

*Stradling Yocca Carlson & Rauth
Draft dated November 22, 2006*

RECORDING REQUESTED BY:
City of Costa Mesa

WHEN RECORDED MAIL TO:
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This document is recorded for the benefit of the City of
Costa Mesa and recording is fee-exempt under § 27383
of the Government Code

**FIRST AMENDMENT TO
LEASE/PURCHASE AGREEMENT**

between

CITY OF COSTA MESA,
as Lessee

and

COSTA MESA PUBLIC FINANCING AUTHORITY,
as Lessor

Dated as of January 1, 2007

Relating to the

\$ _____
CITY OF COSTA MESA
2007 CERTIFICATES OF PARTICIPATION
(POLICE FACILITY EXPANSION PROJECT)

FIRST AMENDMENT TO LEASE/PURCHASE AGREEMENT

THIS FIRST AMENDMENT TO LEASE/PURCHASE AGREEMENT, dated as of January 1, 2007 (“First Amendment to Lease”), is entered into by and between the CITY OF COSTA MESA PUBLIC FINANCING AUTHORITY, a joint powers authority duly organized and existing under the laws of the State of California, as lessor (the “Authority”), and the CITY OF COSTA MESA, a municipal corporation and general law city duly organized and existing under the Constitution and laws of said State, as lessee (the “City”), and amends, in part, that certain Lease/Purchase Agreement between the City, as lessee, and the Authority, as lessor, dated as of October 1, 2003, and recorded in the official records of the County of Orange (the “County”) on October 14, 2003 as Document No. 2003001257022 (the “Lease”);

WITNESSETH:

WHEREAS, pursuant to the Government Code of the State of California, the City may enter into leases and agreements relating to real property to be used by the City; and

WHEREAS, the Authority is authorized pursuant to the laws of the State of California to provide financial assistance to the City by acquiring, constructing and financing various public facilities, land and equipment and the leasing of facilities, land and equipment for the use, benefit and enjoyment of the public; and

WHEREAS, the Authority entered into the Lease with the City for the purpose of leasing the real property (including all existing and future improvements thereon) described in Exhibit B thereto to the City, as lessee thereunder; and

WHEREAS, the City and the Authority desire to enter into this First Amendment to Lease/Purchase Agreement in order to facilitate the execution and delivery of those certain \$_____ City of Costa Mesa 2007 Certificates of Participation (Police Facility Expansion Project) (the “2007 Certificates”), which shall be treated as Additional Certificates under the terms of the Lease, to facilitate the construction, modernization, rehabilitation and equipping of certain police facilities owned by the City (the “Project”); and

WHEREAS, the 2007 Certificates are being executed and delivered as Additional Certificates under that certain Amended and Restated Trust Agreement, dated as of January 1, 2007 (the “Trust Agreement”), by and among The Bank of New York Trust Company, N.A., as Trustee, the Authority and the City, which amends and restates in its entirety the Trust Agreement, dated as of October 1, 2003, by and among the City, the Authority and the Trustee, as successor in interest to BNY Western Trust Company, pursuant to which the Trustee executed \$14,340,000 City of Costa Mesa Refunding Certificates of Participation (Public Facilities Project), Series 2003 (the “2003 Certificates”); and

WHEREAS, pursuant to Section 8.3 of the Lease, the City and the Authority reserved the right to amend the Lease from time to time; and

WHEREAS, the City and the Authority desire to amend the Lease to facilitate the execution and delivery of the 2007 Certificates to facilitate financing the Project; and

WHEREAS, the parties have determined that the amendments contained herein do not adversely affect the interests of the Owners of the 2003 Certificates, the 2007 Certificates or any Additional Certificates; and

WHEREAS, pursuant to Section 8.3 of the Lease, the Insurer and the Trustee are required to consent to any amendment to the Lease; and

WHEREAS, the Insurer and the Trustee have consented to this First Amendment to Lease;

NOW, THEREFORE, in consideration of the above premises and of the mutual covenants hereinafter contained and for other good and valuable consideration, the parties hereto agree as follows:

SECTION 1. Definitions. Unless the context otherwise requires, the capitalized terms used herein shall have the meanings specified in the Lease and the Trust Agreement.

