

AMENDED AND RESTATED INDENTURE OF TRUST

by and between

COSTA MESA PUBLIC
FINANCING AUTHORITY

and

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

\$ _____

COSTA MESA PUBLIC FINANCING AUTHORITY REVENUE REFUNDING BONDS,
Series 20042005A

Dated as of ~~January 1, 2004~~ December 1, 2005

AMENDED AND RESTATED INDENTURE OF TRUST

This Amended and Restated Indenture of Trust, dated as of ~~January~~December 1, ~~2004~~2005 (the "Indenture"), is between the COSTA MESA PUBLIC FINANCING AUTHORITY, a joint exercise of powers agency established pursuant to the laws of the State of California (the "Authority"), and U.S. BANK NATIONAL ASSOCIATION, a national banking association duly organized and existing under the laws of the United States of America, as trustee (the "Trustee").

WHEREAS, the Authority is a joint powers authority duly organized and existing under and pursuant to that certain Joint Exercise of Powers Agreement (the "JPA Agreement") dated August 20, 1990, by and between the City of Costa Mesa and the Costa Mesa Redevelopment Agency, and under the provisions of Articles 1 through 4 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the "Act"), and is authorized pursuant to the provisions of Article 4, Chapter 5, Division 7, Title 1 of the California Government Code to issue its bonds for the purpose of purchasing the Local Obligations (as defined herein);

WHEREAS, pursuant to that certain Indenture of Trust, dated as of October 1, 1991, as supplemented by the First Supplemental Indenture of Trust dated as of October 1, 1991 (the "Original Indenture of Trust"), by and between the Authority and Security Pacific National Bank, predecessor in interest to the Trustee, as trustee, the Authority issued its \$3,225,000 Costa Mesa Public Financing Authority 1991 Local Agency Revenue Bonds, Series A (the "Series 1991 Bonds"), in order to provide funds to purchase the Local Obligations, to fund a reserve fund securing the Series 1991 Bonds and to pay costs of issuance of the Series 1991 Bonds;

WHEREAS, the Authority has authorized and has undertaken to issue its Costa Mesa Public Financing Authority Revenue Refunding Bonds, Series ~~2004~~2005A (the "Series ~~2004~~2005 Bonds"), in order to provide funds to refund the Series 1991 Bonds and to defease the same in accordance with Article X of the Original Indenture of Trust, to acquire the Local Obligations, to finance the costs of certain public capital improvements, to fund a reserve fund securing the Series ~~2004~~2005 Bonds and to pay the costs of issuance of the Series ~~2004~~2005 Bonds;

WHEREAS, the Authority and the Trustee have determined to provide for the issuance of, and to secure, the Series ~~2004~~2005 Bonds, by entering into this amendment and restatement of the Original Indenture of Trust;

WHEREAS, the effectiveness of this Indenture, the issuance, sale and delivery of the Series ~~2004~~2005 Bonds and the defeasance of the Series 1991 Bonds (which constitute all of the bonds outstanding under the Original Indenture of Trust), are intended, and are hereby deemed, to occur concurrently;

WHEREAS, the Authority has determined that the estimated amount necessary to refund the Series 1991 Bonds, to acquire the Local Obligations, to finance the public capital improvements mentioned above (taking into account the estimated cost of the improvements to be financed or refinanced thereby), to fund a reserve fund securing the Series ~~2004~~2005 Bonds and to pay the costs of issuance of the Series ~~2004~~2005 Bonds will require the issuance of the Series ~~2004~~2005 Bonds in the aggregate principal amount of _____ dollars (\$ _____); and

WHEREAS, all things necessary to make the Series ~~2004~~2005 Bonds, when authenticated by the Trustee and issued as provided in this Indenture, the valid, binding and legal obligations of the Authority according to the import thereof and hereof have been done and performed;

NOW, THEREFORE, THE ORIGINAL INDENTURE OF TRUST IS HEREBY AMENDED AND RESTATED IN ITS ENTIRETY AS FOLLOWS:

THIS INDENTURE OF TRUST WITNESSETH that the Authority, in consideration of the premises, the acceptance by the Trustee of the trusts hereby created, the purchase and acceptance of the Series ~~2004~~2005 Bonds by the purchasers thereof and other good and valuable consideration, the receipt of which is hereby acknowledged, and in order to secure the payment of the interest on and the principal of and the redemption premium, if any, on all Series ~~2004~~2005 Bonds Outstanding hereunder from time to time according to their tenor and effect, and such other payments required to be made under the Indenture, and to secure the observance and performance by the Authority of all the agreements, conditions, covenants and terms expressed and implied herein and in the Series ~~2004~~2005 Bonds, does hereby assign, bargain, convey, grant, mortgage and pledge a security interest unto the Trustee, and unto its successors in the trusts hereunder, and to them and their successors and assigns forever, in all right, title and interest of the Authority in, to and under, subject to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth therein, each and all of the following (collectively the "Trust Estate"):

- (a) the proceeds of sale of the Series ~~2004~~2005 Bonds;
- (b) the Revenues (as herein defined);
- (c) the amounts in the Funds (as herein defined) established by the Indenture, except amounts in the Rebate Fund; and
- (d) the Local Obligations.

TO HAVE AND TO HOLD IN TRUST all of the same hereby assigned, conveyed and pledged or agreed or intended so to be to the Trustee and its successors and assigns forever for the equal and ratable benefit of the Owners from time to time of the Series ~~2004~~2005 Bonds authenticated hereunder and issued by the Authority and outstanding and without any priority as to the Trust Estate of any one Series ~~2004~~2005 Bond over any other (except as expressly provided in or permitted by the Indenture), upon the trusts and subject to the agreements, conditions, covenants and terms hereinafter set forth;

AND THIS INDENTURE FURTHER WITNESSETH, and it is expressly declared, that all Series ~~2004~~2005 Bonds issued and secured hereunder are to be issued, authenticated and delivered and all of the rights and property hereby assigned, bargained, conveyed, granted, mortgaged and pledged are to be dealt with and disposed of under, upon and subject to the agreements, conditions, covenants, purposes, terms, trusts and uses as hereinafter expressed, and the Authority has agreed and covenanted, and does hereby agree and covenant, with the Trustee and with the Owners from time to time of the Series ~~2004~~2005 Bonds, as follows:

ARTICLE I
DEFINITIONS

SECTION 1.01. Definitions. The terms set forth below shall have the following meanings in the Indenture, unless the context clearly otherwise requires:

“Accountant” shall mean an independent certified public accountant, or a firm of independent certified public accountants, selected by the Authority.

“Act” shall mean Articles 1 through 4 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1 of the California Government Code, as it may hereafter be amended and supplemented from time to time.

“Authority” shall mean the Costa Mesa Public Financing Authority, a joint exercise of powers agency established pursuant to the laws of the State, and its successors.

“Authorized Denominations” shall mean five thousand dollars (\$5,000) and any integral multiple thereof, but not exceeding the principal amount of Series ~~2004~~2005 Bonds maturing on any one date.

“Authorized Representative” shall mean the Chairperson or Vice Chairperson, Secretary, Treasurer or Executive Director of the Authority, or any other person authorized by the Authority in a Written Order to perform an act or sign a document on behalf of the Authority for purposes of the Indenture.

“Bond” or “Series ~~2004~~2005 Bonds” shall mean any Bond or all of the Series ~~2004~~2005 Bonds, as the case may be, authorized and issued by the Authority and authenticated by the Trustee and delivered under the Indenture.

“Bond Counsel” shall mean Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, or another attorney-at-law, or a firm of such attorneys, of nationally recognized standing in matters pertaining to the tax-exempt nature of interest on obligations issued by states and their political subdivisions.

“Bond Law” means the Marks-Roos Local Bond Pooling Act of 1985, constituting Article 4 of the Act (commencing with Section 6584), as it may hereafter be amended from time to time.

“Bond Register” shall mean the registration books specified as such in Section 2.06.

“Bond Year” means each twelve-month period extending from August 2 in one calendar year to August 1 of the succeeding calendar year, except in the case of the initial Bond Year which shall be the period from the Closing Date to the August 1 following such Closing Date, both dates inclusive.

“Business Day” shall mean any day other than (i) a Saturday or Sunday or (ii) a day on which commercial banks in New York, New York or the city in which the Principal Corporate Trust Office of the Trustee is located are closed.

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

“Cash Flow Certificate” shall mean a written certificate executed by a Cash Flow Consultant [to be defined further].

“Cash Flow Consultant” shall mean Harrell & Company Advisors, LLC, or such other independent investment bank or financial advisor selected by the Authority to serve as such.

“Chairperson” shall mean the Chairperson of the Authority.

“City” shall mean the City of Costa Mesa, California, and its successors.

“Code” shall mean the Internal Revenue Code of 1986 and the regulations thereunder.

“Continuing Disclosure Certificate” shall mean that certain Continuing Disclosure Certificate executed and delivered by the Authority, respectively, each dated the Dated Date, as they may be amended from time to time in accordance with the terms thereof.

“Dated Date” shall mean ~~January~~December __, ~~2004~~2005, the date of initial delivery of the Series ~~2004~~2005 Bonds.

“Debt Service Account” shall mean the account within the Revenue Fund by that name established and maintained pursuant to Section 5.03.

“DTC” means The Depository Trust Company, New York, New York, a limited purpose trust company organized under the laws of the State of New York in its capacity as securities depository for the Certificates.

“Escrow Agreement” shall mean the Escrow Agreement by and between the Authority and the Trustee, as Escrow Bank, dated as of ~~January 1, 2004~~December 1, 2005.

“Event of Default” shall mean any event of default specified as such in Section 8.01.

“Expense Fund” shall mean the Fund by that name established pursuant to Section 5.01.

“Expenses” shall mean all costs of issuing the Series ~~2004~~2005 Bonds and all administrative costs of the Authority that are charged directly or apportioned to the administration of the Local Obligations and the Series ~~2004~~2005 Bonds, such as salaries and wages of employees, audits, overhead and taxes (if any), legal and financial consultant fees and expenses, amounts necessary to pay to the United States of America or otherwise to satisfy requirements of the Code in order to maintain the tax-exempt status of the Series ~~2004~~2005 Bonds, and compensation, reimbursement and indemnification of the Trustee, together with all other reasonable and necessary costs of the Authority or charges required to be paid by it to comply with the terms hereof or of the Series ~~2004~~2005 Bonds or in connection with the Local Obligations.

“Fiscal Agent Agreement” shall mean the Fiscal Agent Agreement by and between the City and the Authority, dated as of October 1, 1991, relating to the Local Obligations.

“Fiscal Year” shall mean the fiscal year of the Authority, which at the date hereof is the period commencing on July 1 in each calendar year and ending on June 30 in the following calendar year.

“Funds” shall mean, collectively, the Revenue Fund, the Interest Fund, the Principal Fund, the Redemption Fund, the Expense Fund, the Reserve Fund, the Surplus Fund, the Proceeds Fund, the Capital Improvement Fund, the Local Obligation Fund and the Rebate Fund, including all accounts therein.

“Government Obligations” shall mean any of the following: (a) non-callable direct obligations of the United States of America (“Treasuries”), (b) evidence of ownership of proportionate interests in future interest and principal payments on Treasuries held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying Treasuries are not available to any person claiming through the custodian or to whom the custodian may be obligated, and (c) pre-refunded municipal obligations rated “AAA” and “Aaa” by S&P and Moody’s, respectively (or any combination thereof), which shall be authorized to be used to effect defeasance of the Bonds.

“Indenture” shall mean this Amended and Restated Indenture of Trust dated as of ~~January~~December 1, ~~2004,2005~~, between the Authority and the Trustee, pursuant to which the Series ~~2004~~2005 Bonds are to be issued, as amended or supplemented from time to time in accordance with its terms.

“Information Services” means one or more of the national information services that the Trustee determines are in the business of disseminating notice of redemption of obligations such as the Bonds.

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

“Interest Payment Date” means August 1 and February 1 in each year, commencing, with respect to the Series ~~2004~~2005 Bonds, on ~~August~~February 1, ~~2004,2006~~.

“Local Obligations” means the City of Costa Mesa Community Facilities District No. 91-1 (Plaza Tower Public Improvements) 1991 Special Tax Bonds.

“Moody’s” means Moody’s Investors Service, its successors and assigns.

“Officer’s Certificate” means a certificate signed by an Authorized Representative.

“Opinion of Bond Counsel” means a legal opinion signed by Bond Counsel.

“Original Indenture of Trust” shall have the meaning given in the recitals hereof.

“Outstanding” means, with respect to the Series ~~2004~~2005 Bonds and as of any date, the aggregate of Series ~~2004~~2005 Bonds authorized, issued, authenticated and delivered under the Indenture, except:

(a) Series ~~2004~~2005 Bonds cancelled or surrendered to the Trustee for cancellation pursuant to Section 2.09;

(b) Series ~~2004~~2005 Bonds deemed to have been paid as provided in Section 12.02; and

(c) Series ~~2004~~2005 Bonds in lieu of or in substitution for which other Series ~~2004~~2005 Bonds shall have been authenticated and delivered pursuant to the Indenture.

“Owner” shall mean, as of any date, the Person or Persons in whose name or names a particular Series ~~2004~~2005 Bond shall be registered on the Bond Register as of such date.

“Permitted Investments” means any of the following which at the time of investment are legal investments under the laws of the State for the moneys proposed to be invested therein:

1. (a) Direct obligations (other than an obligation subject to variation in principal repayment) of the United States of America (“United States Treasury Obligations”), (b) obligations fully and unconditionally guaranteed as to timely payment of principal and interest by the United States of America, (c) obligations fully and unconditionally guaranteed as to timely payment of principal and interest by any agency or instrumentality of the United States of America when such obligations are backed by the full faith and credit of the United States of America, or (d) evidences of ownership of proportionate interests in future interest and principal payments on obligations described above held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying government obligations are not available to any person claiming through the custodian or to whom the custodian may be obligated.

2. Federal Housing Administration debentures.

3. The listed obligations of government-sponsored agencies which are not backed by the full faith and credit of the United States of America:

- Federal Home Loan Mortgage Corporation (FHLMC)
Participation certificates (excluded are stripped mortgage securities which are purchased at prices exceeding their principal amounts)
Senior Debt obligations
- Farm Credit Banks (formerly: Federal Land Banks, Federal Intermediate Credit Banks and Banks for Cooperatives)
Consolidated system-wide bonds and notes
- Federal Home Loan Banks (FHL Banks)
Consolidated debt obligations
- Federal National Mortgage Association (FNMA)
Senior debt obligations
Mortgage-backed securities (excluded are stripped mortgage securities which are purchased at prices exceeding their principal amounts)
- Student Loan Marketing Association (SLMA)
Senior debt obligations (excluded are securities that do not have a fixed par value and/or whose terms do not promise a fixed dollar amount at maturity or call date)

- Financing Corporation (FICO)
Debt obligations
- Resolution Funding Corporation (REFCORP)
Debt obligations

4. Unsecured certificates of deposit, deposit accounts, time deposits, and bankers' acceptances (having maturities of not more than 30 days) of any bank the short-term obligations of which are rated "A-1" or better by S&P.

5. Deposits the aggregate amount of which are fully insured by the Federal Deposit Insurance Corporation (FDIC), in banks which have capital and surplus of at least \$5 million.

6. Commercial paper (having original maturities of not more than 270 days) rated "A-1+" by S&P and "Prime-1" by Moody's.

7. Money market funds rated "AAm" or "AAm-G" by S&P, or better (including those of the Trustee or its affiliates).

8. "State Obligations," which means:

A. Direct general obligations of any state of the United States of America or any subdivision or agency thereof to which is pledged the full faith and credit of a state the unsecured general obligation debt of which is rated "A3" by Moody's and "A" by S&P, or better, or any obligation fully and unconditionally guaranteed by any state, subdivision or agency whose unsecured general obligation debt is so rated.

B. Direct general short-term obligations of any state agency or subdivision or agency thereof described in (A) above and rated "A-1+" by S&P and "Prime-1" by Moody's.

C. Special Revenue Bonds (as defined in the United States Bankruptcy Code) of any state, state agency or subdivision described in (A) above and rated "AA" or better by S&P and "Aa" or better by Moody's.

9. Pre-refunded municipal obligations rated "AAA" by S & P and "Aaa" by Moody's meeting the following requirements:

A. the municipal obligations are (1) not subject to redemption prior to maturity or (2) the trustee for the municipal obligations has been given irrevocable instructions concerning their call and redemption and the issuer of the municipal obligations has covenanted not to redeem such municipal obligations other than as set forth in such instructions;

B. the municipal obligations are secured by cash or United States Treasury Obligations which may be applied only to payment of the principal of, interest and premium on such municipal obligations;

C. the principal of and interest on the United States Treasury Obligations (plus any cash in the escrow) has been verified by the report of independent certified public

accountants to be sufficient to pay in full all principal of, interest, and premium, if any, due and to become due on the municipal obligations (“Verification”);

D. the cash or United States Treasury Obligations serving as security for the municipal obligations are held by an escrow agent or trustee in trust for owners of the municipal obligations;

E. no substitution of a United States Treasury Obligation shall be permitted except with another United States Treasury Obligation and upon delivery of a new Verification; and

F. the cash or United States Treasury Obligations are not available to satisfy any other claims. including those by or against the trustee or escrow agent.

