,066,437
Investment sales pending settlement	107,630	145,492
Investment purchases pending settlement	(136,852)	(329,497)
	\$ 4,418,797	4,882,432

#### (b) Investments Whose Use is Limited

Investments whose use is limited consists of proceeds from the commercial paper program whose use is limited by terms of the commercial paper agreement. See note 9. Such funds may only be used for the Getty Villa construction project, certain Getty Museum improvements, and the purchase of art for the Trust's collection. Also included are amounts restricted by donors for investment in perpetuity. As of June 30, 2002 and 2001, investments whose use is limited totaled \$40,545,000 and \$120,000, respectively.

#### (4) Derivative Financial Instruments

In the normal course of business, the Trust uses various financial instruments, including derivative financial instruments, in an effort to manage exposure on long-term investments. The Trust's exposure to changes in market prices or interest rates is managed by entering into positions in a variety of financial



## THE J. PAUL GETTY TRUST

### Notes to Financial Statements

June 30, 2002 and 2001

instruments. These instruments include foreign exchange forward contracts, futures and forward contracts, and options. Potential off-balance sheet credit risk arises from the possible inability of counterparties to meet the terms of their contracts. All futures contracts are exchange-traded contracts, and as such, the exchange acts as the counterparty to specific transactions and bears the risk of delivery to and from counterparties of specific positions.

The notional amounts of purchased and sold futures contracts at June 30, 2002 and 2001 were \$82,500,000 and \$97,700,000, respectively, with market values at June 30, 2002 and 2001 of \$80,000,000 and \$94,500,000, respectively.

Forward commitments to purchase and/or sell mortgage-backed securities had face values of \$14,000,000 and \$83,000,000 at June 30, 2002 and 2001, respectively. These contracts were valued at \$14,100,000 and \$81,900,000 at June 30, 2002 and 2001, respectively.

#### (5) Securities Lending

Beginning in the year ended June 30, 2002, the Trust participates in securities lending transactions with a third-party investment company whereby the Trust lends investments in exchange for collateral. Under the terms of its securities lending agreement, the Trust requires initial collateral of a value at least equal to 102% of the then fair value of the loaned investments (105% for loaned securities not denominated in United States dollars). The Trust maintains effective control of the loaned investments during the term of the agreement, in that they may be redeemed prior to the agreement's maturity, and upon the maturity of the agreement, the borrower must return the same, or substantially the same, investments that were borrowed. The risks to the Trust of securities lending transactions are that the borrower may not provide additional collateral when required or return the investments when due. Investments loaned under securities lending transactions totaled \$385,569,000 as of June 30, 2002. Collateral received under securities lending transactions totaled \$395,366,000 as of and for the year ended June 30, 2002, consisting of cash collateral, noncash collateral, and tri-party collateral totaling \$342,019,000, \$33,491,000, and \$19,856,000, respectively. Amounts received as collateral are included in the accompanying statement of financial position along with a payable under securities lending agreement as of June 30, 2002.

#### (6) Property and Equipment

At June 30, 2002 and 2001, property and equipment consist of the following:

	<u>2002</u>	<u>2001</u>
	(Amounts in thousands)	
Land and improvements	\$ 46,877	45,327
Buildings	1,285,606	1,280,369
Leasehold improvements	3,162	2,764
Furniture and equipment	81,775	75,783
Work in progress	97,000	65,132
	<u>1,514,420</u>	<u>1,469,375</u>
Less accumulated depreciation and amortization	<u>(234,541)</u>	<u>(196,825)</u>
	<u>\$ 1,279,879</u>	<u>1,272,550</u>

## THE J. PAUL GETTY TRUST

### Notes to Financial Statements

June 30, 2002 and 2001

#### (7) Grants Payable

Grants payable totaling \$5,491,000 at June 30, 2002 consist of approved grant commitments that are expected to be paid in the following fiscal years ending June 30 (amounts in thousands):

2003	\$	5,241
2004		244
2005		6
		<u>5,491</u>
Less discount to reflect grants payable at present value		<u>(17)</u>
Net grants payable	\$	<u>5,474</u>

#### (8) Commercial Paper Liability

The commercial paper liability consists of \$120,000,000 in various tax-exempt commercial paper notes issued by the California Infrastructure and Economic Development Bank. The notes were issued May 9, 2002, bear interest at rates ranging from 1.4% – 1.5% per annum, and mature at various dates through January 31, 2003. Interest on each note is payable at maturity. The terms of the commercial paper agreement stipulate that the proceeds of the notes are to be used solely for the Getty Villa construction project, certain Getty Museum improvements or renovations, and for the purchase of works of art for the Trust's collection. As of June 30, 2002, accrued interest payable on the notes totaled \$250,000.

#### (9) Bonds Payable

Bonds payable consist of \$104,000,000 in certificates of participation (revenue bonds), issued by the California Statewide Communities Development Authority. The bonds were issued on January 26, 1994 per authorization of the Trustees of the Trust. Proceeds from the bonds were invested to fund the final phases of construction of a major capital project, which included a new museum and main administrative and operating facilities for the Trust in Brentwood, California (referred to as the Getty Center Project). The bonds were issued with a weighted average coupon interest rate of 4.89%, which is payable semiannually on April 1 and October 1. Maturity dates range from October 1, 1999 to October 1, 2023, with a weighted average life of 20 years. The bonds were issued with an original issue discount that totaled \$2,650,000. The discount is being amortized on a straight-line basis over 21.5 years, which is consistent with the weighted average life of the bonds. Revenues from parking fees, bookstore

## THE J. PAUL GETTY TRUST

### Notes to Financial Statements

June 30, 2002 and 2001

sales, and food service revenues are expected to support debt service on the issue. The Trust paid interest of \$5,000,000 and \$5,100,000 in 2002 and 2001, respectively. Principal paydowns of \$2,600,000 and \$2,500,000 were made in 2002 and 2001, respectively. The following is a schedule by year of future payments to be made by the Trust related to these bonds:

	<b>Principal</b>	<b>Interest</b>	<b>Total debt service</b>
	(Amounts in thousands)		
Year ending June 30:			
2003	\$ 2,740	4,895	7,635
2004	2,855	4,776	7,631
2005	2,975	4,649	7,624
2006	3,110	4,514	7,624
2007	3,250	4,369	7,619
Thereafter	86,310	41,434	127,744
	101,240	64,637	165,877
Less bond issue discount	(1,596)		
	\$ 99,644		

#### (10) Retirement Plans and Postretirement Benefits

The liabilities related to the defined benefit retirement plans and postretirement benefits of the Trust are accrued based on various assumptions and discount rates, as described below. The actuarial assumptions used could change in the near term as a result of changes in expected future trends and other factors which, depending on the nature of the changes, could cause increases or decreases in the liabilities recorded.

The Trust has a defined benefit retirement plan covering substantially all of its employees. The benefits are based on years of service and the employee's highest consecutive five years of compensation during the last ten years of employment. The Trust annually contributes the required amount that satisfies the funding standards under Section 412(b) of the Internal Revenue Code. Contributions are intended to provide the defined benefit retirement plan with assets sufficient to pay all future benefits due to plan participants. The defined benefit retirement plan assets are comprised of short-term investments and mutual funds in equity and fixed income securities with State Street Bank as trustee for the defined benefit retirement plan.

## THE J. PAUL GETTY TRUST

### Notes to Financial Statements

June 30, 2002 and 2001

In addition to the defined benefit retirement plan, the Trust provides supplemental retirement benefits for certain senior executives as outlined in their respective employment contracts.

The funded status of the defined benefit retirement plan and the supplemental retirement plans as of June 30, 2002 and 2001 is as follows:

	<u>Defined benefit</u>		<u>Supplemental retirement</u>	
	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>
	(Amounts in thousands)			
Change in benefit obligation:				
Benefit obligation at beginning of year	\$ 48,822	42,328	8,549	8,512
Service cost	4,011	3,695	89	71
Interest cost	3,622	3,143	615	613
Plan amendments	267	226	426	(22)
Actuarial loss (gain)	269	188	—	81
Benefits paid	(795)	(758)	(704)	(706)
	<u>\$ 56,196</u>	<u>48,822</u>	<u>8,975</u>	<u>8,549</u>
Change in plan assets:				
Fair value of plan assets at beginning of year	\$ 36,798	39,976	—	—
Actual (loss) return on plan assets	(3,986)	(6,019)	—	—
Employer contributions	6,000	3,599	704	706
Benefits paid	(795)	(758)	(704)	(706)
	<u>\$ 38,017</u>	<u>36,798</u>	<u>—</u>	<u>—</u>
Funded status:				
Benefit obligation	\$ (56,196)	(48,822)	(8,975)	(8,549)
Fair value of plan assets	38,017	36,798	—	—
Funded status	(18,179)	(12,024)	(8,975)	(8,549)
Unrecognized transition obligation	—	37	—	—
Unamortized prior service cost	1,096	990	129	202
Unrecognized actuarial loss	8,926	1,323	1,711	1,338
Net amount recognized	<u>\$ (8,157)</u>	<u>(9,674)</u>	<u>(7,135)</u>	<u>(7,009)</u>
Weighted average assumptions as of June 30:				
Discount rate	7.50%	7.50%	7.50%	7.50%
Expected return on plan assets	8.00	8.00	N/A	N/A
Rate of compensation increase	5.50	5.50	5.50	5.50

## THE J. PAUL GETTY TRUST

### Notes to Financial Statements

June 30, 2002 and 2001

The actuarial present value of the accumulated benefit obligations as of June 30, 2002 was approximately \$40,000,000, of which approximately \$35,700,000 was vested.

	<b>Defined benefit</b>		<b>Supplemental retirement</b>	
	<b>2002</b>	<b>2001</b>	<b>2002</b>	<b>2001</b>
	(Amounts in thousands)			
Components of net periodic benefit cost:				
Service cost	\$ 4,011	3,695	89	71
Interest cost	3,622	3,143	615	613
Expected return on plan assets	(3,347)	(3,390)	—	—
Amortization of transition obligation	37	37	—	—
Recognized prior service cost	160	144	73	76
Recognized net (gain) loss	—	(310)	50	43
	\$ 4,483	3,319	827	803

The Trust provides postretirement health care to eligible employees who retire under the Trust's retirement plan. The cost of providing these benefits is substantially borne by the Trust. The accumulated postretirement benefit obligation relating to this plan at June 30, 2002 and 2001 consists of:

	<b>2002</b>	<b>2001</b>
	(Amounts in thousands)	
Retired employees	\$ 3,685	2,528
Fully eligible active employees	5,668	3,736
Other active employees	22,227	15,275
	\$ 31,580	21,539

The net periodic postretirement benefit cost included the following:

	<b>2002</b>	<b>2001</b>
	(Amounts in thousands)	
Service cost	\$ 2,668	1,779
Interest cost	1,603	1,102
Recognized net loss (gain)	15	(5)
	\$ 4,286	2,876

The accumulated postretirement benefit obligations were determined using an assumed discount rate of 7.5% and assumed health care cost trend rates over a ten-year period from 12.5% decreasing to 4.5% for 2002 and from 8.0% decreasing to 5.0% for 2001.

## THE J. PAUL GETTY TRUST

### Notes to Financial Statements

June 30, 2002 and 2001

Assumed health care cost trend rates have a significant effect on the amounts reported for the health care plans. A one-percentage-point change in assumed health care cost trend rates would have the following effects:

	<u>One percentage point increase</u>	<u>One percentage point decrease</u>
	(Amounts in thousands)	
Effect on total of service and interest cost components – increase (decrease)	\$ 1,432	(1,118)
Effect on postretirement benefit obligation – increase (decrease)	6,327	(5,018)

The Trust maintains a qualified 403(b) Employee Investment Plan, which permits eligible employees to make voluntary contributions on a pretax basis. This plan allows participants to invest in a variety of investments. This plan was enhanced in 1995 to include an employer match to employees contributing to the plan, following six months of employment. The match is held in a 401(a) plan. In 2001, the 401(a) plan provides for uniform employer contributions of \$1.00 for every dollar contributed by a participant up to 4% of the participant's compensation. This represents an enhancement of the prior year match of \$0.50 for every dollar contributed by a participant in 2000. The Trust contributed \$1,900,000 and \$1,300,000 to this plan in 2002 and 2001, respectively.

Effective December 31, 2001, the Trust provided supplemental retirement benefits to a senior executive pursuant to an employment contract that was negotiated during the year ended June 30, 2002. The Trust expensed \$382,000 related to this agreement in 2002.

#### (11) Lines of Credit

The Trust has two revolving unsecured lines of credit with a bank. A \$5,000,000 line of credit, which bears interest at the bank's reference rate, also facilitates the issuance of commercial and standby letters of credit with maximum maturities of 180 and 365 days, respectively. This line of credit agreement expires on November 1, 2003, at which time any advances outstanding are due and payable. Amounts used for financing commercial and standby letters of credit may extend 180 and 365 days, respectively, beyond the expiration date of this line of credit. A second \$5,000,000 line of credit also expires November 1, 2003 and bears interest at the bank's reference rate. There were no amounts outstanding at June 30, 2002 or 2001 under these agreements.

## THE J. PAUL GETTY TRUST

### Notes to Financial Statements

June 30, 2002 and 2001

#### (12) Commitments and Contingencies

##### (a) *Lease Commitments*

The Trust is obligated under various operating leases for equipment and facilities which expire on various dates through 2010. The following is a schedule by year of minimum future rental payments related to these leases as of June 30, 2002 (amounts in thousands):

Year ending June 30:		
2003	\$	3,085
2004		2,821
2005		2,223
2006		1,881
2007		1,841
Thereafter		<u>3,042</u>
Total	\$	<u><u>14,893</u></u>

Rent expense totaled \$5,200,000 and \$4,800,000 for the years ended June 30, 2002 and 2001, respectively.

