

Stradling Yocca Carlson & Rauth
Draft dated November 22, 2006

AMENDED AND RESTATED TRUST AGREEMENT

Dated as of January 1, 2007

by and among

**THE BANK OF NEW YORK TRUST COMPANY, N.A.,
as successor trustee to
BNY WESTERN TRUST COMPANY,
as Trustee**

and the

COSTA MESA PUBLIC FINANCING AUTHORITY

and the

CITY OF COSTA MESA

relating to the

**\$14,340,000
CITY OF COSTA MESA
REFUNDING CERTIFICATES OF PARTICIPATION
(PUBLIC FACILITIES PROJECT)
SERIES 2003**

and

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

TRUST AGREEMENT

THIS AMENDED AND RESTATED TRUST AGREEMENT, dated as of January 1, 2007, by and among THE BANK OF NEW YORK TRUST COMPANY, N.A., a national banking association, as successor-in-interest to BNY Western Trust Company, a state banking corporation organized under the laws of the State of California, as trustee (the "Trustee"), the COSTA MESA PUBLIC FINANCING AUTHORITY, a joint exercise of powers authority duly organized and existing under the laws of the State of California, as Lessor under the Lease hereinafter referred to (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 the State of California, as lessee under the Lease (the "City"), amends and restates in its entirety that certain Trust Agreement, dated as of October 1, 2003, by and among the Trustee, the Authority and the City, and constitutes a supplemental agreement executed pursuant to Section 2.12 thereof for the purpose of facilitating the execution and delivery of the 2007 Certificates (as defined below);

WITNESSETH:

WHEREAS, the City and the Authority have entered into a Lease/Purchase Agreement dated as of October 1, 2003, as amended by that First Amendment to Lease Agreement, dated as of January 1, 2007 (collectively, the "Lease") whereby the City has leased certain real property and improvements thereto comprising the Civic Center within the City (the "Property"); and

WHEREAS, the City and the Authority have authorized the sale of the \$14,340,000 City of Costa Mesa Refunding Certificates of Participation (Public Facilities Project) Series 2003 (the "2003 Certificates") and the \$_____ City of Costa Mesa 2007 Certificates of Participation (Police Facility Expansion Project) (the "2007 Certificates"), each evidencing fractional interests in the Lease Payments and Prepayments made by the City under the Lease, in order to refinance the 1993 Project (as defined herein) and finance the modernization, reconstruction and equipping of improvements for the City's police facilities (the "2007 Project"); and

WHEREAS, as security for the 2003 Certificates, the 2007 Certificates and any Additional Certificates executed and delivered in accordance with this Trust Agreement, the Authority has assigned the rights to receive all Lease Payments described in the Lease, and the Authority and the City have granted a security interest in all moneys held by the Trustee hereunder (other than the Rebate Fund as described herein) to the Trustee for the benefit of the Owners of the 2003 Certificates, the 2007 Certificates and any Additional Certificates executed and delivered hereunder; and

WHEREAS, Section 5420 et seq. of the California Government Code (the "Government Code") provides statutory authority for pledging collateral for the payment of principal or prepayment price of, and interest on, any agreement, including certificates of participation, and the Government Code creates a continuing perfected security interest on which shall attach immediately to such collateral irrespective of whether the parties to the pledge document have notice of the pledge and without the need for any physical delivery, recordation, filing or further act, and therefore the City and the Authority hereby warrant and represent that pursuant to the Lease, this Trust Agreement and the Government Code, the Trustee has a first priority perfected security interest in the Lease Payments described in the Lease pursuant to the Government Code.

NOW, THEREFORE, in consideration of the premises and the mutual covenants contained herein, the parties hereto hereby agree as follows:

ARTICLE I

DEFINITIONS

Section 1.01. Definitions and Rules of Construction. Unless the context otherwise requires, the terms defined in this Section shall, for all purposes of this Trust Agreement, have the meanings herein specified. Unless the context otherwise indicates, words importing the singular number shall include the plural number and vice versa. The terms “hereby,” “hereof,” “hereto,” “herein,” “hereunder” and any similar terms, as used in this Trust Agreement, refer to this Trust Agreement as a whole.

“Additional Certificates” means certificates of participation authorized by a supplemental Trust Agreement that are executed and delivered by the Trustee under and pursuant to Section 2.12.

“Additional Payments” means all amounts payable by the City as Additional Payments as defined in Section 4.11 of the Lease.

“Assignment Agreement” means the Assignment Agreement related to the Certificates, dated as of October 1, 2003, by and between the Trustee and the Authority, as amended by that certain First Amendment to Assignment Agreement, dated as of January 1, 2007, by and between the Trustee and the Authority, and any duly authorized and executed amendments thereto.

“Authority” means the Costa Mesa Public Financing Authority, a joint exercise of powers authority organized under the laws of the State, its successors and assigns.

“Authority Representative” means the Chairperson, Vice Chairperson, Secretary, Treasurer or Executive Director of the Authority, or any other person authorized to act on behalf of the Authority under or with respect to the Lease.

“Beneficial Owner” means any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Certificates (including persons holding Certificates through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Certificates for federal income tax purposes.

“Business Day” means any day other than (i) a Saturday or Sunday, or (ii) a day on which banking institutions in the State of New York or the State of California are authorized or required by law or executive order to remain closed.

“Certificates” means the 2003 Certificates, the 2007 Certificates and each series of Additional Certificates executed and delivered by the Trustee pursuant to this Trust Agreement.

“Certificate of Completion” means a certificate of the City Representative delivered pursuant to Section 3.5 of the Lease stating that all components of the Project being financed by a series of Certificates have been completed or concluded in conformity with the requirements of the Lease.

“Certificate Year” means the period extending from October 2 each year to October 1 of the subsequent calendar year, provided that the first Certificate Year for each series of Certificates shall commence on the Closing Date for such series and end on the following October 1.

“City” means the City of Costa Mesa, a municipal corporation and general law city organized and existing under the laws and Constitution of the State, and its successors and assigns.

“City Representative” means the City Manager and Finance Director of the City or any other person authorized by the City Manager of the City to act on behalf of the City with respect to the Lease or this Trust Agreement.

“Closing Date” means, with respect to a series of Certificates, the date on which such series of Certificates, duly executed by the Trustee, are delivered to the Original Purchaser thereof.

“Code” means the Internal Revenue Code of 1986, and the regulations issued thereunder, as the same may be amended from time to time, and any successor provisions of law. Reference to a particular section of the Code shall be deemed to be a reference to any successor to any such section.

“Continuing Disclosure Certificate” means (i) that certain Continuing Disclosure Certificate executed by the City dated as of October 1, 2003, (ii) that certain Continuing Disclosure Certificate executed by the City dated as of January 1, 2007 and (iii) any agreement or certificate entered into by the City with respect to any Additional Certificates relating to compliance with Rule 15c2-12 adopted under the Securities Exchange Act of 1934.

“Costs of Issuance” means and includes all items of expense directly or indirectly payable by or reimbursable to the City or the Authority relating to the financing of the Project from the proceeds of the Certificates, including but not limited to costs provided in the contract of purchase with each Original Purchaser, the premium for the 2003 Insurance Policy, the 2007 Insurance Policy and any insurance policies purchased to insure any Additional Certificates or to satisfy the Reserve Requirement, filing and recording costs, settlement costs, printing costs, word processing costs, reproduction and binding costs, initial fees and charges of the Trustee, including its first annual administration fee and the fees of its counsel, legal fees and charges, financing and other professional consultant fees, fees of auctioning any Certificates, costs of rating agencies and costs of providing information to such rating agencies, any computer and other expenses incurred in connection with the Certificates, fees for execution, transportation and safekeeping of the Certificates and charges and fees in connection with the foregoing.

“Costs of Issuance Fund” means the fund by that name established and held by the Trustee pursuant to Section 3.01.

“Defeasance Securities” 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 (the Trustee is entitled to rely upon the investment direction of the City as a determination that such investment is a legal investment):

- (a) Cash;
- (b) U.S. Treasury Certificates, Notes and Bonds (including State and Local Government Series (“SLGs”));

- (c) Direct obligations of the Treasury which have been stripped by the Treasury itself, CATS, TIGRS and similar securities;
- (d) Pre-funded municipal bonds rated “Aaa” by Moody’s and “AAA” by S&P.
- (e) Obligations issued by the following agencies which are backed by the full faith and credit of the United States:
 - (i) U.S. Export-Import Bank (Eximbank). Direct obligations or fully guaranteed certificates of beneficial ownership.
 - (ii) Farmers Home Administration (FmHA). Certificates of beneficial ownership.
 - (iii) Federal Financing Bank.
 - (iv) General Services Administration. Participation certificates.
 - (v) U.S. Maritime Administration. Guaranteed Title XI financing.
 - (vi) U.S. Department of Housing and Urban Development (HUD). Project Notes, Local Authority Bonds, New Communities Debentures – U.S. government guaranteed debentures, U.S. Public Housing Notes and Bonds – U.S. government guaranteed public housing notes and bonds.

“Costs of Issuance Requisition” means a written requisition substantially in the form attached hereto as Exhibit B-1.

“Delivery Date” means the date on which a series of Certificates, duly executed by the Trustee, is delivered to the Original Purchaser thereof.

“Depository” means the securities depository acting as depository pursuant to Section 2.10 hereof.

“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 Bank” means The Bank of New York Trust Company, N.A., as successor to BNY Western Trust Company, a banking corporation authorized to conduct a trust business, duly organized and existing under the laws of the State of California, or its successor as escrow bank under the Escrow Agreement.

“Escrow Agreement” means that certain Escrow Agreement dated as of October 1, 2003, by and among the City, the Authority, and The Bank of New York Trust Company, N.A., as successor to BNY Western Trust Company, as Escrow Bank, providing for the defeasance of the 1993 Bonds.

“Escrow Fund” means the fund by that name established and held by the Trustee pursuant to Section 3.02.

“Event of Default” means an event of default under the Lease, as defined in Section 9.1 thereof.

“Fiscal Year” means the fiscal year of the City commencing July 1 and ending June 30 of the next year.

“Government Obligations” means Permitted Investments of the type described in paragraph 2(a) of the definition thereof.

“Independent Counsel” means an attorney duly admitted to the practice of law before the highest court of the state in which such attorney maintains an office and who is not an employee of the Authority, the Trustee or the City.

“Insurance Business Day” means any day other than (i) a Saturday or Sunday, or (ii) a day on which the Insurance Trustee or lending institutions in the State of New York are authorized or required by law or executive order to remain closed.

“Insurance Policy” means any financial guaranty insurance policy insuring the payment when due of the principal and interest with respect to any series of Certificates.

“Insurance Policies” means, collectively, the 2003 Insurance Policy, the 2007 Insurance Policy, and the financial guaranty insurance policy insuring the payment when due of the principal and interest with respect to any Additional Certificates, if any.

“Insurer” means, collectively, (i) MBIA Insurance Corporation, a New York stock insurance company, or any successor thereto or assignee thereof, with respect to the 2003 Certificates and the 2007 Certificates, and (ii) any municipal bond insurance company insuring any Additional Certificates.

“Interest Payment Date” means April 1 and October 1 of each year commencing April 1, 2004 for the 2003 Certificates, April 1, 2007 for the 2007 Certificates and for each series of Additional Certificates the April 1 and October 1 specified in the supplemental agreement executed in accordance with Section 2.12 hereof with respect to such Additional Certificates.

“Lease” means the Lease/Purchase Agreement related to the Certificates, dated October 1, 2003, by and between the City and the Authority, as amended by that certain First Amendment to Lease/Purchase Agreement, dated as of January 1, 2007, by and between the City and the Authority, and any additional duly authorized and executed amendments thereto.

“Lease Payment” means any payment required to be paid by the City to the Authority pursuant to Section 4.4 of the Lease.

“Lease Payment Date” means the Lease Payment Date defined in Section 4.4(a) of the Lease, which shall be the 15th day of each March and September preceding each Interest Payment Date commencing March 15, 2004.

“Lease Payment Fund” means the fund by that name established and held by the Trustee pursuant to Article V hereof.

“Letter of Representations” means the letter of the City delivered to and accepted by the Depository on or prior to delivery of the Certificates as book-entry certificates making reference to the DTC Operational Arrangements memorandum, as it may be amended from time to time, setting forth the basis on which the Depository serves as depository for such book-entry certificates, as such letters were originally executed or as they may be supplemented or revised or replaced by letters from the City and the Trustee delivered to and accepted by the Depository.

“Moody’s” means Moody’s Investors Service or any successors or assigns thereto.

“Net Proceeds” means any proceeds of any insurance, performance bonds or taking by eminent domain or condemnation paid with respect to the Property remaining after payment therefrom of any expenses (including attorneys’ fees) incurred in the collection thereof.

“Net Proceeds Fund” means the fund by that name established and held by the Trustee pursuant to Article VII hereof.

“1993 Bonds” means the Costa Mesa Public Financing Authority Refunding Revenue Bonds, 1993 Series A (Public Facilities Project), issued in the original aggregate principal amount of \$18,970,000.

“Nominee” means the nominee of the Depository, which may be the Depository, as determined from time to time pursuant to Section 2.10 hereof.

“Original Purchaser” means the original purchaser of a series of the Certificates on the Closing Date for such series.

“Outstanding” when used as of any particular time with respect to Certificates, means (subject to the provisions of Section 10.03 hereof) all Certificates theretofore executed and delivered by the Trustee under this Trust Agreement except:

- (1) Certificates theretofore cancelled by the Trustee or surrendered to the Trustee for cancellation;
- (2) Certificates for the payment or prepayment of which funds or Government Obligations, together with interest earned thereon, in the necessary amount shall have theretofore been deposited with the Trustee (whether upon or prior to the maturity or prepayment date of such Certificates), provided that, if such Certificates are to be prepaid prior to maturity, notice of such prepayment shall have been given as provided in Section 4.05 hereof or provision satisfactory to the Trustee shall have been made for the giving of such notice; and
- (3) Certificates in lieu of or in exchange for which other Certificates shall have been executed and delivered by the Trustee pursuant to Sections 2.06 and 2.07 hereof.

Notwithstanding anything herein to the contrary, in the event that the principal and/or interest with respect to a Certificate shall be paid by an Insurer, pursuant to an Insurance Policy, such Certificate shall remain Outstanding for all purposes, not be defeased or otherwise satisfied and not be considered paid by the City.

“Owner” or “Certificate Owner” or “Owner of a Certificate”, or any similar term, when used with respect to a Certificate means the person in whose name such Certificate is registered on the registration books maintained by the Trustee.

“Participants” means those broker-dealers, banks and other financial institutions from time to time for which the Depository holds book-entry certificates as securities depository.