“Additional Certificates” means the 2007 Certificates and any other Additional Certificates executed and delivered subsequent to the execution and delivery of the 2007 Certificates.

“Agency Agreement” means the Agency Agreement, dated as of January 1, 2007, by and between the City and the Authority and any similar agreement entered into between the City and the Authority with respect to any Additional Certificates.

“Completion Certificate” means the certificate of the City filed with the Trustee and signed by an Authorized Representative of the City, as prescribed in Section _____ hereof.

“Insurer” means MBIA Insurance Corporation, a New York stock insurance company, or any successor thereto or assignee thereof, with 2003 Certificates and the 2007 Certificates, and any insurer of Additional Certificates.

“Project” means the Project described in Exhibit 3 hereto, and any and all additions or substitutions thereto made as provided in Section 3.6 hereof, and any additional improvements financed with the proceeds of Additional Certificates and located on the Property.

“Supplemental Agreement” or “Supplemental Trust Agreement” shall refer to any amendment to the Trust Agreement.

SECTION 2. Amendment of Section 2.1(f). Section 2.1(f) of the Lease is hereby is hereby deleted in its entirety and amended to read as follows:

“(f)General Tax and Arbitrage Covenant. The City hereby covenants that, notwithstanding any other provision of this Lease, it shall 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 due with respect to the 2003 Certificates, the 2007 Certificates or any Additional Certificates under Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”). The City shall not, directly or indirectly, use or permit the use of proceeds of the Certificates, any Additional Certificates, the Project or the Property, or any portion thereof, by any person other than a governmental unit (as such term is used in Section 141 of the Code), in such manner or to such extent as would result in the loss of

exclusion from gross income for federal income tax purposes of interest with respect to the Certificates or any Additional Certificates.

The City shall not take any action, or fail to take any action, if any such action or failure to take action would cause the 2003 Certificates, 2007 Certificates or any Additional Certificates to be “private activity bonds” within the meaning of Section 141 of the Code, and in furtherance thereof, shall not make any use of the proceeds of the 2003 Certificates, 2007 Certificates, any Additional Certificates, the Project or the Property, or any portion thereof, or any other funds of the City, that would cause the 2003 Certificates, 2007 Certificates or any Additional Certificates to be “private activity bonds” within the meaning of Section 141 of the Code. To that end, so long as any 2003 Certificates, 2007 Certificates or any Additional Certificates are outstanding, the City, with respect to such proceeds, the Project and the Property and such other funds, will comply with applicable requirements of the Code and all regulations of the United States Department of the Treasury issued thereunder and under Section 103 of the Code, to the extent such requirements are, at the time, applicable and in effect.

The City shall not, directly or indirectly, use or permit the use of any proceeds of any 2003 Certificates, 2007 Certificates, any Additional Certificates, the Project or the Property, or other funds of the City, or take or omit to take any action, that would cause the 2003 Certificates, 2007 Certificates or any Additional Certificates to be “arbitrage bonds” within the meaning of Section 148 of the Code. To that end, the City shall comply with all requirements of Section 148 of the Code and all regulations of the United States Department of the Treasury issued thereunder to the extent such requirements are, at the time, in effect and applicable to the 2003 Certificates, 2007 Certificates or any Additional Certificates.

The City shall not make any use of the proceeds of the 2003 Certificates, 2007 Certificates, any Additional Certificates or any other funds of the City, or take or omit to take any other action, that would cause the 2003 Certificates, 2007 Certificates or any Additional Certificates to be “federally guaranteed” within the meaning of Section 149(b) of the Code.”