##### (b) *Legal Matters*

In the ordinary course of business, the Trust is subject to certain lawsuits and other potential legal actions. In the opinion of management, such matters will not have a material effect on the financial position of the Trust.

##### (c) *Other Commitments*

The Trust has investments in private equity partnerships. At June 30, 2002, the future commitments to fund these partnerships totaled approximately \$265,200,000.

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**APPENDIX C**

**SUMMARY OF PRINCIPAL DOCUMENTS**

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## APPENDIX C

### SUMMARY OF PRINCIPAL DOCUMENTS

The following is a summary of certain provisions of the Indenture and the Loan Agreement, that are not described elsewhere in this Official Statement. The Bonds are issued and secured pursuant to the Indenture and the Loan Agreement. References to the Indenture and the Loan Agreement or a fund or account refer to the related document, fund or account with respect to the Bonds, as described in the Official Statement. Unless otherwise specified to the contrary in this Appendix C, all definitions and provisions summarized refer to the Indenture and the Loan Agreement. These summaries do not purport to be comprehensive and reference should be made to the Indenture and the Loan Agreement for a full and complete statement of their provisions.

### DEFINITIONS OF CERTAIN TERMS

Unless the context otherwise requires, the terms defined in this summary shall, for all purposes of this summary, have the meanings herein specified, to be equally applicable to both singular and plural forms of any of the terms herein defined. Unless otherwise defined in this summary, all terms used herein or elsewhere in the Official Statement shall have the meanings assigned to such terms in the Indenture.

“*Act*” means the California Infrastructure and Economic Development Bank Act, constituting Division 1 of Title 6.7, of the Government Code of the State of California, as now in effect and as it may from time to time hereafter be amended or supplemented.

“*Additional Payments*” means the payments so designated and required to be made by the Getty Trust pursuant to the Loan Agreement.

“*Alternate Rate*” means, on any Business Day, the BMA Index or, if the BMA Index is no longer published, an index or rate agreed upon by the Issuer and the Remarketing Agent for the applicable Series of Bonds, but in no event a rate in excess of the Maximum Auction Rate.

“*Authorized Representative*” means, with respect to the Getty Trust, the Chair or Vice Chair of the Board, its President and Chief Executive Officer, its Executive Vice President and Chief Operating Officer, its Vice President Finance and Administration, Secretary or any other person designated an Authorized Representative of the Getty Trust by a certificate of the Getty Trust signed by the Chair or Vice Chair of its Board, its President and Chief Executive Officer, Executive Vice President and Chief Operating Officer, Vice President, Finance and Administration, or Secretary, and filed with the Trustee.

“*BMA Index*” means, on any date, a rate determined on the basis of the seven-day high grade market index of tax-exempt variable rate demand obligations, as produced by Municipal Market Data and published or made available by the Bond Market Association (“BMA”), or any Person acting in cooperation with or under the sponsorship of BMA and acceptable to the Trustee, and effective from such date.

“*Bond Trustee*” means Wells Fargo Bank, National Association, a national banking association organized and existing under the laws of the United States of America, or its successor, as Bond Trustee as provided in the Indenture.

“*Bonds*” means California Infrastructure and Economic Development Bank Variable Rate Revenue Bonds (The J. Paul Getty Trust), authorized by, and at any time Outstanding pursuant to, the Indenture.

“*Bondholder*” or “*Holder*” means the Person in whose name such Bond is registered.

“*Business Day*” means (i) any day other than (A) a Saturday or Sunday or legal holiday or a day on which banking institutions in the city or cities in which the Designated Office of the Bond Trustee or the designated office of the Tender Agent or the Liquidity Facility Provider, are located are authorized by law or executive order to close or (B) a day on which the New York Stock Exchange or the Remarketing Agent is closed or (ii) during an Auction Rate Period, solely for purposes of conducting an Auction, any other day or days as may be agreed to in writing by the Auction Agent, the Broker-Dealers, the Bond Trustee and the Getty Trust.

“*Certificate, Statement, Request, or Requisition of the Issuer or the Getty Trust*” mean, respectively, a written certificate, statement, request, or requisition signed in the name of the Issuer by its Chairman or such other person as may be designated and authorized to sign for the Issuer in writing to the Bond Trustee, or in the name of the Getty Trust by an Authorized Representative of the Getty Trust.

“*Code*” means the Internal Revenue Code of 1986, as amended, or any successor statute thereto and any regulations promulgated thereunder.

“*Costs of Issuance*” means all items of expense directly or indirectly payable by or reimbursable to the Issuer or the Getty Trust and related to the authorization, issuance, sale and delivery of the Bonds, including but not limited to advertising and printing costs, costs of preparation and reproduction of documents, filing and recording fees, initial fees and charges of the Bond Trustee and its counsel, legal fees and charges, fees and disbursements of consultants and professionals, rating agency fees, fees and charges for preparation, execution, transportation and safekeeping of the Bonds, and any other cost, charge or fee in connection with the original issuance of Bonds.

“*Designated Office*” means the principal corporate trust office of the Bond Trustee, which as of the date of the Indenture is located at 700 S. Flower Street, Los Angeles, California 90017, Attention: Corporate Trust Services.

“*Environmental Laws*” means any federal, state or local law, statute, code, ordinance, regulation, requirement or rule relating to hazardous materials to which the Getty Trust or any property of the Getty Trust is subject.

“*Eligible Bonds*” means any Bonds other than Liquidity Facility Bonds or Bonds owned by, for the account of, or on behalf of, the Issuer or the Getty Trust.

“*Expiration Date*” means the date upon which the Liquidity Facility is scheduled to expire (taking into account any extensions of such Expiration Date) in accordance with its terms without regard to any early termination thereof.

“*Favorable Opinion of Bond Counsel*” means an unqualified opinion of Bond Counsel, to the effect that such action is permitted by the Indenture and will not impair in the exclusion of interest on the Bonds from gross income for federal income tax purposes.

“*Getty Trust*” means the J. Paul Getty Trust, a nonprofit charitable trust duly organized and existing under the laws of the State of California.

“*Indenture*” or “*Bond Indenture*” means that certain Indenture, by and between the Issuer and the Bond Trustee, as originally executed and as it may from time to time be supplemented, modified or amended in accordance with the terms thereof.

“*Interest Payment Date*” means, for the Initial Interest Period, November 15, 2003 and May 13, 2004, and, thereafter:

(A) if the Mode for a Series of Bonds is not an Auction Mode, (1) with respect to Bonds of any Series in a Commercial Paper Mode, the Purchase Date; (2) with respect to Bonds of any Series in a Daily Mode or a Weekly Mode, the first Business Day of each month; (3) with respect to Bonds of any Series in the Fixed Rate Mode, each April 1 and October 1;

(B) if the Mode for a Series of the Bonds is an Auction Mode, (1) for an Auction Period of 91 days or less, the Business Day immediately succeeding the last day of such Auction Period and (2) for an Auction Period of more than 91 days, each 13th Wednesday after the first day of such Auction Period and the Business Day immediately succeeding the last day of such Auction Period, provided that the Interest Payment Date may be changed in accordance with the terms of Section 2.18(B);

(C) for all Bonds of a Series, any Mode Change Date with respect to such Series and the applicable maturity dates for such Bonds; and

(D) with respect to Liquidity Facility Bonds, the dates set forth in the applicable Reimbursement Agreement.

“*Interest Payment Period*” means the period commencing on the last Interest Payment Date to which interest has been paid (or, if no interest has been paid, from the date of original issuance of the Bonds, or the Mode Change Date, as the case may be) to, but not including, the Interest Payment Date on which interest is to be paid.

“*Interest Period*” means the period of time that an interest rate remains in effect, which period:

(1) with respect to each Bond in a Daily Mode, commences on a Business Day and extends to, but does not include, the next succeeding Business Day;

(2) with respect to each Bond in the Weekly Mode, commences on the first day Bonds begin to accrue interest in the Weekly Mode and ends on the next succeeding Wednesday, and thereafter commences on each Thursday and ends on Wednesday of the following week;

(3) with respect to each Bond in a Commercial Paper Mode, shall mean the Commercial Paper Rate Period established by the Remarketing Agent pursuant to the Indenture; and

(4) with respect to the Initial Interest Period, shall mean the periods more fully described in the Indenture which shall accrue interest to, but not including, the last day of the Initial Interest Period.

*“Investment Securities”* means any of the following: (1) (a) direct nonprepayable, noncallable obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury of the United States of America) or direct nonprepayable, noncallable obligations the timely payment of the principal of and interest on which are fully guaranteed by the United States of America, including instruments evidencing a direct ownership interest in securities described in this clause (1)(a) such as CATS, TIGRs, and Stripped Treasury Coupons rated or assessed in the highest Rating Categories by S&P and Moody’s and held by a custodian for safekeeping on behalf of holders of such securities, or (b) bonds or notes which are exempt from federal income taxes and for the payment of which cash or obligations described in clause (1)(a) of this definition in an amount sufficient to pay the principal of, premium, if any, and interest on such bonds or notes when due have been irrevocably deposited with a trustee or other fiscal depository and which are rated in the highest Rating Categories by S&P and Moody’s; (2) obligations, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following: Federal Home Loan Issuer System, Government National Mortgage Association, Farmer’s Home Administration, Federal Home Loan Mortgage Corporation, Small Business Administration, Federal Housing Administration, Resolution Funding Corporation or Financing Corporation; (3) interest bearing time or demand deposits, deposit accounts, certificates of deposit or savings accounts with banks (including the Bond Trustee and its affiliates) (i) whose deposits are fully insured by the Federal Deposit Insurance Corporation or (ii) whose short term obligations are rated no lower than A-1+ by S&P and P-1 by Moody’s and that are commercial banks, which deposits or accounts are collateralized as to both principal and accrued interest at 103% by obligations of the kind described in clause (1)(a), held by the Bond Trustee, provided that the bank shall create a valid first perfected security interest for the depositor in such obligations; (4) federal funds or banker’s acceptances with a maximum term of one year of any bank that has an unsecured, uninsured and unguaranteed obligation rating of "Prime-1" or "A1+" by Moody’s and "A-1" or "A" or better by S&P (including the Bond Trustee) insured by the Federal Deposit Insurance Corporation; (5) repurchase agreements fully secured by collateral security described in clause (1) of this definition, which collateral (a) is held by the Bond Trustee or an agent thereof during the term of such repurchase agreement, (b) is not subject to liens or claims of third parties, (c) is subject to a perfected security interest and (d) has a market value (determined at least once every fourteen days) at least equal to 103% of the amount so invested; (6) investment agreements with financial institutions rated within the three highest long-term Rating Categories by Moody’s and S&P;

provided that if such ratings fall below the three highest long-term Rating Categories, the investment agreement shall allow the Bond Trustee the option to replace such financial institution or shall provide for such investment to be fully collateralized by investments described in clause (1) above and, provided further that if the Getty Trust notifies the Bond Trustee of such lowering of ratings and the investments are so collateralized, that the Bond Trustee has a perfected first priority lien on the collateral and such collateral is held by the Bond Trustee or its agent; (7) taxable government money market portfolios consisting of securities issued or guaranteed as to payment of principal and interest by the full faith and credit of the United States; (8) tax-exempt government money market portfolios consisting of securities which are rated in one of the three highest Rating Categories of S&P and Moody's, including funds for which the Bond Trustee, its affiliates or subsidiaries provide investment advisory or other money management services; (9) money market funds registered under the Investment Company Act of 1940, the shares in which are registered under the Securities Act of 1933 and that have a rating by S&P of AAA m-G, AAAm or AAm, including such funds for which the Bond Trustee or its affiliates provide investment advisory or other management services; (10) corporate bonds rated within the three highest long-term Rating Categories by Moody's and S&P; (11) dutch auction securities and auction rate securities with respect to which the interest rates are reset every seven to 35 days (inclusive) and which are rated in one of the three highest short-term Rating Categories by Moody's and S&P; (12) commercial paper rated in one of the three highest Rating Categories by Moody's and S&P; and (13) any other security or fund rated in one of the three highest long-term or short-term Rating Categories by Moody's and S&P.

*"Issuer"* means the California Infrastructure and Economic Development Bank.

*"Liquidity Facility"* means a letter of credit, line of credit, standby bond purchase agreement, financial agreement issued by a Liquidity Facility Provider.

*"Liquidity Facility Bonds"* means Bonds purchased pursuant by the Liquidity Facility Provider to the Liquidity Facility, but excluding Bonds no longer considered Liquidity Facility Bonds pursuant to the terms of the Liquidity Facility.

*"Liquidity Facility Rate"* means the interest rates as applicable to Liquidity Facility Bonds.

*"Liquidity Facility Provider"* means the commercial bank insurer or other financial institution issuing a Liquidity Facility.

*"Loan Agreement"* means that certain loan agreement, between the Issuer and the Getty Trust, as originally executed and as it may from time to time be supplemented, modified or amended in accordance with the terms thereof and of the Indenture.

*"Loan Repayments"* means the payments so designated and required to be made by the Getty Trust pursuant to the Loan Agreement.

*"Mandatory Sinking Account Payment"* means the amount required by the Indenture to be paid by the Issuer on any single date for the retirement of Term Bonds.

*“Maximum Interest Rate”* means (a) with respect to all Bonds in the Daily Mode, the Weekly Mode and the Commercial Paper Mode, 12% per annum or such lesser annual rate of interest that is specified in the Liquidity Facility that supports such Bonds, if any, that is used to determine the amount of interest that may be drawn under such Liquidity Facility, if any, and (b) with respect to Bonds in the Auction Mode and the Fixed Rate Mode, 15% per annum; provided, however, that the Maximum Interest Rate shall not exceed the maximum interest rate permitted by law from time to time.