“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 (the Trustee is entitled to rely upon the investment direction of the City as a determination that such investment is a legal investment):

- (a) Direct obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury, and CATS and TIGRS) or obligations the principal of and interest on which are unconditionally guaranteed by the United States of America; and
- (b) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies and provided such obligations are backed by the full faith and credit of the United States of America (stripped securities are only permitted if they have been stripped by the agency itself):
 - (i) U.S. Export-Import Bank (Eximbank)
Direct obligations or fully guaranteed certificates of beneficial ownership
 - (ii) Farmers Home Administration (FmHA)
Certificates of beneficial ownership
 - (iii) Federal Financing Bank
 - (iv) Federal Housing Administration Debentures (FHA)
 - (v) General Services Administration
Participation certificates
 - (vi) Government National Mortgage Association (GNMA or “Ginnie Mae”)
GNMA – guaranteed mortgage-backed bonds
GNMA – guaranteed pass-through obligations
 - (vii) U.S. Maritime Administration
Guaranteed Title XI financing
 - (viii) U.S. Department of Housing and Urban Development (HUD)
Project Notes
Local Authority Bonds
New Communities Debentures – U.S. government guaranteed debentures
U.S. Public Housing Notes and Bonds – U.S. government guaranteed public housing notes and bonds

- (c) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following non-full faith and credit U.S. government agencies (stripped securities are only permitted if they have been stripped by the agency itself):
- (i) Federal Home Loan Bank System
Senior debt obligations
 - (ii) Federal Home Loan Mortgage Corporation (FHLMC or “Freddie Mac”)
Participation Certificates
Senior debt obligations
 - (iii) Federal National Mortgage Association (FNMA or “Fannie Mae”)
Mortgage-backed securities and senior debt obligations
 - (iv) Student Loan Marketing Association (SLMA or “Sallie Mae”)
Senior debt obligations
 - (v) Resolution Funding Corp. (REFCORP) obligations
 - (vi) Farm Credit System
Consolidated systemwide bonds and notes
- (d) Money market funds registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, and having a rating by S&P of AAAm-G; AAA-m; or AA-m and if rated by Moody’s rated Aaa, Aa1 or Aa2, including funds for which the Trustee and its affiliates provide investment advisory and other management services.
- (e) Certificates of deposit secured at all times by collateral described in (a) and/or (b) above. Such certificates must be issued by commercial banks, savings and loan associations or mutual savings banks or mutual savings banks whose short term obligations are rated “A-1+” or better by S&P and “Prime-1” by Moody’s. The collateral must be held by a third party and the bondholders must have a perfected first security interest in the collateral.
- (f) Certificates of deposit, savings accounts, deposit accounts or money market deposits which are fully insured by FDIC, including BIF and SAIF, including those of the Trustee and its affiliates.
- (g) Investment agreements, including GIC’s, acceptable to the Insurer.
- (h) Commercial paper rated, at the time of purchase, “Prime-1” by Moody’s and “A-1” or better by S&P.
- (i) Bonds or notes issued by any state or municipality which are rated by Moody’s and S&P in one of the two highest long-term rating categories assigned by such agencies.
- (j) Federal funds or bankers acceptances with a maximum term of one year of any bank which has an unsecured, uninsured and unguaranteed obligation rating of “Prime-1” or “A3” or better by Moody’s and “A-1+” or better by S&P.

- (k) Repurchase agreements satisfying criteria acceptable to the Insurer that provide for the transfer of securities from a dealer bank or securities firm (seller/borrower) to the Trustee (buyer/lender), and the transfer of cash from the Trustee to the dealer bank or securities firm with an agreement that the dealer bank or securities firm will repay the cash plus a yield to the Trustee in exchange for the securities at a specified date.
- (l) The Local Agency Investment Fund of the State, created pursuant to Section 16429.1 of the California Governmental Code, to the extent the Trustee is authorized to register such investment in its own name.
- (m) Other investments approved in writing by the Insurer with notice to S&P.

“Prepayment” means any payment made by the City pursuant to Article X of the Lease as a prepayment of Lease Payments.

“Prepayment Fund” means the fund by that name established and held by the Trustee pursuant to Article IV hereof.

“Principal Office” or “Corporate Trust Office” means the corporate trust office of the Trustee at 700 South Flower Street, Suite 500, Los Angeles, California 90017, or such other or additional offices as may be designated by the Trustee, or at such other address as may be designated by the Trustee.

“Project” has the meaning set forth in the Lease.

“Project Cost Requisition” means a written requisition substantially in the form attached hereto as Exhibit B-2.

“Project Costs” means, with respect to any item or portion of the Project, the contract price paid or to be paid therefor upon acquisition, construction, procurement or improvement thereof, in accordance with a purchase order or contract therefor. Project Costs include, but are not limited to, the administrative, engineering, legal, financial and other costs incurred by the City and the Authority in connection with the acquisition, construction, procurement, remodeling or improvement of the Project, all applicable sales taxes and other charges resulting from such construction, procurement, remodeling or improvement of the Project and the costs associated with making rebate calculations required by the Code. Project Costs shall not include any costs of the City or the Authority to enforce remedies hereunder or under the Lease.

“Project Fund” means the fund by that name established and held by the Trustee pursuant to Article III hereof.

“Property” has the meaning set forth in the Lease.

“Record Date” means the close of business on the fifteenth day of the month preceding each Interest Payment Date, whether or not such fifteenth day is a Business Day.

“Reserve Fund” means the fund by that name established and held by the Trustee pursuant to Article VI hereof.

“Reserve Requirement” means, with respect to each series of Certificates, as of any calculation date, the least of (1) the maximum aggregate annual Lease Payments (in any Certificate Year) then payable under the Lease (exclusive of Lease Payments attributable to Certificates that have been defeased), (2) 125% of the average annual aggregate Lease Payments (in any Certificate Year) then payable under the Lease (exclusive of Lease Payments attributable to Certificates that have been defeased), or (3) 10% of the face amount of such series of Certificates (less original issue discount if in excess of two percent of the stated prepayment amount at maturity).

“S&P” means Standard & Poor’s Ratings Services or any successors or assigns thereto.

“Site Lease” means the Site Lease, dated as of October 1, 2003, as amended by that certain First Amendment to Site Lease, dated as of January 1, 2007, by and between the Authority and the City, and any additional duly authorized and executed amendments thereto.

“Special Counsel” means Stradling Yocca Carlson & Rauth, a Professional Corporation, or any other attorney or firm of attorneys of nationally recognized standing in matters pertaining to the tax-exempt status of interest on obligations issued by states and their political subdivisions and acceptable to the City.

“State” means the State of California.

“Tax Certificate” means the Tax Certificate, dated as of the Closing Date for a series of Certificates, concerning matters pertaining to the use and investment of proceeds of such Certificates executed and delivered to the City on the date of execution and delivery of such Certificates, including any and all exhibits attached thereto.

“Term” means the time during which the Lease is in effect, as provided in Section 4.2 of the Lease.

“Trustee” means The Bank of New York Trust Company, N.A., a national banking association, as successor-in-interest to BNY Western Trust Company, a banking corporation duly organized and existing under the laws of the State of California, and any successor trustee.

“Trust Agreement” or “Agreement” means this Amended and Restated Trust Agreement, together with any amendments hereof or supplements hereto permitted to be made hereunder.

“2003 Certificates” means the \$14,340,000 aggregate principal amount of City of Costa Mesa Refunding Certificates of Participation (Public Facilities Project) Series 2003 executed and delivered by the Trustee pursuant to this Trust Agreement.

“2007 Certificates” means the \$_____ aggregate principal amount of City of Costa Mesa 2007 Certificates of Participation (Police Facility Expansion Project), executed and delivered by the Trustee pursuant to this Trust Agreement.

“2003 Insurance Policy” means the financial guaranty insurance policy issued by the Insurer insuring the payment when due of the principal and interest with respect to the 2003 Certificates as provided therein.

“2007 Insurance Policy” means the financial guaranty insurance policy issued by the Insurer insuring the payment when due of the principal and interest with respect to the 2007 Certificates as provided therein.

Section 1.02. Authorization. Each of the parties hereby represents and warrants that it has full legal authority and is duly empowered to enter into this Trust Agreement, and has taken all actions necessary to authorize the execution of this Trust Agreement by the officers and persons signing it.

Section 1.03. Equal Security. In consideration of the acceptance of the Certificates by the Owners, this Trust Agreement shall be deemed to be and shall constitute a contract between the Trustee and the Owners to secure the full and final payment of the interest, if any, and principal represented by the Certificates which may be executed and delivered hereunder, subject to each of the agreements, conditions, covenants and terms contained herein; and all agreements, conditions, covenants and terms contained herein required to be observed or performed by or on behalf of the Trustee shall be for the equal and proportionate benefit, protection and security of all Owners without distinction, preference or priority as to security or otherwise of any Certificates over any other Certificates by reason of the number or date thereof or the time of execution or delivery thereof or for any cause whatsoever, except as expressly provided herein or therein. All of the Certificates are equally secured as provided in this Section 1.3, except as may be otherwise expressly provided in this Trust Agreement.

ARTICLE II

TERMS OF THE CERTIFICATES AND ADDITIONAL CERTIFICATES

Section 2.01. Authorization. Upon written request of the City Representative, the Trustee will execute and deliver to the Original Purchaser of each series of Certificates an aggregate principal amount of Certificates of the applicable series purchased by such Original Purchaser representing proportionate ownership interests in the Lease Payments and the Prepayments.

Section 2.02. Description of Certificates.

(a) Each Certificate of a series shall be dated the Delivery Date for such series and shall mature on October 1 in each year, and shall bear interest (calculated on the basis of a 360-day year of twelve 30-day months) payable on each Interest Payment Date for such series.

The 2003 Certificates shall mature on October 1 in each year of the years specified below and shall bear interest at the rates specified below:

<i>Maturity (October 1)</i>	<i>Principal Amount</i>	<i>Interest Rate</i>
2004	\$ 805,000	2.000%
2005	805,000	2.000
2006	820,000	2.000
2007	835,000	2.000
2008	855,000	2.250
2009	875,000	3.000
2010	900,000	3.000
2011	925,000	3.500
2012	960,000	3.375
2013	990,000	3.625
2014	1,025,000	4.000
2015	1,070,000	3.750
2016	1,110,000	4.000
2017	1,155,000	5.000
2018	1,210,000	5.000

The 2007 Certificates shall mature on October 1 in each year of the years specified below and shall bear interest at the rates specified below:

<i>Maturity (October 1)</i>	<i>Principal Amount</i>	<i>Interest Rate</i>
	\$	%

The Certificates of a series shall be delivered in fully registered form, numbered from one upwards in consecutive numerical order (with such alphabetical prefix as the Trustee shall determine). The Certificates shall be executed and delivered in the denominations of \$5,000 and any integral multiple thereof.

Each Certificate shall bear interest from the Interest Payment Date next preceding the date of execution thereof, unless (i) it is executed during the period from the day after the Record Date for an Interest Payment Date to and including such Interest Payment Date, in which event it shall bear interest from such Interest Payment Date, or (ii) it is executed on or prior to the Record Date for the first Interest Payment Date, in which event interest shall be payable from the Delivery Date; provided, however, that if, at the time of execution of any Certificate interest with respect to such Certificate is in default, such Certificate shall bear interest from the Interest Payment Date to which interest has been paid or made available for payment with respect to such Certificate.

(b) Payment Provisions. Interest with respect to any Certificate shall be payable in lawful money of the United States of America by check or draft of the Trustee, mailed no later than the Interest Payment Date to the Owner at his address as it appears, on the Record Date, on the registration books maintained by the Trustee or at such other address as has been furnished to the Trustee in writing by the Owner on or prior to such Record Date; provided, however, that at the written request of the Owner of at least \$1,000,000 in aggregate principal amount of Outstanding Certificates filed with the Trustee prior to any Record Date, interest with respect to such Certificates shall be paid to such Owner on each succeeding Interest Payment Date (unless such request has been revoked in writing) by wire transfer of immediately available funds to an account in the United States designated in such written request. Payments of defaulted interest with respect to the Certificates shall be paid by check or draft to the registered Owners of the Certificates as of a special record date to be fixed by the Trustee, notice of which special record date shall be given to the registered Owners of the Certificates no less than ten days prior thereto. The principal of and premium, if any, on the Certificates is payable when due upon surrender thereof at the Principal Office in lawful money of the United States of America.

Section 2.03. Form of Certificates. The 2003 Certificates and the 2007 Certificates and the assignment to appear thereon shall be substantially in the forms set forth in Exhibit A attached hereto and by this reference incorporated herein with such appropriate additions, modifications, and insertions as are permitted or required by this Trust Agreement or the Insurer. Each series of Additional Certificates shall be in the form set forth in the supplemental agreement executed with respect to such Additional Certificates in accordance with Section 2.12 hereof. Pending the preparation of definitive Certificates the Certificates may be executed and delivered in temporary form exchangeable for definitive Certificates when ready for delivery. If the Trustee delivers temporary Certificates for a series, it shall execute and deliver definitive Certificates of such series in an equal aggregate principal amount of authorized denominations, when available, without additional charge, and thereupon the temporary Certificates shall be surrendered to the Trustee at its Principal Office. Until so exchanged, the temporary Certificates shall be entitled to the same benefits under this Trust Agreement as definitive Certificates.

Section 2.04. Execution. The Certificates shall be executed by and in the name of the Trustee by the manual signature of any authorized signatory of the Trustee. The Trustee shall insert the date of execution of each Certificate in the place provided thereon.

Section 2.05. Application of Proceeds and Other Amounts.

(a) 2003 Certificates. The proceeds from the sale of the 2003 Certificates in the amount of \$14,415,794.15 (representing the par amount of the 2003 Certificates of \$14,340,000, less the 2003 Insurance Policy premium of \$92,000, plus the net original issue premium of \$238,060.15, less Original Purchaser's discount of \$70,266) shall be deposited with the Trustee as follows:

\$162,994.81 to the Cost of Issuance Fund, \$1,273,250 to the 2003 Certificates Account of the Reserve Fund, which amount equals the initial Reserve Requirement, and \$12,979,549.34 to the Escrow Fund.

(b) 2007 Certificates. The proceeds from the sale of the 2007 Certificates in the amount of \$_____ (representing the par amount of the 2007 Certificates of \$_____ less the 2007 Insurance Policy premium of \$_____, less the net original issue discount of \$_____, less Original Purchaser's discount of \$_____) shall be deposited with the Trustee as follows: \$_____ to the Project Fund for the payment of Project Costs, \$_____ shall be deposited to the Costs of Issuance Fund for the payment of Costs of Issuance and \$_____ to the 2007 Certificates Account of the Reserve Fund, which amount equals the initial Reserve Requirement.

The Trustee may, in its discretion, establish a temporary fund or account in its books or records to facilitate such deposits and transfers.

Section 2.06. Transfer and Exchange.