SECTION 3. Amendment of Section 2.2(e). Section 2.2(e) of the Lease is hereby is hereby deleted in its entirety and amended to read as follows:

“(e) General Tax and Arbitrage Covenant. The Authority covenants that, notwithstanding any other provision of this Lease, it shall not take any action if any such action would adversely affect the exclusion from gross income of interest due with respect to the Certificates or any Additional Certificates under Section 103 of the Code. To the extent that the Authority may control the Property or the proceeds of the Certificates or any Additional Certificates, the Authority shall not, directly or indirectly, use or permit the use of proceeds of the Certificates, any Additional Certificates or the Property, or any portion thereof, by any person other than a governmental unit (as such term is used in Section 141 of the Code), in such manner or to such extent as would result in the loss of exclusion from gross income for federal income tax purposes of interest with respect to the Certificates or any Additional Certificates.

The Authority shall not take any action if any such action would cause the Certificates or any Additional Certificates to be “private activity bonds” within the meaning

of Section 141 of the Code, and in furtherance thereof, to the extent that the Authority may control the Property or the proceeds of the 2003 Certificates, 2007 Certificates or any Additional Certificates, shall not make any use of the proceeds of the 2003 Certificates, 2007 Certificates, any Additional Certificates, the Project or the Property, or any portion thereof, or any other funds of the City, that would cause the 2003 Certificates, 2007 Certificates or any Additional Certificates to be “private activity bonds” within the meaning of Section 141 of the Code. To that end, so long as any 2003 Certificates, 2007 Certificates or Additional Certificates are outstanding, to the extent that the Authority may control the Property or the proceeds of the 2003 Certificates, 2007 Certificates or any Additional Certificates, the Authority, with respect to such proceeds, the Property and the Project and such other funds, will comply with applicable requirements of the Code and all regulations of the United States Department of the Treasury issued thereunder and under Section 103 of the Code, to the extent such requirements are, at the time, applicable and in effect.

To the extent that the Authority may control the Property or the proceeds of the 2003 Certificates, 2007 Certificates or any Additional Certificates, the Authority shall not, directly or indirectly, use or permit the use of any proceeds of any 2003 Certificates, 2007 Certificates or any Additional Certificates, or of the Property, or other funds available to it, or take or omit to take any action, that would cause the 2003 Certificates, 2007 Certificates or any Additional Certificates to be “arbitrage bonds” within the meaning of Section 148 of the Code. To that end, to the extent that the Authority may control the Property or the proceeds of the 2003 Certificates, 2007 Certificates or any Additional Certificates, the Authority shall comply with all requirements of Section 148 of the Code and all regulations of the United States Department of the Treasury issued thereunder to the extent such requirements are, at the time, in effect and applicable to the 2003 Certificates, 2007 Certificates or any Additional Certificates.

To the extent that the Authority may control the proceeds of the 2003 Certificates, 2007 Certificates or any Additional Certificates, the Authority shall not make any use of the proceeds of the 2003 Certificates, 2007 Certificates or any Additional Certificates or any other of its funds, or take or omit to take any other action, that would cause the 2003 Certificates, 2007 Certificates or any Additional Certificates to be “federally guaranteed” within the meaning of Section 149(b) of the Code.”

SECTION 4. Addition of Section 3.5. Section 3.5 of the Lease is hereby added to read as follows:

“Section 3.5. Completion of the Project; Payment of Project Costs; Completion Certification. The Authority and the City agree to execute and deliver the Agency Agreement pursuant to which the City, as the agent of the Authority, will acquire, construct, deliver and install the Project. The City and the Authority each covenants and agrees to comply with the terms of the Agency Agreement.

Payment of the Project Costs shall be made from the moneys deposited with the Trustee in the Project Fund as provided in Section 3.1 hereof and Section 2.05 of the Trust Agreement, which shall be disbursed in accordance and upon compliance with Article III of the Trust Agreement.

The City and the Authority expect that the Project will be substantially completed in accordance with plans and specifications described in the Agency Agreement on or prior to [_____, 20__].

Upon the completion of acquisition, construction, delivery and installation of the portion of the Project to be financed with the proceeds of the 2007 Certificates and, upon the completion of the improvements to be financed with each series of Additional Certificates, the City shall deliver to the Trustee and the Insurer a Completion Certificate with respect thereto. A separate Completion Certificate will be filed with respect to the portion of the Project to be financed from the 2007 Certificates and any portion to be financed with each series of Additional Certificates. On the date of filing a Completion Certificate, all excess moneys remaining in the Project Fund for the 2007 Certificates or issue of Additional Certificates for which such Completion Certificate is delivered shall be applied in accordance with the provisions of Section 3.04 of the Trust Agreement.