*“Opinion of Counsel”* means a written opinion of counsel (who may be counsel for the Issuer) satisfactory to the Bond Trustee.

*“Outstanding”* when used as of any particular time (subject to the provisions of the Indenture) with reference to Bonds, means all Bonds theretofore, or thereupon being, authenticated and delivered by the Bond Trustee under the Indenture except (1) Bonds theretofore cancelled by the Bond Trustee or surrendered to the Bond Trustee for cancellation; (2) Bonds with respect to which all liability of the Issuer shall have been discharged in accordance with the Indenture; 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 Bond Trustee pursuant to the Indenture.

*“Person”* means an individual, corporation, firm, association, partnership, trust, limited liability company or other legal entity or group of entities, including a governmental entity or any agency or political subdivision thereof.

*“Principal Payment Date”* means any date on which principal on the Bonds is due and payable, whether by reason of maturity or redemption from Mandatory Sinking Account Payments, or otherwise.

*“Rating Category”* means a generic securities rating category, without regard to any refinement or gradation of such rating category by a numerical modifier or otherwise.

*“Record Date”* means (i) with respect to Bonds of any Series in a Daily Mode, a Weekly Mode or a Commercial Paper Mode, the day (whether or not a Business Day) immediately preceding each Interest Payment Date, (ii) with respect to Bonds of any Series in the Auction Mode, the second Business Day preceding an Interest Payment Date for such Interest Period, and (iii) with respect to Bonds of any Series in the Fixed Rate Mode, the fifteenth (15th) day (whether or not a Business Day) of the month immediately preceding each Interest Payment Date.

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

*“Required Stated Amount”* means with respect to the Liquidity Facility, at any time of calculation, an amount equal to the aggregate principal amount of all Bonds of such Series then Outstanding together with interest accruing thereon (assuming an annual rate of interest



equal to the Maximum Interest Rate) for the period specified in a Certificate of the Getty Trust to be the minimum period specified by the Rating Agencies then rating such Bonds as necessary to maintain the short-term rating of the Bonds of such Series.

“*Reserved Rights*” means the right of the Issuer to (1) Additional Payments, (2) enforce the obligations of the Getty Trust under the Tax Agreement, and (3) indemnification, notices and opinions.

“*Revenues*” means all amounts received by the Issuer or the Bond Trustee for the account of the Issuer pursuant or with respect to the Loan Agreement, including, without limiting the generality of the foregoing, Loan Repayments (including both timely and delinquent payments and any late charges, and whether paid from any source), prepayments, and all interest, profits or other income derived from the investment of amounts in any fund or account established pursuant to the Indenture, but not including any Additional Payments or any moneys required to be deposited in the Rebate Fund.

“*Securities Depository*” means The Depository Trust Company and its successors and assigns, or any other securities depository selected as set forth in the Indenture.

“*Special Record Date*” means the date established by the Bond Trustee pursuant to the Indenture as the record date for the payment of defaulted interest on the Bonds.

“*Supplemental Indenture*” means any indenture hereafter duly authorized and entered into between the Issuer and the Bond Trustee, supplementing, modifying or amending the Indenture; but only if and to the extent that such Supplemental Indenture is specifically authorized under the Indenture.

“*Tax Agreement*” means that certain tax agreement entered into between the Issuer and the Getty Trust at the time of issuance and delivery of the Bonds, as the same may be amended or supplemented in accordance with its terms.

## **INDENTURE**

The Indenture sets forth the terms of the Bonds, the nature and extent of the security, various rights of the Bondholders, rights, duties and immunities of the Bond Trustee and the rights and obligations of the Issuer. Certain provisions of the Indenture are summarized in this Official Statement under the captions “THE BONDS” and “SECURITY AND SOURCE OF PAYMENT FOR THE BONDS.” Other provisions are summarized below. This summary does not purport to be complete or definitive and is qualified in its entirety by reference to the full terms of the Indenture.

### **Pledge and Assignment of Revenues**

The Issuer transfers in trust, grants a security interest in and assigns to the Bond Trustee, for the benefit of the Holders from time to time of the Bonds, all of the Revenues and other assets pledged, including proceeds of the sale of the Bonds, held in any fund or account established under the Indenture (except for the Rebate Fund and the Purchase Fund); all of the

right, title and interest of the Issuer in the Loan Agreement (except for the Reserved Rights). The Bond Trustee shall be entitled to and shall, subject to the provisions of the Indenture, collect and receive all of the Revenues and any Revenues collected or received by the Issuer shall be deemed to be held and to have been collected or received, by the Issuer as the agent of the Bond Trustee and shall forthwith be paid by the Issuer to the Bond Trustee. The Bond Trustee also shall be entitled to, and shall, take all steps, actions and proceedings reasonably necessary in its judgment to enforce all of the rights of the Issuer and all of the obligations of the Getty Trust under the Loan Agreement.

### **Establishment of Funds and Accounts**

The Indenture creates a Costs of Issuance Fund, a Revenue Fund (and an Interest Account and Principal Account thereunder), a Project Fund, a Redemption Fund (and an Optional Redemption Account and a Special Redemption Account thereunder), a Rebate Fund and a Reserve Fund, all of which are to be held by the Bond Trustee.

*Costs of Issuance Fund.* The moneys in the Costs of Issuance Fund shall be used and withdrawn by the Bond Trustee to pay the Costs of Issuance upon requisition of the Getty Trust. On November 15, 2003, or upon the earlier request of the Getty Trust, amounts, if any, remaining in the Costs of Issuance Fund shall be transferred to the Project Fund.

*Project Fund.* The moneys in the Project Fund shall be used and withdrawn to pay costs of the project as set forth in the Indenture. Upon completion of the Project and upon filing a certificate with the Bond Trustee stating the fact and date of such completion and stating that all of the costs of the Project have been determined and paid, any remaining balance in the Project Fund shall be transferred to the Optional Redemption Account.

*Interest Account.* Moneys in the Interest Account shall be held, disbursed, allocated and applied by the Bond Trustee only as provided in the Indenture. The Bond Trustee shall deposit the Revenues in the Revenue Fund when and as such Revenues are received and transfer, on each Interest Payment Date, to the Interest Account, the aggregate amount of interest becoming due and payable on such date on all Bonds then Outstanding.

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

*Principal Account.* Moneys in the Principal Account shall be used and withdrawn by the Bond Trustee only as provided in the Indenture. The Bond Trustee shall deposit the Revenues in the Revenue Fund when and as such Revenues are received and transfer on each Principal Payment Date to the Principal Account, the aggregate amount of Mandatory Sinking Account Payments plus the aggregate amount of principal due on such date.

On each Mandatory Sinking Account Payment date, the Bond 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 Bonds, upon the notice and in the manner provided in the Indenture; provided that, at any time prior to giving such notice of such redemption, the Bond Trustee may apply moneys in the Principal Account to the purchase of Term Bonds of such maturity at public or private sale, as and when and at such prices (including brokerage and other charges, but excluding accrued interest, which is payable from the Interest Account) as directed by the Getty Trust in writing, except that the purchase price (excluding accrued interest) shall not exceed the principal amount of such Bonds. If, during the twelve-month period immediately preceding said Mandatory Sinking Account Payment date, the Bond Trustee has purchased Bonds with moneys in the Principal Account, or, during said period and prior to giving said notice of redemption, the Getty Trust has deposited Bonds with the Bond Trustee or Bonds were at any time purchased or redeemed by the Bond 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 the Indenture, shall be canceled by the Bond Trustee upon the order of the Issuer. All Bonds purchased from the Principal Account, or deposited by the Getty Trust with the Bond Trustee shall be allocated to the Mandatory Sinking Account Payment, as the Getty Trust may specify, or if not specified, in inverse order of their payment dates.

*Redemption Fund.* The Bond Trustee shall deposit the following Revenues in the Optional Redemption Account when and as such Revenues are received: (1) the principal component of all cash prepayments of Loan Repayments made pursuant to the Loan Agreement; (2) all interest, profits and other income received from the investment of moneys in the Redemption Fund and (3) all moneys deposited by the Getty Trust with the Bond Trustee in accordance with the Loan Agreement.

All amounts deposited in the Redemption Fund shall be used and withdrawn by the Bond Trustee solely for the purpose of redeeming Bonds, in the manner and upon the terms and conditions specified in the Indenture, at the next succeeding date of redemption for which notice has not been given; provided that, at any time prior to the selection of Bonds for such redemption, the Bond Trustee shall, upon direction of the Getty Trust, 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 Account) as the Getty Trust may direct, except that the purchase price (exclusive of accrued interest) may not exceed the Redemption Price then applicable to the Bonds (or, if the Bonds are not then subject to redemption, the par value of such Bonds); and provided further that, in lieu of redemption at such next succeeding date of redemption, or in combination therewith, amounts in such account may be transferred to the Principal Account and credited against Loan Repayments in order of their due date as set forth in a Request of the Getty Trust. All Bonds purchased or redeemed from the Redemption Fund shall be allocated first to the Mandatory Sinking Account Payment as the Getty Trust may specify.

*Rebate Fund.* Subject to the transfer provisions provided in the Indenture, all money at any time deposited in the Rebate Fund shall be held by the Bond Trustee in trust, to the extent required to satisfy the Rebate Amount (as defined in the Tax Agreement), for payment to the federal government of the United States of America. Neither the Issuer, the Getty Trust nor

the Holder of any Bonds shall have any rights in or claim to such money. All amounts deposited into or on deposit in the Rebate Fund shall be governed by the Indenture and by the Tax Agreement.

### **General Provisions Relating to Tenders**

*Purchase Fund.* The Tender Agent establishes and maintains a special fund designated as the “Purchase Fund,” and within such fund three separate accounts designated, respectively, as the “Corporate Deposit Account,” the “Liquidity Facility Deposit Account” and the “Remarketing Proceeds Account.” The money in the Purchase Fund shall be held in trust and applied solely as provided in the Indenture.

The Tender Agent deposits all moneys delivered to it under the Indenture by the Remarketing Agent for the purchase of Bonds into the Remarketing Proceeds Account and shall hold all such moneys in trust for the exclusive benefit of the Person that shall have so delivered such moneys until the Bonds purchased with such moneys shall have been delivered to it for the account of such Person and, thereafter, for the benefit of the Holders tendering such Bonds.

The Tender Agent deposits all moneys delivered to it under the Indenture from a payment by or on behalf of the Liquidity Facility Provider for the purchase of Bonds into the Liquidity Facility Deposit Account and shall hold all such moneys in trust for the exclusive benefit of the Liquidity Facility Provider until the Bonds purchased with such moneys shall have been delivered to or for the account of the Liquidity Facility Provider and, after such delivery, the Tender Agent shall hold such funds exclusively for the benefit of the Holders tendering such Bonds.

The Tender Agent deposits all moneys delivered to it by the Getty Trust pursuant to the Loan Agreement for the purchase of Bonds into the Corporate Deposit Account.

*Payment of Purchase Price.* At or before close of business New York City time on the Purchase Date and upon receipt by the Tender Agent of the aggregate Purchase Price of the tendered Bonds, the Tender Agent shall pay the Purchase Price of such Bonds to the Holders by bank wire transfer in immediately available funds. The Tender Agent shall pay the Purchase Price from the following accounts and in the following order of priority: (1) the Remarketing Proceeds Account to the extent funds are available therein, (2) in the case of Eligible Bonds, if a Liquidity Facility is then in effect with respect to such Bonds, the Liquidity Facility Deposit Account, and (3) the Corporate Deposit Account. The Tender Agent may assume that a Bond is an Eligible Bond unless it has actual knowledge to the contrary. If at close of business New York City time on any date of purchase of Bonds any balance remains in the Liquidity Facility Deposit Account in excess of any unsatisfied purchase obligation, such excess shall be promptly returned to the Liquidity Facility Provider.

*Inadequate Funds for Tenders.* If the funds available for purchases of Eligible Bonds are inadequate for the purchase of all Bonds tendered on any Purchase Date, no purchase shall be consummated and the Tender Agent shall, after any applicable grace period, (1) return all tendered Bonds to the Holders thereof, (2) return all moneys deposited in the Remarketing

Proceeds Account to the Remarketing Agent for return to the Persons providing such moneys and (3) return all moneys deposited in the Liquidity Facility Deposit Account to the Liquidity Facility Provider.

*Delivery of Bonds by Tendering Bondholders; Undelivered Bonds Deemed Purchased.* All Bonds to be purchased on any Purchase Date shall be required to be delivered to the principal corporate office of the Tender Agent at or before 12:00 p.m., New York City time, on such Purchase Date. If the Holder of any Bond (or portion thereof) that is subject to purchase fails to deliver such Bond to the Tender Agent for purchase on the Purchase Date, and if the Tender Agent is in receipt of the Purchase Price therefor, such Bond (or portion thereof) shall nevertheless be deemed purchased on the day fixed for purchase thereof and ownership of such Bond (or portion thereof) shall be transferred to the purchaser thereof as described in the paragraph below. Any Holder who fails to deliver such Bond for purchase shall have no further rights thereunder except the right to receive the Purchase Price thereof upon presentation and surrender of said Bond to the Tender Agent. The Tender Agent shall, as to any tendered Bonds that have not been delivered to it: (1) promptly notify the Remarketing Agent of such nondelivery; and (2) instruct the Bond Trustee to place a stop transfer against an appropriate amount of Bonds registered in the name of such Holder(s) on the Bond registration books. The Bond Trustee shall place such stop(s) commencing with the lowest serial number Bond registered in the name of such Holder(s) until stop transfers have been placed against an appropriate amount of Bonds until the appropriate tendered Bonds are delivered to the Tender Agent who shall deliver such Bonds to the Bond Trustee. Upon such delivery, the Bond Trustee shall make any necessary adjustments to the Bond registration books.