(a) Transfer of Certificates. Any Certificate may, in accordance with its terms, be transferred upon the books required to be kept pursuant to the provisions of Section 2.09 by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Certificate for cancellation at the Principal Office accompanied by delivery of a written instrument of transfer in a form acceptable to the Trustee, duly executed. Whenever any Certificate or Certificates shall be surrendered for transfer, the Trustee shall execute and deliver a new Certificate or Certificates of the same series, tenor and maturity, for like aggregate principal amount in authorized denominations. The Trustee may require the payment by the Certificate Owner requesting such transfer of any tax or other governmental charge required to be paid with respect to such transfer.

(b) Exchange of Certificates. Certificates may be exchanged at the Principal Office for a like aggregate principal amount of Certificates of other authorized denominations of the same series, tenor and maturity. The Trustee may require the payment by the Certificate Owner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange. All Certificates surrendered pursuant to the provisions of this Section shall be cancelled and destroyed by the Trustee and shall not be redelivered.

(c) Time for Transfer or Exchange. The Trustee shall not be obligated to transfer or exchange any Certificate after a Record Date and before the following Interest Payment Date, or during the period in which it is selecting Certificates for prepayment, or after notice of prepayment has been given as provided in Section 4.05.

Section 2.07. Certificates Mutilated, Lost, Destroyed or Stolen. If any Certificate shall become mutilated, the Trustee, at the expense of the Owner of said Certificate, shall execute and deliver a new Certificate of like series, tenor, maturity and principal amount in exchange and substitution for the Certificate so mutilated, but only upon surrender to the Trustee of the Certificate so mutilated. Every mutilated Certificate so surrendered to the Trustee shall be cancelled by it. If any Certificate shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Trustee, and, if such evidence is satisfactory to the Trustee and, if an indemnity, satisfactory to the Trustee indemnifying the Trustee, the Authority and the City, shall be given, the

Trustee, at the expense of the Certificate Owner, shall execute and deliver a new Certificate of like series, tenor, maturity and principal amount and numbered as the Trustee shall determine in lieu of and in substitution for the Certificate so lost, destroyed or stolen. The Trustee may require payment of an appropriate fee for each new Certificate delivered under this Section and of the expenses which may be incurred by the Trustee in carrying out the duties under this Section. Any Certificate executed under the provisions of this Section in lieu of any Certificate alleged to be lost, destroyed or stolen shall be equally and proportionately entitled to the benefits of this Trust Agreement with all other Certificates secured by this Trust Agreement. The Trustee shall not be required to treat both the original Certificate and any replacement Certificate as being Outstanding for the purpose of determining the principal amount of Certificates which may be executed and delivered hereunder or for the purpose of determining any percentage of Certificates Outstanding hereunder, but both the original and replacement Certificate shall be treated as one and the same. Notwithstanding any other provision of this Section, in lieu of delivering a new Certificate in place of one which has been mutilated, lost, destroyed or stolen, and which has matured, or has been called for prepayment, the Trustee may make payment with respect to such Certificate upon receipt of the above-mentioned indemnity.

Section 2.08. Execution of Documents and Proof of Ownership. Any request, direction, consent, revocation of consent, or other instrument in writing required or permitted by this Trust Agreement to be signed or executed by Certificate Owners may be in any number of concurrent instruments of similar series, tenor, and may be signed or executed by such Owners in person or by their attorneys or agents appointed by an instrument in writing for that purpose, or by any bank, trust company or other depository for such Certificates. Proof of the execution of any such instrument, or of any instrument appointing any such attorney or agent, and of the ownership of Certificates shall be sufficient for any purpose of this Trust Agreement (except as otherwise herein provided), if made in the following manner:

(a) The fact and date of the execution by any Owner or his attorney or agent of any such instrument and of any instrument appointing any such attorney or agent, may be proved by a certificate, which need not be acknowledged or verified, of an officer of any bank or trust company located within the United States of America, or of any notary public, or other officer authorized to take acknowledgments of deeds to be recorded in such jurisdictions, that the persons signing such instruments acknowledged before him the execution thereof. Where any such instrument is executed by an officer of a corporation or association or a member of a partnership on behalf of such corporation, association or partnership, such certificate shall also constitute sufficient proof of his authority.

(b) The fact of the ownership of Certificates by any person, the amount and numbers of such Certificates and the date of execution shall be proved by the registration books maintained pursuant to Section 2.09 hereof.

Nothing contained in this Article II shall be construed as limiting the Trustee to such proof, it being intended that the Trustee may accept any other evidence of the matters herein stated which the Trustee may deem sufficient. Any request or consent of the Owner of any Certificate shall bind every future Owner of the same Certificate in respect of anything done or to be done by the Trustee in pursuance of such request or consent.

Section 2.09. Certificate Register. The Trustee will keep or cause to be kept at its Principal Office sufficient books for the registration and transfer of the Certificates which shall, during normal

working hours and upon reasonable notice, be open to inspection by the City and the Authority; and, upon presentation for such purpose, the Trustee shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on said books, Certificates as hereinbefore provided. The City, the Authority and the Trustee shall be entitled to treat the registered owner of a Certificate as the absolute owner thereof for all purposes, whether or not a Certificate shall be overdue and the City, the Authority and the Trustee shall not be affected by any notice to the contrary.

Section 2.10. Book-Entry System.

(a) Election of Book-Entry System. Prior to the execution and delivery of a series of Certificates, the City may provide that such series of Certificates shall be initially executed and delivered as book-entry Certificates. If the City shall elect to deliver any series of Certificates in book-entry form, then the City shall cause the delivery of a separate single fully registered certificate for such series (which may be typewritten) for each maturity date of such Certificates in an authorized denomination corresponding to that total principal amount of the Certificates designated to mature on such date. Upon initial execution and delivery, the ownership of each such Certificate shall be registered in the Certificate registration books in the name of the Nominee, as nominee of the Depository and ownership of the Certificates, or any portion thereof may not thereafter be transferred except as provided in Section 2.10(e).

With respect to book-entry Certificates, the City and the Trustee shall have no responsibility or obligation to any Participant or to any person on behalf of which such a Participant holds an interest in such book-entry Certificates. Without limiting the immediately preceding sentence, the City and the Trustee shall have no responsibility or obligation with respect to (i) the accuracy of the records of the Depository, the Nominee, or any Participant with respect to any ownership interest in book-entry Certificates, (ii) the delivery to any Participant or any other person, other than an Owner as shown in the Certificate registration books, of any notice with respect to book-entry Certificates, including any notice of prepayment, (iii) the selection by the Depository and its Participants of the beneficial interests in book-entry Certificates to be prepaid in the event the City prepaays the Certificates in part, or (iv) the payment by the Depository or any Participant or any other person, of any amount with respect to principal, premium, if any, or interest with respect to book-entry Certificates. The City and the Trustee may treat and consider the person in whose name each book-entry Certificate is registered in the Certificate registration books as the absolute Owner of such book-entry Certificate for the purpose of payment of principal, premium, if any, and interest with respect to such Certificate, for the purpose of giving notices of prepayment and other matters with respect to such Certificate, for the purpose of registering transfers with respect to such Certificate, and for all other purposes whatsoever. The Trustee shall pay all principal, premium, if any, and interest with respect to the Certificates only to or upon the order of the respective Owner, as shown in the Certificate register, or his respective attorney duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the City's obligations with respect to payment of principal of, premium, if any, and interest evidenced and represented by the Certificates to the extent of the sum or sums so paid. No person other than an Owner, as shown in the Certificate registration books, shall receive a Certificate evidencing the obligation to make payments of principal, premium, if any, and interest evidenced and represented by the Certificates. Upon delivery by the Depository to the Owner and the Trustee, of written notice to the effect that the Depository has determined to substitute a new nominee in place of the Nominee, and subject to the provisions herein with respect to Record Dates, the word Nominee in this Trust Agreement shall refer to such nominee of the Depository.

(b) Delivery of Letter of Representations. In order to qualify the book-entry Certificates for the Depository's book-entry system, the City and the Trustee shall execute and deliver to the Depository a Letter of Representations. The execution and delivery of a Letter of Representations shall not in any way impose upon the City or the Trustee any obligation whatsoever with respect to persons having interests in such book-entry Certificates other than the Owners, as shown on the Certificate registration books. By executing a Letter of Representations, the Trustee shall agree to take all action necessary at all times so that the City will be in compliance with all representations of the City in such Letter of Representations. In addition to the execution and delivery of a Letter of Representations, the City and the Trustee shall take such other actions, not inconsistent with this Trust Agreement, as are reasonably necessary to qualify Book-Entry Certificates for the Depository's book-entry program.

(c) Selection of Depository. In the event (i) the Depository determines not to continue to act as securities depository for book-entry Certificates, or (ii) the City determines that continuation of the book-entry system is not in the best interest of the beneficial owners of the Certificates or the City, then the City will discontinue the book-entry system with the Depository. If the City determines to replace the Depository with another qualified securities depository, the City shall prepare or direct the preparation of a new single, separate, fully registered Certificate for each of the maturity dates of such book-entry Certificates, registered in the name of such successor or substitute qualified securities depository or its Nominee as provided in subsection (e) hereof. If the City fails to identify another qualified securities depository to replace the Depository, then the Certificates shall no longer be restricted to being registered in such Certificate register in the name of the Nominee, but shall be registered in whatever name or names the Owners transferring or exchanging such Certificates shall designate, in accordance with the provisions of Sections 2.06 hereof.

(d) Payments To Depository. Notwithstanding any other provision of this Trust Agreement to the contrary, so long as all Outstanding Certificates of a series are held in book-entry form and registered in the name of the Nominee, all payments with respect to principal, prepayment premium, if any, and interest with respect to such Certificate and all notices with respect to such Certificate shall be made and given, respectively to the Nominee, as provided in the Letter of Representations or as otherwise instructed by the Depository and agreed to by the Trustee notwithstanding any inconsistent provisions herein.

(e) Transfer of Certificates to Substitute Depository.

(i) All book-entry Certificates shall be initially executed and delivered as provided in Section 2.01 hereof. Registered ownership of such Certificates, or any portions thereof, may not thereafter be transferred except:

(A) to any successor of DTC or its nominee, or of any substitute depository designated pursuant to clause (B) of subsection (i) of this Section 2.10(e) ("Substitute Depository"); provided that any successor of DTC or Substitute Depository shall be qualified under any applicable laws to provide the service proposed to be provided by it;

(B) to any Substitute Depository, 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 City that DTC (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

(C) to any person as provided below, 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 City that DTC or its successor (or Substitute Depository or its successor) is no longer able to carry out its functions as depository.

(ii) In the case of any transfer pursuant to clause (A) or clause (B) of subsection (i) of this Section 2.10(e), upon receipt of all Outstanding Certificates of a series by the Trustee, together with a written request of the City to the Trustee designating the Substitute Depository, a single new Certificate, which the City shall prepare or cause to be prepared, shall be executed and delivered for each maturity of Certificates of such series 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 written request of the City. In the case of any transfer pursuant to clause (C) of subsection (i) of this Section 2.10(e), upon receipt of all Outstanding Certificates of a series by the Trustee, together with a written request of the City to the Trustee, new Certificates of the applicable series, which the City shall prepare or cause to be prepared, shall be executed and delivered in such denominations and registered in the names of such persons as are requested in such written request of the City, subject to the limitations of Section 2.1 hereof, provided that the Trustee shall not be required to deliver such new Certificates within a period of less than sixty (60) days from the date of receipt of such written request from the City.

(iii) In the case of a partial prepayment or an advance refunding of any Certificates evidencing a portion of the principal maturing in a particular year, DTC or its successor (or any Substitute Depository or its successor) shall make an appropriate notation on such Certificates indicating the date and amounts of such reduction in principal, in form acceptable to the Trustee, all in accordance with the Letter of Representations. The Trustee shall not be liable for such Depository's failure to make such notations or errors in making such notations.

(iv) The City and the Trustee shall be entitled to treat the person in whose name any Certificate is registered as the Owner thereof for all purposes of this Trust Agreement and any applicable laws, notwithstanding any notice to the contrary received by the Trustee or the City; and the City and the Trustee shall not have responsibility for transmitting payments to, communicating with, notifying, or otherwise dealing with any beneficial owners of the Certificates. Neither the City nor the Trustee shall have any responsibility or obligation, legal or otherwise, to any such beneficial owners or to any other party, including DTC or its successor (or Substitute Depository or its successor), except to the Owner of any Certificates, and the Trustee may rely conclusively on its records as to the identity of the Owners of the Certificates.

Section 2.11. Destruction of Cancelled Certificates. Whenever in this Trust Agreement provision is made for the surrender or cancellation by the Trustee and the delivery to the City of any Certificates, the Trustee will cancel and destroy such Certificates and deliver a certificate of such destruction to the City upon its request.