If the Authority, for any reason whatsoever, cannot deliver possession of the portion of the Property comprising the Project by [_____, 20__], and as a result of which non-delivery the City is deprived of the use and occupancy of a substantial portion of the Property, this Lease shall not be void or voidable, nor shall the Authority be liable to the City for any loss or damage resulting therefrom. Notwithstanding the foregoing or any other provision of this Lease, there shall be no abatement hereunder as a result of the noncompletion of the portion of the Project being financed with proceeds of the 2007 Certificates. The City hereby finds and determines that the fair rental value of the Property existing as of the date of the execution and delivery of the 2007 Certificates and expected to be in service throughout the term of the Lease is not less than the Lease Payments and Additional Payments due hereunder.”

SECTION 5. Addition of Section 3.6. Section 3.6 of the Lease is hereby added to read as follows:

“Section 3.6. Substitution of or Addition to the Project. The City shall have the right to substitute alternate items for any portion of the Project listed in Exhibit 3 hereto or provide for additional components of the Project by providing the Trustee with a written certificate in the form contained in Exhibit 4 hereto, so long as such substitution or addition does not cause, in and of itself, the interest represented by the 2003 Certificates, the 2007 Certificates or any Additional Certificates to be included in gross income for federal income tax purposes or result in a reduction in the fair rental value of the Property.”

SECTION 6. Addition of Section 3.7. Section 3.7 of the Lease is hereby added to read as follows:

“Section 3.7. Compliance with Law.

(a) Public Bidding. The City shall comply with all applicable provisions for bids and contracts prescribed by law, including, without limitation, the Public Contract Code and the Government Code of the State.

(b) Wage Rates and Working Hours. The City shall comply with all provisions relating to prevailing wage rates and working hours applicable to it under the laws of the State.

(c) Plans and Specifications. If applicable, the City shall prepare and adopt plans and specifications for the acquisition, construction and installation of the Project pursuant to the Government Code and Public Contracts Code of the State.”

SECTION 7. Amendment of Section 4.2. In accordance with the provisions of Section 4.3 of the Lease, the Term of the Lease is extended to [October 1, 2026] and the reference in Section 4.2 to “October 31, 2018” is hereby deleted and replaced with the date of “[October 1, 20__].”

SECTION 8. Amendment of Section 6.1(b). Section 6.1(b) of the Lease is hereby is hereby deleted in its entirety and amended to read as follows:

“(b) Disbursement for Replacement or Repair of the Property. Upon receipt of the prior written consent of the Insurer and any insurer of Additional Certificates, the certification described in paragraph (i) below and the requisition described in paragraph (ii) below, the Trustee shall disburse moneys in the Net Proceeds Fund to the person, firm or corporation named in the requisition as provided in paragraph (ii) below.

(i) Certification. The City Representative must certify to the Authority and the Trustee that:

(x) Sufficiency of Net Proceeds. The Net Proceeds available for such purpose, together with any other funds supplied by the City to the Trustee in a subaccount of the Net Proceeds Fund for such purpose, are expected to equal at least 110% of the projected costs of replacement or repair (or such lesser percentage as may be consented to by the Insurer and any insurer of Additional Certificates), as demonstrated in an attached reconstruction budget, and

(y) Timely Completion. In the event that damage, destruction or taking results, or is expected to result, in an abatement of Lease Payments, such replacement or repair can be fully completed within a period not in excess of the period in which rental interruption insurance proceeds, as described in Section 5.4 together with other identified available moneys, will be available to pay in full all Lease Payments coming due during such period as demonstrated in an attached reconstruction schedule.

(ii) Requisition. The City Representative must deliver to the Trustee a Requisition stating with respect to each payment to be made (1) the requisition number, (2) the name and address of the person, firm or corporation to whom payment is due, (3) the amount to be paid and (4) that each obligation mentioned therein has been properly incurred, is a proper charge against the Net Proceeds Fund, has not been the basis of any previous withdrawal, and specifying in reasonable detail the nature of the obligation. Each such cost requisition shall be sufficient evidence to the Trustee of the facts stated therein and the Trustee shall have no duty to confirm the accuracy of such facts.