*Delivery of Bonds to Purchasers.* On the Purchase Date, the Tender Agent shall direct the Bond Trustee to execute and deliver all Bonds purchased on any Purchase Date as follows: (1) Bonds purchased and remarketed by the Remarketing Agent shall be registered and made available to the Remarketing Agent by 1:30 p.m., New York City time, in accordance with the instructions of the Remarketing Agent; (2) Bonds purchased with amounts paid by the Getty Trust shall be registered and made available in the name of or as directed in writing by the Getty Trust; and (3) Bonds purchased with amounts paid by or on behalf of the Liquidity Facility Provider (if any) shall be registered and made available in the name of or as directed in writing by the Liquidity Facility Provider on or before 1:30 p.m., New York City time, and become Liquidity Facility Bonds. Notwithstanding the foregoing, if a Liquidity Facility is in effect, the Tender Agent shall not deliver any such Bonds unless it has received notice from the Liquidity Facility Provider that the amount available for the purchase of Bonds (prior to a conversion to Fixed Rate) is at least equal to the Required Stated Amount.

*No Purchases or Sales After Payment Default.* Anything in this Bond Indenture to the contrary notwithstanding, if there shall have occurred and be continuing an Event of Default described in clause (a) or (b) of the first paragraph under the caption “THE INDENTURE – Events of Default; Remedies on Default” then the Remarketing Agent shall not remarket any Bonds.

Whenever a Liquidity Facility is in place with respect to any Series of Bonds, the Remarketing Agent shall not remarket any applicable Series of Bonds to the Issuer, the Getty Trust, or any affiliate or guarantor of the Getty Trust.

### **Events of Default; Remedies on Default**

The following events shall be Events of Default: (a) default in the due and punctual payment of the principal, Redemption Price or Purchase Price of any Bond when and as the same shall become due and payable, whether at maturity as therein expressed, by proceedings for redemption, by acceleration or otherwise or default in the redemption of Bonds from Mandatory Sinking Account Payments; (b) default in the due and punctual payment of any installment of interest on any Bond when and as such interest installment shall become due and payable; (c) default by the Issuer in the observance of any of the other covenants, agreements or conditions on its part contained in the Indenture or in the Bonds, if such default shall have continued for a period of 60 days after written notice thereof, specifying such default and requiring the same to be remedied, shall have been given to the Issuer, the Liquidity Facility Provider and the Getty Trust by the Bond Trustee, or to the Issuer, the Getty Trust and the Bond Trustee by the Holders of not less than 25% in aggregate principal amount of the Bonds at the time Outstanding or (d) a Loan Default Event.

Upon a responsible officer's actual knowledge of the existence of any Event of Default, the Bond Trustee shall notify the Getty Trust, Issuer, and the Liquidity Facility Provider in writing as soon as practicable but in any event within 5 Business Days; provided, however, that the Bond Trustee need not provide notice of any Loan Default Event if the Getty Trust has expressly acknowledged the existence of such Loan Default Event in a writing delivered to the Bond Trustee, the Issuer and the Liquidity Facility Provider (if any).

Whenever any Event of Default shall have happened and be continuing, the Bond Trustee may, upon notice in writing to the Issuer and the Getty Trust, declare the principal of all the Bonds then Outstanding, and the interest accrued thereon, to be due and payable immediately, and upon any such declaration by the Bond Trustee the same shall become and shall be immediately due and payable, anything in the Indenture to the contrary notwithstanding.

Any such declaration, however, is subject to the condition that if, at any time after such declaration and before any judgment or decree for the payment of the moneys due shall have been obtained or entered, there shall be deposited with the Bond Trustee a sum sufficient to pay all the principal, Redemption Price or Purchase Price of and interest on the Bonds payment of which is overdue, with interest on such overdue principal at the rates borne by the respective Bonds, and the reasonable charges and expenses of the Bond Trustee, and any and all other defaults known to the Bond Trustee (other than in the payment of principal of and interest on the Bonds due and payable solely by reason of such declaration) shall have been made good or cured to the satisfaction of the Bond Trustee or provision deemed by the Bond Trustee to be adequate shall have been made therefor, then, and in every such case, the Bond Trustee shall, on behalf of the Holders of all of the Bonds by written notice to the Issuer, the Liquidity Facility Provider (if any) and the Getty Trust, rescind and annul such declaration and its consequences and waive such

default; but no such rescission and annulment shall extend to or shall affect any subsequent default, or shall impair or exhaust any right or power consequent thereon.

### **Application of Revenues and Other Funds After Default.**

If an Event of Default shall occur and be continuing, all Revenues and any other funds then held or thereafter received by the Bond Trustee under any of the provisions of the Bond Indenture (subject to moneys held for payment of particular Bonds and other than moneys required to be deposited in the Rebate Fund or the Purchase Fund) shall be applied by the Bond Trustee as follows and in the following order:

(A) To the payment of any expenses necessary in the opinion of the Bond Trustee to protect the interests of the Holders of the Bonds and payment of reasonable fees and expenses of the Bond Trustee (including reasonable fees and disbursements of its counsel) incurred in and about the performance of its powers and duties under the Bond Indenture; and

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

(1) 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 (including Mandatory Sinking Account Payments) or Redemption Price 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 or Redemption Price due on such date to the Persons entitled thereto, without any discrimination or preference.

(2) 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 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.

### **Limitation on Bondholder's Right to Sue**

No Holder 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 the Indenture, the Loan Agreement, the Act or any other applicable law with respect to such Bond, unless (1) such Holder shall have given to the Bond Trustee written notice of the occurrence of an Event of Default; (2) the Holders of not less than 25% in aggregate principal amount of the Bonds then Outstanding shall have made written request upon the Bond Trustee to exercise the powers granted or to institute such suit, action or proceeding in its own name; provided, however, that if more than one such request is received by the Bond Trustee from the Holders, the Bond Trustee shall follow the written request executed by the Holders of the greater percentage of Bonds then outstanding in excess of 25%; (3) such Holder or said Holders shall have tendered to the Bond Trustee indemnity satisfactory to it against the costs, expenses and liabilities to be incurred in compliance with such request; and (4) the Bond Trustee shall have refused or omitted to comply with such request for a period of 60 days after such written request shall have been received by, and said tender of indemnity shall have been made to, the Bond Trustee.

### **Amendment of Indenture**

The Indenture and the rights and obligations of the Issuer and of the Holders of the Bonds and of the Bond Trustee may be modified or amended from time to time by an amended indenture or indentures supplemental to the Indenture, which the Issuer and the Bond Trustee may enter into when both (i) the written consent of the Holders of a majority in aggregate principal amount of the Bonds then Outstanding and (ii) an Opinion of Bond Counsel to the effect that such amendment or modification will not cause interest of the Bonds to be included in the gross income of the Holders for federal income tax purpose shall have been filed with the Bond Trustee. No such modification or amendment shall (1) extend the fixed maturity of any Bond, or reduce the amount of principal thereof, or extend the time of payment or reduce the amount of any Mandatory Sinking Account Payment, or reduce the rate of interest thereon, or extend the time of payment of interest thereon, or reduce any premium payable upon the redemption thereof, without the consent of the Holder of each Bond so affected, or (2) reduce the aforesaid percentage of Bonds the consent of the Holders of which is required to effect any such modification or amendment, or permit the creation of any lien on the Revenues and other assets pledged under the Indenture prior to or on a parity with the lien created by the Indenture, or deprive the Holders of the Bonds of the lien created by the Indenture on such Revenues and other assets (except as expressly provided in the Indenture), without the consent of the Holders of all Bonds then Outstanding.

The Indenture may also be modified or amended without the necessity of obtaining the consent of any Bondholders, for one or more of the following purposes: (1) to add to the covenants and agreements of the Issuer contained in the Indenture other covenants and agreements thereafter to be observed, to pledge or assign additional security for the Bonds (or any portion thereof), or to surrender any right or power reserved to or conferred upon the Issuer,



provided, that no such covenant, agreement, pledge, assignment or surrender shall materially adversely affect the interests of the Holders of the Bonds; (2) to make such provisions for the purpose of curing any ambiguity, inconsistency or omission, or of curing or correcting any defective provision, contained in the Indenture, or in regard to matters or questions arising under the Indenture, as the Issuer or the Bond Trustee may deem necessary or desirable and not inconsistent with the Indenture, and which shall not materially adversely affect the interests of the Holders of the Bonds; (3) to modify, amend or supplement the Indenture in such manner as to permit the qualification thereof under the Trust Indenture Act of 1939, as amended or any similar federal statute, and to add such other terms, conditions and provisions as may be permitted by said act or similar federal statute, and which shall not materially adversely affect the interests of the Holders of the Bonds (provided, however, that such modifications, amendments, supplements and additions shall be permitted described in this subsection only if qualification under said act or similar federal statute is required by applicable law; (4) to provide any additional procedures, covenants or agreements to maintain the exclusion from gross income for federal income tax purposes of interest on the Bonds or (5) upon a mandatory purchase of all of the Bonds, any change

### **Defeasance**

The Bonds may be paid by the Issuer or the Bond Trustee on behalf of the Issuer in any of the following ways: (a) by paying or causing to be paid the principal or Redemption Price of and interest on all Bonds Outstanding, as and when the same become due and payable; (b) by depositing with the Bond Trustee in trust, at or before maturity, moneys or securities in the necessary amount (as provided in the Indenture) to pay when due or redeem all Bonds then Outstanding; or (c) by delivering to the Bond Trustee, for cancellation by it, all Bonds then Outstanding. If the Issuer shall also pay or cause to be paid all other sums payable under the Indenture by the Issuer, then and in that case at the election of the Issuer and notwithstanding that any Bonds shall not have been surrendered for payment, the Indenture and the pledge of Revenues and other assets made under the Indenture and all covenants, agreements and other obligations of the Issuer under the Indenture shall cease, terminate, become void and be completely discharged and satisfied.

## **LOAN AGREEMENT**

The Loan Agreement provides the terms of the loan of Bond proceeds to the Getty Trust and the repayment of and security for such loans provided by the Getty Trust. Certain of the provisions of the Loan Agreement are summarized below. This summary does not purport to be complete or definitive and is qualified in its entirety by reference to the full terms of the Loan Agreement.

### **Loan of Proceeds; Payments of Principal, Premium and Interest**

The principal of and interest on the loan of the proceeds of the Bonds under the Loan Agreement will be repaid by means of “Loan Repayments” which the Getty Trust agrees to pay to the Bond Trustee as assignee of the Issuer. The Loan Repayments will be due and payable on or before 1:00 p.m. New York City time on each Interest Payment Date and each Principal

Payment Date in amounts sufficient to allow the Bond Trustee to make the transfers required by the Indenture.

### **Prepayment**

The Getty Trust shall have the right, so long as all amounts which have become due under the Loan Agreement have been paid, at any time or from time to time to prepay all or any part of the Loan Repayments. All such prepayments (and the additional payment of any amount necessary to pay the applicable premium, if any, payable upon the redemption of Bonds) shall be deposited upon receipt in the Redemption Fund and, at the request of and as determined by the Getty Trust, credited against payments due under the Loan Agreement or used for the redemption or purchase of Outstanding Bonds in the manner and subject to the terms and conditions set forth in the Indenture.

### **Payment of Purchase Price of Bonds**

In addition to Loan Repayments and Additional Payments, the Getty Trust shall pay to the Tender Agent such amounts as may be required to pay the Purchase Price of Bonds tendered or deemed tendered pursuant to the Indenture. Such payments shall be paid by the Getty Trust to the Tender Agent by 2:30 p.m. New York City time in immediately available funds in the amount requested by the Tender Agent pursuant to the Indenture.

### **Continuing Disclosure**

The Getty Trust covenants and agrees that it will, if required by S.E.C. Rule 15c2-12(b)(5), enter into and comply with and carry out all of the provisions of a continuing disclosure agreement. Notwithstanding any other provision of the Loan Agreement, failure of the Getty Trust to comply with a continuing disclosure agreement shall not be considered a Loan Default Event; however, the Bond Trustee may (and, at the request of any participating underwriter or the Holders of at least 25% aggregate principal amount in Outstanding Bonds, shall) or any Holder or beneficial owner may take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause the Getty Trust to comply with its obligations described in this paragraph.

### **No Liquidity Facility**

The payment of the Purchase Price of the Bonds shall not initially be supported by a Liquidity Facility. The Getty Trust may, at its sole option, deliver one or more Liquidity Facilities to the Tender Agent at any time upon 35 days' advance written notice to the Bond Trustee, the Tender Agent, the Remarketing Agent and each Rating Agency then rating the Bonds, provided that the Getty Trust has obtained the written consent of the Issuer to the proposed Liquidity Facility Provider. Such notice shall specify the name of the financial institution which shall constitute the Liquidity Facility Provider for such Liquidity Facility, and the date on which such Liquidity Facility will be effective, and shall request the Bond Trustee to provide written notice to the Holders of all Bonds then Outstanding to be secured by such Liquidity Facility of the proposed delivery of such Liquidity Facility at least 30 days prior to the

effective date of such Liquidity Facility. If a Liquidity Facility is in effect, the Getty Trust may from time to time at its sole option delivery a Substitute Liquidity Facility (including the provision of self-liquidity) to the Tender Agent upon 35 days' advance written notice to the Bond Trustee, the Tender Agent and each Rating Agency then rating the Bonds. If a Substitute Liquidity Facility is delivered in accordance with the Loan Agreement, thereafter, for so long as it remains in effect, it shall be the Liquidity Facility.