Section 2.12. Additional Certificates. Subsequent to the execution and delivery by the Trustee of the 2003 Certificates and 2007 Certificates, the Trustee shall, upon written request or requests of the City Representative and of the Authority Representative, execute and deliver from time to time one or more series of Additional Certificates in such aggregate principal amount as may be set forth in such written request or requests, provided that there shall have been compliance with all of the following conditions, which are hereby made conditions precedent to the preparation, execution and delivery of such Additional Certificates:

(a) The parties to this Trust Agreement shall have executed a supplemental agreement which (i) sets forth the terms and provisions of such Additional Certificates, including the establishment of such funds and accounts, which may be separate and apart from the funds and accounts established hereunder for the 2003 Certificates and the 2007 Certificates, as shall be necessary or appropriate, and (ii) requires that prior to the delivery of such Additional Certificates the Reserve Requirement with respect to such Additional Certificates shall be on deposit in the Reserve Fund established hereunder or in a reserve fund established under such supplemental agreement;

(b) The scheduled principal and interest payable with respect to such Additional Certificates shall be payable only on Interest Payment Dates;

(c) The Lease shall have been amended, if necessary, to (i) increase or adjust the Lease Payments due and payable on each Lease Payment Date to an amount sufficient to pay the principal, premium (if any) and interest payable with respect to all Outstanding Certificates, including the Additional Certificates to be executed and delivered as and when the same mature or become due and payable (except to the extent such principal, premium and interest may be payable out of moneys then in the Reserve Fund or otherwise on deposit with the Trustee in accordance with this Trust Agreement), (ii) if appropriate, amend the definition of "Property" to include as part of the Property all or any portion of additions, betterments, extensions, improvements or replacements, or such other real or personal property (whether or not located upon the Property as such Property are constituted as of the Delivery Date of the 2003 Certificates or the 2007 Certificates), to be financed, acquired or constructed by the preparation, execution and delivery of such Additional Certificates, and (iii) make such other revisions to the Lease as are necessitated by the execution and delivery of such Additional Certificates (provided, however, that such other revisions shall not prejudice the rights of the Owners of Outstanding Certificates as granted them under the terms of this Trust Agreement);

(d) There shall have been delivered to the Trustee a counterpart of the amendments required by subsection 2.12(c) hereof;

(e) The Trustee shall have received a certificate of the Authority Representative that there exists on the part of the Authority no Event of Default (or any event which, once all notice or grace periods have passed, would constitute an Event of Default);

(f) The Trustee shall have received a certificate of the City Representative that (i) there exists on the part of the City no Event of Default (or any event which, once all notice or grace periods have passed, would constitute an Event of Default) and (ii) the Lease Payments as increased or adjusted do not exceed in any year the fair rental value of the Property (as such term is defined in the amended Lease);

(g) The Trustee shall have received an opinion of Special Counsel substantially to the effect that (i) said supplemental agreement and said amendments to the Lease comply in all respects with the requirements of this Section 2.12, (ii) said supplemental agreement and said amendments to the Lease have been duly authorized, executed and delivered by each of the respective parties thereto (provided that said opinion of Special Counsel, in rendering the opinions set forth in this clause (ii), shall be entitled to rely upon one or more other opinions of counsel, including counsel to any of the respective parties to said supplemental agreement or said amendments to the Lease), (iii) assuming that no Event of Default has occurred and is continuing, this Trust Agreement, as amended by said supplemental agreement, and the Lease, as amended by the respective amendments thereto, constitute the legal, valid and binding obligations of the respective parties thereto, enforceable against said parties in accordance with their respective terms (except to the extent that enforcement thereof may be limited by bankruptcy, insolvency, moratorium, debt adjustment or other laws affecting creditors' rights generally, and except to the extent that enforcement thereof may be limited by general principles of equity, regardless of whether enforcement is sought in a legal or equitable proceeding) and (iv) the execution of such supplemental agreement and said amendments to the Lease, and performance by the parties thereunder, will not result in the inclusion of the interest portion of any Lease Payments payable with respect to any Certificates, including Additional Certificates, theretofore prepared, executed and delivered, in the gross income of the Owners of the Certificates for purposes of federal income taxation;

(h) The City shall have provided the Insurer written notice of the proposed execution and delivery of such Additional Certificates at the addresses indicated in Section 14.05 and shall have received prior written consent of the Insurer with respect to such Additional Certificates; provided that any Additional Certificates being delivered to prepay any Outstanding Certificates shall not require the prior written consent of the Insurer if the aggregate maximum annual debt service with respect to the Certificates and the Additional Certificates during any remaining year that the Certificates will be Outstanding does not exceed maximum annual debt service with respect to the Certificates prior to such prepayment.

(i) There shall have been delivered to the Trustee an endorsement to or reissuance of the title insurance policy delivered under Section 5.5 of the Lease providing that the insured amount is at least equal to the aggregate principal amount of all of the Certificates including the Additional Certificates outstanding upon the execution and delivery of such Additional Certificates;

(j) Upon the execution and delivery of such Additional Certificates, the amount on deposit in the Reserve Fund shall be equal to the Reserve Requirement, taking into account the execution of the Additional Certificates; and

(k) Such other conditions shall have been satisfied, and such other instruments shall have been duly executed and delivered to the Trustee (with a copy to the Insurer), as the City or the Authority shall have reasonably requested.

Upon delivery to the Trustee of the foregoing instruments, the Trustee shall cause to be executed and delivered Additional Certificates representing the aggregate principal amount specified in such supplemental agreement, and such Additional Certificates shall be equally and ratably secured with all Outstanding Certificates theretofore prepared, executed and delivered, all without preference, priority or distinction (other than with respect to maturity, payment, prepayment or sinking fund payment (if any)) of any one Certificate, including Additional Certificates, over any

other; provided, however, that no provision of this Trust Agreement shall require the City to consent to or otherwise permit the preparation, execution and delivery of Additional Certificates, it being understood and agreed that any such consent or other action of the City to permit the preparation, execution and delivery of Additional Certificates, or lack thereof, shall be in the sole discretion of the City.

ARTICLE III

COST OF ISSUANCE FUND, ESCROW FUND AND PROJECT FUND

Section 3.01. Costs of Issuance Fund. The Trustee shall establish, maintain and hold in trust a separate fund designated as the “Costs of Issuance Fund”. The moneys in the Costs of Issuance Fund shall be used and withdrawn by the Trustee to pay the Costs of Issuance upon submission of a written requisition from a City Representative in the form attached as Exhibit B-1 hereto stating the person to whom payment is to be made, the amount to be paid, the purpose for which the obligation was incurred and that such payment is a proper charge against said fund. On the second Business Day preceding April 1, 2007, or upon the earlier written request of a City Representative, all amounts remaining in the Costs of Issuance Fund shall be transferred by the Trustee to the Lease Payment Fund to be applied to debt service on the 2007 Certificates.

Section 3.02. Escrow Fund. The Trustee shall establish and maintain a separate fund to be known as the “Escrow Fund”. Except as otherwise provided herein, moneys in the Escrow Fund shall be used solely for the funding of the Escrow Fund established pursuant to the Escrow Agreement for the defeasance of the 1993 Bonds and pursuant to written instructions of the City and shall be fully disbursed at the Closing Date. Upon the transfer of moneys as contemplated in this Section 3.02, the Trustee shall close the Escrow Fund and transfer any remaining proceeds therein to the Lease Payment Fund for credit to the next Lease Payments then due.

Section 3.03. The Project Fund. The Trustee shall establish and maintain a separate fund to be known as the “Project Fund.” The Trustee shall keep the Project Fund separate and apart from all other funds and moneys held by it; and shall administer such fund as herein provided. The Project Fund shall be held and applied by the Trustee in accordance herewith. Moneys in the Project Fund shall be expended for Project Costs.

Section 3.04. Deposit of Moneys; Payment of Project Costs.

(a) Deposits. There shall be credited to the Project Fund the following amounts: (1) the proceeds of sale of the 2007 Certificates required to be deposited therein pursuant to Section 2.05(b) hereof; (2) all investment earnings on moneys held in each Account of the Project Fund, which shall be credited to each Account and remain in the Project Fund until expended for Project Costs or applied to the prepayment of respective series of Certificates; and (3) any other funds from time to time deposited with the Trustee to pay Project Costs.

(b) Disbursements. The Trustee shall disburse moneys in the Project Fund from time to time to pay Project Costs directly or to reimburse the City for payment of Project Costs, upon receipt by the Trustee of a Project Cost Requisition signed by the City Representative. The Trustee shall have no duty or liability to monitor the application of any moneys disbursed hereunder. The Trustee shall be absolutely protected in making any disbursement from the Project Fund in reliance upon a Project Cost Requisition signed by the City Representative. Each such Project Cost 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.

(c) Transfers of Unexpended Proceeds. Upon the filing with the Trustee of the Certificate of Completion with respect to a series of Certificates pursuant to Section 3.5 of the Lease, the Trustee shall withdraw all remaining moneys in the Account of the Project Fund related to such series (other than any moneys retained therein to pay Project Costs not then due and payable and certified by the City Representative) and shall transfer such moneys to the Lease Payment Fund to be applied to the payment of principal and interest with respect to the Certificates of such series as prescribed in Section 5.04 hereof or, at the written election of the City Representative delivered to the Trustee, together with an opinion of Special Counsel that such transfer will not cause interest due with respect to the Certificates to be included in gross income for federal income tax purposes, shall transfer such moneys to the City for the purpose of capital expenditures of the City, and following such transfer, such Account of the Project Fund shall be closed.

ARTICLE IV

PREPAYMENT FUND

Section 4.01. Establishment of Prepayment Fund. The Trustee shall establish a special fund designated as the "Prepayment Fund"; shall keep such fund separate and apart from all other funds and moneys held by it; and shall administer such fund as herein provided. Moneys to be used for prepayment of the Certificates of a series shall be deposited into the Prepayment Fund and used solely for the purpose of prepaying the Certificates of such series in advance of their maturity on the date designated for prepayment and upon presentation and surrender of such Certificates to the Trustee.

Section 4.02. Extraordinary Prepayment. The Certificates are subject to prepayment prior to their respective maturity dates on any date, in whole or in part, from Net Proceeds which the Trustee shall deposit in the Prepayment Fund as provided in Section 6.1(c) of the Lease at least 45 days prior to the date fixed for prepayment and credited towards the prepayment made by the City pursuant to Section 10.2(a) of the Lease, at a prepayment price equal to the principal amount thereof together with accrued interest to the date fixed for prepayment, without premium.

Section 4.03. Prepayment

(a) Optional Prepayment of the 2003 Certificates. The 2003 Certificates maturing on or after October 1, 2014 are subject to prepayment prior to maturity in whole or in part on any date on or after October 1, 2013, at the option of the City, in the event the City exercises its option under Section 10.3 of the Lease to prepay all or a portion of the principal component of the Lease Payments (in integral multiples of \$5,000 but not in a principal amount of less than \$20,000), at the prepayment price of the principal amount thereof to be prepaid, plus accrued interest to the date fixed for prepayment, without premium. In the event the City gives notice to the Trustee of its intention to exercise such option, but fails to deposit with the Trustee on or prior to the prepayment date an amount equal to the prepayment price, the City will continue to pay the Lease Payments as if no such notice had been given.

(b) Optional Prepayment of the 2007 Certificates. The 2007 Certificates maturing on or after October 1, 2017 are subject to prepayment prior to maturity in whole or in part

on any date on or after October 1, 2016, at the option of the City, in the event the City exercises its option under Section 10.3 of the Lease to prepay all or a portion of the principal component of the Lease Payments (in integral multiples of \$5,000 but not in a principal amount of less than \$20,000), at the prepayment price of the principal amount thereof to be prepaid, plus accrued interest to the date fixed for prepayment, without premium. In the event the City gives notice to the Trustee of its intention to exercise such option, but fails to deposit with the Trustee on or prior to the prepayment date an amount equal to the prepayment price, the City will continue to pay the Lease Payments as if no such notice had been given.

Section 4.04. Selection of Certificates for Prepayment. Whenever provision is made in this Trust Agreement for the optional prepayment of a series of Certificates and less than all Outstanding Certificates of such series are called for optional prepayment, the Trustee shall select Certificates for optional prepayment from among maturities selected by the City and by lot within any maturity. For extraordinary prepayment of Certificates pursuant to Section 4.02 hereof, the Trustee shall select Certificates for prepayment as nearly as practicable on a pro rata basis among series and among maturities within a series and by lot within any maturity. The Trustee shall promptly notify the City and the Authority in writing of the Certificates so selected for prepayment by mailing to the City and the Authority copies of the notice of prepayment provided for in Section 4.05.

Section 4.05. Notice of Prepayment.

(a) Content. When prepayment is authorized or required pursuant to this Article IV, the Trustee shall give notice of the prepayment of the Certificates. Such notice shall specify: (a) the prepayment date, (b) the prepayment price, (c) if less than all of the Outstanding Certificates of a maturity are to be prepaid, the Certificate numbers (and in the case of partial prepayment, the respective principal amounts), (d) the series and CUSIP numbers of the Certificates to be prepaid, (e) the place or places where the prepayment will be made, (f) the original date of execution and delivery of the Certificates, and (g) any other descriptive information regarding the Certificates needed to identify accurately the Certificates being prepaid. Such notice shall further state that on the specified date there shall become due and payable upon each Certificate to be prepaid, the portion of the principal amount of such Certificate to be prepaid, together with interest accrued to said date, and that from and after such date, provided that moneys therefor have been deposited with the Trustee, interest with respect thereto shall cease to accrue and be payable.

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

(b) Recipients: Timing. Notice of such prepayment shall be sent by first class mail or delivery service postage prepaid, or by telecopy, to the municipal Securities Depository (as defined below) on the date of mailing of notice to the Owners by first class mail and to the Information Services (as defined below) that disseminate securities redemption notices, on the date notice is mailed to the Owners and by first class mail, postage prepaid, to the Authority and the

respective Owners of any Certificates designated for prepayment at their addresses appearing on the Certificate registration books, at least thirty (30) days, but not more than sixty (60) days, prior to the prepayment date; provided that neither failure to receive such notice nor any defect in any notice so mailed shall affect the sufficiency of the proceedings for the prepayment of such Certificates. Under no circumstances shall the Trustee have any liability to any party for any inaccurate CUSIP number.

The Securities Depository is The Depository Trust Company, 55 Water Street, New York, New York 10041, Fax (212) 855-7320; or, in accordance with the then current guidelines of the Securities and Exchange Commission to such other addresses and/or such other securities depositories or to no such depositories as the City may designate in writing to the Trustee.

In addition, notice of such prepayment shall also be sent by certified mail, overnight delivery service, facsimile transmission or other secure means, postage prepaid, to all municipal registered securities depositories and to at least two of the national information services that disseminate securities prepayment notices, when possible, at least two (2) days prior to the mailing of notices required by the first paragraph above, and in any event no later than simultaneously with the mailing of notices required by the first paragraph above; provided, that neither failure to receive such notice nor any defect in any notice so mailed shall affect the sufficiency of the proceedings for the prepayment of such Certificates.

Section 4.06. Partial Prepayment of Certificates. Upon surrender by the Owner of a Certificate for partial prepayment at the Principal Office, payment of such partial prepayment of the principal amount of a Certificate will be paid to such Owner. Upon surrender of any Certificate prepaid in part only, the Trustee shall execute and deliver to the registered Owner thereof, at the expense of the City, a new Certificate or Certificates which shall be of authorized denominations equal in principal amount to the unprepaid portion of the Certificate surrendered and of the same series, tenor and maturity. Such partial prepayment shall be valid upon payment of the amount thereby required to be paid to such Owner, and the City, the Authority and the Trustee shall be released and discharged from all liability to the extent of such payment.

Section 4.07. Effect of Notice of Prepayment. Notice having been given to the Owners of the Certificates as set forth in Section 4.05 hereof, and the moneys for the prepayment (including, the interest to the applicable date of prepayment), having, been set aside in the Prepayment Fund, the Certificates for which notice was sent shall become due and payable on said date of prepayment, and, upon presentation and surrender thereof at the Principal Office, said Certificates shall be paid at the prepayment price with respect thereto, plus interest accrued and unpaid to said date of prepayment.

If, on the date of a prepayment, moneys for the prepayment of all the Certificates to be prepaid, together with interest to said date of prepayment, shall be held by the Trustee so as to be available therefor on such date of prepayment, and, if notice of prepayment thereof shall have been given as set forth in Section 4.05 hereof, then, from and after said date of prepayment, interest with respect to the Certificates to be prepaid shall cease to accrue and become payable. All moneys held by or on behalf of the Trustee for the prepayment of Certificates shall be held in trust for the account of the Owners of the Certificates so to be prepaid, without liability for interest thereon.

All Certificates paid at maturity or prepaid prior to maturity pursuant to the provisions of this Article shall be cancelled upon surrender thereof and destroyed.