10. Repurchase agreements:

With (1) any domestic bank, or domestic branch of a foreign bank, the long term debt of which is rated at least “A” by S&P and Moody’s; or (2) any broker-dealer with “retail customers” or a related affiliate thereof which broker-dealer has, or the parent company (which guarantees the provider) of which has, long-term debt rated at least “A” by S&P and Moody’s, which broker-dealer falls under the jurisdiction of the Securities Investors Protection Corporation; or (3) any other entity rated “A” or better by S&P and Moody’s, provided that:

A. The market value of the collateral is maintained at levels and upon such conditions as would be acceptable to S&P and Moody’s to maintain an “A” rating in an “A” rated structured financing (with a market value approach);

B. The Trustee or a third party acting solely as agent therefor or for the Authority (the “Holder of the Collateral”) has possession of the collateral or the collateral has been transferred to the Holder of the Collateral in accordance with applicable state and federal laws (other than by means of entries on the transferor’s books);

C. The repurchase agreement shall state and an opinion of counsel shall be rendered at the time such collateral is delivered that the Holder of the Collateral has a perfected first priority security interest in the collateral, any substituted collateral and all proceeds thereof (in the case of bearer securities, this means the Holder of the Collateral is in possession);

D. All other requirements of S&P in respect of repurchase agreements shall be met;

E. The repurchase agreement shall provide that if during its term the provider’s rating by either Moody’s or S&P is withdrawn or suspended or falls below “A-” by S&P or “A3” by Moody’s, as appropriate, the provider must, at the direction of the Authority or the Trustee, within 10 days of receipt of such direction, repurchase all collateral and terminate the agreement, with no penalty or premium to the Authority or Trustee.

Notwithstanding the above, if a repurchase agreement has a term of 270 days or less (with no evergreen provision), collateral levels need not be as specified in (a) above, so long

as such collateral levels are 103% or better and the provider is rated at least “A” by S&P and Moody’s, respectively.

11. Investment agreements with a domestic or foreign bank or corporation (other than a life or property casualty insurance company) the long-term debt of which or, in the case of a guaranteed corporation the long-term debt, or, in the case of a monoline financial guaranty insurance company, claims paying ability, of the guarantor is rated at least “AA” by S&P and “Aa” by Moody’s; provided that, by the terms of the investment agreement:

A. interest payments are to be made to the Trustee at times and in amounts as necessary to pay debt service on the Bonds;

B. the invested funds are available for withdrawal without penalty or premium, at any time upon not more than seven days’ prior notice; the Authority and the Trustee hereby agree to give or cause to be given notice in accordance with the terms of the investment agreement so as to receive funds thereunder with no penalty or premium paid;

C. the investment agreement shall state that is the unconditional and general obligation of, and is not subordinated to any other obligation of, the provider thereof, or, in the case of a bank, that the obligation of the bank to make payments under the agreement ranks *pari passu* with the obligations of the bank to its other depositors and its other unsecured and unsubordinated creditors;

D. the Authority and the Trustee receives the opinion of domestic counsel (which opinion shall be addressed to the District, the Authority, and the Trustee) that such investment agreement is legal, valid, binding and enforceable upon the provider in accordance with its terms and of District, Authority, Trustee and foreign counsel (if applicable);

E. the investment agreement shall provide that if during its term

(1) the provider’s rating by either S&P or Moody’s falls below “AA-” or “Aa3”, respectively, the provider shall, at its option, within 10 days of receipt of publication of such downgrade, either (i) collateralize the investment agreement by delivering or transferring in accordance with applicable state and federal laws (other than by means of entries on the provider’s books) to the Authority, the Trustee or a third party acting solely as agent therefor (the “Holder of the Collateral”) collateral free and clear of any third-party liens or claims the market value of which collateral is maintained at levels and upon such conditions as would be acceptable to S&P and Moody’s to maintain an “A” rating in an “A” rated structured financing (with a market value approach); or (ii) repay the principal of and accrued but unpaid interest on the investment; and

(2) the provider’s rating by either S&P or Moody’s is withdrawn or suspended or falls below “A-” or “A3”, respectively, the provider must, at the direction of the Authority or the Trustee, within 10 days of receipt of such direction, repay the principal of and accrued but unpaid interest on the investment, in either case with no penalty or premium to the Authority or Trustee; and

F The investment agreement shall state and an opinion of counsel shall be rendered, in the event collateral is required to be pledged by the provider under the terms of the investment agreement at the time such collateral is delivered, that the Holder of the Collateral has a perfected first priority security interest in the collateral, any substituted collateral and all proceeds thereof (in the case of bearer securities, this means the Holder of the Collateral is in possession);

G. the investment agreement must provide that if during its term

(1) the provider shall default in its payment obligations, the provider's obligations under the investment agreement shall, at the direction of the Authority or the Trustee, be accelerated and amounts invested and accrued but unpaid interest thereon shall be repaid to the Authority or Trustee, as appropriate, and

(2) the provider shall become insolvent, not pay its debts as they become due, be declared or petition to be declared bankrupt, etc. ("event of insolvency"), the provider's obligations shall automatically be accelerated and amounts invested and accrued but unpaid interest thereon shall be repaid to the Authority or Trustee, as appropriate.

"Person" shall mean an individual, a corporation, a partnership, an association, a joint stock company, a trust, any unincorporated organization or a government or political subdivision thereof.

"Prepayment" shall mean any payment of principal received with respect to the Local Obligations earlier than the time scheduled for payment.

"Prepayment Account" shall mean the account by that name within the Revenue Fund established and maintained pursuant to Section 5.03.

"Principal Corporate Trust Office" shall mean the office of the Trustee in Los Angeles, California, except that with respect to presentation of Series ~~2004~~2005 Bonds for payment, transfer or exchange, such term shall mean the office of the Trustee in St. Paul, Minnesota, or such other offices as it shall designate from time to time.

"Principal Fund" shall mean the Fund by that name established pursuant to Section 5.01.

"Principal Installment" shall mean, with respect to any Principal Payment Date, the principal amount of Outstanding Series ~~2004~~2005 Bonds due on such date, if any.

"Principal Payment Date" shall mean August 1 of each year commencing August 1, ~~2004~~2006, and ending August 1, 2021.

"Proceeds Fund" shall mean the Fund by that name established pursuant to Section 5.01.

"Rebate Fund" shall mean the Fund by that name established pursuant to Section 5.01.

"Rebate Instructions" shall mean those calculations and directions required to be delivered to the Trustee by the Authority pursuant to the Tax Certificate.

"Rebate Requirement" shall mean the Rebate Requirement defined in the Tax Certificate.

“Record Date” shall mean the close of business on the first (1st) day of the month in which any Interest Payment Date occurs, whether or not such day is a Business Day.

“Redemption Fund” shall mean the Fund by that name established pursuant to Section 5.01.

“Reserve Fund” shall mean the Fund by that name established pursuant to Section 5.01.

“Reserve Requirement” shall mean the amount specified in Section 5.05(c).

“Responsible Officer” means any Vice-President, Assistant Vice-President, or Trust Officer of the Trustee having regular responsibility for corporate trust matters.

“Revenue Fund” shall mean the Fund by that name established pursuant to Section 5.01.

“Revenues” shall mean all amounts received by the Trustee as the payment of interest or redemption premium on, or the equivalent thereof, and the payment or return of principal of, or the equivalent thereof, all Local Obligations, whether as a result of scheduled payments or Prepayments or remedial proceedings taken in the event of a default thereon, and all investment earnings on any moneys held in the Funds or accounts established hereunder, except the Rebate Fund.

“S&P” means Standard & Poor’s Corporation, its successors and assigns.

“Secretary” shall mean the Secretary of the Authority.

“Special Record Date” means the date established by the Trustee pursuant to Section 2.01 as a record date for the payment of defaulted interest on the Series ~~2004~~2005 Bonds.

“Special Taxes” shall have the meaning set forth in the Fiscal Agent Agreement.

“State” shall mean the State of California.

“Supplemental Indenture” shall mean any Indenture supplemental to or amendatory of the Indenture which is duly executed and delivered in accordance with the provisions of the Indenture.

“Surplus Fund” shall mean the Fund by that name established pursuant to Section 5.01.

“Tax Certificate” means the certificate by that name to be executed by the Authority and the City on the Closing Date to establish certain facts and expectations and which contains certain covenants relevant to compliance with the Code.

“Trustee” shall mean U.S. Bank National Association, a national banking association, successor in interest to Security Pacific National Bank, in its capacity as trustee hereunder and any other successor as trustee under the Indenture.

“Trust Estate” shall have the meaning ascribed thereto in the granting clause hereof.

“Vice-Chairperson” shall mean the Vice-Chairperson of the Authority.

“Written Order” shall mean a written direction of the Authority to the Trustee signed by an Authorized Representative.

SECTION 1.02. Rules of Construction. Except where the context otherwise requires, words imparting the singular number shall include the plural number and vice versa, and pronouns inferring the masculine gender shall include the feminine gender and vice versa. All references herein to particular articles or sections are references to articles or sections of the Indenture. The headings and Table of Contents herein are solely for convenience of reference and shall not constitute a part of the Indenture, nor shall they affect its meanings, construction or effect.

ARTICLE II

TERMS OF SERIES ~~2004~~2005 BONDS

SECTION 2.01. The Series ~~2004~~2005 Bonds. There shall be issued under and secured by the Indenture bonds in the form of fully registered bonds to be designated “Costa Mesa Public Financing Authority Revenue Refunding Bonds, Series ~~2004~~2005A” in the aggregate principal amount of _____ dollars (\$_____). The Series ~~2004~~2005 Bonds shall be registered initially in the name of “Cede & Co.,” as nominee of DTC and shall be evidenced by one bond for each maturity of Series ~~2004~~2005 Bonds in the principal amount of the respective maturities of Series ~~2004~~2005 Bonds. Registered ownership of the Series ~~2004~~2005 Bonds, or any portion thereof, may not thereafter be transferred except as set forth herein. The Series ~~2004~~2005 Bonds shall be dated as of the Dated Date and shall bear interest at the rates specified in the table below, such interest being payable on each Interest Payment Date, and shall mature on the Principal Payment Dates in the following years in the following principal amounts, namely:

<i>Principal Payment Date (August 1)</i>	<i>Principal Amount</i>	<i>Interest Rate</i>
2004	\$	%
2005		
2006	<u>\$</u>	<u>%</u>
2007		
2008		
2009		
2010		
2011		
2012		
2013		
2014		
2015		
2016		
2017		
2018		
2019		
2020		
2021		

The principal of and redemption premium, if any, and interest on the Series ~~2004~~2005 Bonds shall be payable by check in lawful money of the United States of America. The Series ~~2004~~2005 Bonds shall be issued as fully registered bonds in Authorized Denominations and shall be numbered

as the Authority shall determine. The Series ~~2004~~2005 Bonds shall bear interest from the Dated Date. Payment of the interest on any Series ~~2004~~2005 Bond shall be made to the Person whose name appears on the Bond Register as the Owner thereof as of the Record Date, such interest to be paid by check mailed by first class mail on the Interest Payment Date to the Owner at the address which appears on the Bond Register as of the Record Date, for that purpose; except that in the case of an Owner of one million dollars (\$1,000,000) or more in aggregate principal amount of Series ~~2004~~2005 Bonds, upon written request of such Owner to the Trustee, in form satisfactory to the Trustee, received not later than the Record Date, such interest shall be paid on the Interest Payment Date in immediately available funds by wire transfer. The principal of and redemption premium, if any, on the Series ~~2004~~2005 Bonds shall be payable at the Principal Corporate Trust Office of the Trustee upon presentation and surrender of such Series ~~2004~~2005 Bonds. Interest shall be calculated on the basis of a 360-day year consisting of twelve 30-day months.

Notwithstanding any other provision herein contained, any interest not punctually paid or duly provided for, as a result of an Event of Default or otherwise, shall forthwith cease to be payable to the Owner on the Record Date and shall be paid to the Owner in whose name the Series ~~2004~~2005 Bond is authenticated at the close of business on a Special Record Date for the payment of such defaulted interest to be fixed by the Trustee, notice whereof being given to the Owners not less than ten (10) days prior to such Special Record Date.

SECTION 2.02. Form of Series ~~2004~~2005 Bonds. The Series ~~2004~~2005 Bonds and the certificate of authentication and assignment forms to appear thereon shall be in substantially the forms set forth in Exhibit A hereto, with such variations, insertions or omissions as are appropriate and not inconsistent herewith.

SECTION 2.03. Series ~~2004~~2005 Bonds Mutilated, Destroyed, Stolen or Lost. In the event any Series ~~2004~~2005 Bond, whether temporary or definitive, is mutilated, lost, stolen or destroyed, the Authority may execute and, upon its request in writing, the Trustee shall authenticate and deliver a new Series ~~2004~~2005 Bond of the same principal amount and maturity as the mutilated, lost, stolen or destroyed Series ~~2004~~2005 Bond in exchange and substitution for such mutilated Series ~~2004~~2005 Bond, or in lieu of and substitution for such lost, stolen or destroyed Series ~~2004~~2005 Bond.

Application for exchange and substitution of mutilated, lost, stolen or destroyed Series ~~2004~~2005 Bonds shall be made to the Trustee at the Principal Corporate Trust Office. In every case the applicant for a substitute Series ~~2004~~2005 Bond shall furnish to the Authority and the Trustee security or indemnification to their satisfaction. In every case of loss, theft or destruction of a Series ~~2004~~2005 Bond, the applicant shall also furnish to the Authority and the Trustee evidence to their satisfaction of the loss, theft or destruction and of the identity of the applicant, and in every case of mutilation of a Series ~~2004~~2005 Bond, the applicant shall surrender the Series ~~2004~~2005 Bond so mutilated.

Notwithstanding the foregoing provisions of this Section, in the event any such Series ~~2004~~2005 Bond shall have matured, and no default has occurred which is then continuing in the payment of the principal of, redemption premium, if any, or interest on the Series ~~2004~~2005 Bonds, the Trustee may pay the same (without surrender thereof except in the case of a mutilated Series ~~2004~~2005 Bond) instead of issuing a substitute Series ~~2004~~2005 Bond so long as security or indemnification is furnished as above provided.

Upon the issuance of any substitute Series 20042005 Bond, the Authority and the Trustee may charge the Owner of such Series 20042005 Bond with their reasonable fees and expenses in connection therewith. Every substitute Series 20042005 Bond issued pursuant to the provisions of this Section by virtue of the fact that any Series 20042005 Bond is lost, stolen or destroyed shall constitute an original additional contractual obligation of the Authority, whether or not the lost, stolen or destroyed Series 20042005 Bond shall be found at any time, or be enforceable by anyone, and shall be entitled to all the benefits of the Indenture equally and proportionally with any and all other Series 20042005 Bonds duly issued under the Indenture to the same extent as the Series 20042005 Bonds in substitution for which such Series 20042005 Bonds were issued.

SECTION 2.04. Temporary Series 20042005 Bonds. Until Series 20042005 Bonds in definitive form are ready for delivery, the Authority may execute and, upon its request in writing, the Trustee shall authenticate and deliver in lieu of any definitive bonds and subject to the same provisions, limitations and conditions, one or more Series 20042005 Bonds in temporary form, in substantially of the tenor of the Series 20042005 Bonds described above in this Article, with appropriate omissions, variations and insertions as the Authority shall determine.

Until exchanged for Series 20042005 Bonds in definitive form, such Series 20042005 Bonds in temporary form shall be entitled to the lien and benefit of the Indenture. The Authority shall, without unreasonable delay, prepare, execute and deliver to the Trustee and, upon the presentation and surrender of the Series 20042005 Bond or Series 20042005 Bonds in temporary form to the Trustee at its Principal Corporate Trust Office, the Trustee shall authenticate and deliver, in exchange therefor, a Series 20042005 Bond or Series 20042005 Bonds of the same maturity and interest rate, in definitive form, in Authorized Denominations, and for the same aggregate Outstanding principal amount, as the Series 20042005 Bond or Series 20042005 Bonds in temporary form surrendered. Such exchange shall be made at the Authority's own expense and without making any charge therefor to any Owner.

SECTION 2.05. Execution of Series 20042005 Bonds. All the Series 20042005 Bonds shall, from time to time, be executed on behalf of the Authority by the manual or facsimile signature of the Chairperson or Vice Chairperson and attested by the manual or facsimile signature of the Secretary.

If any of the officers who shall have signed any of the Series 20042005 Bonds shall cease to be such officer of the Authority before the Series 20042005 Bond so signed shall have been actually authenticated by the Trustee or delivered, such Series 20042005 Bonds nevertheless may be authenticated, issued and delivered with the same force and effect as though the Person or Persons who signed such Series 20042005 Bonds had not ceased to be such officer of the Authority, and any such Series 20042005 Bond may be signed on behalf of the Authority by those Persons who, at the actual date of the execution of such Series 20042005 Bonds, shall be the proper officers of the Authority, although at the date of such Series 20042005 Bond any such Person shall not have been such officer of the Authority.