### **Events of Default**

The following events will be "Loan Default Events": (i) failure by the Getty Trust to pay in full any payment required under the Loan Agreement when due; (ii) if any material representation or warranty made by the Getty Trust in the Loan Agreement or the Bonds shall at any time prove to have been incorrect in any material respect as of the time made; (iii) failure by the Getty Trust to observe or perform any covenant, condition, agreement or provision in the Loan Agreement on its part to be observed or performed, other than as referred to in (i) and (ii) above, or breach of any warranty by the Getty Trust contained in the Loan Agreement, for a period of 60 days after written notice, specifying such failure or breach and requesting that it be remedied, has been given to the Getty Trust by the Issuer or the Bond Trustee; except that, if such failure or breach can be remedied but not within such 60-day period and if the Getty Trust has taken all action reasonably possible to remedy such failure or breach within such 60-day period, such failure or breach shall not become a Loan Default Event for so long as the Getty Trust shall diligently proceed to remedy such failure or breach in accordance with and subject to any directions or limitations of time established by the Bond Trustee; (iv) certain incidents of bankruptcy, insolvency or similar conditions; or (v) any Event of Default as defined in and under the Indenture.

### **Remedies on Default**

During the continuance of a Loan Default Event, the Bond Trustee on behalf of the Issuer may take such action as it deems necessary or appropriate to collect amounts due under the Loan Agreement, to enforce performance and observance of any obligation or agreement of the Getty Trust under the Loan Agreement and may, among other things exercise any or all rights and remedies given by the Loan Agreement or given by or available under any other instrument of any kind securing the Getty Trust's performance under the Loan Agreement, declare upon written notice to the Getty Trust, an amount equal to all amounts then due and payable on the Bonds, whether by acceleration of maturity or otherwise, to be immediately due and payable under the Loan Agreement, whereupon the same shall become immediately due and payable. The Issuer or the Bond Trustee may take any action at law or in equity to collect the payment required under the Loan Agreement then due, whether on the stated due date or by declaration of acceleration or otherwise, for damages or for specific performance or otherwise to enforce performance and observance of any obligation, agreement or covenant of the Getty Trust under the Loan Agreement. If any proceeding taken by the Bond Trustee on account of any Loan Default Event shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Bond Trustee, then and in every case the Issuer, the Bond Trustee and the Getty Trust shall be restored to their former position and rights under the Loan Agreement, respectively,

and all rights, remedies and powers of the Issuer and the Bond Trustee shall continue as though no such proceeding had taken place.

**Amendment of Loan Agreement**

The Loan Agreement may be amended, changed or modified only as provided in the Indenture. See “INDENTURE – Amendment of Indenture.”

**APPENDIX D**  
**AUCTION PROCEDURES**

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## APPENDIX D

### AUCTION PROCEDURES

#### Certain Definitions

In addition to the terms defined elsewhere (see APPENDIX C – “SUMMARY OF PRINCIPAL DOCUMENTS – Definitions of Certain Terms”), the following terms shall have the following meanings, unless the context otherwise requires:

*Agent Member* means a member of, or participant in, the Securities Depository.

*Applicable Percentage* means, on any date of determination, the percentage determined as set forth below (as such percentage may be adjusted as described in the Indenture) based on the prevailing rating of the Bonds in effect at the close of business on the Business Day immediately preceding such date of determination:

<u>Prevailing Rating</u>	<u>Applicable Percentage</u>
AAA/Aaa .....	175%
AA/Aa.....	200%
A/A .....	250%
BBB/Baa .....	275%
Below BBB/Baa .....	300%

For purposes of this definition, the prevailing rating of the Bonds will be (A) AAA/Aaa, if the Bonds have a rating of AAA by S&P and a rating of Aaa by Moody’s, (B) if not AAA/Aaa, then AA/Aa if the Bonds have a rating of AA- or better by S&P and a rating of Aa3 or better by Moody’s, (C) if not AAA/Aaa or AA/Aa, then A/A if the Bonds have a rating of A- or better by S&P and a rating of A3 or better by Moody’s, (D) if not AAA/Aaa, AA/Aa or A/A, then BBB/Baa, if the Bonds have a rating of BBB- or better by S&P and a rating of Baa3 or better by Moody’s, and (E) if not AAA/Aaa, AA/Aa, A/A or BBB/Baa, then Below BBB/Baa.

*Auction* means each periodic implementation of the Auction Procedures.

*Auction Agent* means the auction agent appointed in accordance with the Indenture.

*Auction Date* means, with respect to each respective Auction Period for any Series of Bonds, the last Thursday of the immediately preceding Auction Period (subject to adjustment as provided in the Indenture) or, if such last day is not a Business Day, the next succeeding Business Day.

*Auction Period* means, for each Series of Bonds, the period commencing on and including the day following each Auction Date and ending on and including the twenty-eighth day

thereafter (subject to adjustment as provided in the Indenture) or, if earlier, (i) the date preceding the maturity date of the Bond of such Series or (ii) the last day of the Auction Rate Period.

*Auction Procedures* means the procedures set forth in Sections C, D, E and F below.

*Auction Rate* means the interest rate to be determined for a Series of Bonds as described in this Appendix D.

*Available Auction Bonds* shall have the meaning set forth in Section E below.

*Bid* shall have the meaning set forth in Section C below.

*Bidder* shall have the meaning set forth in Section C below.

*Broker-Dealer* means any entity permitted by law to perform the functions required of a Broker-Dealer set forth in the Auction Procedures (i) that is an Agent Member (or an affiliate of an Agent Member), (ii) that has been selected by the Getty Trust and (iii) that has entered into a Broker-Dealer Agreement with the Auction Agent that remains effective.

*Electronic Means* means telecopy, telegraph, telex, facsimile transmission or other similar electronic means of communication providing confirmation of receipt, including a telephonic communication confirmed in writing or written transmission.

*Existing Holder* means, for purposes of each Auction, a Person who is listed as the beneficial owner of Bonds in the records of the Auction Agent as of the Record Date in respect of the last Interest Payment Date for the Auction Period then ending.

*Hold Order* shall have the meaning set forth in Section C below.

*Maximum Auction Rate* means on any date of determination interest rate per annum equal to the lesser of (A) the Maximum Interest Rate and (B) the Applicable Percentage of the One Month Libor Rate.

*Minimum Auction Rate* means on any date of determination the interest rate per annum equal to the lesser of (i) the Maximum Interest Rate, and (ii) 55% (as such percentage may be adjusted in accordance with the Indenture) of the One Month LiborRate.

*One Month Libor Rate* means, as of any date of determination, the offered rate for deposits in U.S. dollars for a one-month period which appears on the Telerate Page 3750 at approximately 11:00 a.m., London time, on such date, or if such date is not a date on which dealings in U.S. dollars are transacted in the London interbank market, then on the next preceding day on which such dealings were transacted in such market.

*Order* shall have the meaning set forth in Section C below.



*Potential Holder* means any Person, including any Existing Holder, who may be interested in acquiring the beneficial ownership of Bonds during an Auction Rate Period or, in the case of an Existing Holder thereof, the beneficial ownership of an additional principal amount of Bonds during an Auction Rate Period.

*Sell Order* shall have the meaning set forth in Section C below.

*Standard Auction Period* means an Auction Period of twenty-eight days, or, after the establishment of a different period as described in Section B of this Appendix D means for any Series of Bonds, such different period.

*Submission Deadline* means 1:00 p.m. (New York City time) on any Auction Date or such other time on any Auction Date by which Brokers-Dealers are required to submit Orders to the Auction Agent as specified by the Auction Agent from time to time.

*Submitted Bid* shall have the meaning set forth in Section E below.

*Submitted Hold Order* shall have the meaning set forth in Section E below.

*Submitted Order* shall mean have the meaning set forth in Section E below.

*Submitted Sell Order* shall mean have the meaning set forth in Section E below.

*Sufficient Clearing Bids* shall mean have the meaning set forth in Section E below.

*Winning Bid Rate* shall mean have the meaning set forth in Section E below.

## **Section A    General**

(1) During any Auction Rate Period, the Bonds of any Series shall bear interest at an Auction Rate determined as set forth in this Appendix D. The Auction Rate for any initial Auction Period immediately after any change in Mode to an Auction Mode Rate Period shall be the rate of interest per annum determined and certified to the Trustee (with a copy to the Getty Trust) by the Broker-Dealer on a date not later than the effective date of such change in Mode as the minimum rate of interest which, in the opinion of the Broker-Dealer, would be necessary as of the date of such change in Mode to market such Bonds under prevailing market conditions in a secondary market transaction at a price equal to the principal amount thereof; provided that such interest rate shall not exceed the Maximum Auction Rate. Except as otherwise provided in this Appendix D, the Auction Rate shall be the rate of interest per annum that results from implementation of the Auction Procedures. Except as provided below, if on any Auction Date for any reason an Auction is not held, the Auction Rate for the next succeeding Auction Period shall equal the Maximum Auction Rate on and as of such Auction Date. Determination of the Auction Rate pursuant to the Auction Procedures shall be suspended upon the occurrence of an Event of Default. Upon the occurrence of an Event of Default on any Auction Date, no Auction will be held, all Submitted Bids and Submitted Sell Orders shall be rejected, the existence of Sufficient Clearing Bids shall be of no effect and the Auction Rate shall be equal to the Maximum Interest Rate, commencing after the occurrence of such Event of Default and

continuing to and including the Auction Period, if any, during which or commencing less than two Business Days after such Event of Default has been cured or waived. The Auction Rate for any Auction Period commencing after certificates representing the Bonds have been distributed pursuant to Section G of this Appendix D shall be equal to the Maximum Auction Rate on each Auction Date.

(2) Auction Periods may be changed as described in Section (B) (below) at any time unless an Event of Default has occurred and has not been cured or waived. Each Auction Period shall be a Standard Auction Period unless a different Auction Period is established as described in Section (B) (below) and each Auction Period which immediately succeeds an Auction Period that is not a Standard Auction Period shall be a Standard Auction Period unless a different Auction Period is established as described in Section (B) (below).

(3) The Broker-Dealer shall from time to time increase any or all of the percentages set forth in the definition of “Applicable Percentage” or the percentage set forth in the definition of “Minimum Auction Rate” in order that such percentages take into account any amendment to the Code or other statute enacted by the Congress of the United States or any temporary, proposed or final regulation promulgated by the United States Treasury, after the date hereof which (A) changes or would change any deduction, credit or other allowance allowable in computing liability for any federal tax with respect to, or (B) imposes or would impose or increases or would increase any federal tax (including, but not limited to, preference or excise taxes) upon, any interest on a governmental obligation the interest on which is excludable from federal gross income under Section 103 of the Code. The Broker-Dealer shall give notice of any such increase by means of a written notice delivered at least two Business Days prior to the Auction Date on which such increase is proposed to be effective to the Trustee, the Auction Agent, the Getty Trust and the Securities Depository.

## **Section B Auction Rate Period: Change of Auction Period, Auction Dates and Interest Payment Dates**

(1) During an Auction Rate Period, the Getty Trust may change (a) the length of a single Auction Period or the Standard Auction Period for any Series of Bonds, (b) the Interest Payment Date for such Series with a changed Auction Period and (c) the Auction Date by means of a written notice delivered at least 20 days but not more than 60 days prior to the Auction Date for such Auction Period to the Trustee, the Auction Agent, the Issuer and the Securities Depository. Any Auction Period or Standard Auction Period established as described in this Section (B) may not exceed 364 days in duration. The length of an Auction Period or the Standard Auction Period may not be changed as described in this Section (B) unless Sufficient Clearing Bids existed at both the Auction immediately preceding the date the notice of such change was given and the Auction immediately preceding such changed Auction Period.

(2) The change in length of an Auction Period or the Standard Auction Period and any change in Auction Date or Interest Payment Date shall take effect only if (a) the Trustee and the Auction Agent receive, by 11:00 a.m. (New York City time) on the Business Day immediately preceding the Auction Date for such Auction Period, a Certificate from the Getty Trust, by telecopy or similar means, authorizing the change in the Auction Period, the Standard

Auction Period, Auction Date or Interest Payment Date which shall be specified in such certificate, (b) the Trustee shall not have delivered to the Auction Agent by 12:00 noon (New York City time) on the Auction Date for such Auction Period notice that an Event of Default has occurred and is continuing, and (c) Sufficient Clearing Bids exist at the Auction on the Auction Date for such Auction Period. If the condition referred to in (a) above is not met, the Auction Rate for the next succeeding Auction Period shall be determined pursuant to the Auction Procedures and the next succeeding Auction Period shall be a Standard Auction Period. If any of the conditions referred to in (b) or (c) above is not met, the Auction Rate for the next succeeding Auction Period shall equal the Maximum Interest Rate as determined as of the Auction Date for such Auction Period. The Auction Rate for succeeding Auction Periods shall be determined in accordance with the provisions described in this Section, and such Auction Periods shall have the same length as the Auction Period in effect prior to such attempted change in length until subsequently changed in accordance with the provisions described in this Section.

### **Section C Auction Rate Period: Orders by Existing Holders and Potential Holders**

(1) Subject to the provisions of Section (A) (above), Auctions shall be conducted on each Auction Date in the manner described in this section and in Sections (D), (E) and (F) for each Series of Bonds in an Auction Mode. Prior to the Submission Deadline on each Auction Date during an Auction Rate Period:

(a) each Existing Holder may submit to the Broker-Dealer information as to:

(i) the principal amount of Bonds of such Series, if any, held by such Existing Holder which such Existing Holder desires to continue to hold without regard to the Auction Rate for the next succeeding Auction Period;

(ii) the principal amount of Bonds of such Series, if any, held by such Existing Holder which such Existing Holder offers to sell if the Auction Rate for the next succeeding Auction Period shall be less than the rate per annum specified by such Existing Holder; and

(iii) the principal amount of Bonds of such Series, if any, held by such Existing Holder which such Existing Holder offers to sell without regard to the Auction Rate for the next succeeding Auction Period;

(b) one or more Broker-Dealers may contact Potential Holders to determine the principal amount of Bonds which each such Potential Holder offers to purchase if the Auction Rate for the next succeeding Auction Period shall not be less than the interest rate per annum specified by such Potential Holder.