Section 4.08. Purchase of Certificates in lieu of Redemption. In lieu of optional or extraordinary prepayment of Certificates as provided for herein, amounts held by the Trustee for any such prepayment may also be used for the purchase of Certificates at public or private sale as and when and at such prices (including brokerage, accrued interest and other charges) as the City may in its discretion direct, but not to exceed the prepayment price which would be payable if such Certificates were redeemed.

Section 4.09. Surplus. Any funds remaining in the Prepayment Fund after prepayment and payment of all Certificates Outstanding, including accrued interest and payment of any applicable fees and expenses to the Trustee pursuant to Sections 9.06 and 9.07 hereof and any other Additional Payments payable under the Lease or provision made therefor satisfactory to the Trustee, and provision for any amounts required to be transferred to the Rebate Fund pursuant to Sections 8.07 and 8.08 hereof, shall be withdrawn by the Trustee and remitted to the City.

ARTICLE V

LEASE PAYMENTS; LEASE PAYMENT FUND

Section 5.01. Security Provisions.

(a) Assignment of Rights in Lease. The Authority has, pursuant to the Assignment Agreement, presently assigned and set over to the Trustee certain of its rights in the Lease, including but not limited to all of the Authority's rights to receive and collect all of the Lease Payments, the Prepayments and all other amounts required to be deposited in the Lease Payment Fund pursuant to the Lease or pursuant hereto. All Lease Payments, Prepayments and such other amounts to which the Authority may at any time be entitled (other than amounts due to the Authority under Section 4.11 of the Lease) shall be paid directly to the Trustee, and all of the Lease Payments and Prepayments collected or received by the Authority shall be deemed to be held and to have been collected or received by the Authority as the agent of the Trustee and if received by the Authority at any time shall be deposited by the Authority with the Trustee within five (5) Business Days after the receipt thereof, and all such Lease Payments shall be forthwith deposited by the Trustee upon the receipt thereof in the Lease Payment Fund, all such Prepayments shall be forthwith deposited by the Trustee upon the receipt thereof in the Prepayment Fund. If the City shall fail to deposit with the Trustee a Lease Payment on the applicable Lease Payment Date, the Trustee shall, within three Insurance Business Days after such Lease Payment Date, notify the Insurer of such failure. The Insurance Policies shall be held by the Trustee and, shall be deemed to be held in the Lease Payment Fund.

(b) Security Interest in Moneys and Funds. The Authority and the City, as their interests may appear, hereby grant to the Trustee for the benefit of the Owners a lien on and a security interest in all moneys in the funds held by the Trustee under this Trust Agreement (excepting only the Rebate Fund and any moneys to be deposited into the Rebate Fund), including without limitation, the Lease Payment Fund, the Reserve Fund, the Prepayment Fund, the Escrow Fund and the Net Proceeds Fund, and all such moneys shall be held by the Trustee in trust and applied to the respective purposes specified herein and in the Lease; provided, however, that, notwithstanding any provision of the Trust Agreement to the contrary, the proceeds from an Insurance Policy for a series shall be pledged to and be applied to pay only the principal and interest due with respect to the series of Certificates to which such Insurance Policy relates.

(c) Pledge of Lease Payments and Proceeds. The Lease Payments and any proceeds from the re-letting or any other disposition of the Property pursuant to Article IX of the Lease (the “Lease Proceeds”) are hereby irrevocably pledged to and shall be used for the punctual payment of the interest and principal represented by the Certificates and the Lease Payments and Lease Proceeds shall not be used for any other purpose while any of the Certificates remain Outstanding. This pledge shall constitute a first lien on the Lease Payments and Lease Proceeds in accordance with the terms hereof, subject to Section 13.03 hereof.

Section 5.02. Establishment of Lease Payment Fund. The Trustee shall establish a special fund designated as the “City of Costa Mesa Lease Payment Fund.” All moneys at any time deposited by the Trustee in the Lease Payment Fund shall be held by the Trustee in trust for the benefit of the Owners of the Certificates as and to the extent set forth in Section 5.01. So long as any Certificates are Outstanding, neither the City nor the Authority shall have any beneficial right or interest in the Lease Payment Fund or the moneys deposited therein, except only as provided in this Trust Agreement, and such moneys shall be used and applied by the Trustee as hereinafter set forth.

Section 5.03. Deposits. There shall be deposited in the Lease Payment Fund all Lease Payments and in the Prepayment Fund all Prepayments received by the Trustee, including any moneys received by the Trustee for deposit therein pursuant to Section 2.05 hereof and Section 4.4 of the Lease, and any other moneys required to be deposited therein pursuant to the Lease, including without limitation Section 5.4(c) of the Lease (regarding proceeds of rental interruption insurance) or pursuant to this Trust Agreement, which moneys shall be applied as a credit towards any Lease Payment then due.

Section 5.04. Application of Moneys. Except as provided in this Section 5.04, all amounts in the Lease Payment Fund shall be used and withdrawn by the Trustee solely for the purpose of paying the principal and interest with respect to the Certificates as the same shall become due and payable, in accordance with the provisions of Article II and Article IV hereof, subject to the requirement that investment earnings not required to make the payments due from the Lease Payment Fund may be transferred to the Rebate Fund, to the extent necessary to comply with Section 8.08 hereof.

On or before each Interest Payment Date, the Trustee shall set aside an amount sufficient to pay the interest becoming due and payable on such Interest Payment Date on all Outstanding Certificates. Moneys so set aside shall be used and withdrawn by the Trustee solely for the purpose of paying the interest with respect to the Certificates as it shall become due and payable (including, accrued interest with respect to any Certificates prepaid prior to maturity).

On or before each Interest Payment Date on which the principal of the Certificates shall be payable, the Trustee shall set aside an amount equal to (i) the principal amount of the Certificates coming due and payable on such Interest Payment Date pursuant to Section 2.02, and (ii) the prepayment price of the Certificates (consisting of the principal amount thereof and any applicable premiums) required to be prepaid on such Interest Payment Date pursuant to any of the provisions of Article IV hereof. Moneys so set aside shall be used and withdrawn by the Trustee solely for the purpose of (i) paying the principal of the Certificates at the maturity thereof, or (ii) paying the principal of and premium (if any) on any Certificates upon the prepayment thereof pursuant to Section 4.03 hereof.

Section 5.05. Surplus. Any funds remaining in the Lease Payment Fund after payment of all Certificates Outstanding, including accrued interest and payment of any applicable fees to the Trustee pursuant to Sections 9.06 and 9.07 hereof and any other Additional Payments due under the Lease, or provision made therefor satisfactory to the Trustee, and provision for any amounts required to be transferred to the Rebate Fund pursuant to Section 8.08 hereof, shall be withdrawn by the Trustee and remitted to the City.

ARTICLE VI

RESERVE FUND

Section 6.01. Establishment of Reserve Fund. The Trustee shall establish a special fund designated as the "City of Costa Mesa Reserve Fund," referred to herein as the "Reserve Fund" and shall establish a 2003 Certificates Account and a 2007 Certificates Account therein. All moneys at any time on deposit in the Reserve Fund shall be held by the Trustee in trust for the benefit of the Owners of the Certificates, as a reserve for the payment when due of all the Lease Payments to be paid pursuant to the Lease and of all payments on the Certificates and applied solely as provided herein.

Section 6.02. Funding.

(a) Reserve Requirement. On the Delivery Date for the 2007 Certificates, there shall be transferred to the 2003 Certificates Account of the Reserve Fund \$1,273,250, which equals the initial Reserve Requirement that was funded upon the execution and delivery of the 2003 Certificates. On the Delivery Date for the 2007 Certificates, there shall be transferred to the 2007 Certificates Account of the Reserve Fund \$_____, which shall cause the balance in the Reserve Fund to be increased to the Reserve Requirement as of such date.

The Reserve Requirement, or any portion thereof, may be satisfied by the City by crediting to the Reserve Fund moneys or, with the prior written consent of the Insurer and with notice to S&P, a letter of credit, a bond insurance policy, or any other comparable credit facility or any combination thereof which in the aggregate make funds available in the Reserve Fund in an amount equal to the Reserve Requirement; however, the long-term unsecured debt or claim-paying ability, as the case may be, of the provider of any such letter of credit, bond insurance policy or any other comparable credit facility, must have a rating of at least no less than the current rating on the Certificates and a maturity date equal to the final maturity date of the series of Certificates to which it relates or provide for a drawing, in full, in the event of a nonrenewal of any such instrument with a shorter maturity date.

(b) Delinquent Lease Payments. The City hereby agrees that if at any time the balance in the Reserve Fund shall be reduced below the Reserve Requirement, the first payments of Lease Payments thereafter payable by the City and not needed to pay interest and principal components of Lease Payments payable to the Certificate Owners on the next Interest Payment Date shall be deposited into the Reserve Fund and credited to the Accounts therein such that each Account contains its proportionate share of the Reserve Requirement or, if the available amounts are insufficient to replenish the Reserve Fund in full, then to each Account so that each Account contains the same percentage of its proportionate share of the Reserve Requirement. Amounts in the Reserve Fund shall be used to first, reimburse the provider of any insurance policy, letter of credit or comparable credit facility for any repayment obligation owing thereto for any draw on an insurance

policy, letter of credit or comparable credit facility credited to the Reserve Fund and second, to increase the balance in the Reserve Fund to the Reserve Requirement.

(c) Certain Net Proceeds. Net Proceeds of rental interruption insurance described in Section 5.4 of the Lease shall be deposited first to the Reserve Fund to make up any deficiencies therein and shall be credited to each Account in the manner described in Section 6.02(b) above and second to the Lease Payment Fund to be credited to the payment of the Lease Payments in the order in which they become due.

Section 6.03. Transfers of Excess.

The Trustee shall, on or before each Lease Payment Date, provide written notice to the City of any moneys which will be on hand in each Account of the Reserve Fund (including investment earnings) in excess of the Reserve Requirement on the next succeeding April 1 or October 1, as the case may be, and one Business Day immediately preceding any Lease Payment Date, the Trustee shall transfer such excess moneys, to the Lease Payment Fund to be applied to the Lease Payment then due from the City. In the event of the partial Prepayment of Lease Payments, the City may instruct the Trustee to reduce the amounts on deposit in one or more Accounts of the Reserve Fund to the Reserve Requirement as of such date and may direct the Trustee to transfer excess amounts from one or more Accounts of the Reserve Fund for any lawful purpose.

The transfers described above are in each case subject to the requirement that if the Certificate proceeds shall have become subject to the arbitrage rebate provisions of Section 148(f) of the Code as described in Section 8.08 hereof then investment earnings in excess of the Reserve Requirement may be transferred to the Rebate Fund at the direction of the City as provided in Section 8.08 hereof.

Section 6.04. Application of Reserve Fund in Event of Deficiency in Lease Payment Fund. Whether or not Lease Payments are then in abatement, if one (1) business day immediately preceding any Interest Payment Date, the moneys available in the Lease Payment Fund do not equal the amount of the principal and interest with respect to the Certificates then coming due and payable, the Trustee first shall apply the moneys available in the Reserve Fund to make the payments due with respect to the Certificates on such Interest Payment Date by transferring the amount necessary for such purpose to the Lease Payment Fund as described below. In the event of a deficiency in the Lease Payment Fund, the Trustee shall allocate the available funds to the payment of the principal and interest due on each series of Certificates on a proportionate basis such that an equal percentage of the principal and interest due on a series is paid from the moneys available in the Lease Payment Fund and shall then transfer from the Account of the Reserve Fund for each series the amount required to pay the balance of the principal and interest payments then due on such series, and, if the amount in an Account available for transfer to the Lease Payment Fund is insufficient to pay the balance then due, the Trustee will transfer from amounts available in any other Account of the Reserve Fund the amount required to pay the balance then due. The Trustee shall take whatever action is necessary to liquidate or draw upon investments of funds held in the Reserve Fund or draw upon any insurance policy, letter of credit or comparable credit facility securing the Reserve Fund to make such funds available for application as provided hereunder on the Interest Payment Date.

Section 6.05. Transfer to Make All Lease Payments. If on any Interest Payment Date the moneys on deposit in an Account of the Reserve Fund and the monies in the Lease Payment Fund allocable to the series of Certificates related to such Account (excluding amounts required for

payment of principal or interest with respect to Certificates not presented for payment) are sufficient to pay all Outstanding Certificates of such series, including all principal, interest and prepayment premiums (if any), the Trustee shall, upon the written direction of the City Representative, transfer all amounts in the applicable Account of the Reserve Fund to the Lease Payment Fund or the Prepayment Fund, as applicable, to be applied to the payment of the Lease Payments or to the Prepayment Fund to make Prepayments on behalf of the City and such moneys shall be distributed to the Owners of the applicable series of Certificates in accordance with Article II and Article IV of this Trust Agreement. Any amounts remaining in the Reserve Fund upon payment in full of all Outstanding Certificates and the Trustee's fees and expenses pursuant to Sections 9.06 and 9.07 hereof and any other Additional Payments due under the Lease, or upon provision for such payments as provided in Section 14.01 hereof and provisions for any amounts required to be transferred to the Rebate Fund pursuant to Section 8.08 hereof, shall at the written direction of the City Representative be withdrawn by the Trustee and paid to the City.

ARTICLE VII

NET PROCEEDS FUND

Section 7.01. Establishment of Net Proceeds Fund: Deposits. The Trustee shall establish when required a special fund designated as the "City of Costa Mesa Net Proceeds Fund," referred to herein as the "Net Proceeds Fund," to be maintained and held in trust for the benefit of the Owners, subject to disbursement therefrom as provided herein. The Trustee shall deposit Net Proceeds in the Net Proceeds Fund as provided in Section 6.1(a) of the Lease.

(a) Casualty Insurance. The Trustee shall disburse Net Proceeds for replacement or repair of the Property as provided in Section 6.1(b) of the Lease, or transfer such proceeds to the Prepayment Fund to be applied to the prepayment of Certificates in the manner provided in Section 4.02 hereof, upon notification of the City Representative as provided in Section 6.1(c) of the Lease. Pending such application, such Net Proceeds may be invested by the Trustee as directed by the City Representative in Permitted Investments that mature not later than such times moneys are expected to be needed to pay such costs of repair or replacement. After all of the Certificates have been paid and the entire amount of principal and interest with respect to the Certificates has been paid in full, or provision made for payment satisfactory to the Trustee, including provision for all amounts required to be transferred to the Rebate Fund pursuant to Section 8.08 hereof, the Trustee shall pay any remaining moneys in the Net Proceeds Fund to the City after payment of any amounts due to the Trustee pursuant to Sections 9.06 and 9.07 hereof and any other Additional Payments due under the Lease.