SECTION 2.06. Transfer and Registration of Series 20042005 Bonds. The Series 20042005 Bonds may be transferred or exchanged and title thereto shall pass only in the manner provided in the provisions for registration set forth in the form of the Series 20042005 Bond contained in this Article II and the Trustee shall keep books constituting the Bond Register for the registration and transfer of the Series 20042005 Bonds as provided herein. All Series 20042005 Bonds presented for transfer or exchange shall be accompanied by a written instrument or

instruments of transfer or authorization for exchange, in form and with guaranty of signature satisfactory to the Trustee, duly executed by the Owner or by his attorney duly authorized in writing and all such Series ~~2004~~2005 Bonds shall be surrendered to the Trustee and cancelled by the Trustee pursuant to Section 2.09 hereof. The Authority and the Trustee may deem and treat the Owner of any Series ~~2004~~2005 Bond as the absolute owner of such Series ~~2004~~2005 Bond for the purpose of receiving any payment on such Series ~~2004~~2005 Bond and for all other purposes of the Indenture, whether such Series ~~2004~~2005 Bond shall be overdue or not, and neither the Authority nor the Trustee shall be affected by any notice to the contrary. Payment of, or on account of, the principal of and redemption premium, if any, on and interest on any Series ~~2004~~2005 Bond shall be made to such Owner or, if such Owner owns \$1,000,000 or more in aggregate principal amount of the Series ~~2004~~2005 Bonds upon such Owner's written order. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Series ~~2004~~2005 Bond to the extent of the sum or sums so paid.

SECTION 2.07. Regulations with Respect to Exchanges or Transfers of Series.

(a) In all cases in which the privilege of exchanging or registering the transfer of Series ~~2004~~2005 Bonds is exercised, the Authority shall execute and the Trustee shall authenticate and deliver Series ~~2004~~2005 Bonds in accordance with the provisions of the Indenture. There shall be no charge to the Owner for any such exchange or registration of transfer of Series ~~2004~~2005 Bonds, but the Authority may require the payment of a sum sufficient to pay any tax or other governmental charge required to be paid with respect to any such exchange or registration of transfer. Neither the Authority nor the Trustee shall be required to register the transfer of or exchange of any Series ~~2004~~2005 Bond on or after the fifteenth (15th) Business Day immediately preceding the date on which the notice of redemption is scheduled to be mailed and ending on the date scheduled for redemption or any Series ~~2004~~2005 Bond selected for redemption.

(b) Upon surrender for exchange or transfer of any Series ~~2004~~2005 Bond at the Principal Corporate Trust Office of the Trustee, the Authority shall execute (which may be by facsimile) and the Trustee shall authenticate and deliver in the name of the Owner (in the case of transfers) a new Series ~~2004~~2005 Bond or Series ~~2004~~2005 Bonds of Authorized Denominations, in the aggregate principal amount which the registered Owner is entitled to receive.

(c) New Series ~~2004~~2005 Bonds delivered upon any transfer or exchange shall be valid obligations of the Authority, evidencing the same debt as the Series ~~2004~~2005 Bonds surrendered, shall be secured by this Indenture and shall be entitled to all of the security and benefits hereof to the same extent as the Series ~~2004~~2005 Bonds surrendered.

SECTION 2.08. Authentication of Series ~~2004~~2005 Bonds. No Series ~~2004~~2005 Bond shall be secured by the Indenture or entitled to its benefits or shall be valid or obligatory for any purpose unless there shall be endorsed on such Series ~~2004~~2005 Bond the Trustee's certificate of authentication, substantially in the form prescribed in the Indenture, executed by the manual signature of a duly authorized signatory of the Trustee; and such certificate on any Series ~~2004~~2005 Bond issued by the Authority shall be conclusive evidence and the only competent evidence that such Series ~~2004~~2005 Bond has been duly authenticated and delivered under the Indenture.

SECTION 2.09. Cancellation of Series ~~2004~~2005 Bonds. Upon the surrender to the Trustee of any temporary or mutilated Series ~~2004~~2005 Bond, such Series ~~2004~~2005 Bond surrendered for transfer or exchange, such Series ~~2004~~2005 Bonds purchased, redeemed or paid at

maturity, the same shall forthwith be cancelled and the Trustee shall destroy such Series ~~2004~~2005 Bonds and upon written request of the Authority deliver a certificate of destruction with respect thereto to the Authority.

SECTION 2.10. Series ~~2004~~2005 Bonds as Special Obligations. The Series ~~2004~~2005 Bonds shall be special, limited obligations of the Authority, payable from and secured as to the payment of the principal thereof and the redemption premium, if any, and the interest thereon in accordance with their terms and the terms of the Indenture, solely from the Trust Estate. The Series ~~2004~~2005 Bonds shall not constitute a charge against the general credit of the Authority or any of its members, and under no circumstances shall the Authority be obligated to pay principal of or redemption premium, if any, or interest on the Series ~~2004~~2005 Bonds except from the Trust Estate. Neither the State nor any public agency (other than the Authority) nor any member of the Authority is obligated to pay the principal of or redemption premium, if any, or interest on the Series ~~2004~~2005 Bonds, and neither the faith and credit nor the taxing power of the State or any public agency thereof or any member of the Authority is pledged to the payment of the principal of or redemption premium, if any, or interest on the Series ~~2004~~2005 Bonds. The payment of the principal of or redemption premium, if any, or interest on the Series ~~2004~~2005 Bonds does not constitute a debt, liability or obligation of the State or any public agency (other than the Authority) or any member of the Authority.

No agreement or covenant contained in any Series ~~2004~~2005 Bond or the Indenture shall be deemed to be an agreement or covenant of any officer, member, agent or employee of the Authority in his or her individual capacity and neither the members of the Authority nor any officer or employee thereof executing the Series ~~2004~~2005 Bonds shall be liable personally on any Series ~~2004~~2005 Bond or be subject to any personal liability or accountability by reason of the issuance of such Series ~~2004~~2005 Bonds.

SECTION 2.11. Use of Depository. Notwithstanding any provision of this Indenture to the contrary:

(a) The Series ~~2004~~2005 Bonds shall be initially issued as provided in Section 2.01. Registered ownership of the Series ~~2004~~2005 Bonds, or any portion thereof, may not thereafter be transferred except:

(i) To any successor of DTC or its nominee, or to any substitute depository designated pursuant to clause (ii) of this subsection (a) (“substitute depository”); provided that any successor of DTC shall be qualified under any applicable laws to provide the service proposed to be provided by it;

(ii) To any substitute depository designated by the Authority and not objected to by the Trustee, upon (1) the resignation of DTC or its successor (or any substitute depository or its successor) from its functions as depository or (2) a determination by the Authority that DTC or its successor (or any substitute depository or its successor) is no longer able to carry out its functions as depository; provided that any such substitute depository shall be qualified under any applicable laws to provide the services proposed to be provided by it; or

(iii) To any person as provided below, upon (1) the resignation of DTC or its successor (or substitute depository or its successor) from its functions as depository; provided that no substitute depository which is not objected to by the Trustee can be obtained or (2) a

determination by the Authority that it is in the best interests of the Authority to remove DTC or its successor (or any substitute depository or its successor) from its functions as depository.

(b) In the case of any transfer pursuant to clause (i) or clause (ii) of subsection (a) hereof, upon receipt of the Outstanding Series 20042005 Bonds by the Trustee, together with a Certificate of the Authority to the Trustee, a single new Series 20042005 Bond shall be executed and delivered in the aggregate principal amount of the Series 20042005 Bonds then Outstanding, registered in the name of such successor or such substitute depository, or their nominees, as the case may be, all as specified in such Certificate of the Authority. In the case of any transfer pursuant to clause (iii) of subsection (a) hereof, upon receipt of the Outstanding Series 20042005 Bonds by the Trustee together with a Certificate of the Authority to the Trustee, new Series 20042005 Bonds shall be executed and delivered in such denominations numbered in consecutive order and registered in the names of such persons as are requested in such a Certificate of the Authority, subject to the limitations of Section 2.02 hereof, provided the Trustee shall not be required to deliver such new Series 20042005 Bonds within a period less than sixty (60) days from the date of receipt of such a Certificate of the Authority.

(c) In the case of partial redemption or an advance refunding of the Series 20042005 Bonds evidencing all or a portion of the principal amount Outstanding, DTC shall make an appropriate notation on the Series 20042005 Bonds indicating the date and amounts of such reduction in principal, in form acceptable to the Trustee.

(d) The Authority and the Trustee shall be entitled to treat the person in whose name any Series 20042005 Bond is registered as the Owner thereof for all purposes of the Indenture and any applicable laws, notwithstanding any notice to the contrary received by the Trustee or the Authority; and the Authority and the Trustee shall have no responsibility for transmitting payments to, communication with, notifying, or otherwise dealing with any beneficial owners of the Series 20042005 Bonds. Neither the Authority nor the Trustee will have any responsibility or obligations, legal or otherwise, to the beneficial owners or to any other party including the DTC or its successor (or substitute depository or its successor), except for the Owner of any Series 20042005 Bond.

(e) So long as the outstanding Series 20042005 Bonds are registered in the name of Cede & Co. or its registered assign, the Authority and the Trustee shall cooperate with Cede & Co., as sole registered Owner, and its registered assigns in effecting payment of the principal of and redemption premium, if any, and interest on the Series 20042005 Bonds by arranging for payment in such manner that funds for such payments are properly identified and are made immediately available on the date they are due.

ARTICLE III

ISSUANCE OF SERIES 20042005 BONDS

SECTION 3.01. Provisions for the Issuance of Series 20042005 Bonds. The Series 20042005 Bonds shall be executed by the Authority and delivered to the Trustee for authentication, together with a Written Order certifying that all conditions precedent to the authorization of the Series 20042005 Bonds have been satisfied and authorizing the Trustee to authenticate the Series 20042005 Bonds. The Trustee shall authenticate and deliver the Series 20042005 Bonds upon receipt of the Written Order described above, and upon the following having been made available to

the Trustee (in the case of the documents referred to in subsections (a), (c), (e), (f), (g) and (h) below, the Trustee may assume, and shall not be required to verify, the validity of such documents):

(a) A copy of the resolution or resolutions adopted by the Authority authorizing the issuance of the Series ~~2004~~2005 Bonds and the execution and delivery by the Authority of the Indenture, duly certified by the Secretary to have been duly adopted by the Authority and to be in full force and effect on the date of such certification;

(b) An Opinion of Bond Counsel, dated the date of delivery of the Series ~~2004~~2005 Bonds, to the effect that (i) the Series ~~2004~~2005 Bonds constitute the valid and binding special, limited obligations of the Authority, (ii) the Indenture has been duly and validly authorized, executed and delivered by, and (assuming valid execution and delivery by the Trustee) constitutes a valid and binding obligation of, the Authority and (iii) the interest on the Series ~~2004~~2005 Bonds is excluded from gross income for federal income tax purposes and is exempt from State personal income taxation; provided, that with respect to (i) and (ii) above, no opinion need be expressed as to the effect of bankruptcy, insolvency, reorganization, arrangement, moratorium and other laws affecting creditors' rights, the application of equitable principles and exercise of judicial discretion in appropriate cases;

(c) A Written Order directing that the Trustee authenticate the Series ~~2004~~2005 Bonds and containing instructions as to the delivery of the Series ~~2004~~2005 Bonds;

(d) The proceeds of sale of the Series ~~2004~~2005 Bonds;

(e) An Officer's Certificate stating that the Authority is not in default in the performance of any of the agreements, conditions, covenants or terms contained in the Indenture; and

(f) A Cash Flow Certificate to the effect that, assuming that all payments are made with respect to the Local Obligations, (i) the Revenues, together with monies on deposit in other funds and accounts held under the Indenture, will be sufficient to pay all scheduled principal and interest payments on the Series ~~2004~~2005 Bonds when due; and (ii) the redemption premium, if any, on the Local Obligations payable in the event of early retirement of the Local Obligations, together with other Revenues available to the Trustee for such purpose, are sufficient to offset any difference between the interest to accrue on the Series ~~2004~~2005 Bonds to be paid or redeemed with the proceeds of Prepayment of such Local Obligations (plus any redemption premium payable upon redemption of such Series ~~2004~~2005 Bonds) and the income to be earned on any investment of such proceeds (assured as of the date of payment thereof), in each case until the date of payment or redemption of Series ~~2004~~2005 Bonds, such that in no event will the Prepayment of the Local Obligations cause the Trustee to have insufficient funds to pay (A) debt service on the Series ~~2004~~2005 Bonds when due and (B) scheduled debt service on the Series ~~2004~~2005 Bonds which remain Outstanding after such redemption, plus in each case expenses to be payable from the Expense Fund.

(g) An original executed counterpart of the Indenture.

(h) The Local Obligations.

ARTICLE IV

REDEMPTION AND PURCHASE OF SERIES ~~2004~~2005 BONDS

SECTION 4.01. Privilege of Redemption and Redemption Price. Series ~~2004~~2005 Bonds subject to redemption prior to maturity pursuant to the Indenture shall be redeemable, upon mailed notice as provided in this Article, at such times and upon such terms as are contained in this Article. Whenever, by the terms of the Indenture, the Trustee is required or authorized to redeem Series ~~2004~~2005 Bonds, the Trustee shall select the Series ~~2004~~2005 Bonds to be redeemed, shall give the notice of redemption and shall pay out of moneys available therefor the redemption price thereof, plus interest accrued and unpaid to the redemption date, in accordance with the terms of this Article.

SECTION 4.02. Mandatory Redemption.

(a) Redemption from Prepayments of Local Obligations pursuant to Mandatory Redemption Provisions. Except as set forth in subsection (b), the Series ~~2004~~2005 Bonds shall be subject to mandatory redemption in part, on any Interest Payment Date, and shall be redeemed by the Trustee, from moneys transferred from the Prepayment Account to the Redemption Fund pursuant to Section 5.03(b) and derived from prepayments of Local Obligations from mandatory sinking payment redemptions in the amounts set forth in Section 2.03(A)(iii) of the Fiscal Agent Agreement at a redemption price equal to the principal amount thereof, without premium.

(b) Redemption from Prepayments of Local Obligations. The Series ~~2004~~2005 Bonds shall be subject to mandatory redemption in part on any Interest Payment Date by the Trustee from moneys transferred from the Prepayment Account to the Redemption Fund pursuant to Section 5.03(b) of the Indenture, but only if such moneys are derived from Prepayments of Special Taxes. The mandatory redemption required under this subsection shall be made at a redemption price equal to the principal amount being redeemed plus a premium equal to three percent (3%) of such principal amount, plus interest accrued and unpaid to the redemption date.

SECTION 4.03. Optional Redemption. The Series ~~2004~~2005 Bonds may be redeemed, upon at least 45 days prior written notice to the Trustee, at the option of the Authority from any moneys deposited in the Redemption Fund, prior to maturity on any Payment Date on or after August 1, 20__ in whole or in part from such maturities as are selected by the Authority, and by lot within a maturity, at the following redemption prices, expressed as a percentage of the principal amount of the Series ~~2004~~2005 Bonds to be redeemed, together with accrued interest to the date of redemption:

<i>Redemption Date</i> <i>(both dates inclusive)</i>	<i>Redemption Prices</i>
August 1, 20__ through August 1, 20__	%
August 1, 20__ through August 1, 20__	
August 1, 20__ and thereafter	

In connection with such redemption, the Authority may also apply amounts in the applicable account of the Reserve Fund which will be in excess of the Reserve Requirement as a result of the redemption of ~~2004~~2005 Bonds as set forth above.

In the case of the optional redemption of any Outstanding Series 20042005 Bonds, the Authority shall deliver a Written Order to the Trustee stating its election to redeem Series 20042005 Bonds, the principal amount of Series 20042005 Bonds to be redeemed, the maturity or maturities of the Series 20042005 Bonds to be redeemed and the redemption date, which such Written Order shall be delivered to the Trustee at least forty-five (45) days prior to the redemption date. In the event such Written Order is delivered to the Trustee, the Authority shall pay or cause to be paid to the Trustee on or prior to the date on which the notice of redemption shall be given pursuant to Section 4.04 an amount which, in addition to other moneys, if any, available therefor held by the Trustee, will be sufficient to redeem on the redemption date at the redemption price thereof, plus interest accrued and unpaid to the redemption date, the Outstanding Series 20042005 Bonds identified in such notice; provided, that such amount may be delivered after such date and prior to the redemption date if such Written Order requires the notice of redemption to state that such redemption shall be conditioned upon the receipt of such funds.