For the purposes hereof, the communication to a Broker-Dealer of information referred to in clause (a)(i), (a)(ii) or (a)(iii) or clause (b) above is hereinafter referred to as an "Order" and each

Existing Holder and Potential Holder placing an Order is hereinafter referred to as a “Bidder;” an Order containing the information referred to in clause (a)(i) above is hereinafter referred to as a “Hold Order;” an Order containing the information referred to in clause (a)(ii) or clause (b) above is hereinafter referred to as a “Bid;” and an Order containing the information referred to in clause (a)(iii) above is hereinafter referred to as a “Sell Order.”

(2) (a) Subject to the provisions of Section (D) (below), a Bid by an Existing Holder shall constitute an irrevocable offer to sell:

(i) the principal amount of Bonds of such Series specified in such Bid if the Auction Rate determined pursuant to the Auction Procedures on such Auction Date shall be less than the interest rate per annum specified therein; or

(ii) such principal amount or a lesser principal amount of Bonds of such Series to be determined as set forth in subsection (1)(d) of Section (F) if the Auction Rate determined pursuant to the Auction Procedures on such Auction Date shall be equal to the interest rate per annum specified therein; or

(iii) such principal amount if the interest rate per annum specified therein shall be higher than the Maximum Auction Rate or such principal amount or a lesser principal amount of Bonds of such Series to be determined as set forth in subsection (2)(c) of Section (F) if such specified rate shall be higher than the Maximum Auction Rate and Sufficient Clearing Bids do not exist.

(b) Subject to the provisions of Section (D), a Sell Order by an Existing Holder shall constitute an irrevocable offer to sell:

(i) the principal amount of Bonds of such Series specified in such Sell Order; or

(ii) such principal amount or a lesser principal amount of Bonds of such Series as set forth in subsection (2)(c) of Section (F) if Sufficient Clearing Bids do not exist.

(c) Subject to the provisions of Section (D), a Bid by a Potential Holder shall constitute an irrevocable offer to purchase:

(i) the principal amount of Bonds of such Series specified in such Bid if the Auction Rate determined on such Auction Date shall be higher than the rate specified therein; or

(ii) such principal amount or a lesser principal amount of Bonds of such Series as set forth in subsection (1)(e) of Section (F) if

the Auction Rate determined on such Auction Date shall be equal to such specified rate.

**Section D Auction Rate Period: Submission of Orders by Broker-Dealers to Auction Agent**

(1) During an Auction Rate Period each Broker-Dealer shall submit in writing to the Auction Agent prior to the Submission Deadline on each Auction Date during the Auction Rate Period, all Orders obtained by such Broker-Dealer and shall specify with respect to each such Order:

- (a) the name of the Bidder placing such Order;
- (b) the aggregate principal amount of Bonds of each Series that are subject to such Order;
- (c) to the extent that such Bidder is an Existing Holder:
  - (i) the principal amount of Bonds of each Series, if any, subject to any Hold Order placed by such Existing Holder;
  - (ii) the principal amount of Bonds of each Series, if any, subject to any Bid placed by such Existing Holder and the rate specified in such Bid; and
  - (iii) the principal amount of Bonds of each Series, if any, subject to any Sell Order placed by such Existing Holder; and
- (d) to the extent such Bidder is a Potential Holder, the rate specified in such Potential Holder's Bid.

(2) If any rate specified in any Bid contains more than three figures to the right of the decimal point, the Auction Agent shall round such rate up to the next highest one thousandth (.001) of 1%.

(3) If an Order or Orders covering all Bonds held by an Existing Holder is not submitted to the Auction Agent prior to the Submission Deadline, the Auction Agent shall deem a Hold Order to have been submitted on behalf of such Existing Holder covering the principal amount of Bonds held by such Existing Holder and not subject to Orders submitted to the Auction Agent. The Issuer, the Getty Trust, the Trustee and the Auction Agent shall not be responsible for any failure of a Broker-Dealer to submit an Order to the Auction Agent on behalf of any Existing Holder or Potential Holder.

(4) If any Existing Holder submits through a Broker-Dealer to the Auction Agent one or more Orders covering in the aggregate more than the principal

amount of Bonds of any Series held by such Existing Holder, such Orders shall be considered valid as follows and in the following order of priority:

(a) all Hold Orders shall be considered valid, but only up to and including the principal amount of Bonds held by such Existing Holder, and, if the aggregate principal amount of Bonds subject to such Hold Orders exceeds the aggregate principal amount of Bonds held by such Existing Holder, the aggregate principal amount of Bonds subject to each such Hold Order shall be reduced pro rata to cover the aggregate principal amount of Bonds held by such Existing Holder;

(b) (i) any Bid shall be considered valid up to and including the excess of the principal amount of Bonds held by such Existing Holder over the aggregate principal amount of Bonds subject to any Hold Orders referred to in paragraph (a) above;

(ii) subject to clause (i) above, if more than one Bid with the same rate is submitted on behalf of such Existing Holder and the aggregate principal amount of Bonds subject to such Bids is greater than such excess, such Bids shall be considered valid up to and including the amount of such excess, and the principal amount of Bonds subject to each Bid with the same rate shall be reduced pro rata to cover the principal amount of Bonds equal to such excess;

(iii) subject to clauses (i) and (ii) above, if more than one Bid with different rates is submitted on behalf of such Existing Holder, such Bids shall be considered valid in the ascending order of their respective rates until the highest rate is reached at which such excess exists and then at such rate up to and including the amount of such excess; and

(iv) in any such event, the aggregate principal amount of Bonds, if any, subject to Bids not valid under this paragraph (b) shall be treated as the subject of a Bid by a Potential Holder at the rate therein specified; and

(c) all Sell Orders shall be considered valid up to and including the excess of the principal amount of Bonds held by such Existing Holder over the aggregate principal amount of Bonds subject to valid Hold Orders referred to in paragraph (a) and valid Bids referred to in paragraph (b) above.

(5) If more than one Bid for Bonds is submitted on behalf of any Potential Holder, each Bid submitted shall be a separate Bid for Bonds with the rate and principal amount therein specified.

(6) Any Bid or Sell Order submitted by an Existing Holder covering an aggregate principal amount of Bonds not equal to \$25,000 or an integral multiple thereof

shall be rejected and shall be deemed a Hold Order. Any Bid submitted by a Potential Holder covering an aggregate principal amount of Bonds not equal to \$25,000 or an integral multiple thereof shall be rejected.

(7) Any Bid submitted by an Existing Holder or Potential Holder specifying a rate lower than the Minimum Auction Rate shall be treated as a Bid specifying the Minimum Auction Rate.

(8) Any Order submitted in an Auction by a Broker-Dealer to the Auction Agent prior to the Submission Deadline on any Auction Date shall be irrevocable.

**Section E Auction Rate Period: Determination of Sufficient Clearing Bids, Winning Bid Rate and Auction Rate**

(1) Not earlier than the Submission Deadline on each Auction Date during the Auction Rate Period, the Auction Agent shall assemble all valid Orders submitted or deemed submitted to it by the Broker-Dealers (each such Order as submitted or deemed submitted by a Broker-Dealer being hereinafter referred to as a “Submitted Hold Order,” a “Submitted Bid” or a “Submitted Sell Order,” as the case may be, or as a “Submitted Order”) for a Series of the Bonds and shall determine:

(a) the excess of the total principal amount of Bonds over the aggregate principal amount of Bonds subject to Submitted Hold Orders (such excess being hereinafter referred to as the “Available Auction Bonds”); and

(b) from the Submitted Orders whether the aggregate principal amount of Bonds subject to Submitted Bids by Potential Holders specifying one or more rates equal to or lower than the Maximum Auction Rate exceeds or is equal to the sum of:

(i) the aggregate principal amount of Bonds subject to Submitted Bids by Existing Holders specifying one or more rates higher than the Maximum Auction Rate; and

(ii) the aggregate principal amount of Bonds subject to Submitted Sell Orders,

(in the event of such excess or such equality exists (other than because the sum of the principal amounts of Bonds in clauses (i) and (ii) above is zero because all of the Bonds are subject to Submitted Hold Orders), such Submitted Bids in clause (b) above are hereinafter reflected to collectively as “Sufficient Clearing Bids”); and

(c) if Sufficient Clearing Bids exist, the lowest rate specified in the Submitted Bids (the “Winning Bid Rate”) which if:

(i) (I) each Submitted Bid from Existing Holders specifying such lowest rate and (II) all other Submitted Bids from Existing

Holders specifying lower rates were rejected, thus entitling such Existing Holders to continue to hold the principal amount of Bonds subject to such Submitted Bids; and

(ii) (I) each Submitted Bid from Potential Holders specifying such lowest rate and (II) all other Submitted Bids from Potential Holders specifying lower rates were accepted,

would result in such Existing Holders described in clause (i) above continuing to hold an aggregate principal amount of Bonds which, when added to the aggregate principal amount of Bonds to be purchased by such Potential Holders described in clause (ii) above, would be not less than the Available Auction Bonds.

(2) Promptly after the Auction Agent has made the determinations pursuant to subsection (1) of this Section (E), the Auction Agent by telecopy, confirmed in writing, shall advise the Getty Trust and the Trustee of the Maximum Auction Rate and the Minimum Auction Rate and the components thereof on the Auction Date and, based on such determinations, the Auction Rate for the next succeeding Auction Period as follows:

(a) if Sufficient Clearing Bids exist, that the Auction Rate for the next succeeding Auction Period therefor shall be equal to the Winning Bid Rate so determined;

(b) If Sufficient Clearing Bids do not exist (other than because all of the Bonds are the subject of Submitted Hold Orders), that the Auction Rate for the next succeeding Auction Period therefor shall be equal to the Maximum Auction Rate; and

(c) If all of the Bonds are subject to Submitted Hold Orders, that the Auction Rate for the next succeeding Auction Period therefor shall be equal to the Minimum Auction Rate.

**Section F Auction Rate Period: Acceptance and Rejection of Submitted Bids and Submitted Sell Orders and Allocation of Auction Bonds**

During an Auction Rate Period, Existing Holders shall continue to hold the principal amounts of Bonds that are subject to Submitted Hold Orders, and, based on the determinations made pursuant to subsection (1) of Section (E), the Submitted Bids and Submitted Sell Orders shall be accepted or rejected and the Auction Agent shall take such other actions as are set forth below:

(1) If Sufficient Clearing Bids have been made, all Submitted Sell Orders shall be accepted and, subject to the provisions of paragraphs (4) and (5) of this Section (F), Submitted Bids shall be accepted or rejected as follows in the following order of priority and all other Submitted Bids shall be rejected:



(a) Existing Holders' Submitted Bids specifying any rate that is higher than the Winning Bid Rate shall be accepted, thus requiring each such Existing Holder to sell the aggregate principal amount of Bonds subject to such Submitted Bids;

(b) Existing Holders' Submitted Bids specifying any rate that is lower than the Winning Bid Rate shall be rejected, thus entitling each such Existing Holder to continue to hold the aggregate principal amount of Bonds subject to such Submitted Bids;

(c) Potential Holders' Submitted Bids specifying any rate that is lower than the Winning Bid Rate shall be accepted, thus requiring each such Potential Holder to purchase the aggregate principal amount of Bonds subject to such Submitted Bids;

(d) each Existing Holder's Submitted Bid specifying a rate that is equal to the Winning Bid Rate shall be rejected, thus entitling such Existing Holder to continue to hold the aggregate principal amount of Bonds subject to such Submitted Bid, unless the aggregate principal amount of Bonds subject to all such Submitted Bids shall be greater than the principal amount of Bonds (the "remaining principal amount") equal to the excess of the Available Auction Bonds over the aggregate principal amount of the Bonds subject to Submitted Bids described in paragraphs (b) and (c) of this subsection (1), in which event such Submitted Bid of such Existing Holder shall be rejected in part, and such Existing Holder shall be entitled to continue to hold the principal amount of Bonds subject to such Submitted Bid, but only in an amount equal to the principal amount of Bonds obtained by multiplying the remaining principal amount by a fraction, the numerator of which shall be the principal amount of Bonds held by such Existing Holder subject to such Submitted Bid and the denominator of which shall be the sum of the principal amounts of Bonds subject to such Submitted Bids made by all such Existing Holders that specified a rate equal to the Winning Bid Rate; and

(e) each Potential Holder's Submitted Bid specifying a rate that is equal to the Winning Bid Rate shall be accepted but only in an amount equal to the principal amount of Bonds obtained by multiplying the excess of the Available Auction Bonds over the aggregate principal amount of Bonds subject to Submitted Bids described in paragraphs (b), (c) and (d) of this subsection (1) by a fraction the numerator of which shall be the aggregate principal amount of Bonds subject to such Submitted Bid of such Potential Holder and the denominator of which shall be the sum of the principal amount of Bonds subject to Submitted Bids made by all such Potential Holders that specified a rate equal to the Winning Bid Rate.