(b) Title Insurance. Proceeds of any policy of title insurance received by the Trustee with respect to the Property shall be applied and disbursed by the Trustee upon the written request of the City as follows:

(i) If the City determines that the title defect giving rise to such proceeds has not substantially interfered with its use and occupancy of the Property and will not result in an abatement of Lease Payments and Additional Payments payable by the City under the Lease (such determination to be certified by the City in writing), such proceeds shall, with the written approval of the Insurer, be remitted to the City and used for any lawful purpose thereof; or

(ii) If the City determines that the title defect giving rise to such proceeds has substantially interfered with its use and occupancy of the Property and will result in an abatement of Lease Payments and Additional Payments payable by the City under the Lease; then the Trustee shall, with the written approval of the Insurer, immediately deposit such proceeds in the Prepayment Fund and such proceeds shall be applied to the prepayment of Certificates in the manner provided in Section 4.02 hereof.

Section 7.02. Cooperation. The Authority and the Trustee shall cooperate fully with the City at the expense of the City in filing any proof of loss with respect to any insurance policy maintained pursuant to Article V of the Lease and in the prosecution or defense of any prospective or pending condemnation proceeding with respect to the Property or any item or portion thereof; provided, however, the Trustee shall not be obligated to take any action hereunder if it is not indemnified to its satisfaction from and against any liability or expense arising therefrom.

ARTICLE VIII

MONEYS IN FUNDS; INVESTMENT

Section 8.01. Held in Trust. The moneys and investments held by the Trustee under this Trust Agreement, other than in the Rebate Fund, are irrevocably held in trust for the benefit of the Owners and, in the case of the Rebate Fund, for payment as required to the United States Treasury, and for the purposes herein specified, and such moneys, and any income or interest earned thereon, shall be expended only as provided in this Trust Agreement, and shall not be subject to levy or attachment or lien by or for the benefit of any creditor of the Authority, the Trustee or the City, or any of them.

Section 8.02. Investments Authorized.

(a) By Trustee. Subject to the further provisions of this Article VIII, moneys held by the Trustee hereunder shall be invested and reinvested on maturity thereof by the Trustee pursuant to Section 8.02(b). The Trustee will report any such investments to the City on a monthly basis in its regular statements. Prior to the occurrence of any Event of Default, the Trustee shall not take any discretionary action or grant any consent under any investment agreement without the prior written consent of the City Representative.

(b) Upon Direction of the City. The City Representative shall direct by facsimile, to the designated trust officer responsible for the administration of this Trust Agreement, followed by oral notification and distribution by U.S. Mail or overnight courier service of such notice, such investment in specific Permitted Investments not less than two Business Days prior to the date that such Permitted Investment is to take effect. Such investments and reinvestments shall be made giving full consideration for the time at which funds are required to be available based among other things, scheduled completion of the various components of the Project. In the event that the City Representative does not so direct the Trustee, the Trustee shall invest in the Permitted Investments described in paragraph (d) of the definition thereof contained in Section 1.01.

Investments purchased with funds on deposit in the Lease Payment Fund and Prepayment Fund shall mature not later than the Interest Payment Date or prepayment date, as appropriate, immediately succeeding the investment. Investments purchased with funds on deposit in the Project Fund shall mature not later than the dates upon which such funds shall be needed to be expended for

the payment of Project Costs. Notwithstanding anything to the contrary contained herein, investments purchased with funds on deposit in an Account of the Reserve Fund shall have an average aggregate weighted term to maturity of not greater than five years; provided that such amounts may be invested in an investment agreement described in paragraph (2)(h) of the definition of Permitted Investments to the date of the final maturity of the series of Certificates for which such Account was established so long as such amounts may be withdrawn at any time, without penalty, for application in accordance with Article VI hereof

(c) Registration. Such investments, if registerable, shall be registered in the name of the Trustee for the benefit of the Owners and held by the Trustee or its nominee.

(d) Trustee as Purchaser or Agent. The Trustee may purchase or sell to itself or any affiliate, as principal or agent, investments authorized by this Section. The Trustee may act as purchaser or agent in the making or disposing of any investment. The Trustee or any of its affiliates may act as a sponsor of, or as an advisor to any provider of, Permitted Investments hereunder. The City acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the City the right to receive brokerage confirmations of security transactions as they occur, the City specifically waives receipt of such confirmations to the extent permitted by law. The Trustee will furnish the City periodic cash transaction statements which include detail for all investment transactions made by the Trustee hereunder.

(e) Trustee Standard of Care. Except as otherwise provided in Section 9.05, the Trustee shall not be responsible or liable for any loss suffered in connection with any investment of funds or sale of such investment made by it in accordance with this Section or disposition made by it in accordance with Section 8.05(b).

Section 8.03. Disposition of Investments. Any income, profit or loss on the investment of moneys held by the Trustee hereunder shall be credited to the respective fund for which it is held, except as otherwise provided herein.

Section 8.04. Accounting. The Trustee shall furnish to the City, not less than monthly, an accounting (which may be in the form of its regular statements) of all investments made by the Trustee and all funds and amounts held by the Trustee; provided, that the Trustee shall not be obligated to deliver an accounting for any fund or account that (i) has a balance of zero and (ii) has not had any activity since the last reporting date. The Trustee shall keep accurate records of all funds administered by it and of all Certificates paid and discharged.

Section 8.05. Valuation and Disposition of Investments.

(a) Valuation. With respect to all funds and accounts, investments shall be valued by the Trustee (i) as frequently as deemed necessary by the Insurer but not less often than annually nor more often than monthly, and (ii) upon any draw upon the Reserve Fund. In making any such valuations, the Trustee may utilize, and conclusively rely upon such valuation services as may be available to the Trustee, including those within its regular accounting system.

(b) Disposition. Subject to the provisions of Section 8.08 hereof, the Trustee shall sell, or present for prepayment, any Permitted Investment so purchased by the Trustee whenever it shall be necessary in order to provide moneys to meet any required payment, transfer, withdrawal or disbursement from the fund to which such Permitted Investment is credited.

Section 8.06. Commingling of Moneys in Funds. The Trustee may, and upon the written request of the City Representative shall, commingle any of the funds held by it pursuant to this Trust Agreement into a separate fund or funds for investment purposes only; provided, however, that all funds or accounts held by the Trustee hereunder shall be accounted for separately notwithstanding such commingling by the Trustee. The City shall ensure that any such commingling complies with Section 1.148-4 of the Treasury Regulations, and shall provide direction to the Trustee accordingly.

Section 8.07. Tax Covenants.

(a) General. The City and the Authority hereby covenant with the holders of the Certificates that, notwithstanding any other provisions of this Trust Agreement, they 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 with respect to the Certificates under Section 103 of the Code. The Authority hereby covenants with the holders of the of the Certificates that, notwithstanding any other provision of this Trust Agreement, to the extent that the Authority may have control over the Project or the proceeds of the Certificates, it shall not take any action that would adversely affect the exclusion from gross income of interest with respect to the Certificates under Section 103 of the Code. The City and the Authority (to the extent that the Authority may have control over the Project or the proceeds of the Certificates) shall not, directly or indirectly, use or permit the use of proceeds of the Certificates or the Project, 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 due with respect to the Certificates.

(b) Use of Proceeds. The City and the Authority (to the extent that the Authority may have control over the Project or the proceeds of the Certificates) shall not take any action, or fail to take any action, if any such action or failure to take action would cause the 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 Certificates or the Project, or any portion thereof, or any other funds of the City, that would cause the Certificates to be “private activity bonds” within the meaning of Section 141 of the Code. To that end, so long as any Certificates are outstanding, the City and the Authority, with respect to such proceeds 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. The City shall establish reasonable procedures necessary to ensure continued compliance with Section 141 of the Code and the continued qualification of the Certificates as “governmental bonds.”

(c) Arbitrage. The City and the Authority (to the extent that the Authority may have control over the Project or the proceeds of the Certificates) shall not, directly or indirectly, use or permit the use of any proceeds of any Certificates, or of the Project, or other funds of the City, or take or omit to take any action, that would cause the Certificates to be “arbitrage bonds” within the meaning of Section 148 of the Code. To that end, the City and 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 Certificates.

(d) Federal Guarantee. The City and the Authority (to the extent that the Authority may have control over the proceeds of the Certificates) shall not make any use of the

proceeds of the Certificates or any other funds of the City, or take or omit to take any other action, that would cause the Certificates to be “federally guaranteed” within the meaning of Section 149(b) of the Code.

(e) Compliance with Tax Certificates. In furtherance of the foregoing tax covenants of this Section, the City covenants that it will comply with the provisions of each Tax Certificate, which is incorporated herein as if fully set forth herein. These covenants shall survive payment in full or defeasance of the Certificates.

Section 8.08. Rebate Fund.

(a) General. The Trustee shall establish a special fund designated the “City of Costa Mesa Rebate Fund” (the “Rebate Fund”) and shall establish a separate account therein for each series of Certificates. All amounts at any time on deposit in the Rebate Fund shall be held by the Trustee in trust, to the extent required to satisfy the requirement to make rebate payments to the United States (the “Rebate Requirement”) pursuant to Section 148 of the Code and the Treasury Regulations promulgated thereunder (the “Treasury Regulations”). Such amounts shall be free and clear of any lien under this Trust Agreement and shall be governed by this Section and Section 8.07 of this Trust Agreement and by the Tax Certificate executed by the City. The Trustee shall be deemed conclusively to have complied with the Rebate Requirement if it follows the directions of the City, and shall have no independent responsibility to, or liability resulting from its failure to, enforce compliance by the City with the Rebate Requirement.

(i) Within 45 days of the end of the fifth Certificate Year for a series of Certificates and each fifth Certificate Year thereafter, (1) the City shall calculate or cause to be calculated with respect to the Certificates of such series the amount that would be considered the “rebate amount” within the meaning of Section 1.148-3 of the Treasury Regulations, and (2) the City shall make an Additional Payment under Section 4.11 of the Lease and transfer to the Trustee for deposit in the Account of the Rebate Fund established for such series, if and to the extent required, amounts sufficient to cause the balance in the Rebate Fund to be equal to the “rebate amount” so calculated. The City may direct that such amount be transferred from the Prepayment Fund and the reserve Fund to the extent permitted by Sections 4.09, 5.04 and 6.03 hereof.

(ii) The City shall not be required to deposit any amount to the Rebate Fund in accordance with preceding sentence if the amount on deposit in the Rebate Fund prior to the deposit required to be made under this subsection (a) equals or exceeds the “rebate amount” calculated in accordance with the preceding sentence. Such excess may be withdrawn from the Rebate Fund to the extent permitted under subsection (f) of this Section.

(iii) The City shall not be required to calculate the “rebate amount,” and shall not be required to deposit any amount to the Rebate Fund in accordance with this subsection (a), with respect to all or a portion of the proceeds of a series of the Certificates (including amounts treated as proceeds of the Certificates) (1) to the extent such proceeds satisfy the expenditure requirements of Section 148(f)(4)(B) or Section 148(f)(4)(C) of the Code or Section 1.148-7(d) of the Treasury Regulations, whichever is applicable, and otherwise qualify for the exception to the Rebate Requirement pursuant to whichever of said sections is applicable, (2) to the extent such proceeds are subject to an election by the City under Section 148(f)(4)(C)(vii) of the Code to pay a 1-1/2% penalty in lieu of arbitrage

rebate in the event any of the percentage expenditure requirements of Section 148(f)(4)(C) are not satisfied, or (3) to the extent such proceeds qualify for the exception to arbitrage rebate under Section 148(f)(4)(A)(ii) of the Code for amounts in a “bona fide debt service fund.”

(b) Withdrawal Following Payment of Certificates. Any funds remaining in an Account of the Rebate Fund for a series of Certificates after prepayment of all the Certificates and any amounts described in paragraph (ii) of subsection (c) of this Section, or provision made therefor satisfactory to the Trustee, including accrued interest and payment of any applicable fees to the Trustee, shall be withdrawn by the Trustee and remitted to the City.

(c) Withdrawal for Payment of Rebate. Upon the City’s written direction, but subject to the exceptions contained in subsection (a) of this Section to the requirement to calculate the “rebate amount” and make deposits to the Rebate Fund, the Trustee shall pay to the United States with respect to the applicable series of Certificates, from amounts on deposit in the Rebate Fund,

(i) not later than 60 days after the end of (1) the fifth Certificate Year, and (2) each fifth Certificate Year thereafter for such series, an amount that, together with all previous rebate payments, is equal to at least 90% of the “rebate amount” for such series calculated as of the end of such Certificate Year in accordance with Section 1.148-3 of the Treasury Regulations; and

(ii) not later than 60 days after the payment of all Certificates, an amount equal to 100% of the “rebate amount” calculated as of the date of such payment (and any income attributable to the “rebate amount” determined to be due and payable) in accordance with Section 1.148-3 of the Treasury Regulations.

(d) Rebate Payments. Each payment required to be made pursuant to subsection (c) of this Section shall be made to the Internal Revenue Service Center, Ogden, Utah 84201 (or such other address as is permitted or required by the Internal Revenue Service) on or before the date on which such payment is due, and shall be accompanied by Internal Revenue Service Form 8038-T, which shall be completed by the arbitrage rebate consultant for execution by the City and provided to the Trustee.

(e) Deficiencies in the Rebate Fund. In the event that, prior to the time any payment is required to be made from the Rebate Fund, the amount in the Rebate Fund is not sufficient to make such payment when such payment is due, the City shall calculate the amount of such deficiency and direct the Trustee to deposit an amount received from the City equal to such deficiency into the applicable Account of the Rebate Fund prior to the time such payment is due.

(f) Withdrawals of Excess Amounts. In the event that immediately following the calculation required by subsection (a) of this Section, but prior to any deposit made under said subsection, the amount on deposit in the applicable Account of the Rebate Fund exceeds the “rebate amount” calculated in accordance with said subsection, upon written instructions from the City, the Trustee shall withdraw the excess from the Rebate Fund and credit such excess to the Lease Payment Fund.

(g) Record Keeping. The City shall retain records of all determinations made hereunder until six years after the complete retirement of the Certificates.

(h) Survival of Defeasance. Notwithstanding anything in this Trust Agreement to the contrary, the Rebate Requirement for a series of the Certificates shall survive the payment in full or defeasance of the Certificates of such series.

ARTICLE IX

THE TRUSTEE

Section 9.01. Appointment of Trustee.

(a) Appointment. The Bank of New York Trust Company, N.A., a national banking association organized under the laws of the United States of America, is hereby appointed Trustee by the Authority and the City.

(b) Qualifications. The Authority and the City agree that they will maintain a Trustee having a corporate trust office in New York, New York, San Francisco, California, Seattle, Washington, or Los Angeles, California capable of exercising trust powers in the State of California, with a combined capital (exclusive of borrowed capital) and a surplus of at least Fifty Million Dollars (\$50,000,000), or be a member of a bank holding company system, which shall have 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, so long as any Certificates are Outstanding. 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 Section 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.

(c) Removal. The Insurer and, so long as there is no Event of Default, the City, may remove the Trustee initially appointed, and any successor thereto, and may appoint a successor or successors thereto.