SECTION 4.04. Notice of Redemption. In the case of any redemption of Series 20042005 Bonds, the Trustee shall determine that it has in the Funds maintained pursuant to this Indenture and available therefor sufficient moneys on hand to pay the principal of and the interest and redemption premium, if any, to make any such redemption. Subject to Section 4.03 hereof, if sufficient moneys are available for such redemption, the Trustee shall give notice, as hereinafter in this Section provided, that Series 20042005 Bonds, identified by CUSIP numbers, serial numbers and maturity date, have been called for redemption and, in the case of Series 20042005 Bonds to be redeemed in part only, the portion of the principal amount thereof that has been called for redemption (or if all the Outstanding Series 20042005 Bonds are to be redeemed, so stating, in which event such serial numbers may be omitted), that they will be due and payable on the date fixed for redemption (specifying such date) upon surrender thereof at the Principal Corporate Trust Office, at the redemption price (specifying such price), together with any accrued interest to such date, and that all interest on the Series 20042005 Bonds, or portions thereof, so to be redeemed will cease to accrue on and after such date and that from and after such date such Series 20042005 Bond or such portion shall no longer be entitled to any lien, benefit or security under the Indenture, and the Owner thereof shall have no rights in respect of such redeemed Series 20042005 Bond or such portion except to receive payment from such moneys of such redemption price plus accrued interest to the date fixed for redemption.

Such notice shall be mailed by first class mail, in a sealed envelope, postage prepaid, at least thirty (30) but not more than sixty (60) days before the date fixed for redemption, to the Information Services and to the Owners of such Series 20042005 Bonds, or portions thereof, so called for redemption, at their respective addresses as the same shall last appear on the Bond Register. No notice of redemption need be given to the Owner of a Series 20042005 Bond to be called for redemption if such Owner waives notice thereof in writing, and such waiver is filed with the Trustee prior to the redemption date. Neither the failure of an Owner to receive notice of redemption of Series 20042005 Bonds hereunder nor any error in such notice shall affect the validity of the proceedings for the redemption of Series 20042005 Bonds.

At least two (2) Business Days before notice of redemption is given to the Owners, the Trustee shall send a copy of the notice of redemption by certified mail or by overnight delivery DTC; provided, that failure to provide notice to DTC or to the Information Services shall not affect the validity of proceedings for the redemption of any Series 20042005 Bonds.

SECTION 4.05. Selection of Series 20042005 Bonds for Redemption. Whenever less than all of the Series 20042005 Bonds are to be redeemed on any one date, the Trustee shall, at least sixty (60) days prior to the redemption date, receive a Cash Flow Certificate specifying the maturity or maturities of Series 20042005 Bonds to be redeemed so that the remaining payments of principal of and interest on Local Obligations, together with other Revenues available to the Trustee, will be sufficient to pay on a timely basis the principal of and the interest on the Series 20042005 Bonds not so redeemed when due. Whenever less than all the Outstanding Series 20042005 Bonds of any one maturity are to be redeemed on any one date, the Trustee shall select the particular Series 20042005 Bonds to be redeemed by lot and in selecting the Series 20042005 Bonds for redemption the Trustee shall treat each Series 20042005 Bond of a denomination of more than five thousand dollars (\$5,000) as representing that number of Series 20042005 Bonds of five thousand dollars (\$5,000) denomination which is obtained by dividing the principal amount of such Series 20042005 Bond by five thousand dollars (\$5,000), and the portion of any Series 20042005 Bond of a denomination of more than five thousand dollars (\$5,000) to be redeemed shall be redeemed in an Authorized Denomination. The Trustee shall promptly notify the Authority in writing of the numbers of the Series 20042005 Bonds so selected for redemption in whole or in part on such date.

SECTION 4.06. Payment of Redeemed Series 20042005 Bonds. If notice of redemption has been given or waived as provided in Section 4.04, the Series 20042005 Bonds or portions thereof called for redemption shall be due and payable on the date fixed for redemption at the redemption price thereof, together with accrued interest to the date fixed for redemption, upon presentation and surrender of the Series 20042005 Bonds to be redeemed at the office specified in the notice of redemption. If there shall be called for redemption less than the full principal amount of a Series 20042005 Bond, the Authority shall execute and deliver and the Trustee shall authenticate, upon surrender of such Series 20042005 Bond, and without charge to the Owner thereof, Series 20042005 Bonds of like interest rate and maturity in an aggregate principal amount equal to the unredeemed portion of the principal amount of the Series 20042005 Bonds so surrendered in such Authorized Denominations as shall be specified by the Owner.

If any Series 20042005 Bond or any portion thereof shall have been duly called for redemption and payment of the redemption price, together with unpaid interest accrued to the date fixed for redemption, shall have been made or provided for by the Authority, then interest on such Series 20042005 Bond or such portion shall cease to accrue from such date, and from and after such date such Series 20042005 Bond or such portion shall no longer be entitled to any lien, benefit or security under the Indenture, and the Owner thereof shall have no rights in respect of such Series 20042005 Bond or such portion except to receive payment of such redemption price, and unpaid interest accrued to the date fixed for redemption.

SECTION 4.07. Purchase in Lieu of Redemption. In lieu of redemption of any Series 20042005 Bond pursuant to the provisions of Sections 4.02 or 4.03 hereof, amounts on deposit in the Proceeds Fund, the Principal Fund or in the Redemption Fund may also be used and withdrawn by the Trustee at any time prior to selection of Series 20042005 Bonds for redemption having taken place with respect to such amounts, upon a Written Order for the purchase of such Series 20042005 Bonds at public or private sale as and when and at such prices (including brokerage and other charges, but excluding accrued interest, which is payable from the Interest Fund) as the Authority may in its discretion determine, but not in excess of the redemption price thereof plus accrued interest to the purchase date. All Series 20042005 Bonds so purchased shall be delivered to the Trustee for cancellation.

ARTICLE V

REVENUES AND FUNDS

SECTION 5.01. Establishment of Funds. There is hereby established with the Trustee and the Trustee hereby agrees to maintain the following special trust funds for the Series ~~2004~~2005 Bonds, which the Trustee shall keep separate and apart from all other funds and moneys held by it: the Revenue Fund, the Interest Fund, the Principal Fund, the Redemption Fund, the Reserve Fund, the Expense Fund, the Proceeds Fund, the Surplus Fund, the Capital Improvement Fund, the Local Obligation Fund and the Rebate Fund.

SECTION 5.02. Deposit of Proceeds of Series ~~2004~~2005 Bonds and Other Moneys. The proceeds received from the sale of the Series ~~2004~~2005 Bonds shall be applied by the Trustee as follows:

- (i) the Trustee shall deposit in the Reserve Fund the sum of _____ dollars (\$_____);
- (ii) the Trustee shall deposit in the Expense Fund the sum of _____ dollars (\$_____);
- (iii) the Trustee shall deposit in the Proceeds Fund the sum of _____ dollars (\$_____); and
- (iv) the Trustee shall deposit in the Capital Improvement Fund the sum of _____ dollars (\$_____).

SECTION 5.03. Revenue Fund.

(a) All Revenues, other than Revenues described in subsection (b), received by the Trustee shall be deposited by the Trustee into the Debt Service Account within the Revenue Fund, which account is hereby created. The Trustee shall transfer Revenues from the Debt Service Account, in the amounts and at the times specified in Sections 5.04, 5.05, 5.06, 5.07 and 5.08 hereof for deposit into the following respective funds in the following order of priority, the requirements of each fund to be fully satisfied, leaving no deficiencies therein, prior to any deposit into any fund later in priority:

- (1) Interest Fund;
- (2) Principal Fund;
- (3) Reserve Fund;
- (4) Expense Fund; and
- (5) Surplus Fund.

(b) All Revenues derived from Prepayments received by the Trustee shall be deposited in the Prepayment Account within the Revenue Fund, which account is hereby created. Amounts in the Prepayment Account shall be transferred as soon as practicable (and in any event

prior to the next succeeding Interest Payment Date which is at least forty-five (45) days following receipt of such Prepayment) to the Redemption Fund to be used to redeem Series ~~2004~~2005 Bonds on such Interest Payment Date pursuant to Section 4.02 or 4.03, as appropriate, subject to the terms of Section 4.07.

SECTION 5.04. Interest Fund. The Trustee shall deposit in the Interest Fund before each Interest Payment Date from the Debt Service Account an amount of Revenues which together with any amounts then on deposit in said Fund is equal to the interest on the Series ~~2004~~2005 Bonds due on such date. On each Interest Payment Date, the Trustee shall pay the interest due and payable on the Series ~~2004~~2005 Bonds on such date from the Interest Fund. All amounts in the Interest Fund shall be used and withdrawn by the Trustee solely for the purpose of paying interest on Series ~~2004~~2005 Bonds as it shall become due and payable (including accrued interest on any Series ~~2004~~2005 Bonds purchased or redeemed prior to maturity pursuant to the Indenture).

SECTION 5.05. Reserve Fund.

(a) As soon as practicable before each Interest Payment Date, after making the deposits required by Sections 5.04 and 5.08, the Trustee shall deposit into the Reserve Fund from the Debt Service Account an amount of Revenues which, together with amounts then on deposit in the Reserve Fund, equals the Reserve Requirement. Except as provided in subsections (b) and (c) hereof, all moneys in the Reserve Fund shall be used and withdrawn by the Trustee solely for the purpose of paying the interest on or the principal of or the redemption premium, if any, on the Series ~~2004~~2005 Bonds; but solely in the event that insufficient moneys are available in the Interest Fund, the Principal Fund, the Redemption Fund or the Surplus Fund for such purpose.

(b) If on any date moneys held in the Reserve Fund equal or exceed the amount necessary to redeem all Outstanding Series ~~2004~~2005 Bonds plus any then-applicable premium on such Series ~~2004~~2005 Bonds, the Trustee shall notify the Authority about such fact and, upon consent of the Authority, shall liquidate the Permitted Investments in the Reserve Fund and deposit all such moneys in the Redemption Fund pursuant to Section 5.09(b) to redeem Outstanding Series ~~2004~~2005 Bonds pursuant to Section 4.03.

(c) The initial Reserve Requirement applicable from the Closing Date through July 31, ~~2004~~2006 shall be equal to \$_____. After such period, the Reserve Requirement shall be equal to the following amounts (subject to pro rata reduction from the redemption of Series ~~2004~~2005 Bond under Sections 4.02 and 4.03 herein) for the following periods:

<i>Year Commencing (August 1)</i>	<i>Reserve Requirement</i>
2004	\$
2005	
2006	<u>\$</u>
2007	
2008	
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On each Interest Payment Date, the Trustee shall withdraw any amounts in the Reserve Fund in excess of the Reserve Requirement and transfer such moneys to the Principal Fund.

(d) Notice of any withdrawal from the Reserve Fund shall be provided immediately to the Cash Flow Consultant, except for withdrawals pursuant to Section 5.05(c).

SECTION 5.06. Expense Fund. After making the deposits required by Sections 5.04, 5.05 and 5.08, the Trustee shall deposit from the Debt Service Account into the Expense Fund an amount of Revenues, specified in a Written Order as necessary (taking into account amounts then on deposit therein) to pay all Expenses as they become due and payable. The Trustee shall also deposit in the Expense Fund all amounts paid to the Trustee pursuant to Section 5.11. Amounts in the Expense Fund shall be applied by the Trustee to the payment of Expenses upon receipt of a Written Order stating the Person to whom payment is to be made, the amount and purpose of the payment and that the payment is a proper charge against the Expense Fund.

SECTION 5.07. Surplus Fund. After making the deposits required by Sections 5.04, 5.05, 5.06 and 5.08, the Trustee shall deposit any moneys remaining in the Debt Service Account in the Surplus Fund. Amounts in the Surplus Fund (together with any earnings thereon) shall be withdrawn upon a Written Order within one year of receipt of such funds by the Trustee and transferred to the Authority and applied to the payment of Expenses or the acquisition or construction of capital improvements by the City; provided, that the Trustee shall have received a Cash Flow Certificate certifying that such moneys are not required to pay the principal of or premium, if any, or interest on

the Series ~~2004~~2005 Bonds when due. Prior to such withdrawal and transfer, money in the Surplus Fund may be used and withdrawn by the Trustee for the purpose of paying the principal of and the interest and redemption premium, if any, on the Series ~~2004~~2005 Bonds or Expenses; but solely in the event that insufficient moneys are available for such purpose in the Interest Fund, the Principal Fund or the Redemption Fund.

SECTION 5.08. Principal Fund. All moneys transferred to the Principal Fund pursuant to Section 5.05 shall be applied to the redemption of Series ~~2004~~2005 Bonds pursuant to Section 4.03, subject to the terms of Section 4.07 and to the payment of the Principal Installments of the Series ~~2004~~2005 Bonds when due on each Principal Payment Date. Before each Principal Payment Date, the Trustee shall transfer from the Debt Service Account to the Principal Fund the amount of Revenues, which, when taken together with the amounts transferred to the Principal Fund pursuant to Section 5.05(c) in connection with such Principal Payment Date, will be sufficient to pay the Principal Installments on the Series ~~2004~~2005 Bonds due on such date.

SECTION 5.09. Redemption Fund.

(a) All moneys held in or transferred to the Redemption Fund pursuant to Sections 5.03(b) and 5.14 shall be used for the purpose of redeeming or purchasing all or a portion of the Outstanding Series ~~2004~~2005 Bonds pursuant to Section 4.02 or Section 4.07.

(b) All moneys held in or transferred to the Redemption Fund pursuant to Section 5.05(b), or by the Authority for the purpose of redeeming Series ~~2004~~2005 Bonds pursuant to Section 4.03, shall be used for the purpose of redeeming or purchasing all or a portion of the Outstanding Series ~~2004~~2005 Bonds pursuant to Section 4.03 or Section 4.07.

(c) The Trustee shall use amounts in the Redemption Fund solely for the payment of the redemption price of Series ~~2004~~2005 Bonds called for redemption pursuant to Section 4.02 and Section 4.03 or the purchase price of Series ~~2004~~2005 Bonds purchased pursuant to Section 4.07 (accrued interest to the redemption or purchase date on such Series ~~2004~~2005 Bonds shall be paid from the Interest Fund).

SECTION 5.10. Proceeds Fund. The Trustee shall deposit into the Proceeds Fund proceeds of the Series ~~2004~~2005 Bonds in the amount provided by Section 5.02 hereof. Amounts in the Proceeds Fund shall be applied by the Trustee to (1) the refunding of the Series 1991 Bonds, and (2) the purchase of the Local Obligations, all as set forth in the Escrow Agreement. If any amounts shall remain in the Proceeds Fund thereafter, such amounts shall be transferred by the Trustee to the Capital Improvement Fund.

SECTION 5.11. Reserved.

SECTION 5.12. Rebate Fund.

(a) Establishment. Upon the issuance of the Series ~~2004~~2005 Bonds, the Trustee agrees to establish and maintain a fund separate from any other fund established and maintained hereunder designated the Rebate Fund. The Trustee shall establish separate accounts for the Series ~~2004~~2005 Bonds designated the "Rebate Account" and the "Alternative Penalty Account." Absent an opinion of Bond Counsel that the exclusion from gross income for federal income tax purposes of interest on the Series ~~2004~~2005 Bonds will not be adversely affected, the Authority shall cause to be

deposited in each such account of the Rebate Fund such amounts as are required to be deposited therein pursuant to this Section and the Tax Certificate. All money at any time deposited in the Rebate Fund shall be held by the Trustee in trust for payment to the United States Treasury. All amounts on deposit in the Rebate Fund for the Series ~~2004~~2005 Bonds shall be governed by this Section and the Tax Certificate for the Series ~~2004~~2005 Bonds, unless and to the extent that the Authority delivers to the Trustee an opinion of Bond Counsel that the exclusion from gross income for federal income tax purposes of interest on the Series ~~2004~~2005 Bonds will not be adversely affected if such requirements are not satisfied.

(i) Rebate Account. The following requirements shall be satisfied with respect to the Rebate Account:

(1) Annual Computation. Within 55 days of the end of each Bond Year, the Authority shall calculate or cause to be calculated the amount of rebatable arbitrage for the Series ~~2004~~2005 Bonds, in accordance with Section 148(f)(2) of the Code and Section 1.148-3 of the Rebate Regulations (taking into account any applicable exceptions with respect to the computation of the rebatable arbitrage, described, if applicable, in the Tax Certificate (e.g., the temporary investments exceptions of Section 148(f)(4)(B) and (C) of the Code), and taking into account whether the election pursuant to Section 148(f)(4)(C)(vii) of the Code (the “1½% Penalty”) has been made), for this purpose treating the last day of the applicable Bond Year as a computation date, within the meaning of Section 1.148-1(b) of the Rebate Regulations (the “Rebatable Arbitrage”). The Authority shall obtain expert advice as to the amount of the Rebatable Arbitrage to comply with this Section.

(2) Annual Transfer. Within 55 days of the end of each Bond Year, upon the Written Order of the Authority, an amount shall be deposited to the subaccounts of the Rebate Account by the Trustee from any Revenues legally available for such purpose (as specified by the Authority in the aforesaid Written Order), if and to the extent required so that the balance in each subaccount of the Rebate Account shall equal the amount of Rebatable Arbitrage for the Series ~~2004~~2005 Bonds so calculated in accordance with (i) of this Subsection (a)(1). In the event that immediately following the transfer required by the previous sentence, the amount then on deposit to the credit of a subaccount of the Rebate Account exceeds the amount required to be on deposit therein, upon Written Order of the Authority, the Trustee shall withdraw the excess from the Rebate Account and then credit the excess to the Revenue Fund.