(2) If Sufficient Clearing Bids have not been made (other than because all of the Bonds are subject to Submitted Hold Orders), subject to the provisions of subsection (4) of this Section (F), Submitted Orders shall be accepted or rejected as follows in the following order of priority and all other Submitted Bids shall be rejected:

(a) Existing Holders, Submitted Bids specifying any rate that is equal to or lower than the Maximum Auction Rate shall be rejected, thus entitling each such Existing Holder to continue to hold the aggregate principal amount of Bonds subject to such Submitted Bids;

(b) Potential Holders' Submitted Bids specifying any rate that is equal to or lower than the Maximum Auction Rate shall be accepted, thus requiring each such Potential Holder to purchase the aggregate principal amount of Bonds subject to such Submitted Bids; and

(c) each Existing Holder's Submitted Bid specifying any rate that is higher than the Maximum Auction Rate and the Submitted Sell Orders of each Existing Holder shall be accepted, thus entitling each Existing Holder that submitted any such Submitted Bid or Submitted Sell Order to sell the Bonds subject to such Submitted Bid or Submitted Sell Order, but in both cases only in an amount equal to the aggregate principal amount of Bonds obtained by multiplying the aggregate principal amount of Bonds subject to Submitted Bids described in paragraph (b) of this subsection (2) by a fraction, the numerator of which shall be the aggregate principal amount of Bonds held by such Existing Holder subject to such Submitted Bid or Submitted Sell Order and the denominator of which shall be the aggregate principal amount of Outstanding Auction Bonds subject to all such Submitted Bids and Submitted Sell Orders.

(3) If all Bonds are subject to Submitted Hold Orders, all Submitted Bids shall be rejected.

(4) If, as a result of the procedures described in subsection (1) or (2) of this Section (F), any Existing Holder would be required to sell, or any Potential Holder would be required to purchase, a principal amount of Bonds that is not equal to \$25,000 or an integral multiple thereof, the Auction Agent shall, in such manner as, in its sole discretion, it shall determine, round up or down the principal amount of such Bonds to be purchased or sold by any Existing Holder or Potential Holder so that the principal amount purchased or sold by each Existing Holder or Potential Holder shall be equal to \$25,000 or an integral multiple thereof.

(5) If, as a result of the procedures described in subsection (1) of this Section (F), any Potential Holder would be required to purchase less than \$25,000 in aggregate principal amount of Bonds, the Auction Agent shall, in such manner as, in its sole discretion, it shall determine, allocate Bonds for purchase among Potential Holders so that only Bonds in principal amounts of \$25,000 or an integral multiple thereof are purchased by any Potential Holder, even if such allocation results in one or more of such Potential Holders not purchasing any Bonds.

(6) Based on the results of each Auction, the Auction Agent shall determine the aggregate principal amounts of Bonds to be purchased and the aggregate principal amounts of Bonds to be sold by Potential Holders and Existing Holders on whose behalf each Broker-Dealer submitted Bids or Sell Orders and, with respect to each Broker Dealer, to the extent that such amounts differ, determine to which other Broker-Dealer or Broker-Dealers acting for one or more purchasers of Bonds such Broker-Dealer shall deliver, or from which other Broker-Dealer or Broker-Dealers acting for one or more sellers of Auction Bonds such Broker-Dealer shall receive, as the case may be, Bonds.

(7) Neither the Issuer nor the Getty Trust may submit an Order in any Auction. The Auction Agent shall have no duty or liability with respect to monitoring or enforcing the provisions of this paragraph.

## **Section G Securities Depository Required During Auction Rate Mode; Limitations on Transfer**

(1) Except as otherwise provided in this Section (G), Bonds bearing interest at the Auction Rate shall be registered in the name of the Securities Depository or its nominee and ownership thereof shall be maintained in book-entry-only form by the Securities Depository for the account of the Agent Members thereof.

(2) If at any time Securities Depository notifies the Issuer and the Getty Trust that it is unwilling or unable to continue as owner of Bonds or if at any time Securities Depository shall no longer be registered or in good standing under the Securities Exchange Act of 1934, as amended, or other applicable statute or regulation and a successor to Securities Depository is not appointed by the Issuer at the direction of the Getty Trust, the Trustee, the Auction Agent and the Broker-Dealer, within 90 days after the Issuer and the Getty Trust receive notice or become aware of such condition, as the case may be, the Issuer shall execute and the Trustee shall authenticate and deliver certificates representing the Bonds. Bonds issued as described in this Section (G)(2) shall be registered in such names and authorized denominations as

Securities Depository, pursuant to instructions from the Agent Members or otherwise, shall instruct the Issuer and the Trustee. The Trustee shall deliver the Bonds to the Persons in whose names such Bonds are so registered on the Business Day immediately preceding the first day of an Auction Period.

So long as the ownership of the Bonds is maintained in book-entry-only form by the Securities Depository, an Existing Holder may sell, transfer or otherwise dispose of Bonds only pursuant to a Bid or Sell Order placed in an Auction or to or through a Broker-Dealer, provided that, in the case of all transfers other than pursuant to Auctions, such Existing Holder, its Broker-Dealer or its Agent Member advises the Auction Agent of such transfer.

**Section H      Calculation of Maximum Auction Rate, Minimum Auction Rate and Maximum Interest Rate**

The Auction Agent shall calculate the Maximum Auction Rate and the Minimum Auction Rate on each Auction Date. If the ownership of the Bonds of any Series is no longer maintained in book-entry-only form by the Securities Depository, the Auction Agent shall calculate the Maximum Auction Rate on the Business Day immediately preceding the first day of each Auction Period commencing after the delivery of certificates representing the Bonds pursuant to Section (G). If an Event of Default shall have occurred, the Auction Agent, upon notice thereof, shall calculate the Maximum Interest Rate on the first day of each Auction Period commencing after the occurrence of such Event of Default to and including the Auction Period, if any, commencing less than two Business Days after all such Events of Default are cured.

**APPENDIX E**

**PROPOSED FORM OF BOND COUNSEL OPINION**

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**APPENDIX E**  
**PROPOSED FORM OF BOND COUNSEL OPINION**

[CLOSING DATE]

California Infrastructure and Economic  
Development Bank  
Sacramento, California

Re: California Infrastructure and Economic Development Bank Variable Rate Revenue  
Bonds (The J. Paul Getty Trust), Series 2003A, 2003B, 2003C and 2003D  
(Final Opinion)

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by the California Infrastructure and Economic Development Bank (the “Issuer”) of \$275,000,000 aggregate principal amount of California Infrastructure and Economic Development Bank Variable Rate Revenue Bonds (The J. Paul Getty Trust), Series 2003A, Series 2003B, Series 2003C and Series 2003D (the “Bonds”), issued pursuant to the provisions of the Bergeson-Peace Infrastructure and Economic Development Bank Act (commencing with Section 63000 of the California Government Code) and a bond indenture, dated as of May 1, 2003 (the “Indenture”), between the Issuer and Wells Fargo Bank, National Association, as trustee (the “Trustee”). The Indenture provides that the Bonds are issued for the purpose of making a loan of the proceeds thereof to The J. Paul Getty Trust (the “Getty Trust”) pursuant to a loan agreement, dated as of May 1, 2003 (the “Loan Agreement”), between the Issuer and the Getty Trust. Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Indenture.

In such connection, we have reviewed the Indenture, the Loan Agreement, the Tax Certificate and Agreement, dated the date hereof (the “Tax Certificate”), between the Issuer and the Getty Trust, opinions of counsel to the Issuer and the Getty Trust, certificates of the Issuer, the Trustee, the Getty Trust and others, and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein.

We have relied on the opinion of Caplin & Drysdale, Chartered, special tax counsel to the Getty Trust, regarding, among other matters, the current qualification of the Getty Trust as an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986 (the “Code”). We note that such opinion is subject to a number of qualifications and limitations. Failure of the Getty Trust to be organized and operated in accordance with the Internal Revenue Service’s requirements for the maintenance of its status as an organization described in Section 501(c)(3) of the Code may result in interest on the Bonds being included in gross income for federal income tax purposes, possibly from the date of issuance of the Bonds.

The interest rate mode and certain agreements, requirements and procedures contained or referred to in the Indenture, the Loan Agreement, the Tax Certificate and other relevant documents may be changed and certain actions (including, without limitation, defeasance of Bonds) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. No opinion is expressed herein as to any Bond or the interest thereon if any such change occurs or action is taken or omitted upon the advice or approval of counsel other than ourselves.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the date hereof. We disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, any parties other than the Issuer. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents, and of the legal conclusions contained in the opinions, referred to in the second and third paragraphs hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the Indenture, the Loan Agreement and the Tax Certificate, including (without limitation) covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest on the Bonds to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Bonds, the Indenture, the Loan Agreement and the Tax Certificate and their enforceability may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles and to the exercise of judicial discretion in appropriate cases. We express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum or waiver provisions contained in the foregoing documents, nor do we express any opinion with respect to the state or quality of title to or interest in any of the real or personal property described in or as subject to the lien of the Indenture or the Loan Agreement or the accuracy or sufficiency of the description contained therein of, or the remedies available to enforce liens on, any such property. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement or other offering material relating to the Bonds and express no opinion with respect thereto.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Bonds constitute the valid and binding limited obligations of the Issuer.
2. The Indenture has been duly executed and delivered by, and constitutes the valid and binding obligation of, the Issuer. The Indenture creates a valid pledge, to secure the payment of the principal of and interest on the Bonds, of the Revenues and any other amounts (including proceeds of the sale of the Bonds) held by the Trustee in any fund or account



established pursuant to the Indenture, except the Rebate Fund and the Purchase Fund, subject to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in the Indenture.

3. The Loan Agreement has been duly executed and delivered by, and constitutes a valid and binding agreement of, the Issuer.

4. The Bonds are not a lien or charge upon the funds or property of the Issuer except to the extent of the aforementioned pledge. Neither the faith and credit nor the taxing power of the State of California or of any political subdivision thereof is pledged to the payment of the principal of or interest on the Bonds. The Bonds are not a debt of the State of California, and said State is not liable for the payment thereof.

5. Interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Code and is exempt from State of California personal income taxes. Interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although we observe that it is included in adjusted current earnings when calculating corporate alternative minimum taxable income. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds.

Faithfully yours,

ORRICK, HERRINGTON & SUTCLIFFE LLP

per

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## **APPENDIX F**

### **BOOK-ENTRY ONLY SYSTEM**

#### **DTC AND THE BOOK-ENTRY ONLY SYSTEM**

The information in this Appendix F concerning The Depository Trust Company ("DTC"), New York, New York, and DTC's book-entry system has been obtained from DTC and the Infrastructure Bank takes no responsibility for the completeness or accuracy thereof. The Infrastructure Bank cannot and does not give any assurances that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Bonds, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Bonds, or that they will so do on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Appendix. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered security certificate will be issued for each series of the Bonds, each in the aggregate principal amount of such series, and will be deposited with DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 85 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation, and Emerging Markets Clearing Corporation, (respectively, "NSCC", "GSCC", "MBSCC", and "EMCC", also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant,

either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of the Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. The conveyance of notices and other communications by DTC to DTC Participants, by DTC Participants to Indirect Participants and by DTC Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Any failure of DTC to advise any DTC Participant, or of any DTC Participant or Indirect Participant to notify a Beneficial Owner, of any such notice and its content or effect will not affect the validity of the redemption of the Bonds called for redemption or of any other action premised on such notice. Redemption of portions of the Bonds by the Infrastructure Bank will reduce the outstanding principal amount of Bonds held by DTC. In such

event, DTC will implement, through its book-entry system, a redemption by lot of interests in the Bonds held for the account of DTC Participants in accordance with its own rules or other agreements with DTC Participants and then DTC Participants and Indirect Participants will implement a redemption of the Bonds for the Beneficial Owners. Any such selection of Bonds to be redeemed will not be governed by the Trust Agreement and will not be conducted by the Infrastructure Bank or the Trustee.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments of principal of, premium, if any, and interest evidenced by the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Infrastructure Bank or the Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC (nor its nominee), the Trustee, or the Infrastructure Bank, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal of, premium, if any, and interest evidenced by the Bonds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Infrastructure Bank or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

**NONE OF THE INFRASTRUCTURE BANK, THE BORROWER OR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DTC PARTICIPANTS, INDIRECT PARTICIPANTS OR BENEFICIAL OWNERS WITH RESPECT TO THE PAYMENTS OR THE PROVIDING OF NOTICE TO DTC PARTICIPANTS, INDIRECT PARTICIPANTS OR BENEFICIAL OWNERS OR THE SELECTION OF BONDS FOR PREPAYMENT.**

None of the Infrastructure Bank, the Borrower or the Trustee can give any assurances that DTC, DTC Participants, Indirect Participants or others will distribute payments of principal of, premium, if any, and interest on the Bonds paid to DTC or its nominee, as the registered Owner, or any redemption or other notice, to the Beneficial Owners or that they will do so on a timely basis or that DTC will serve and act in a manner described in this Official Statement.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Infrastructure Bank or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

The Infrastructure Bank may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered.

In the event that the book-entry system is discontinued as described above, the requirements of the Indenture will apply. The foregoing information concerning DTC concerning and DTC's book-entry system has been provided by DTC, and none of the Infrastructure Bank or the Trustee take any responsibility for the accuracy thereof.

None of the Infrastructure Bank, the Getty Trust or the Underwriters can and do not give any assurances that DTC, the Participants or others will distribute payments of principal, interest or premium, if any, evidenced by the Bonds paid to DTC or its nominee as the registered owner, or will distribute any redemption notices or other notices, to the Beneficial Owners, or that they will do so on a timely basis or will serve and act in the manner described in this Official Statement. None of the Infrastructure Bank, the Getty Trust or the Underwriters is responsible or liable for the failure of DTC or any Participant to make any payment or give any notice to a Beneficial Owner with respect to the Bonds or an error or delay relating thereto.

## APPENDIX G

### FORM OF CONTINUING DISCLOSURE AGREEMENT

This CONTINUING DISCLOSURE AGREEMENT (the "Disclosure Agreement") is entered into as of May 1, 2003, by and between The J. Paul Getty Trust (the "Getty Trust") for the benefit of the Owners and Beneficial Owners of the Bonds (as hereinafter defined) and Wells Fargo Bank, National Association (the "Dissemination Agent") in connection with the issuance of \$275,000,000 aggregate principal amount of California Infrastructure and Economic Development Bank Variable Rate Revenue Bonds (The J. Paul Getty Trust) Series 2003A, Series 2003B, Series 2003C and Series 2003D (the "Bonds").