(d) Resignation. The Trustee may, upon prior written notice to the City, the Insurer and the Authority, resign; provided that such resignation shall not take effect until the successor Trustee is appointed as provided in this Section 9.01. Upon receiving such notice of resignation, the City shall promptly appoint a successor Trustee subject to written approval of the Insurer. In the event the City does not name a successor Trustee within thirty (30) days of receipt of notice of the Trustee's resignation, then the Trustee may petition a federal or state court to seek the immediate appointment of a successor Trustee.

(e) Successor. Any successor Trustee shall be a bank or trust company meeting the qualifications as set forth in Subsection (b) above. Any resignation or removal of the Trustee and appointment of a successor Trustee shall become effective upon acceptance of appointment by the successor Trustee and upon receipt of written approval of the Insurer. Upon such acceptance, the successor Trustee shall mail notice thereof to the Owners at their respective addresses set forth on the Certificate registration books maintained pursuant to Section 2.12.

Section 9.02. Merger or Consolidation. Any company or banking association 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

that such company shall be eligible under Section 9.01, shall be the successor to the Trustee without the execution or filing of any paper or further act, anything herein to the contrary notwithstanding.

Section 9.03. Protection of the Trustee.

(a) Reliance Upon Papers or Documents. The Trustee shall be protected and shall incur no liability in acting or proceeding in good faith upon any resolution, notice, telegram, facsimile transmission, electronic mail, request, consent, direction, waiver, certificate, statement, affidavit, voucher, bond, requisition or other paper or document which it shall in good faith believe to be genuine and to have been passed or signed by the proper board or person or to have been prepared and furnished pursuant to any of the provisions of this Trust Agreement, and the Trustee shall be under no duty to make any investigation or inquiry as to any statements contained or matters referred to in any such instrument, but may, in the absence of bad faith on its part, accept and rely upon the same as conclusive evidence of the truth and accuracy of such statements. In the event the Trustee shall make any investigation into the content of any such certifications, the Trustee shall not thereby be deemed to have expanded the scope of its duties.

(b) Reliance Upon Opinions of Counsel. The Trustee may consult with its counsel or counsel to the City, 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 by it hereunder in good faith in accordance therewith. Before being required to take any action, the Trustee may require an opinion of Independent Counsel acceptable to the Trustee which opinion shall be made available to the other parties hereto upon request, which counsel may be counsel to any of the parties hereto, or a verified certificate of any party hereto, or both, concerning the proposed action and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken by the Trustee in reliance thereon.

(c) Reliance Upon Requested Certificates. Whenever in the administration of its duties under this Trust Agreement, the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed), in the absence of bad faith on its part, shall be deemed to be conclusively proved and established by the certificate of the City Representative or the Authority Representative and such certificate shall be full warranty to the Trustee for any action taken or suffered under the provisions of this Trust Agreement in reliance thereon, 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, provided however that the duties and obligations of the Trustee shall not be deemed expanded thereby.

Section 9.04. Rights of the Trustee.

(a) Ownership of Certificates. The Trustee may become an Owner with the same rights it would have if it were not Trustee; may acquire and dispose of other bonds or evidence of indebtedness of the City with the same rights it would have if it were not the Trustee; and may act as a depository for and permit any of its officers or directors 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 the majority in principal amount of the Certificates then Outstanding.

(b) Attorneys, Agents, Receivers. The Trustee may execute any of the trusts or powers hereof and perform the duties required of it hereunder by or through attorneys, agents, or receivers, shall not be responsible for the actions or omissions of such attorneys, agents or receivers if appointed by it with reasonable care, and shall be entitled to advice of counsel concerning all matters of trust and its duty hereunder.

(c) Funds and Accounts. In addition to the funds and accounts established or required to be established pursuant to this Trust Agreement, the Trustee may establish such additional funds and accounts as it deems necessary or appropriate to perform its duties hereunder, and shall have the right to close such accounts in its discretion.

Section 9.05. Standard of Care. 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 shall only perform those duties specifically set forth herein and no implied duties, covenants or obligations whatsoever shall be read into this Trust Agreement. In the event of and during the continuance of an Event of Default, the Trustee shall exercise such care in performing its duties hereunder as a corporate trustee would exercise in such event.

Section 9.06. Compensation of the Trustee. As an Additional Payment under Section 4.11 of the Lease, the City shall, from time to time, pay such amounts as are specified in any written agreement with the City and, on demand, pay to the Trustee to the extent not covered by such agreement reasonable compensation for its services and the services of any accountants, consultants, attorneys and other experts as may be engaged by the Trustee to provide services under this Trust Agreement pursuant to a written agreement between the City and the Trustee. The City's obligation hereunder shall remain valid and binding notwithstanding maturity and payment of the Certificates.

Section 9.07. Indemnification of Trustee. The City shall, to the extent permitted by law, indemnify and save the Trustee and its officers, directors, agents, and employees harmless from and against (whether or not litigated) all claims, losses, costs, expenses, liability and damages, including legal fees and expenses, arising out of (i) the use, maintenance, condition or management of, or from any work or thing done on, the Property by the City, (ii) any breach or default on the part of the City in the performance of any of its obligations under this Trust Agreement and any other agreement made and entered into for purposes of the Property, (iii) any act of negligence of the City or of any of its agents, contractors, servants, employees or licensees with respect to the Property, (iv) any act of negligence of any assignee of, or purchaser from, the City or of any of its or their agents, contractors, servants, employees or licensees with respect to the Property, (v) the exercise and performance by the Trustee of its powers and duties hereunder or any related document, (vi) the sale of the Certificates and the carrying out of any of the transactions contemplated by the Certificates or this Trust Agreement, or (vii) any untrue statement or alleged untrue statement of any material fact or omission or alleged omission to state a material fact necessary to make the statements made in light of the circumstances in which they were made, not misleading in any official statement or other disclosure document utilized in connection with the sale of the Certificates. The indemnification set forth in this Section 9.07 shall extend to the Trustee's officers, agents, employees, successors and assigns. No indemnification will be made under this Section or elsewhere in this Trust Agreement or other agreements for willful misconduct or negligence by the Trustee, its officers, agents, employees, successors or assigns. The City's obligations hereunder shall remain valid and binding notwithstanding maturity and payment of the Certificates, or the resignation or removal of the Trustee.

In accepting the trust hereby created, the Trustee acts solely as Trustee for the Owners and not in its individual capacity, and all persons, including, without limitation, the Owners, Authority and the City, having any claim against the Trustee arising from this Trust Agreement shall look only to the funds and accounts held by the Trustee hereunder for payment, except as otherwise provided herein or where the Trustee has breached its standard of care as described in Section 9.05 hereof. Under no circumstances shall the Trustee be liable in its individual capacity for the obligations evidenced by the Certificates.

No provision of this Trust Agreement shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of its duties hereunder or in the exercise of any of its rights or powers.

The Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Owners of not less than a majority in aggregate principal amount of the Certificates at the time Outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee or in the exercise of any right hereunder.

The Trustee is authorized and directed to execute, in its capacity as Trustee, the Assignment Agreement.

Every provision of this Trust Agreement, the Lease, the Site Lease and the Assignment Agreement relating to the conduct or liability of the Trustee shall be subject to the provisions of this Trust Agreement, including without limitation, this Article IX.

The Trustee shall have no responsibility with respect to any information, statement or recital in any official statement, offering memorandum or any other disclosure material prepared or distributed with respect to the Certificates.

The Trustee shall not be deemed to have knowledge of any Event of Default hereunder or under the Lease unless it has actual knowledge thereof at its Principal Office.

The Trustee shall not be considered in breach of or in default in its obligations hereunder or progress in respect thereto in the event of enforced delay (“unavoidable delay”) in the performance of such obligations due to unforeseeable causes beyond its control and without its fault or negligence, including, but not limited to, Acts of God or of the public enemy or terrorists, acts of a government, acts of the other party, fires, floods, epidemics, quarantine restrictions, strikes, freight embargoes, earthquakes, explosion, mob violence, riot, inability to procure or general sabotage or rationing of labor, equipment, facilities, sources of energy, material or supplies in the open market, litigation or arbitration involving a party or others relating to zoning or other governmental action or inaction pertaining to the project, malicious mischief, condemnation, and unusually severe weather or delays of suppliers or subcontractors due to such causes or any similar event and/or occurrences beyond the control of the Trustee.

The Trustee agrees to accept and act upon facsimile transmission of written instructions and/or directions pursuant to this Trust Agreement provided, however, that: (a) subsequent to such facsimile transmission of written instructions and/or directions the Trustee shall forthwith receive the originally executed instructions and/or directions, (b) such originally executed instructions and/or directions shall be signed by a person as may be designated and authorized to sign for the party

signing such instructions and/or directions, and (c) the Trustee shall have received a current incumbency certificate containing the specimen signature of such designated person.

Section 9.08. Trustee's Disclaimer of Warranties. THE TRUSTEE MAKES NO WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE VALUE, DESIGN, CONDITION, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OR FITNESS FOR THE USE CONTEMPLATED BY THE CITY OF THE PROPERTY, OR ANY PORTION THEREOF. THE CITY ACKNOWLEDGES THAT THE CITY IS LEASING THE PROPERTY AS IS. In no event shall the Trustee be liable for incidental, indirect, special or consequential damages, in connection with or arising out of the Lease, the Site Lease, the Assignment Agreement or this Trust Agreement for the existence, furnishing, functioning or the City's use and possession of the Property.

ARTICLE X

MODIFICATION OR AMENDMENT OF AGREEMENTS

Section 10.01. Amendments Permitted.

(a) With Consent. This Trust Agreement and the rights and obligations of the Owners, and the Lease and the rights and obligations of the parties thereto, may be modified or amended at any time, with notice to any rating agency then rating the Certificates by a supplemental agreement or amendment thereto which shall become effective when the written consents of the Insurer (so long as the Insurer is not in default in its payment obligations under the 2003 Insurance Policy or 2007 Insurance Policy) and Owners of a majority in aggregate principal amount of the Certificates then Outstanding, exclusive of Certificates disqualified as provided in Section 10.03 hereof, shall have been filed with the Trustee. No such modification or amendment shall:

(i) extend or have the effect of extending the fixed maturity of any Certificate or reducing the interest rate with respect thereto or extending the time of payment of interest, or reducing the amount of principal thereof or reducing any premium payable upon the prepayment thereof, or diminish the security afforded by the Insurance Policy insuring such series of Certificates without the express consent of the Owners of such series of Certificates and the Insurer providing such Insurance Policy (so long as the Insurer is not in default in its payment obligations under such Insurance Policy), or

(ii) reduce or have the effect of reducing the percentage of Certificates required for the affirmative vote or written consent to an amendment or modification of this Trust Agreement or the Lease, or

(iii) modify any of the rights or obligations of the Trustee without its written assent thereto, or

(iv) amend this Section 10.01 without the prior written consent of the Owners of all Certificates then outstanding and the Insurer (so long as the Insurer is not in default in its payment obligations under the Insurance Policies provided by the Insurer).

The Trustee shall have the right to require such opinions of counsel as it deems necessary concerning (i) the lack of material adverse effect of the amendment on Owners and (ii) the fact that the

amendment will not affect the tax status of interest with respect to the Certificates. Any such supplemental agreement or amendments thereto shall become effective as provided in Section 10.02 hereof.

(b) Without Consent. This Trust Agreement and the rights and obligations of the Owners, and the Lease and the rights and obligations of the parties thereto, may be modified or amended at any time by a supplemental agreement or amendments thereto, with the prior written notice to the Insurer and without the consent of any such Owners, but only to the extent permitted by law and only:

- (i) to add to the covenants and agreements of the City hereunder,
- (ii) to cure, correct or supplement any ambiguous or defective provision contained herein or therein,
- (iii) in regard to matters arising hereunder or thereunder, as the parties hereto or thereto may deem necessary or desirable (which may be based upon opinions as provided in Section 9.03(b)), shall not adversely affect the interests of the Owners or the Insurer,
- (iv) to substitute the Property, or a portion thereof, in accordance with Sections 3.5 and 7.12 of the Lease,
- (v) to make such additions, deletions or modifications as may be necessary or appropriate to assure the exclusion from gross income for federal income tax purposes of the interest component of Lease Payments and the interest payable with respect to the Certificates,
- (vi) to add to the rights of the Trustee,
- (vii) to provide for the execution and delivery of Additional Certificates in accordance with the provisions of Section 2.12 hereof.

No such modification or amendment, however, shall modify any of the rights or obligations of the Trustee without its written assent thereto. Any such supplemental agreement shall become effective upon execution and delivery by the parties hereto or thereto as the case may be.

Section 10.02. Procedure for Amendment with Written Consent of the Owners. This Trust Agreement or the Lease may be amended by supplemental agreement as provided in this Section 10.02 in the event the consent of the Owners is required pursuant to Section 10.01(a) hereof. A copy of such supplemental agreement, together with a request to the Owners for their consent thereto, shall be mailed by the Trustee to each Owner of a Certificate at his address as set forth in the Certificate registration books maintained pursuant to Section 2.09 hereof, but failure to receive copies of such supplemental agreement and request so mailed shall not affect the validity of the supplemental agreement when assented to as in this Section provided.

Such supplemental agreement shall not become effective unless there shall be filed with the Trustee the written consent of the Owners of at least a majority in aggregate principal amount of the Certificates then Outstanding (exclusive of Certificates disqualified as provided in Section 10.03 hereof) and notices shall have been mailed as hereinafter in this Section provided. Any such consent

shall be binding upon the Owner of the Certificate giving such consent and on any subsequent Owner (whether or not such subsequent Owner has notice thereof) unless such consent is revoked in writing by the Owner giving such consent or a subsequent Owner by filing such revocation with the Trustee prior to the date when the notice hereinafter in this Section provided for has been mailed.

After the Owners of the required percentage of Certificates shall have filed their consent to such supplemental agreement, the Trustee shall mail a notice to the Owners of the Certificates in the manner hereinbefore provided in this Section for the mailing of such supplemental agreement, stating in substance that such supplemental agreement has been consented to by the Owners of the required percentage of Certificates and will be effective as provided in this Section (but failure to mail copies of said notice shall not affect the validity of such supplemental agreement or consents thereto). A record, consisting of the papers required by this Section to be filed with the Trustee, shall be proof of the matters therein stated until the contrary is proved. The Trustee may obtain and conclusively rely on an opinion of counsel with regard to such matters.

Section 10.03. Disqualified Certificates. Certificates owned or held by or for the account of the City or the Authority or by any person directly or indirectly controlled or controlled by, or under direct or indirect common control with the City or the Authority (except any Certificates held in any pension or retirement fund) shall not be deemed Outstanding for the purpose of any vote, consent, waiver or other action or any calculation of Outstanding Certificates provided for in this Trust Agreement, and shall not be entitled to vote upon, consent to, or take any other action provided for in this Trust Agreement.