Any balance of the Net Proceeds remaining after such replacement or repair has been completed and after payment or provision for payment of all Certificates as provided in Section 7.01 of the Trust Agreement and all Additional Certificates as provided in any Supplemental Trust Agreement pursuant to which such Additional Certificates are executed and delivered shall be paid to the City after payment of amounts due the Trustee pursuant to Section 9.6 and 9.7 of the Trust Agreement.”

SECTION 9. Amendment of Section 6.1(c). Section 6.1(c) of the Lease is hereby is hereby deleted in its entirety and amended to read as follows:

“(c) Disbursement for Prepayment. If the City Representative notifies the Trustee in writing of the City’s determination that the certification provided in Section 6.1(b)(i) cannot be made or that replacement or repair of any portion of the Property is not economically feasible or in the best interest of the City, then the Trustee shall promptly transfer the Net Proceeds to the Prepayment Fund as provided in Section 7.01 of the Trust Agreement and apply them to prepayment of the Certificates as provided in Section 4.02 of the Trust Agreement and Additional Certificates as provided in a Supplemental Trust Agreement and prepayment of Lease Payments as provided in Section 10.2 hereof; provided that in the event of damage or destruction in whole of the Property and in the event such Net Proceeds, together with funds then on hand in the Lease Payment Fund and Reserve Fund are not sufficient to prepay all the Certificates and Additional Certificates then Outstanding, then the City shall not be permitted to certify that repair, replacement or improvement of all of the Property is not economically feasible or in the best interest of the City. In such event, the City shall proceed to repair, replace or improve the Property as described herein from legally available funds in the then-current Fiscal Year and shall make the required notification to the Trustee pursuant to Section 7.01 of the Trust Agreement and the Trustee shall disburse moneys in the Net Proceeds Fund to the person, firm, or corporation named in the Requisition as provided therein.”

SECTION 10. Amendment of Section 8.3. Section 8.3 of the Lease is hereby is hereby deleted in its entirety and amended to read as follows:

Amendments and Modifications. This Lease may be amended or any of its terms modified with the written consent of the Insurer, the City and the Trustee (as assignee of the Authority), in accordance with Article X of the Trust Agreement; provided, however, that this Lease may be amended without the written consent of the Insurer in connection with the execution and delivery of Additional Certificates in accordance with Section 2.12 of the Trust Agreement.

SECTION 11. Schedule of Lease Payments. Exhibit A to the Lease is hereby deleted in its entirety and replaced by Exhibit 2 hereto.

SECTION 12. No Other Amendments. Except as expressly set forth in Sections 2 through 10 above, all other provisions of the Lease remain in full force and effect.

SECTION 13. Counterparts. This First Amendment to Lease/Purchase Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the Authority has caused this First Amendment to Lease/Purchase Agreement to be executed in its name by its duly authorized officers, and the City has caused this First Amendment to Lease/Purchase Agreement to be executed in its name by its duly authorized officers, as of the date first above written.

COSTA MESA PUBLIC FINANCING
AUTHORITY, as Lessor

By: _____
Its: Executive Director

ATTEST:

Treasurer

CITY OF COSTA MESA, as Lessee

By: _____
Its: City Manager

ATTEST:

Finance Director

CONSENTED TO BY:

THE BANK OF NEW YORK TRUST COMPANY, N.A. as
successor-in-interest to BNY Western Trust Company,
as Trustee and Assignee

By: _____
Authorized Officer

CONSENTED TO BY:

MBIA INSURANCE CORPORATION, as
Insurer

By: _____
Authorized Officer

CERTIFICATE OF ACCEPTANCE

This is to certify that the interest in real property conveyed under the foregoing to the City of Costa Mesa, a municipal corporation and a general law city, is hereby accepted by the undersigned officer or agent on behalf of the City Council of the City of Costa Mesa (the "City Council"), pursuant to authority conferred by resolution of the said City Council adopted on _____, 2006, and the grantee consents to recordation thereof by its duly authorized officer.