(3) Payment to the Treasury. The Trustee shall pay, as directed by Written Order of the Authority, to the United States Treasury, out of amounts in the Rebate Account,

(X) Not later than 60 days after the end of (A) the fifth Bond Year for the Series ~~2004~~2005 Bonds, and (B) each applicable fifth Bond Year thereafter, an amount equal to at least 90% of the Rebatable Arbitrage calculated as of the end of such Bond Year for the Series ~~2004~~2005 Bonds; and

(Y) Not later than 60 days after the payment of all the Series ~~2004~~2005 Bonds, an amount equal to 100% of the Rebatable Arbitrage calculated as of the end of such applicable Bond Year for the Series ~~2004~~2005 Bonds,

and any income attributable to the Rebatable Arbitrage, computed in accordance with Section 148(f) of the Code.

In the event that, prior to the time of any payment required to be made from a subaccount of the Rebate Account, the amount in such subaccount of the Rebate Account is not sufficient to make such payment when such payment is due, the Authority shall calculate or cause to be calculated the amount of such deficiency and deposit an amount received from any legally available source equal to such deficiency prior to the time such payment is due. Each payment required to be made pursuant to this Subsection (a)(1) shall be made to the Internal Revenue Service Center, Ogden, Utah 84207 on or before the date on which such payment is due, and shall be accompanied by Internal Revenue Service Form 8038-T, or shall be made in such other manner as provided under the Code.

(ii) Alternative Penalty Account.

(1) Six-Month Computation. If the 1½% Penalty has been elected for the Series ~~2004~~2005 Bonds, within 85 days of each particular Six-Month Period, the Authority shall determine or cause to be determined whether the 1½% Penalty is payable (and the amount of such penalty) as of the close of the applicable Six-Month Period. The Authority shall obtain expert advice in making such determinations.

(2) Six-Month Transfer. Within 85 days of the close of each Six-Month Period, upon the Written Order of the Authority, the Trustee shall deposit in the applicable subaccounts of the Alternative Penalty Account from any legally available source of funds an amount (as specified by the Authority in the aforesaid written direction), if and to the extent required, so that the balance in each subaccount of the Alternative Penalty Account equals the amount of 1½% Penalty due and payable to the United States Treasury for the related Series determined as provided in Subsection (a)(2)(i) above. In the event that immediately following the transfer provided in the previous sentence, the amount then on deposit to the credit of a subaccount of the Alternative Penalty Account exceeds the amount required to be on deposit therein to make the payments required by Subsection (a)(2)(iii) below, the Trustee, at the written direction of an Authorized Representative, may withdraw the excess from the applicable subaccount of the Alternative Penalty Account and credit the excess to the Revenue Fund.

(3) Payment to the Treasury. The Trustee shall pay, as directed by Written Order of the Authority, to the United States Treasury, out of amounts in the Alternative Penalty Account, not later than 90 days after the close of each Six-Month Period the 1½% Penalty the Series ~~2004~~2005 Bonds, if applicable and payable, computed in accordance with Section 148(f)(4) of the Code. In the event that, prior to the time of any payment required to be made from the Alternative Penalty Account, the amount in such account is not sufficient to make such payment when such payment is due, the Authority shall calculate the amount of such deficiency and direct the Trustee to deposit an amount received from any legally available source of funds equal to such deficiency into the Alternative Penalty Account prior to the time such payment is due. Each payment required to be made pursuant to this Subsection (a)(2) shall be made to the Internal Revenue Service Center, Ogden, Utah 84207 on or before the date on which such payment is due, and shall be

accompanied by Internal Revenue Service Form 8038-T or shall be made in such other manner as provided under the Code.

(b) Disposition of Unexpended Funds. Any funds remaining in the accounts of the Rebate Fund for the Series ~~2004~~2005 Bonds after redemption and payment of the Series ~~2004~~2005 Bonds and the payments described in Subsection (a)(1)(iii) or (a)(2)(iii) (whichever is applicable) for the Series ~~2004~~2005 Bonds having been made may be withdrawn by the Authority and utilized in any manner by the Authority.

(c) Survival of Defeasance. Notwithstanding anything in this Section to the contrary, the obligation to comply with the requirements of this Section shall survive the defeasance of the Series ~~2004~~2005 Bonds.

(d) Trustee. The Trustee shall have no responsibility to monitor or calculate any amounts payable to the U.S. Treasury pursuant to this Section and shall be deemed conclusively to have complied with its obligations hereunder if it follows the written instructions of the Authority given pursuant to this Section.

SECTION 5.13. Local Obligation Fund.

(a) All Local Obligations held or acquired by the Trustee hereunder shall be deposited into the Local Obligation Fund, which the Trustee is hereby directed to establish and maintain.

(b) Upon a Written Order, the Trustee shall sell any Local Obligations specified in such Written Order in the open market, but only on the following conditions:

(i) The Trustee shall have received an Opinion of Bond Counsel to the effect that the sale of the Local Obligations and the use of the proceeds thereof specified in such Written Order will not, of itself, cause interest on the Series ~~2004~~2005 Bonds to be includable in gross income for federal income tax purposes or subject to State personal income tax;

(ii) The Written Order of the Authority shall direct the Trustee to use the proceeds of such sale for one or more purposes authorized by subsection (c); and

(iii) The Trustee shall have received a Cash Flow Certificate to the effect that (taking into account the use of proceeds specified in such Written Order) the scheduled debt service on all Local Obligations held by the Trustee hereunder after giving effect to such sale together with Revenues and other monies on deposit in the other funds and accounts held under the Indenture available to the Trustee for such purpose will be sufficient and timely to pay scheduled debt service on all of the Outstanding Series ~~2004~~2005 Bonds plus Expenses anticipated to be payable from the Expense Fund.

(c) The proceeds of any sale of a Local Obligation in accordance with subsection (b) shall be deposited in the Redemption Fund in an amount sufficient to retire Series ~~2004~~2005 Bonds pursuant to Section 4.03 in an amount at least equal to the outstanding principal amount of such obligation at the time of such sale on the earliest date permitted under Section 4.03 and the remaining amount of such proceeds, if any, shall be deposited in the Surplus Fund.

(d) Upon a Written Order the Trustee shall waive any redemption premium payable on any Local Obligation provided that the Trustee shall first receive a Cash Flow Certificate verifying the matters set forth in Section 3.01(f)(i) and (ii).

SECTION 5.14. Capital Improvement Fund. The Trustee shall deposit in the Capital Improvement Fund such amounts as may be specified in this Indenture or one or more Written Orders of the Authority delivered to the Trustee. Moneys in the Capital Improvement Fund shall be transferred to or upon the order of the Authority from time to time upon receipt by the Trustee of a requisition of the Authority specifying:

- (i) the item number of such payment;
- (ii) the name and address of the person to whom each such payment is due, which may be the Authority or the City in the case of reimbursement for costs of any public capital improvement (as defined in the Act) theretofore paid by any such party (or any other specified purpose if the Trustee receives an Opinion of Bond Counsel to the effect that such use would not result in interest on the Series ~~2004~~2005 Bonds becoming includable in gross income for purposes of federal income taxation);
- (iii) the amounts to be paid;
- (iv) the purpose by general classification for which each obligation to be paid was incurred;
- (v) that obligations in the stated amounts have been incurred by the Authority or the City and are presently due and payable and that each item thereof consists of the costs of a public capital improvement (as defined in the Act) identified in the public hearing held by the City pursuant to Section 6586.5 of the Act, or otherwise eligible under the Act (as evidenced by an opinion of Bond Counsel delivered to the Trustee) to be funded with amounts in the Capital Improvement Fund, and has not been previously paid from the Capital Improvement Fund.

Upon written request of the Authority, any amounts in the Capital Improvement Fund may be transferred to the Redemption Fund and applied to the redemption of Series ~~2004~~2005 Bonds.

ARTICLE VI

SECURITY FOR AND INVESTMENT OF MONEYS

SECTION 6.01. Security. All moneys required to be deposited with or paid to the Trustee in any of the Funds (other than the Rebate Fund) referred to in any provision of the Indenture shall be held by the Trustee in trust, and except for moneys held for the payment or redemption of Series ~~2004~~2005 Bonds or the payment of interest on Series ~~2004~~2005 Bonds pursuant to Section 12.03, shall, while held by the Trustee, constitute part of the Trust Estate and shall be subject to the lien and pledge created hereby.

SECTION 6.02. Investment of Funds. So long as the Series ~~2004~~2005 Bonds are Outstanding and there is no default hereunder, moneys on deposit to the credit of the Revenue Fund, the Interest Fund, the Principal Fund, the Expense Fund, the Capital Improvement Fund, and the Surplus Fund and all accounts within such funds (other than amounts invested in Local Obligations)

shall, at the request of an Authorized Representative, which may be telephonic if confirmed in writing within two (2) Business Days, specifying and directing that such investment of such funds be made, be invested by the Trustee in Permitted Investments, and moneys held in the Rebate Fund or the Redemption Fund shall, at the request of an Authorized Representative, which may be telephonic if confirmed in writing within two (2) Business Days, specifying and directing that such investment of such funds be made, be invested by the Trustee in Government Obligations, and the Trustee shall be entitled to rely on such instructions for purposes of this Section. If no such instructions are provided, the Trustee shall invest such funds in Permitted Investments described in paragraph 1 of the definitions thereof, and the Trustee shall thereupon immediately request investment instructions from the Authority.

Moneys on deposit in the Proceeds Fund and the Reserve Fund shall be invested in Permitted Investments pursuant to a Written Order and such moneys may not be invested in any other investments unless the Trustee receives, at the time of such reinvestment, a Cash Flow Certificate to the effect that, after such reinvestment, Revenues will be sufficient to pay principal and interest on the Series ~~2004~~2005 Bonds when due.

Notwithstanding, anything to the contrary contained in the Indenture, an amount of interest received with respect to any Permitted Investment equal to the amount of accrued interest, if any, paid as part of the purchase price of such Permitted Investment shall be credited to the Fund (or account) from which such accrued interest was paid. The Trustee shall not be responsible for any losses or consequences of any investment if it follows such instructions in good faith. The Trustee and its affiliates may act as principal, agent, sponsor or otherwise with respect to any Permitted Investment.

The securities purchased with the moneys in each such Fund shall be deemed a part of such Fund. If at any time it shall become necessary or appropriate that some or all of the securities purchased with the moneys in any such Fund be redeemed or sold in order to raise moneys necessary to comply with the provisions of the Indenture, the Trustee shall effect such redemption or sale, employing, in the case of a sale, any commercially reasonable method of effecting the same. The Trustee shall not be liable or responsible for any consequences resulting from any such investment or resulting from the redemption, sale or maturity of any such investment as authorized pursuant to this Section.

Investments in the Revenue Fund, the Interest Fund, the Principal Fund, the Redemption Fund, the Expense Fund, the Capital Improvement Fund, and the Surplus Fund may be commingled at the written direction of the Authority for purposes of making, holding and disposing of investments, notwithstanding provisions herein for transfer to or holding in particular Funds amounts received or held by the Trustee; provided, that the Trustee shall at all times account for such investments strictly in accordance with the Funds to which they are credited and otherwise as provided in the Indenture.

The Authority acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the Authority the right to receive brokerage confirmations of security transactions as they occur, the Authority will not receive such confirmations to the extent permitted by law. The Trustee will furnish the Authority periodic cash transaction statements which include detail for all investment transactions made by the Trustee hereunder.

ARTICLE VII

COVENANTS OF THE AUTHORITY

SECTION 7.01. Payment of Series 2004~~2005~~ Bonds; No Encumbrances. The Authority shall cause the Trustee to promptly pay, from Revenues and other funds derived from the Trust Estate pledged hereunder, the principal of and redemption premium, if any, on and the interest on every Series 2004~~2005~~ Bond issued under and secured by the Indenture at the place, on the dates and in the manner specified in the Indenture and in such Series 2004~~2005~~ Bonds according to the true intent and meaning thereof. The Authority shall not issue any bonds, notes or other evidences of indebtedness or incur any obligations payable from or secured by the Trust Estate, other than the Series 2004~~2005~~ Bonds.

SECTION 7.02. Enforcement of Local Obligations. The Authority shall enforce all of its rights with respect to the Local Obligations to the fullest extent necessary to preserve the rights and protect the security of the Owners under the Indenture.

The Authority and the Trustee may, without the consent of or notice to the Owners, consent to any amendment, change or modification of any Local Obligation that may be required (a) to conform to the provisions of this Indenture (including any modifications or changes contained in any Supplemental Indenture), (b) for the purpose of curing any ambiguity or inconsistency or formal defect or omission, (c) so as to add additional rights acquired in accordance with the provisions of such Local Obligation, (d) in connection with any other change therein which is not to the material prejudice of the Trustee or the owners of the Series 2004~~2005~~ Bonds pursuant to an Opinion of Counsel, or (e) in the Opinion of Bond Counsel, to preserve or assure the exemption of interest on the Local Obligation or the Series 2004~~2005~~ Bonds from federal income taxes or the exemption from California personal income tax.

Except for amendments, changes or modifications provided for in the preceding paragraph, neither the Authority nor the Trustee shall consent to any amendment, change or modification of any Local Obligation without the mailing of notice and the written approval or consent of the Owners of not less than a majority in aggregate principal amount of the Series 2004~~2005~~ Bonds at the time Outstanding given and procured as in this Section provided. If at any time the Authority and the City shall request the consent of the Trustee to any such proposed amendment, change or modification of the Local Obligations, the Trustee shall, upon being satisfactorily indemnified with respect to expenses, cause notice of such proposed amendment, change or modification to be mailed in the same manner as provided by Section 13.04 hereof. Such notice shall briefly set forth the nature of such proposed amendment, change or modification and shall state that copies of the instrument embodying the same are on file with the Trustee for inspection by all Owners. Nothing contained in this Section shall be construed to prevent the Trustee, with the consent of the Authority, from settling a default under any Local Obligation on such terms as the Trustee may determine to be in the best interests of the Owners.

SECTION 7.03. Further Documents. The Authority covenants that it will from time to time execute and deliver such further instruments and take such further action as may be reasonable and as may be required to carry out the purpose of the Indenture; provided, that no such instruments or actions shall pledge the faith and credit or the taxing power of the State or any political subdivision of the State.

SECTION 7.04. Tax Covenants.

(a) The Authority will not take any action, or fail to take any action, if any such action or failure to take action would adversely affect the exclusion from gross income of interest on the Series ~~2004~~2005 Bonds under Section 103 of the Code. The Authority will not directly or indirectly use or permit the use of any proceeds of the Series ~~2004~~2005 Bonds or any other funds of the Authority or take or omit to take any action that would cause the Series ~~2004~~2005 Bonds to be “private activity bonds” within the meaning of Section 141(a) of the Code or obligations which are “federally guaranteed” within the meaning of Section 149(b) of the Code. The Authority will not allow ten percent (10%) or more of the proceeds of the Series ~~2004~~2005 Bonds to be used in the trade or business of any nongovernmental units and will not lend five percent (5%) or more of the proceeds of the Series ~~2004~~2005 Bonds to any nongovernmental units.

(b) The Authority will not directly or indirectly use or permit the use of any proceeds of the Series ~~2004~~2005 Bonds or any other funds of the Authority to take or omit to take any action that would cause the Series ~~2004~~2005 Bonds to be “arbitrage bonds” within the meaning of Section 148 of the Code. To that end, the Authority will comply with all requirements of Section 148 of the Code to the extent applicable to the Series ~~2004~~2005 Bonds. In the event that at any time the Authority is of the opinion that for purposes of this Section it is necessary to restrict or to limit the yield on the investment of any moneys held by the Trustee hereunder, the Authority will so instruct the Trustee in writing, and the Trustee will take such actions as directed by such instructions.

(c) The Authority will pay or cause to be paid the Rebate Requirement as provided in the Tax Certificate. This covenant shall survive payment in full or defeasance of the Series ~~2004~~2005 Bonds. The Authority will cause the Rebate Requirement to be deposited in the Rebate Fund as provided in Section 5.12 and the Tax Certificate (which is incorporated herein by reference).

The Trustee will conclusively be deemed to have complied with the provisions of this Section including the provisions of the Tax Certificate if it follows the directions of the Authority set forth in the Tax Certificate and the Rebate Instructions and shall not be required to take any actions hereunder in the absence of Rebate Instructions from the Authority.

(d) Notwithstanding any provision of this Section, if the Authority shall provide to the Trustee an Opinion of Bond Counsel that any specified action required under this Section is no longer required or that some further or different action is required to maintain the exclusion from gross income for federal income tax purposes of interest with respect to the Series ~~2004~~2005 Bonds, the Trustee and the Authority may conclusively rely on such Opinion in complying with the requirements of this Section, and the covenants hereunder shall be deemed to be modified to that extent.

(e) The provisions of this Section 7.04 shall survive the defeasance of the Series ~~2004~~2005 Bonds.

SECTION 7.05. Maintenance of Existence. The Authority shall maintain the existence, powers and authority as a joint powers authority under California law.