#### WITNESSETH:

WHEREAS, the California Infrastructure and Economic Development Bank (the "Issuer") will issue and sell the Bonds;

WHEREAS, pursuant to a Bond Indenture, dated as of May 1, 2003 (the "Indenture"), by and between the Issuer and Wells Fargo Bank, National Association, as trustee, the Issuer has provided for the issuance of the Bonds; and

WHEREAS, the SECURITIES AND EXCHANGE COMMISSION (the "SEC") has adopted Rule 15c2-12 under the SECURITIES EXCHANGE ACT OF 1934, as amended (the "1934 Act");

NOW THEREFORE, the Getty Trust covenants and agrees for the benefit of the Owners and Beneficial Owners of the Bonds as follows:

SECTION 1. Definitions. Capitalized terms, unless otherwise defined herein, shall have the meanings set forth in the Indenture.

"Annual Report" shall mean any Annual Report provided by the Getty Trust pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

"Beneficial Owner" shall mean any Person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

"Business Day" shall mean a day which is not a Saturday, a Sunday or a legal holiday on which banking institutions in the State of California are closed.

"Disclosure Representative" shall mean the Vice President, Finance and Administration of the Getty Trust or his or her designee, or such other officer or employee as the Getty Trust shall designate in writing to the Dissemination Agent from time to time.

"Dissemination Agent" shall mean Wells Fargo Bank, National Association, or any successor Dissemination Agent designated in writing by the Getty Trust.

"Fiscal Year" shall mean the period beginning on July 1 of each year and ending on the next succeeding June 30, or any other twelve-month period hereafter selected and designated as

the official Fiscal Year period of the Getty Trust and certified to the Trustee in writing by an authorized representative of the Getty Trust.

"Listed Events" shall mean any of the events listed in Section 5(a) of this Disclosure Agreement.

"National Repository" shall mean any Nationally Recognized Municipal Securities Information Repository for purposes of the Rule. The National Repositories currently approved by the Securities and Exchange Commission (the "SEC") are listed in the SEC website at <http://www.sec.gov/info/municipal/nrmsir.htm>.

"Official Statement" shall mean the Official Statement relating to the Bonds dated May 7, 2003.

"Owner" or "Bond Owner," whenever used herein with respect to a Bond, shall mean the Person in whose name the ownership of such Bond is registered on the bond register maintained pursuant to the Indenture.

"Person" shall mean an individual, corporation, firm, association, partnership, trust, or other legal entity or group of entities, including a governmental entity or any agency or political subdivision thereof.

"Repositories" shall mean each National Repository and each State Repository, if any.

"Rule" shall mean Rule 15c2-12 adopted by the SEC under the 1934 Act, as the same may be amended from time to time.

"State Repository" shall mean any public or private repository or entity designated by the State of California as a state repository for purposes of the Rule and recognized as such by the SEC.

"Trustee" shall mean Wells Fargo Bank, National Association, or any successor trustee under the Indenture.

"Underwriters" shall mean Morgan Stanley & Co. Incorporated and J.P. Morgan Securities, Inc.

SECTION 2. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Getty Trust for the benefit of the Owners and the Beneficial Owners, and in order to assist the Underwriters in complying with Rule 15c2-12.

SECTION 3. Provision of Annual Reports. (a) The Getty Trust shall, or shall cause the Dissemination Agent to, not later than six (6) months following the end of the Fiscal Year of the Getty Trust, commencing with the Fiscal Year of the Getty Trust ending June 30, 2003, provide to each Repository copies of an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Agreement; provided that the audited



financial statements of the Getty Trust may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the Fiscal Year of the Getty Trust changes from that in effect as of the date hereof, it shall give notice of such change in the same manner as for a Listed Event under Section 5(f).

(b) Not later than 15 Business Days prior to the date specified in subsection (a) for providing the Annual Report to Repositories, the Getty Trust shall provide the Annual Report to the Dissemination Agent. If by such date, the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall contact the Getty Trust to determine if the Getty Trust is in compliance with subsection (a).

(c) If the Dissemination Agent is unable to verify that an Annual Report has been provided to the Repositories by the date required in subsection (a), the Dissemination Agent shall send a notice to each National and State Repository or the Municipal Securities Rulemaking Board in substantially the form attached as Exhibit A.

(d) The Dissemination Agent shall:

(i) determine each year prior to the date for providing the Annual Report the name and address of the Repositories, if any;

(ii) file a report with the Getty Trust certifying that the Annual Report has been provided pursuant to this Disclosure Agreement, stating the date it was provided and listing all the Repositories to which it was provided; and

(iii) use its best efforts to file the Annual Report electronically to the Repositories and the Municipal Securities Rulemaking Board.

SECTION 4. Content of Annual Reports. The combined Annual Report of the Getty Trust shall contain or include by reference the following:

(a) Combined audited Financial Statements of the Getty Trust prepared in accordance with generally accepted accounting principles for the Fiscal Year ended (the "Financial Statements"); provided, however, that in the event that such Financial Statements shall not be available, unaudited financial statements or updated projected operating results covering the previous Fiscal Year may be substituted therefor; provided, further, that audited Financial Statements shall be filed in the same manner as the Annual Report as soon as such Financial Statements become available.

(b) For the prior Fiscal Year, a brief summary of the status of the construction of the Project (as defined in the Official Statement) including the amount of funds spent to date, the amount of funds expected to be necessary to finish the Project, the expected substantial completion date, a summary of any litigation concerning the Project.

SECTION 5. Reporting of Significant Events.

(a) The occurrence of any of the following events with respect to the Bonds shall be a Listed Event:

- (i) principal and interest payment delinquencies;
- (ii) non-payment related defaults;
- (iii) unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) substitution of credit or liquidity providers, or their failure to perform;
- (vi) adverse tax opinions or events affecting the tax-exempt status of the security;
- (vii) modifications to rights of security holders;
- (viii) bond calls (other than mandatory scheduled redemptions, not otherwise contingent upon the occurrence of an event, including but not limited to, sinking fund payments);
- (ix) defeasances;
- (x) release, substitution or sale of property securing repayment of the securities; or
- (xi) rating changes.

(b) The Dissemination Agent shall, promptly upon obtaining actual knowledge at the address listed in Section 12 hereof of the occurrence of any of the Listed Events, contact the Disclosure Representative, inform such person of the event, and request that the Getty Trust promptly notify the Dissemination Agent in writing whether or not to report the event pursuant to subsection (f).

(c) Whenever the Getty Trust obtains knowledge of the occurrence of a Listed Event, whether because of a notice from the Dissemination Agent pursuant to subsection (b) or otherwise, the Getty Trust shall as soon as possible determine if such event would be material under applicable federal securities laws.

(d) If the Getty Trust has determined that knowledge of the occurrence of a Listed Event would be material under applicable federal securities laws, the Getty Trust shall

promptly notify the Dissemination Agent in writing. Such notice shall instruct the Dissemination Agent to report the occurrence pursuant to subsection (f).

(e) If in response to a request under subsection (b), the Getty Trust determines that the Listed Event would not be material under applicable federal securities laws, the Getty Trust shall so notify the Dissemination Agent in writing and instruct the Dissemination Agent not to report the occurrence pursuant to subsection (f).

(f) If the Dissemination Agent has been instructed by the Getty Trust to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence with the Municipal Securities Rulemaking Board and the Repositories. Notwithstanding the foregoing, notice of the occurrence of a Listed Event described in subsections (a)(viii) and (ix) need not be given under this subsection any earlier than the notice, if any, of the underlying event is given to Owners of affected Bonds pursuant to the Indenture and notice of any other Listed Event is required only following the actual occurrence of the Listed Event.

(g) The Dissemination Agent may conclusively rely on an opinion of counsel that the Getty Trust's instructions to the Dissemination Agent under this Section 5 comply with the requirements of the Rule.

SECTION 6. Termination of Reporting Obligation. The Getty Trust's and the Dissemination Agent's obligations under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the Getty Trust shall give notice of such termination in the same manner as for a Listed Event under Section 5(d).

SECTION 7. Dissemination Agent. The Getty Trust may, from time to time, appoint or engage a successor Dissemination Agent to assist it in carrying out their obligations under this Disclosure Agreement, and may discharge any such Dissemination Agent. Upon such discharge, however, a new Dissemination Agent must be appointed within 60 days. The Dissemination Agent may resign by providing 60 days written notice to the Getty Trust. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Getty Trust pursuant to this Disclosure Agreement. If at any time there is not any other designated Dissemination Agent, the Trustee shall be Dissemination Agent. The initial Dissemination Agent shall be Wells Fargo Bank, National Association.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Getty Trust may amend this Disclosure Agreement, and any provision of this Disclosure Agreement may be waived, provided that any of the following conditions is satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the

Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; or

(c) The amendment or waiver either (i) is approved by the Owners of the Bonds in the same manner as provided in the Indenture for amendments to the Indenture with the consent of Owners of the Bonds, or (ii) does not, in the opinion of the Dissemination Agent or nationally recognized bond counsel, materially impair the interests of the Owners or Beneficial Owners of the Bonds. The Getty Trust also may amend or terminate this Disclosure Agreement without approval by the Owners of the Bonds to the extent permitted by rule, order or other official pronouncement of the SEC expressly permitting such action or approved by an opinion of nationally recognized bond counsel.

In the event of any amendment or waiver of a provision of this Disclosure Agreement, the Getty Trust shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Getty Trust. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(d), and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 9. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Getty Trust from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the Getty Trust chooses to include any information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is specifically required by this Disclosure Agreement, the Getty Trust shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. Default. In the event of a failure of the Getty Trust to comply with any provision of this Disclosure Agreement, the Dissemination Agent may (and, at the request of any Underwriters or the Owners of at least 25% of aggregate principal amount of the Bonds then Outstanding, shall but only to the extent indemnified to its satisfaction from any liability or expense, including fees of its attorneys), or any Owner 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 Getty Trust to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Indenture, the Loan Agreement (as defined in the Indenture) or any related document, and the sole remedy under this Disclosure Agreement in the event of any failure of the Getty Trust or the Dissemination Agent to comply with this Disclosure Agreement shall be an action to compel performance, and no Person shall be entitled to recover monetary damages under this Disclosure Agreement.

SECTION 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement, and the Getty Trust agrees, to the extent permitted by law, to indemnify and save the Dissemination Agent, or his or her employees and agents, harmless against any loss, expense and liabilities which he or she may incur arising out of or in the exercise or performance of his or her powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct.

SECTION 12. Notices. Any notices or communications to or among any of the parties to this Disclosure Agreement may be given as follows:

To the Getty Trust:  
The J. Paul Getty Trust  
1200 Getty Center Drive  
Los Angeles, California 90049  
Attn: Vice President, Finance and Administration  
Fax: 310-440-6181

To the Dissemination Agent:  
Wells Fargo Bank, National Association  
707 Wilshire Blvd. 17<sup>th</sup> Floor  
Los Angeles, California 90017  
Fax: 213-614-3355

with copies to (if Dissemination Agent is no longer the Trustee):  
Wells Fargo Bank, National Association  
707 Wilshire Blvd. 17<sup>th</sup> Floor  
Los Angeles, California 90017  
Fax: 213-614-3355

Any Person may, by written notice to the other Persons listed above, designate a different address or telephone number(s) to which subsequent notices or communications should be sent. Notices to the Trustee shall be effective on the actual receipt thereof.

SECTION 13. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Getty Trust, the Dissemination Agent, the Underwriters, the Owners and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 14. Governing Law. THIS DISCLOSURE AGREEMENT SHALL BE GOVERNED BY THE LAWS OF CALIFORNIA DETERMINED WITHOUT REGARD TO THE PRINCIPLES OF CONFLICT OF LAW.

IN WITNESS WHEREOF, the Getty Trust and the Dissemination Agent each have caused this Disclosure Agreement to be executed and attested by its proper officer thereunto duly authorized, as of the day and year first above written.

**THE J. PAUL GETTY TRUST**

By: \_\_\_\_\_  
Name:  
Title:

**WELLS FARGO BANK, NATIONAL  
ASSOCIATION, as Dissemination Agent**

By: \_\_\_\_\_  
Name:  
Title:

**EXHIBIT A**

**NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT**

Name: The J. Paul Getty Trust

Name of Bond Issue: California Infrastructure and Economic Development Bank  
Variable Rate Revenue Bonds (The J. Paul Getty Trust) Series 2003A, Series 2003B, Series  
2003C and Series 2003D

Date of Issuance: May \_\_, 2003

Series 2003A Bonds CUSIP:

Series 2003C Bonds CUSIP:

Series 2003B Bonds CUSIP:

Series 2003D Bonds CUSIP:

NOTICE IS HEREBY GIVEN that THE J. PAUL GETTY TRUST (the "Getty Trust") has not provided an Annual Report due December 31 with respect to the above-named Bonds as required by Section 3 of the Continuing Disclosure Agreement, dated as of May 1, 2003, entered into by the Getty Trust for the benefit of the Owners of the Bonds. The Getty Trust anticipates that the Annual Report will be filed by \_\_\_\_\_, \_\_\_\_.

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

**Wells Fargo Bank, National Association,**  
as Dissemination Agent

By \_\_\_\_\_  
Title: \_\_\_\_\_  
Phone: \_\_\_\_\_

cc: The J. Paul Getty Trust  
Wells Fargo Bank, National Association  
Morgan Stanley & Co. Incorporated  
J.P. Morgan Securities, Inc.

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