Dated: _____, 2006

CITY OF COSTA MESA

By: _____
Its: City Manager

STATE OF CALIFORNIA)
)
COUNTY OF ORANGE) ss

On _____, 2006 before me, _____, Notary Public, personally appeared _____, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose names(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal

SIGNATURE OF NOTARY PUBLIC

STATE OF CALIFORNIA)
)
COUNTY OF ORANGE) ss

On _____, 2006 before me, _____, Notary Public, personally appeared _____, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose names(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal

SIGNATURE OF NOTARY PUBLIC

EXHIBIT 1

DESCRIPTION OF THE PROPERTY

Real property in the City of Costa Mesa, County of Orange, State of California, described as follows:

PARCEL 1:

THAT PORTION OF LOT A OF THE BANNING TRACT, IN THE RANCHO SANTIAGO DE SANTA ANA, IN THE CITY OF COSTA MESA, COUNTY OF ORANGE, STATE OF CALIFORNIA, AS PARTITIONED IN MARCH, 1890, CASE NO. 6385 IN THE SUPERIOR COURT OF LOS ANGELES COUNTY, CALIFORNIA, DESCRIBED AS FOLLOWS:

BEGINNING AT THE INTERSECTION OF FAIR DRIVE AS DESCRIBED IN A DEED TO THE COUNTY OF ORANGE, RECORDED AUGUST 2, 1950 IN BOOK 2050, PAGE 59 OF OFFICIAL RECORDS OF SAID ORANGE COUNTY WITH THE CENTERLINE OF FAIRVIEW ROAD (FORMERLY KNOWN AS SANTA ANA ROAD) SAID INTERSECTION BEING DISTANT 0° 09' 00" WEST, 1825.85 FEET ALONG THE CENTERLINE OF FAIRVIEW ROAD FROM ITS INTERSECTION WITH THE NORTH LINE OF SAID LOT A OF THE BANNING TRACT; THENCE EASTERLY ALONG THE CENTERLINE OF SAID FAIR DRIVE, 882.27 FEET, TO A POINT ON THE EAST LINE OF LAND DESCRIBED IN A DEED TO SOUTHERN CALIFORNIA BIBLE COLLEGE, RECORDED MARCH 9, 1949 IN BOOK 1812, PAGE 313 OF OFFICIAL RECORDS OF SAID ORANGE COUNTY; THENCE SOUTHERLY ALONG SAID EAST LINE, 50.00 FEET, TO A POINT ON A LINE PARALLEL WITH THE CENTERLINE OF SAID FAIR DRIVE, SAID POINT BEING THE TRUE POINT OF BEGINNING OF THE LAND HEREIN DESCRIBED; THENCE CONTINUING SOUTHERLY ALONG SAID EAST LINE OF LAND DESCRIBED IN A DEED TO SOUTHERN CALIFORNIA BIBLE COLLEGE, 330.00 FEET TO A POINT ON A LINE PARALLEL WITH THE CENTERLINE OF SAID FAIR DRIVE; THENCE EASTERLY ALONG LAST MENTIONED PARALLEL LINE, 852.00 FEET TO A LINE PARALLEL WITH SAID EAST LINE OF THE LAND DESCRIBED IN ABOVE DEED TO SOUTHERN CALIFORNIA BIBLE COLLEGE; THENCE NORTHERLY ALONG LAST MENTIONED PARALLEL LINE, 330.00 FEET TO A POINT ON A LINE 50 FEET SOUTHERLY OF, MEASURED AT RIGHT ANGLES, AND PARALLEL WITH SAID CENTERLINE OF FAIR DRIVE; THENCE WESTERLY ALONG SAID LINE, 852.00 FEET TO THE TRUE POINT OF BEGINNING.

EXCEPTING THEREFROM THE OIL, GAS, AND OTHER HYDROCARBON SUBSTANCES LOCATED THEREIN, AS RESERVED IN THE DEED FROM THE UNITED STATES OF AMERICA RECORDED AUGUST 19, 1949 IN BOOK 1891, PAGE 112 OF OFFICIAL RECORDS.