SECTION 7.06. Continuing Disclosure and Reporting Requirements. The Authority covenants to comply with the terms of the Continuing Disclosure Certificate executed by it on the Closing Date for the Bonds with respect to compliance with Rule 15c2-12 and to file with the State all reports required under the Act, including the report required by Government Code Section 6599.1.

ARTICLE VIII

DEFAULTS AND REMEDIES

SECTION 8.01. Events of Default. The following shall constitute “Events of Default” hereunder:

(a) if payment of interest on the Series ~~2004~~2005 Bonds shall not be made when due; or

(b) if payment of any Principal Installment shall not be made when due and payable, whether at maturity, by proceedings for redemption, by acceleration or otherwise; or

(c) if the Authority shall fail to observe or perform in any material way any agreement, condition, covenant or term contained in the Indenture on its part to be performed, and such failure shall continue for thirty (30) days after written notice specifying such failure and requiring the same to be remedied shall have been given to the Authority by the Trustee or by the Owner(s) of not less than a majority in aggregate principal amount of the Series ~~2004~~2005 Bonds Outstanding, provided, that if such default (other than a default arising from nonpayment of the Trustee’s fees and expenses) be such that it cannot be corrected within the applicable period, it shall not constitute an Event of Default if corrective action is instituted by the Authority within the applicable period and diligently pursued until the default is corrected.

If an Event of Default shall occur, then, and in each and every such case during the continuance of such Event of Default, the Trustee or the Owners of not less than a majority in aggregate principal amount of the Series ~~2004~~2005 Bonds at the time Outstanding shall be entitled, upon notice in writing to the Authority, to declare the principal of all of the Series ~~2004~~2005 Bonds then Outstanding, and the interest accrued thereon, to be due and payable immediately, and upon such declaration the same shall become and shall be immediately due and payable.

Any such declaration, however, is subject to the condition that if, at any time after such declaration and before any judgment or decree for the payment of the moneys due shall have been obtained or entered, the Authority shall deposit with the Trustee a sum sufficient to pay all the principal or redemption price of and installments of interest on the Series ~~2004~~2005 Bonds payment of which is overdue, with interest on such overdue principal at the rate borne by the respective Series ~~2004~~2005 Bonds, and the reasonable charges and expenses of the Trustee, and any and all other defaults known to the Trustee (other than in the payment of principal of and interest on the Series ~~2004~~2005 Bonds due and payable solely by reason of such declaration) shall have been made good or cured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall have been made therefor, then, and in every such case, the Trustee may, if such declaration was made by the Trustee, and the Trustee shall, upon receipt of written notice by the Owners of not less than a majority in aggregate principal amount of the Series ~~2004~~2005 Bonds then Outstanding, which written notice shall also be delivered to the Authority, on behalf of the Owners of all of the Series ~~2004~~2005 Bonds, 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.

SECTION 8.02. Proceedings by Trustee. Upon the happening and continuance of any Event of Default the Trustee in its discretion may, or at the written request of the Owners of not less than a majority in aggregate principal amount of Series ~~2004~~2005 Bonds Outstanding shall, do the following:

- (a) by mandamus, or other suit, action or proceeding at law or in equity, enforce all rights of the Owners, including the right to receive and collect the Revenues;
- (b) bring suit upon or otherwise enforce any defaulting Local Obligation;
- (c) by action or suit in equity enjoin any acts or things which may be unlawful or in violation of the rights of the Owners;
- (d) as a matter of right, have a receiver or receivers appointed for the Trust Estate and of the earnings, income, issues, products, profits and revenues thereof pending such proceedings, with such powers as the court making such appointment shall confer; and
- (e) take such action with respect to any and all Local Obligations or Permitted Investments as the Trustee shall deem necessary and appropriate, subject to Section 9.02 and to the terms of such Local Obligations or Permitted Investments.

SECTION 8.03. Effect of Discontinuance or Abandonment. In case any proceeding taken by the Trustee on account of any default shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Trustee, then and in every such case the Trustee and the Owners shall be restored to their former positions and rights under the Indenture, respectively, and all rights, remedies and powers of the Trustee shall continue as though no such proceeding had been taken.

SECTION 8.04. Rights of Owners. Anything in the Indenture to the contrary notwithstanding, subject to the limitations and restrictions as to the rights of the Owners in Sections 8.01, 8.02 and 8.05, upon the happening and continuance of any Event of Default, the Owners of not less than a majority in aggregate principal amount of the Series ~~2004~~2005 Bonds then Outstanding shall have the right, upon providing the Trustee security and indemnity reasonably satisfactory to it against the costs, expenses and liabilities to be incurred therein or thereby, by an instrument in writing executed and delivered to the Trustee, have the right to direct the method and place of conducting all remedial proceedings to be taken by the Trustee under the Indenture.

The Trustee may refuse to follow any direction that conflicts with law or the Indenture or that the Trustee determines is prejudicial to rights of other Owners or would subject the Trustee to personal liability without adequate indemnification therefor.

SECTION 8.05. Restriction on Owner's Action. In addition to the other restrictions on the rights of Owners to request action upon the occurrence of an Event of Default and to enforce remedies set forth in this Article, no Owner of any of the Series ~~2004~~2005 Bonds shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement of any trust under the Indenture, or any other remedy under the Indenture or on the Series ~~2004~~2005 Bonds, unless such

Owner previously shall have given to the Trustee written notice of an Event of Default as hereinabove provided and unless the Owners of not less than a majority in aggregate principal amount of the Series ~~2004~~2005 Bonds then Outstanding shall have made written request of the Trustee to institute any such suit, action, proceeding or other remedy, after the right to exercise such powers or rights of action, as the case may be, shall have accrued, and shall have afforded the Trustee a reasonable opportunity either to proceed to exercise the powers granted in the Indenture, or to institute such action, suit or proceeding in its or their name; nor unless there also shall have been offered to the Trustee security and indemnity reasonably satisfactory to it against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee shall not have complied with such request within a reasonable time; and such notification, request and offer of indemnity are hereby declared in every such case to be conditions precedent to the execution of the trusts of the Indenture or for any other remedy under the Indenture, it being understood and intended that no one or more Owners of the Series ~~2004~~2005 Bonds secured by the Indenture shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security of the Indenture, or to enforce any rights under the Indenture or under the Series ~~2004~~2005 Bonds, except in the manner provided in the Indenture, and that all proceedings at law or in equity shall be instituted, had and maintained in the manner provided in the Indenture, and for the equal benefit of all Owners of Outstanding Series ~~2004~~2005 Bonds; subject, however, to the provisions of this Section. Notwithstanding the foregoing provisions of this Section or any other provision of the Indenture, the obligation of the Authority shall be absolute and unconditional to pay, but solely from the Trust Estate, the principal of and the redemption premium, if any, and the interest on the Series ~~2004~~2005 Bonds to the respective Owners thereof at the respective due dates thereof, and nothing herein shall affect or impair the right of action, which is absolute and unconditional, of such Owners to enforce such payment.

SECTION 8.06. Power of Trustee to Enforce. All rights of action under the Indenture or under any of the Series ~~2004~~2005 Bonds secured by the Indenture which are enforceable by the Trustee may be enforced by it without the possession of any of the Series ~~2004~~2005 Bonds, or the production thereof at the trial or other proceedings relative thereto, and any such suit, action or proceedings instituted by the Trustee shall be brought in its own name, as Trustee, for the equal and ratable benefit of the Owners subject to the provisions of the Indenture.

SECTION 8.07. Remedies Not Exclusive. No remedy in the Indenture conferred upon or reserved to the Trustee or to the Owners is intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative, and shall be in addition to every other remedy given under the Indenture or now or hereafter existing at law or in equity or by statute.

SECTION 8.08. Waiver of Events of Default; Effect of Waiver. Upon the written request of the Owners of at least a majority in aggregate principal amount of all Outstanding Series ~~2004~~2005 Bonds the Trustee shall waive any Event of Default hereunder and its consequences. The Trustee may waive any Event of Default hereunder and its consequences at any time. If any Event of Default shall have been waived as herein provided, the Trustee shall promptly give written notice of such waiver to the Authority and shall give notice thereof by first class mail, postage prepaid, to all Owners of Outstanding Series ~~2004~~2005 Bonds if such Owners had previously been given notices of such Event of Default; but no such waiver, rescission and annulment shall extend to or affect any subsequent Event of Default, or impair any right or remedy consequent thereon.

No delay or omission of the Trustee or of any Owner to exercise any right or power accruing upon any default or Event of Default shall impair any such right or power or shall be construed to be

a waiver of any such default or Event of Default, or an acquiescence therein; and every power and remedy given by this Article to the Trustee and to the Owners of the Series ~~2004~~2005 Bonds, respectively, may be exercised from time to time and as often as may be deemed expedient.

SECTION 8.09. Application of Moneys. Any moneys received by the Trustee pursuant to this Article shall, after payment of all fees and expenses of the Trustee, and the fees and expenses of its counsel incurred in connection with the performance of the Trustee's duties hereunder, be applied as follows:

(a) Unless the principal of all of the Outstanding Series ~~2004~~2005 Bonds shall be due and payable,

FIRST, to the payment of the Owners entitled thereto of all installments of interest then due on the Series ~~2004~~2005 Bonds, in the order of the maturity of the installments of such interest, and if the amount available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the Persons entitled thereto, without any discrimination or privilege;

SECOND, to the payment of the Owners entitled thereto of the unpaid principal of and redemption premium, if any, and any of the Series ~~2004~~2005 Bonds which shall have become due (other than Series ~~2004~~2005 Bonds matured or called for redemption for the payment of which moneys are held pursuant to the provisions of the Indenture) in the order of their due dates, and if the amount available shall not be sufficient to pay in full the principal of and redemption premium, if any, on such Series ~~2004~~2005 Bonds due on any particular date, then to the payment ratably, according to the amount due on such date, to the Persons entitled thereto without any discrimination or privilege; and

THIRD, to be held for the payment to the Owners entitled thereto as the same shall become due of the principal of and redemption premium, if any, on and interest on the Series ~~2004~~2005 Bonds which may thereafter become due, either at maturity or upon call for redemption prior to maturity, and if the amount available shall not be sufficient to pay in full such principal and redemption premium, if any, due on any particular date, together with interest then due and owing thereon, payment shall be made in accordance with the FIRST and SECOND paragraphs hereof.

(b) If the principal of all of the Outstanding Series ~~2004~~2005 Bonds shall be due and payable, to the payment of the principal and redemption premium, if any, and interest then due and unpaid upon the Outstanding Series ~~2004~~2005 Bonds without preference or priority of any of the principal of or the redemption premium, if any, on any Outstanding Series ~~2004~~2005 Bond over any other Outstanding Series ~~2004~~2005 Bond or of any interest on any Outstanding Series ~~2004~~2005 Bond over any other Outstanding Series ~~2004~~2005 Bond, ratably, according to the amounts due respectively for principal and redemption premium, if any, and interest, to the Owners entitled thereto without any discrimination or preference except as to any difference in the respective amounts of interest specified in the Outstanding Series ~~2004~~2005 Bonds.

Whenever moneys are to be applied pursuant to the provisions of this Section, such moneys shall be applied at such times, and from time to time, as the Trustee shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. The Trustee shall give, by mailing by first class mail as it may deem appropriate, such notice of the deposit with it of any such moneys.

ARTICLE IX

THE TRUSTEE

SECTION 9.01. Appointment and Acceptance of Duties. The Trustee hereby accepts and agrees to the trusts hereby created to all of which the Authority agrees and the respective Owners of the Series ~~2004~~2005 Bonds, by their purchase and acceptance thereof, agree.

SECTION 9.02. Duties, Immunities and Liability of Trustee.

(a) The Trustee shall, prior to an Event of Default, and after the curing or waiver of all Events of Default which may have occurred, perform such duties and only such duties as are specifically set forth in the Indenture, and no implied duties or obligations shall be read into the Indenture against the Trustee. The Trustee shall, during the existence of any Event of Default (which has not been cured or waived), exercise such of the rights and powers vested in it by the Indenture, and use the same degree of care and skill in their exercise as a reasonable individual would exercise or use under the circumstances in the conduct of his own affairs.

(b) The Authority may, in the absence of an Event of Default, and upon receipt of an instrument or concurrent instruments in writing signed by the Owners of not less than a majority in aggregate principal amount of the Series ~~2004~~2005 Bonds then Outstanding (or their attorneys duly authorized in writing) or if at any time the Trustee shall cease to be eligible in accordance with subsection (e) of this Section, or shall become incapable of acting, or shall commence a case under any bankruptcy, insolvency or similar law, or a receiver of the Trustee or of its property shall be appointed, or any public officer shall take control or charge of the Trustee or its property or affairs for the purpose of rehabilitation, conservation or liquidation, shall, remove the Trustee by giving written notice of such removal to the Trustee, and thereupon the Authority shall promptly appoint a successor Trustee by an instrument in writing.

(c) The Trustee may, subject to (d) below, resign by giving written notice of such resignation to the Authority and by giving notice of such resignation by mail, first class postage prepaid, to the Owners at the addresses listed in the Bond Register. Upon receiving such notice of resignation, the Authority shall promptly appoint a successor Trustee by an instrument in writing.

(d) Any removal or resignation of the Trustee and appointment of a successor Trustee shall become effective only upon acceptance of appointment by the successor Trustee. If no successor Trustee shall have been appointed and shall have accepted appointment within thirty (30) days of giving notice of removal or notice of resignation as aforesaid, the resigning Trustee or any Owner (on behalf of himself and all other Owners) may petition any court of competent jurisdiction for the appointment of a successor Trustee, and such court may thereupon, after such notice (if any) as it may deem proper, appoint such successor Trustee. Any successor Trustee appointed under the Indenture shall signify its acceptance of such appointment by executing and delivering to the Authority and to its predecessor Trustee a written acceptance thereof, and thereupon such successor Trustee, without any further act, deed or conveyance, shall become vested with all the moneys, estates, properties, rights, powers, trusts, duties and obligations of such predecessor Trustee, with like effect as if originally named Trustee herein; but, nevertheless, at the written request of the Authority or of the successor Trustee, such predecessor Trustee shall execute and deliver any and all instruments of conveyance or further assurance and do such other things as may reasonably be required for more fully and certainly vesting in and confirming to such successor Trustee all the

right, title and interest of such predecessor Trustee in and to any property held by it under the Indenture and shall pay over, transfer, assign and deliver to the successor Trustee any money or other property subject to the trusts and conditions herein set forth. Upon request of the successor Trustee, the Authority shall execute and deliver any and all instruments as may be reasonably required for more fully and certainly vesting in and confirming to such successor Trustee all such moneys, estates, properties, rights, powers, trusts, duties and obligations. Upon acceptance of appointment by a successor Trustee as provided in this subsection, such successor Trustee shall mail a notice of the succession of such Trustee to the trusts hereunder by first class mail, postage prepaid, to the Owners at their addresses listed in the Bond Register.

(e) Any Trustee appointed under the provisions of this Section shall be a trust company or bank having the powers of a trust company, having a corporate trust office in California, having a combined capital and surplus of at least fifty million dollars (\$50,000,000), and subject to supervision or examination by federal or state authority. If such bank or trust company publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purpose of this subsection the combined capital and surplus of such bank or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. In case at any time the Trustee shall cease to be eligible in accordance with the provisions of this subsection, the Trustee shall resign immediately in the manner and with the effect specified in this Section.

(f) No provision in the Indenture shall require the Trustee to risk or expend its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder unless the Owners shall have offered to the Trustee security or indemnity it deems reasonable, against the costs, expenses and liabilities that may be incurred.

(g) In accepting the trust hereby created, the Trustee acts solely as Trustee for the Owners and not in its individual capacity, and under no circumstances shall the Trustee be liable in its individual capacity for the obligations evidenced by the Series ~~2004~~2005 Bonds.

(h) The Trustee makes no representation or warranty, express or implied, as to the compliance with legal requirements of the use contemplated by the Authority of the funds under the Indenture including, without limitation, the purchase of the Local Obligations hereunder; provided, however, that the Trustee shall not acquire Local Obligations other than pursuant to the requirements of Section 5.13.

(i) The Trustee shall not be responsible for the validity or effectiveness or value of any collateral or security securing any Local Obligation. The Trustee shall not be responsible for the recording or filing of any document relating to this Agreement or any Local Obligation or of financing statements (or continuation statements in connection therewith) or mortgage or of any supplemental instruments or documents of further assurance as may be required by law in order to perfect the security interests or lien on or in any collateral or security securing any Local Obligation. The Trustee shall not be deemed to have made representations as to the security afforded thereby or as to the validity or sufficiency of any such document, collateral or security.

(j) The Trustee shall not be deemed to have knowledge of any Event of Default hereunder unless and until a Responsible Officer shall have actual knowledge thereof at the Trustee's Principal Corporate Trust Office.

(k) The Trustee shall not be accountable for the use or application by the Authority or any other party of any funds which the Trustee has released under the Indenture.

(l) The Trustee shall provide a monthly accounting of all Funds held pursuant to the Indenture to the Authority within fifteen (15) Business Days after the end of such month and shall provide statements of account for each annual period beginning June 1 and ending July 31, within 90 days after the end of such period. Such accounting shall show in reasonable detail all financial transactions made by the Trustee during the accounting period and the balance in any Funds and accounts (including the Local Obligation Fund) created under this Indenture as of the beginning and close of such accounting period.

SECTION 9.03. Merger or Consolidation. Any company into which the Trustee may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the Trustee may sell or transfer all or substantially all of its corporate trust business, provided such company shall be eligible under subsection (e) of Section 9.01, shall succeed to the rights and obligations of such Trustee without the execution or filing of any paper or any further act, anything herein to the contrary notwithstanding.

SECTION 9.04. Compensation. The Authority shall pay or cause the City to pay the Trustee a reasonable compensation for its services rendered hereunder and reimburse the Trustee for reasonable expenses, disbursements and advances, including attorney's fees, incurred by the Trustee in the performance of its obligations hereunder.

The Authority agrees, to the extent permitted by law, to indemnify the Trustee and its officers, directors, employees, attorneys and agents for, and to hold it harmless against, any loss, liability or expense incurred without negligence or willful misconduct on its part arising out of or in connection with (i) the acceptance or administration of the trusts imposed by the Indenture, including performance of its duties hereunder, including the costs and expenses of defending itself against any claims or liability in connection with the exercise or performance of any of its powers or duties hereunder; (ii) the projects to be financed with the purchase of the Local Obligations; (iii) the sale of any Series ~~2004~~2005 Bonds or the purchase of any Local Obligations and the carrying out of any of the transactions contemplated by the Series ~~2004~~2005 Bonds or the Local Obligations; or (iv) any untrue statement of any material fact or omission to state a material fact necessary to make the statements made, in light of the circumstances under which they were made, not misleading in any official statement or other disclosure document utilized by the Authority or under its authority in connection with the sale of the Series ~~2004~~2005 Bonds or the Local Obligations. The Authority's obligations hereunder with respect to indemnity of the Trustee and the provision for its compensation set forth in this Article shall survive and remain valid and binding notwithstanding the maturity and payment of the Series ~~2004~~2005 Bonds, or the resignation, or removal of the Trustee.

The Trustee shall have no responsibility for or liability in connection with assuring that all of the procedures or conditions to closing set forth in the contract of purchase for sale of the Series ~~2004~~2005 Bonds are satisfied, or that all documents required to be delivered on the closing date to the parties are actually delivered, except its own responsibility to receive or deliver the proceeds of the sale, deliver the Series ~~2004~~2005 Bonds and other certificates expressly required to be delivered by it and its counsel.

The Trustee shall not be responsible for determining or investigating whether any Local Obligation purchased pursuant to Section 5.10 and 5.13 is a Local Obligation, as defined in this Indenture, and the Trustee may conclusively rely on the Authority's determination and direction in this regard; provided, however that the Trustee shall not acquire Local Obligations other than pursuant to the requirements of Section 5.13. The Trustee shall be entitled to rely on the covenants, representations and warranties of each obligor on any Local Obligation and in the documents and certificates delivered in connection therewith and the certificates furnished by such obligor in accordance with Section 5.13 hereof, and each Written Order.

SECTION 9.05. Liability of Trustee. The recitals of facts herein and in the Series ~~2004~~2005 Bonds contained shall be taken as statements of the Authority, and the Trustee does not assume any responsibility for the correctness of the same, and does not make any representations as to the validity or sufficiency of the Indenture or of the Series ~~2004~~2005 Bonds, and shall not incur any responsibility in respect thereof, other than in connection with the duties or obligations herein or in the Series ~~2004~~2005 Bonds assigned to or imposed upon it; provided, that the Trustee shall be responsible for its representations contained in its certificate of authentication on the Series ~~2004~~2005 Bonds. The Trustee shall not be liable in connection with the performance of its duties hereunder except for its own negligence or willful misconduct. The Trustee (in its individual or any other capacity) may become the Owner of Series ~~2004~~2005 Bonds with the same rights it would have if it were not Trustee hereunder, and, to the extent permitted by law, may act as depository for and permit any of its officers, directors and employees to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Owners, whether or not such committee shall represent the Owners of a majority in principal amount (or any lesser amount that may direct the Trustee in accordance with, and as provided in, the provisions of this Indenture) of the Series ~~2004~~2005 Bonds then Outstanding. The Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Owners of a majority in principal amount (or any lesser amount that may direct the Trustee in accordance with, and as provided in, the provisions of this Indenture) of the Outstanding Series ~~2004~~2005 Bonds relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, hereunder. Whether or not therein expressly so provided, every provision of this Indenture or related documents relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Article.

SECTION 9.06. Right to Rely on Documents. The Trustee may rely on and shall be protected in acting or refraining from acting upon any notice, resolution, request, consent, order, certificate, report, opinion, bond or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. The Trustee may consult with counsel, who may be counsel of or to the Authority, with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered or omitted by it hereunder in good faith and in accordance therewith.

Whenever in the administration of the trusts imposed upon it by the Indenture the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering or omitting any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by an Officer's Certificate, and such Certificate shall be full warrant to the Trustee for any action taken or suffered or omitted in good faith under the provisions of the Indenture in reliance upon such Certificate, but in

its discretion the Trustee may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may seem reasonable.

The Trustee shall be entitled to advice of counsel and other professionals concerning all matters of trust and its duty hereunder, but the Trustee shall not be answerable for the professional malpractice of any attorney-at-law or certified public accountant in connection with the rendering of his professional advice in accordance with the terms of this Indenture, if such attorney-at-law or certified public accountant was selected by the Trustee with due care.

SECTION 9.07. Preservation and Inspection of Documents. All documents received by the Trustee under the provisions of the Indenture shall be retained in its possession and shall be subject at all reasonable times upon prior notice to the inspection of the Authority, the Owners of at least a majority of the aggregate principal amount of the Series ~~2004~~2005 Bonds and shall be subject at all reasonable times upon prior notice to the inspection of the Authority, the Owners of at least a majority of the aggregate principal amount of the Series ~~2004~~2005 Bonds, and their agents and representatives duly authorized in writing, at reasonable hours and under reasonable conditions.

SECTION 9.08. Indemnity for Trustee. Before taking any action or exercising any rights or powers under the Indenture, the Trustee may require that satisfactory indemnity be furnished to it for the reimbursement of all costs and expenses which it may incur and to indemnify it against all liability, except liability which may result from its negligence or willful misconduct, by reason of any action so taken.

ARTICLE X

EXECUTION OF INSTRUMENTS BY OWNERS AND PROOF OF OWNERSHIP OF SERIES ~~2004~~2005 BONDS

SECTION 10.01. Execution of Instruments; Proof of Ownership. Any request, direction, consent or other instrument in writing required or permitted by the Indenture to be signed or executed by Owners may be in any number of concurrent instruments of similar tenor by different parties and may be signed or executed by such Owners in Person or by agent appointed by an instrument in writing. Proof of the execution of any such instrument and of the ownership of Series ~~2004~~2005 Bonds shall be sufficient for any purpose of the Indenture and shall be conclusive in favor of the Trustee with regard to any action taken, suffered or omitted by either of them under such instrument if made in the following manner:

(a) The fact and date of the execution by any Person of any such instrument may be proved by the certificate of any officer in any jurisdiction who, by the laws thereof, has power to take acknowledgments within such jurisdiction, to the effect that the Person signing such instrument acknowledged before him the execution thereof, or by an affidavit of a witness to such execution.

(b) The fact of the ownership of Series ~~2004~~2005 Bonds under the Indenture by any Owner and the serial numbers of such Series ~~2004~~2005 Bonds and the date of his ownership of the same shall be proved by the Bond Register.

Nothing contained in this Article shall be construed as limiting the Trustee to such proof, it being intended that the Trustee may accept any other evidence of the matters in this Article stated which to it may seem sufficient. Any request or consent of the Owner of any Series ~~2004~~2005 Bond

shall bind every future Owner of the same Series ~~2004~~2005 Bond and any Series ~~2004~~2005 Bond or Series ~~2004~~2005 Bonds issued in exchange or substitution therefor or upon the registration of transfer thereof in respect of anything done by the Trustee in pursuance of such request or consent.

ARTICLE XI

MODIFICATION OF INDENTURE AND SUPPLEMENTAL INDENTURES

SECTION 11.01. Supplemental Indentures Without Consent of Owners. The Authority may, without the consent of the Owners, enter into a Supplemental Indenture or Supplemental Indentures, which thereafter shall form a part of the Indenture, for any one or more of the following purposes:

(a) to add to the agreements and covenants of the Authority contained in the Indenture other agreements and covenants thereafter to be observed, or to surrender any right or power in the Indenture reserved to or conferred upon the Authority; provided, that no such agreement, covenant or surrender shall materially adversely affect the rights of any Owner;

(b) to cure any ambiguity, to supply any omission or to cure, correct or supplement any defect or inconsistent provisions contained in the Indenture or in any Supplemental Indenture;

(c) to make any change which does not materially adversely affect the rights of any Owner;

(d) to grant to the Trustee for the benefit of the Owners additional rights, remedies, powers or authority;

(e) to subject to the Indenture additional collateral or to add other agreements of the Authority;

(f) to modify the Indenture or the Series ~~2004~~2005 Bonds to permit qualification under the Trust Indenture Act of 1939, as amended, or any similar statute at the time in effect, or to permit the qualification of the Series ~~2004~~2005 Bonds for sale under the securities laws of any state of the United States of America;

(g) to make any change necessary or appropriate to accommodate leases; or

(h) to evidence the succession of a new Trustee.

The Trustee may in its discretion determine whether or not in accordance with the foregoing powers of amendment hereof any particular Series ~~2004~~2005 Bond would be affected by any modification or amendment of the Indenture and any such determination shall be binding and conclusive on the Authority and all Owners of Series ~~2004~~2005 Bonds. For all purposes of this Section, the Trustee shall be entitled to rely upon and shall be fully protected in relying upon an Opinion of Bond Counsel, in form and substance satisfactory to it, with respect to the extent, if any, to which any action affects the rights under the Indenture of any Owner.

SECTION 11.02. Trustee Authorized to Enter into Supplemental Indenture. The Trustee is hereby authorized to enter into any Supplemental Indenture with the Authority authorized or permitted by the terms of the Indenture, and to make the further agreements and stipulations which may be therein contained, and for all purposes of this Section, the Trustee shall be entitled to rely upon and shall be fully protected in relying upon an Opinion of Bond Counsel, in form and substance satisfactory to it, to the effect that such Supplemental Indenture is authorized or permitted by the provisions of the Indenture.

SECTION 11.03. Supplemental Indentures With Consent of Owners. Any modification or alteration of the Indenture or of the rights and obligations of the Authority or of the Owners of the Series ~~2004~~2005 Bonds may be made with the consent of the Owners of not less than a majority in aggregate principal amount of the Series ~~2004~~2005 Bonds then Outstanding; provided, that no such modification or alteration shall be made which will reduce the percentage of aggregate principal amount of Series ~~2004~~2005 Bonds the consent of the Owners of which is required for any such modification or alteration, or permit the creation by the Authority of any lien prior to or on a parity with the lien of the Indenture upon the Trust Estate or which will affect the times, amounts and currency of payment of the principal of or the redemption premium, if any, on or the interest on the Series ~~2004~~2005 Bonds or affect the rights, duties or obligations of the Trustee without the consent of the party affected thereby.

ARTICLE XII

DEFEASANCE

SECTION 12.01. Defeasance. If and when the Series ~~2004~~2005 Bonds secured hereby shall become due and payable in accordance with their terms or through redemption proceedings as provided in the Indenture, or otherwise, and the whole amount of the principal and the redemption premium, if any, and the interest so due and payable upon all of the Series ~~2004~~2005 Bonds shall be paid, or provision shall have been made for the payment of the same, together with all other sums payable under the Indenture by the Authority, including all fees and expenses of the Trustee, then and in that case, the Indenture and the lien created hereby shall be completely discharged and satisfied and the Authority shall be released from the agreements, conditions, covenants and terms of the Authority contained in the Indenture, and the Trustee shall assign and transfer to or upon the order of the Authority all property (in excess of the amounts required for the foregoing) then held by the Trustee free and clear of any encumbrances and shall execute such documents as may be reasonably required by the Authority in this regard.

Notwithstanding the satisfaction and discharge of the Indenture, those provisions of the Indenture relating to the maturity of the Series ~~2004~~2005 Bonds, interest payments and dates thereof, exchange and transfer of Series ~~2004~~2005 Bonds, replacement of mutilated, destroyed, lost or stolen Series ~~2004~~2005 Bonds, the safekeeping and cancellation of Series ~~2004~~2005 Bonds, nonpresentment of Series ~~2004~~2005 Bonds, and the duties of the Trustee in connection with all of the foregoing, remain in effect and shall be binding upon the Trustee and the Owners and the Trustee shall, subject to Section 13.09, continue to be obligated to hold in trust any moneys or investments then held by the Trustee for the payment of the principal of and redemption premium, if any, on and interest on the Series ~~2004~~2005 Bonds, to pay to the Owners of Series ~~2004~~2005 Bonds the funds so held by the Trustee as and when such payment becomes due, and those provisions of the Indenture contained in Section 9.04 relating to the compensation and indemnification of the Trustee shall remain in effect and shall be binding upon the Trustee and the Authority.

SECTION 12.02. Series 20042005 Bonds Deemed to Have Been Paid. If moneys shall have been set aside and held by the Trustee for the payment or redemption of any Series 20042005 Bonds and the interest installments therefor at the maturity or redemption date thereof, such Series 20042005 Bonds shall be deemed to be paid within the meaning and with the effect provided in Section 12.01. Any Outstanding Series 20042005 Bond shall prior to the maturity or redemption date thereof be deemed to have been paid within the meaning and with the effect expressed in Section 12.01 if (a) in case said Series 20042005 Bonds are to be redeemed on any date prior to their maturity, the Authority shall have given to the Trustee in form satisfactory to the Trustee irrevocable instructions to mail notice of redemption of such Series 20042005 Bonds on such redemption date, such notice to be given in accordance with the provisions of Article IV, (b) there shall have been deposited with the Trustee in escrow either moneys in an amount which (as stated in a Cash Flow Certificate) shall be sufficient, or noncallable Government Obligations the principal of and the interest on which when due, and without any reinvestment thereof, will provide moneys which, together with the moneys, if any, deposited with or held by the Trustee at the same time, shall be sufficient (as verified by a Cash Flow Certificate), to pay when due the principal of and the redemption premium, if any, and the interest due and to become due on such Series 20042005 Bonds on and prior to the redemption date or maturity date thereof, as the case may be, and (c) in the event any of such Series 20042005 Bonds are not to be redeemed within the next succeeding sixty (60) days, the Authority shall have given the Trustee in form satisfactory to the Trustee irrevocable instructions to mail, as soon as practicable in the same manner as a notice of redemption is mailed pursuant to Section 4.04, a notice to the Owners of such Series 20042005 Bonds and to DTC and the Information Services that the deposit required by (b) above has been made with the Trustee and that such Series 20042005 Bonds are deemed to have been paid in accordance with this Section and stating such maturity or redemption dates upon which moneys are to be available for the payment of the principal of and redemption premium, if any, on and interest on such Series 20042005 Bonds. Neither the securities nor moneys deposited with the Trustee pursuant to this Section nor principal or interest payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal of and redemption premium, if any, on and interest on such Series 20042005 Bonds; provided, that any cash received from such principal or interest payments on such obligations deposited with the Trustee, if not then needed for such purpose, shall, to the extent practicable and at the direction of the Authority, be reinvested in Government Obligations maturing at times and in amounts, together with the other moneys and payments with respect to Government Obligations then held by the Trustee pursuant to this Section, sufficient to pay when due the principal of and redemption premium, if any, and interest to become due on such Series 20042005 Bonds on and prior to such redemption date or maturity date thereof, as the case may be, and interest earned from such reinvestments shall, upon receipt by the Trustee of a Written Order so directing, be paid over to the Authority as received by the Trustee free and clear of any trust, lien or pledge.

SECTION 12.03. Moneys Held for Particular Series 20042005 Bonds. Except as otherwise provided in Section 12.02 and 13.09, the amounts held by the Trustee for the payment of the principal or the redemption premium, if any, or the interest due on any date with respect to particular Series 20042005 Bonds shall, on and after such date and pending such payment, be set aside on its books and held in trust by it solely for the Owners of the Series 20042005 Bonds entitled thereto.

ARTICLE XIII

MISCELLANEOUS

SECTION 13.01. Dissolution of Authority. In the event of the dissolution of the Authority, all the agreements, conditions, covenants and terms contained in the Indenture by or on behalf of, or for the benefit of, the Authority shall bind or inure to the benefit of the successors of the Authority from time to time and any officer, board, commission, agency or instrumentality to whom or to which any power or duty of the Authority shall be transferred.