ALSO EXCEPTING THEREFROM, IN ACCORDANCE WITH EXECUTIVE ORDER 9908 APPROVED DECEMBER 5, 1947 (12 F. R. 8223), ALL URANIUM, THORIUM AND ALL OTHER MATERIALS DETERMINED PURSUANT TO SECTION 5(b)(1) OF THE ATOMIC ENERGY ACT OF 1946 (60 STAT. 761) TO BE PECULIARLY ESSENTIAL TO THE PRODUCTION OF FISSIONABLE MATERIAL, CONTAINED, IN WHATEVER

Exhibit 1-1

CONCENTRATION, IN DEPOSITS IN THE LANDS COVERED BY THIS INSTRUMENT, AS RESERVED IN THE DEED FROM THE UNITED STATES OF AMERICA RECORDED AUGUST 19, 1949 IN BOOK 1891, PAGE 112 OF OFFICIAL RECORDS.

PARCEL 2:

THAT PORTION OF LOT 6 IN BLOCK E OF THE BERRY TRACT, IN THE CITY OF COSTA MESA, COUNTY OF ORANGE, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 30, PAGE 74 OF MISCELLANEOUS RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF LOS ANGELES COUNTY, CALIFORNIA, DESCRIBED AS FOLLOWS:

BEGINNING AT THE POINT OF INTERSECTION OF THE CENTERLINE OF BAKER STREET, AS SHOWN ON SAID MAP, AND THE SOUTHERLY PROLONGATION OF THE WEST LINE OF SAID LOT 6; THENCE NORTH ALONG SAID PROLONGATION AND THE WEST LINE 412.5 FEET; THENCE EAST PARALLEL TO SAID CENTERLINE OF BAKER STREET, 211.2 FEET; THENCE SOUTH PARALLEL TO SAID WEST LINE OF LOT 6 AND ITS SOUTHERLY PROLONGATION 412.5 FEET TO THE CENTERLINE OF BAKER STREET; THENCE WEST ALONG SAID CENTERLINE 211.2 FEET TO THE POINT OF BEGINNING.

EXCEPT THE SOUTH 40 FEET CONVEYED TO THE COUNTY OF ORANGE FOR BAKER STREET BY DEED RECORDED FEBRUARY 15, 1943 IN BOOK 1181, PAGE 157 OF OFFICIAL RECORDS.

ALSO EXCEPT THAT PORTION LYING WITHIN TRACT NO. 11606 AS PER MAP RECORDED IN BOOK 509, PAGES 29 AND 30 OF MISCELLANEOUS MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

Exhibit 1-2

EXHIBIT 2

SCHEDULE OF LEASE PAYMENTS

<i>Date</i>	<i>2003 Principal Component</i>	<i>2003 Interest Component</i>	<i>2007 Principal Component</i>	<i>2007 Interest Component</i>	<i>Total Lease Payments</i>
	\$	\$	\$	\$	\$ --

Total

EXHIBIT 3

DESCRIPTION OF THE PROJECT

[DESCRIBE PROJECT]

EXHIBIT 4

**FORM OF CERTIFICATE OF SUBSTITUTION
OR ADDITION OF PROJECT COMPONENT**

I, _____ of the City of Costa Mesa (the “City”) hereby certify that _____ project is to become a part of the Project as defined under the Lease/Purchase Agreement, dated as of October 1, 2003, as amended by that First Amendment to Lease/Purchase Agreement, dated as of January 1, 2007 (collectively, the “Lease”), by and between the City and the Costa Mesa Public Financing Authority (the “Authority”) [in addition to the components of the Project as defined in the Lease or in substitution for _____ component of the Project as defined in the Lease]. This Certificate shall be filed with the Trustee under the Amended and Restated Trust Agreement, dated as of January 1, 2007, by and among the City, the Authority and the Bank of New York Trust Company, N.A., as trustee thereunder, until such time as the Lease is terminated.

City Representative