SECTION 13.02. Parties Interested Herein. Except as in the Indenture otherwise specifically provided in this Indenture, nothing in this Indenture expressed or implied is intended or shall be construed to confer upon any Person other than the Authority, the Trustee and the Owners of the Series ~~2004~~2005 Bonds issued under the Indenture any right, remedy or claim under or by reason of this Indenture, this Indenture being intended to be for the sole and exclusive benefit of the Authority, the Trustee and the Owners of the Series ~~2004~~2005 Bonds issued under this Indenture.

SECTION 13.03. Severability of Invalid Provisions. If any clause, provision or section of the Indenture is held illegal or invalid by any court, the invalidity of such clause, provision or section shall not affect any of the remaining clauses, provisions or sections of the Indenture, and the Indenture shall be construed and enforced as if such illegal or invalid clause, provision or section had not been contained herein.

SECTION 13.04. Notice. All written notices to be given hereunder to the Authority or the Trustee shall be given by mail to the party entitled thereto at its address set forth below, or at such other address as such party may provide to the other parties in writing from time to time, namely:

If to the Authority: Costa Mesa Public Financing Authority
 c/o City of Costa Mesa
 77 Fair Drive
 Costa Mesa, California 92628-1200
 Attention: Executive Director

If to the Trustee: U.S. Bank National Association
 633 West Fifth Street, 24th Floor
 Los Angeles, California 90071
 Attention: Corporate Trust Services

If to the Cash
Flow Consultant: Harrell & Company Advisors, LLC
 333 City Boulevard West, Suite 1430
 Orange, California 92868
 Attention: Suzanne Harrell

Each such notice, statement, demand, consent, approval, authorization, offer, designation, request or other communication hereunder shall be deemed delivered to the party to whom it is addressed (a) if personally served or delivered, upon delivery, (b) if given by electronic communication, whether by telex, telegram or telecopier, upon the sender's receipt of an appropriate answer back or other written acknowledgment or confirmation of receipt of the entire notice,

approval, demand, report or other communication, (c) if given by first class registered or certified mail, return receipt requested, deposited with the United States mail postage prepaid, seventy-two (72) hours after such notice is deposited with the United States mail, (d) if given by overnight courier, with courier charges prepaid, twenty-four (24) hours after delivery to said overnight courier, or (e) if given by any other means, upon delivery at the address specified in this Section.

In case, by reason of the suspension of or irregularities in regular mail service, it shall be impractical to mail to the Owners of Series ~~2004~~2005 Bonds notice of any event when such notice is required to be given pursuant to any provision of the Indenture, then any manner of giving such notice as the Authority shall direct and not objected to by the Trustee shall be deemed to be a sufficient giving of such notice. Any notice required to be given to the Owners pursuant to any provision of this Indenture shall also be provided to the Cash Flow Consultant.

SECTION 13.05. Counterparts. The Indenture may be executed in any number of counterparts, each of which, when so executed and delivered, shall be an original; but all of which such counterparts shall together constitute but one and the same instrument.

SECTION 13.06. Governing Law. The Indenture shall be governed as to validity, construction and performance by the laws of the State.

SECTION 13.07. Holidays. If the date for making any payment or the last date for performance of any act or the exercising of any right, as provided in the Indenture, shall not be a Business Day, such payment may be made or act performed or right exercised on the next succeeding Business Day, with the same force and effect as if done on the nominal date provided in the Indenture, and no interest shall accrue for the period from and after such nominal date.

SECTION 13.08. Limitation of Liability. The Authority shall not be obligated to make any payments required hereunder or under any Series ~~2004~~2005 Bond, or be deemed to incur any liability hereunder or by reason hereof or arising out of any of the transactions contemplated hereby, payable from any funds or assets other than the Trust Estate as provided herein.

SECTION 13.09. Unclaimed Money. Anything contained herein to the contrary notwithstanding, any money held by the Trustee in trust for the payment and discharge of the interest on, or principal or prepayment premium, if any, of any Series ~~2004~~2005 Bond which remains unclaimed for two (2) years after the date when such amounts have become payable, if such money was held by the Trustee on such date, or for two (2) years after the date of deposit of such money if deposited with the Trustee after the date such amounts have become payable, shall, pursuant to a Written Order, be paid by the Trustee to the Authority as its absolute property free from trust, and the Trustee shall thereupon be released and discharged with respect thereto and the Owners shall look only to the Authority for the payment of such amounts; provided, that before being required to make any such payment to the Authority, the Trustee shall, at the expense of the Authority, give notice by first class mail to all Owners and to those securities depositories and securities information services selected by it pursuant to Section 4.04 that such money remains unclaimed and that after a date named in such notice, which date shall not be less than sixty (60) days after the date of giving such notice, the balance of such money then unclaimed will be returned to the Authority.

IN WITNESS WHEREOF, the Authority has caused this Amended and Restated Indenture of Trust to be executed by the Chairperson and attested by its Secretary, and U.S. Bank National

Association has caused this Amended and Restated Indenture of Trust to be executed and attested by its authorized officers, all as of the day and year first above written.

COSTA MESA PUBLIC FINANCING
AUTHORITY

By _____
Chairperson

ATTEST:

By _____
Secretary

U.S. BANK NATIONAL ASSOCIATION, as trustee

By _____
Authorized Representative

EXHIBIT A

**COSTA MESA PUBLIC FINANCING AUTHORITY
REVENUE REFUNDING BONDS, SERIES ~~2004~~2005A**

No. R- _____ \$ _____

<i>INTEREST RATE</i>	<i>MATURITY DATE</i>	<i>DATED DATE</i>	<i>CUSIP NUMBER</i>
_____%			

Registered Owner: Cede & Co.

Principal Sum: _____ DOLLARS

COSTA MESA PUBLIC FINANCING AUTHORITY, a joint exercise of powers agency established pursuant to the laws of the State of California (the "Authority"), for value received hereby promises to pay to the registered owner specified above, or registered assigns, on the maturity date set forth above (subject to any right of prior redemption hereinafter mentioned) the principal sum set forth above in lawful money of the United States of America; and to pay interest thereon at the interest rate per annum set forth above in like lawful money from the date hereof. The interest on this Series ~~2004~~2005 Bond will be payable on August 1 and February 1 in each year (each an "Interest Payment Date"), commencing on ~~August~~February 1, ~~2004~~2006. The principal hereof and redemption premium hereon, if any, are payable upon presentation and surrender hereof at the Principal Corporate Trust Office (as defined in the Indenture) of U.S. Bank National Association (together with any successor as trustee under the Indenture hereinafter mentioned, the "Trustee"). Interest hereon is payable by check, mailed by first class mail, on each interest payment date to the owner whose name appears on the Bond Register maintained by the Trustee as of the close of business on the first day of the month in which the interest payment date occurs (the "Record Date"), except with respect to defaulted interest for which a special record date will be established; provided, that in the case of an owner of one million dollars (\$1,000,000) or more in aggregate principal amount of Series ~~2004~~2005 Bonds, upon written request of such owner to the Trustee received not later than the Record Date, such interest shall be paid on the interest payment date in immediately available funds by wire transfer. Interest shall be calculated on the basis of a 360-day year consisting of twelve 30-day months.

The Authority and the Trustee may deem and treat the owner of this Series ~~2004~~2005 Bond as the absolute owner hereof for the purpose of receiving payment as herein provided and for all other purposes, and the Authority and the Trustee shall not be affected by notice to the contrary.

No member or officer of the Authority, nor any person executing this Series ~~2004~~2005 Bond, shall in any event be subject to any personal liability or accountability by reason of the issuance of this Series ~~2004~~2005 Bond.

This Series ~~2004~~2005 Bond is one of a duly authorized issue of bonds of the Authority designated as "Costa Mesa Public Financing Authority Revenue Refunding Bonds, Series ~~2004~~2005A" issued in the aggregate principal amount of _____ dollars (\$ _____) pursuant to the

provisions relating to the joint exercise of powers found in Chapter 5 of Division 7 of Title 1 of the California Government Code, including the Marks-Roos Local Bond Pooling Act of 1985 (California Government Code, Sections 6584-6594) as amended and supplemented (the "Act"), and pursuant to an Amended and Restated Indenture of Trust dated as of ~~January~~December 1, 2004,2005, by and between the Authority and the Trustee (the "Indenture"). The Series ~~2004~~2005 Bonds are issued for the purpose of purchasing Local Obligations (as that term is defined in the Indenture), and reference is hereby made to the Indenture (a copy of which is on file at the Principal Corporate Trust Office of the Trustee) and all Indentures supplemental thereto and to the Act for a description of the purposes thereof, of the rights thereunder of the owners of the Series ~~2004~~2005 Bonds, of the nature and extent of the security for the Series ~~2004~~2005 Bonds and of the rights, duties and immunities of the Trustee and the rights and obligations of the Authority thereunder, to all the provisions of which Indenture, the owner of this Series ~~2004~~2005 Bond, by acceptance hereof, assents and agrees.

The Series ~~2004~~2005 Bonds and the interest thereon and any redemption premium thereon are special, limited obligations of the Authority payable solely from the Trust Estate (as that term is defined in the Indenture) and are secured by the Trust Estate, including amounts held in the funds and accounts (other than the Rebate Fund) established pursuant to the Indenture (including proceeds of the sale of the Series ~~2004~~2005 Bonds), subject only to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in the Indenture.

THE SERIES ~~2004~~2005 BONDS ARE SPECIAL, LIMITED OBLIGATIONS OF THE AUTHORITY, PAYABLE FROM, AND SECURED AS TO THE PAYMENT OF THE PRINCIPAL OF AND ANY REDEMPTION PREMIUM ON OR INTEREST ON THE SERIES ~~2004~~2005 BONDS IN ACCORDANCE WITH THEIR TERMS AND THE TERMS OF THE INDENTURE OF TRUST, SOLELY FROM THE TRUST ESTATE. THE SERIES ~~2004~~2005 BONDS DO NOT CONSTITUTE A CHARGE AGAINST THE GENERAL CREDIT OF THE AUTHORITY OR ITS MEMBERS, AND UNDER NO CIRCUMSTANCES SHALL THE AUTHORITY BE OBLIGATED TO PAY PRINCIPAL OF OR ANY REDEMPTION PREMIUM ON OR INTEREST ON THE SERIES ~~2004~~2005 BONDS EXCEPT FROM THE TRUST ESTATE. NEITHER THE STATE OF CALIFORNIA NOR ANY PUBLIC AGENCY (OTHER THAN THE AUTHORITY) NOR ANY MEMBER OF THE AUTHORITY IS OBLIGATED TO PAY THE PRINCIPAL OF OR ANY REDEMPTION PREMIUM ON OR INTEREST ON THE SERIES ~~2004~~2005 BONDS, AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF CALIFORNIA OR ANY PUBLIC AGENCY THEREOF OR ANY MEMBER OF THE AUTHORITY IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR ANY REDEMPTION PREMIUM ON OR INTEREST ON THE SERIES ~~2004~~2005 BONDS, AND NEITHER THE PRINCIPAL OF OR ANY REDEMPTION PREMIUM ON OR INTEREST ON THE SERIES ~~2004~~2005 BONDS CONSTITUTES A DEBT, LIABILITY OR OBLIGATION OF THE STATE OF CALIFORNIA OR ANY PUBLIC AGENCY (OTHER THAN THE AUTHORITY) OR ANY MEMBER OF THE AUTHORITY.

The Series ~~2004~~2005 Bonds shall be subject to mandatory redemption in part, on any Interest Payment Date, and shall be redeemed by the Trustee, from moneys transferred from the Prepayment Account to the Redemption Fund pursuant to the Indenture and derived from prepayments of Local Obligations from insurance or condemnation proceeds or other mandatory redemption or acceleration of Local Obligations at a redemption price equal to the principal amount thereof, without premium.

The Series ~~2004~~2005 Bonds shall be subject to mandatory redemption in part on any Interest Payment Date by the Trustee from moneys transferred from the Prepayment Account to the

Redemption Fund pursuant to the Indenture, but only if such moneys are derived from Prepayments of assessment bonds arising from the prepayment of individual assessments by the responsible property owners. Such mandatory redemption shall be made at a redemption price equal to the principal amount being redeemed plus a premium equal to three percent (3%) of such principal amount, plus interest accrued and unpaid to the redemption date.

The Series ~~2004~~2005 Bonds may be redeemed, upon at least 45 days prior written notice to the Trustee, at the option of the Authority from any moneys deposited in the Redemption Fund, prior to maturity on any Payment Date on or after August 1, 20__ in whole or in part from such maturities as are selected by the Authority, and by lot within a maturity, at the following redemption prices, expressed as a percentage of the principal amount of the Series ~~2004~~2005 Bonds to be redeemed, together with accrued interest to the date of redemption:

<i>Redemption Date (both dates inclusive)</i>	<i>Redemption Premium</i>
August 1, 20__ through August 1, 20__	%
August 1, 20__ through August 1, 20__	
August 1, 20__ and thereafter	

Notice of redemption shall be mailed by first class mail, in a sealed envelope, postage prepaid, at least thirty (30) but not more than sixty (60) days before the date fixed for redemption, to the owners of such Series ~~2004~~2005 Bonds, or portions thereof, so called for redemption, at their respective addresses as the same shall last appear on the Bond Register. No notice of redemption need be given to the owner of a Series ~~2004~~2005 Bond to be called for redemption if such owner waives notice thereof in writing, and such waiver is filed with the Trustee prior to the redemption date. Neither the failure of an owner to receive notice of redemption of Series ~~2004~~2005 Bonds hereunder nor any error in such notice shall affect the validity of the proceedings for the redemption of Series ~~2004~~2005 Bonds. All interest on the Series ~~2004~~2005 Bonds, or portions thereof, so to be redeemed will cease to accrue on and after such date and from and after such redemption date such Series ~~2004~~2005 Bond or such portion shall no longer be entitled to any lien, benefit or security under the Indenture, and the owner thereof shall have no rights in respect of such redeemed Series ~~2004~~2005 Bond or such portion except to receive payment from such moneys of such redemption price plus accrued interest to the date fixed for redemption.

The Series ~~2004~~2005 Bonds are issuable as fully registered bonds in denominations of \$5,000 or any integral multiple thereof. This Series ~~2004~~2005 Bond may be transferred or exchanged by the owner hereof, in person or by an attorney duly authorized in writing, but only in the manner, subject to the limitations and upon payment of the charges, if any, provided in the Indenture, and upon surrender and cancellation of this Series ~~2004~~2005 Bond. Upon such transfer or exchange, a new Series ~~2004~~2005 Bond or Series ~~2004~~2005 Bonds, of authorized denominations, for the same aggregate principal amount, interest rate, and maturity will be issued to the transferee in accordance with the provisions of the Indenture. The Trustee is not required to register the transfer of, or to exchange, any Series ~~2004~~2005 Bond during a period commencing on or after the fifteenth (15th) business day immediately preceding the date on which the notice of redemption is scheduled to be mailed and ending on the date scheduled for redemption of any Series ~~2004~~2005 Bonds selected for redemption.

The Indenture and the rights and obligations of the Authority and of the owners of the Series ~~2004~~2005 Bonds may be modified or amended from time to time and at any time (and in certain cases without the consent of the owners) in the manner, to the extent, and upon the terms provided in the Indenture.

It is hereby certified and recited that any and all conditions, things and acts required to exist, to have happened and to have been performed precedent to and in the issuance of this Series ~~2004~~2005 Bond do exist, have happened and have been performed in due time, form and manner as required by the Constitution and laws of the State of California, including the Act, and that the amount of this Series ~~2004~~2005 Bond, together with all other indebtedness of the Authority, does not exceed any limit prescribed by the Constitution and laws of the State of California, including the Act, and is not in excess of the amount of Series ~~2004~~2005 Bonds permitted to be issued under the Indenture.

This Series ~~2004~~2005 Bond shall not be entitled to any benefit under the Indenture, or become valid or obligatory for any purpose, until the certificate of authentication hereon endorsed shall have been manually signed by an authorized signatory of the Trustee.

IN WITNESS WHEREOF, the Costa Mesa Public Financing Authority has caused this Series ~~2004~~**2005** Bond to be executed in its name and on its behalf by the manual or facsimile signature of its Chairperson and attested by the manual or facsimile signature of its Secretary, all as of the dated date set forth above.

COSTA MESA PUBLIC FINANCING
AUTHORITY

By _____
Chairperson

ATTEST:

Secretary

[FORM OF CERTIFICATE OF AUTHENTICATION]

This is one of the Series ~~2004~~2005 Bonds described in the within-mentioned Indenture, which has been authenticated on the date below.

Dated:

U.S. BANK NATIONAL ASSOCIATION, as Trustee

By _____
Authorized Signatory

[FORM OF ASSIGNMENT]

For value received, the undersigned sells, assigns and transfers unto _____ this registered Series ~~2004~~2005 Bond and irrevocably constitutes and appoints _____ attorney to transfer the same on the books of the Trustee, with full power of substitution in the premises.

Dated:

SIGNATURE GUARANTEED BY:

NOTE: The signature(s) to this Assignment must correspond with the name(s) as written on the face of this Series ~~2004~~2005 Bond in every particular, without alteration or enlargement or any change whatsoever. The signature(s) must be guaranteed by a member firm of the New York Stock Exchange or a commercial bank or trust company.

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

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