The City or the Trustee may adopt appropriate regulations to require each Owner, before his consent provided for in this Article X shall be deemed effective, to reveal if the Certificates as to which such consent is given are disqualified as provided in this Section 10.03 hereof.

Section 10.04. Effect of Supplemental Agreement. From and after the time any supplemental agreement becomes effective pursuant to this Article X, this Trust Agreement or the Lease, as the case may be, shall be deemed to be modified and amended in accordance therewith, the respective rights, duties and obligations of the parties hereto or thereto and all Owners of Certificates Outstanding, as the case may be, shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modification and amendment, and all the terms and conditions of any supplemental agreement shall be deemed to be part of the terms and conditions of this Trust Agreement or the Lease, as the case may be, for any and all purposes.

Section 10.05. Endorsement or Replacement of Certificates Delivered After Amendments. The Trustee may determine that Certificates delivered after the effective date of any action taken as provided in this Article X shall bear a notation, by endorsement, in form approved by the Trustee, as to such action. In that case, upon demand of the Owner of any Outstanding Certificate at such effective date and presentation of his Certificate for such purpose at the Principal Office, a suitable notation shall be made on such Certificate. The Trustee may determine that new Certificates, so modified as in the opinion of the Trustee is necessary to conform to such Owner's action, shall be prepared, executed and delivered. In that case, upon demand of the Owner of any Certificate then Outstanding, such new Certificate shall be exchanged in the Principal Office without cost to such Owner, for a Certificate of the same character then Outstanding, upon surrender of such Certificate.

Section 10.06. Amendatory Endorsement of Certificates. Subject to Section 10.01 hereof, the provisions of this Article X shall not prevent an Owner from accepting any amendment as to the

particular Certificates held by him, provided that due notification thereof is made on such Certificates.

Section 10.07. Copies of Amendments Delivered to Rating Agencies. Copies of any modifications or amendments to this Trust Agreement, the Lease, the Site Lease or the Assignment Agreement shall be delivered by the City to any rating agency then rating the Certificates at least 10 days prior to the effective date thereof.

ARTICLE XI

COVENANTS; NOTICES

Section 11.01. Compliance With and Enforcement of the Lease. The City covenants and agrees with the Owners to perform all obligations and duties imposed on it under the Lease. The Authority covenants and agrees with the Owners to perform all obligations and duties imposed on it under the Lease.

The City will not do or permit anything to be done, or omit or refrain from doing anything, in any case where any such act done or permitted to be done, or any such omission of or refraining from action, would or might be a ground for cancellation or termination of the Lease by the Authority thereunder. The Authority and the City, immediately upon receiving or giving any notice, communication or other document in any way relating to or affecting their respective estates, or either of them, in the Property, which may or can in any manner affect such estate of the City, will deliver the same, or a copy thereof, to the Trustee.

Section 11.02. Payment of Taxes. The City shall pay all taxes as provided in Section 7.7(b) of the Lease.

Section 11.03. Observance of Laws and Regulations. The City will well and truly keep, observe and perform all valid and lawful obligations or regulations now or hereafter imposed on it by contract, or prescribed by any law of the United States, or of the State, or by any officer, board or commission having jurisdiction or control, as a condition of the continued enjoyment of any and every right, privilege or franchise now owned or hereafter acquired by the City, including its right to exist and carry on business as a municipal corporation, to the end that such rights, privileges and franchises shall be maintained and preserved, and shall not become abandoned, forfeited or in any manner impaired.

Section 11.04. Prosecution and Defense of Suits. The City shall promptly, and also upon request of the Trustee, the Insurer or any Owner, from time to time take such action as may be necessary or proper to remedy or cure any defect in or cloud upon the title to the Property, whether now existing or hereafter developing and shall prosecute all such suits, actions and other proceedings as may be appropriate for such purpose.

Section 11.05. City Budgets. In accordance with Section 4.7 of the Lease, the City Representative shall certify to the Trustee on or before September 1 of each year that the City has included all Lease Payments (other than Lease Payments of advance rental), Additional Payments due under the Lease in the Fiscal Year covered by its annual budget and the amount so included. If the City fails to certify that it has included all such Lease Payments and Additional Payments in such annual budget, the Trustee shall promptly provide the City written notice specifying that the City has

failed to observe and perform its covenant and agreement in such Section 4.7 and requesting that such failure be remedied within 30 days, or such failure shall constitute an Event of Default under Section 9.1(b) of the Lease. The Trustee shall forward a copy of such notice to the Authority and to the Insurer. Upon receipt of such notice, the City shall notify the Trustee of the proceedings proposed to be taken by the City, and shall keep the Trustee advised of all proceedings thereafter taken by the City.

Section 11.06. Further Assurances. The Authority and the City will make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of this Trust Agreement, and for the better assuring and confirming unto the Owners the rights and benefits provided herein.

Section 11.07. Continuing Disclosure. The City hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate. Notwithstanding any other provision of this Trust Agreement, failure of the City to comply with the Continuing Disclosure Certificate shall not be considered an Event of Default hereunder; however, any Owner or Beneficial Owner may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City to comply with its obligations under this Section and the Continuing Disclosure Certificate.

ARTICLE XII

LIMITATION OF LIABILITY

Section 12.01. Limited Liability of the City. Except for the payment of Lease Payments, Additional Payments and Prepayments when due in accordance with the Lease and the performance of the other covenants and agreements of the City contained herein and in the Lease, the City shall have no obligation or liability to any of the other parties hereto or to the Owners with respect to this Trust Agreement or the terms, execution, delivery or transfer of the Certificates, or the distribution of Lease Payments to the Owners by the Trustee.

Section 12.02. No Liability of the City or Authority for Trustee Performance. Except as expressly provided herein, neither the City nor the Authority shall have any obligation or liability to any other parties hereto or to the Owners with respect to the performance by the Trustee of any duty imposed upon it under this Trust Agreement.

(a) No Investment Advice. The Trustee shall have no obligation or responsibility for providing information to the Owners concerning the investment character of the Certificates.

(b) Sufficiency of this Trust Agreement or Lease Payments. The Trustee makes no representations as to the validity or sufficiency of the Certificates, shall incur no responsibility in respect thereof, other than in connection with the duties or obligations herein or in the Certificates assigned to or imposed upon it. The Trustee shall not be responsible or liable for the sufficiency or enforceability of the Lease, the Site Lease or the Assignment Agreement. The Trustee shall not be liable for the sufficiency or collection of any Lease Payments or other moneys required to be paid to it under the Lease (except as provided in this Trust Agreement), its right to receive moneys pursuant to said Lease, or the value of or title to the Property.

(c) Actions of Authority and City. The Trustee shall have no obligation or liability to any of the other parties or the Owners with respect to this Trust Agreement or failure or refusal of any other party to perform any covenant or agreement made by any of them under this Trust Agreement or the Lease, but shall be responsible solely for the performance of the duties and obligations expressly imposed upon it hereunder as provided in Section 9.05.

(d) Recitals and Agreements of Authority and City. The recitals of facts, covenants and agreements herein and in the Certificates contained shall be taken as statements, covenants and agreements of the City or the Authority (as the case may be), and the Trustee assumes no responsibility for the correctness of the same.

Section 12.03. Limitation of Rights to Parties and Certificate Owners. Nothing in this Trust Agreement or in the Certificates expressed or implied is intended or shall be construed to give any person other than the City, the Authority, the Trustee, the Insurer and the Owners, any legal or equitable right, remedy or claim under or in respect of this Trust Agreement or any covenant, condition or provision hereof; and all such covenants, conditions and provisions are and shall be for the sole and exclusive benefit of the City, the Authority, the Trustee, the Insurer and the Owners.

Section 12.04. No Liability of Authority to the Owners. Except as expressly provided herein, the Authority shall not have any obligation or liability to the Owners with respect to the payment when due of the Lease Payments by the City or with respect to the observance or performance by the City of the other agreements, conditions, and covenant imposed upon the City by the Lease or by this Trust Agreement.

ARTICLE XIII

EVENTS OF DEFAULT AND REMEDIES OF CERTIFICATE OWNERS

Section 13.01. Assignment of Rights. The parties hereto acknowledge that pursuant to the Assignment Agreement the Authority has transferred, assigned and set over to the Trustee for the benefit of the Owners, certain of the Authority's rights under the Lease.

Section 13.02. Events of Default.

(a) Remedies. If an Event of Default shall happen, then, and in each and every such case during the continuance of such Event of Default, the Trustee may exercise any and all remedies available pursuant to law or granted pursuant to the Lease; provided, however, that notwithstanding anything herein or in the Lease to the contrary, THERE SHALL BE NO RIGHT UNDER ANY CIRCUMSTANCES TO ACCELERATE THE MATURITIES OF THE CERTIFICATES OR OTHERWISE TO DECLARE ANY LEASE PAYMENTS NOT THEN IN DEFAULT TO BE IMMEDIATELY DUE AND PAYABLE; provided further that so long as the Insurer shall not be in default in its payment obligations under the Insurance Policies provided by the Insurer, the Insurer shall control all remedies upon an Event of Default. Section 9.2 of the Lease is hereby incorporated by reference.

(b) Actual Knowledge. The Trustee shall not be deemed to have knowledge of any Event of Default unless and until the trust officer responsible for the administration of this Trust Agreement shall have actual knowledge thereof, or shall have received written notice thereof at the Principal Office.

Section 13.03. Application of Funds. All moneys received by the Trustee pursuant to any right given or action taken under the provisions of this Article XIII or of Article IX of the Lease, shall be deposited into the Lease Payment Fund and be applied by the Trustee after payment of all amounts due and payable under Section 9.06 hereof and Section 4.11 of the Lease in the following order upon presentation of the Certificates, and the stamping thereon of the payment if only partially paid, or upon the surrender thereof if fully paid -

First, Costs and Expenses: to the payment of the costs, fees and expenses of the Trustee in declaring such Event of Default and in performing its duties hereunder, including reasonable compensation to its agents, attorneys and counsel and then to any such amounts incurred by the Owners;

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

Third, Principal: to the payment to the persons entitled thereto of the unpaid principal with respect to any Certificates which shall have become due, whether at maturity or by call for prepayment, in the order of their due dates, with interest on the overdue principal and interest at a rate equal to the rate paid with respect to the Certificates and, if the amount available shall not be sufficient to pay in full all the amounts due with respect to the Certificates on any date, together with such interest, then to the payment thereof ratably, according to the amounts of principal due on such date to the persons entitled thereto, without any discrimination or preference; and

Fourth, Insurer: to the extent not included in clauses First, Second or Third above, to the payment of all amounts then due to the Insurer, as certified in writing to the Trustee.

Section 13.04. Institution of Legal Proceedings. If one or more Events of Default shall happen and be continuing, the Trustee, with the prior written consent of the Insurer, may, and upon the written request of the Owners of a majority in principal amount of the Certificates then Outstanding, and upon being indemnified to its satisfaction therefor, shall, proceed to protect or enforce its rights or the rights of the Owners by a suit in equity or action at law, either for the specific performance of any covenant or agreement contained herein or in the Lease, or in aid of the execution of any power herein granted, or by mandamus or other appropriate proceeding for the enforcement of any other legal or equitable remedy as the Trustee shall deem most effectual in support of any of its rights or duties hereunder; provided that such written request shall not be otherwise than in accordance with provisions of law and this Trust Agreement and that the Trustee shall have the right to decline to follow any such written request if the Trustee shall be advised by counsel that the action or proceeding so requested may not be taken lawfully or if the Trustee in good faith shall determine that the action or proceeding so requested would be unjustly prejudicial to the Certificate Owners not a party to such written request or expose the Trustee to liability. In no event shall counsel to the Trustee be deemed counsel to the Owners, and any communications between the Trustee and its counsel shall be deemed confidential and privileged.

Section 13.05. Non-Waiver. Nothing in this Article XIII or in any other provision of this Trust Agreement or in the Certificates shall affect or impair the obligation of the City to pay or prepay the Lease Payments as provided in the Lease. So long as the Insurer is not in default in its

payment obligations under the Insurance Policies provided by the Insurer, the Trustee shall not waive any default or breach of duty or contract hereunder without the prior written consent of the Insurer. No delay or omission of the Trustee or of any Owner of any of the Certificates to exercise any right or power arising upon the happening of any Event of Default shall impair any such right or power or shall be construed to be a waiver of any such Event of Default or an acquiescence therein, and every power and remedy given by this Article XIII to the Trustee or to the Owners may be exercised from time to time and as often as shall be deemed expedient by the Trustee or the Owners.

Section 13.06. Remedies Not Exclusive. No remedy herein conferred upon or reserved to the Trustee or to the Owners is intended to be exclusive of any other remedy, and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing, at law or in equity or by statute or otherwise.

Section 13.07. Power of Trustee to Control Proceedings. Subject to the Insurer's right to control all remedies upon an Event of Default, in the event that the Trustee, upon the happening of an Event of Default, shall have taken any action, by judicial proceedings or otherwise, pursuant to its duties hereunder, whether upon its own discretion, upon the request of the Insurer, or upon the request of the Owners of a majority in principal amount of the Certificates then Outstanding, it shall have full power, in the exercise of its discretion for the best interest of the Owners of the Certificates, with respect to the continuance, discontinuance, withdrawal, compromise, settlement or other disposal of such action; provided, however, that the Trustee shall not, unless there no longer continues an Event of Default, discontinue, withdraw, compromise or settle, or otherwise dispose of any litigation pending at law or in equity, if at the time there has been filed with it a written request signed by the Owners of at least a majority in principal amount of the Outstanding Certificates hereunder opposing such discontinuance, withdrawal, compromise, settlement or other disposal of such litigation.

Section 13.08. Limitation on Certificate Owners' Right to Sue. No Owner of any Certificate executed hereunder shall have the right to institute any suit, action or proceeding at law or in equity, for any remedy under or upon this Trust Agreement, unless (a) such Owner shall have previously given to the Trustee written notice of the occurrence of an Event of Default under the Lease; (b) so long as the Insurer of such Certificate is not in default in its payment obligations under its Insurance Policies, such Owner shall have obtained such Insurer's consent to such institution or appointment; (c) the Owners of a majority in aggregate principal amount of all the Certificates then Outstanding shall have made written request upon the Trustee to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name; (d) said Owners shall have tendered to the Trustee reasonable indemnity against the costs, expenses and liabilities to be incurred in compliance with such request; (e) the Trustee shall have refused or omitted to comply with such request for a period of 60 days after such written request shall have been received by, and said tender of indemnity shall have been made to, the Trustee; and (f) there shall have been a default in the payment of such Owner's proportionate interest in the Lease Payments as the same become due.

Such notification, request, tender of indemnity, refusal or omission, and default are hereby declared, in every case, to be conditions precedent to the exercise by any Owner of any remedy hereunder; it being understood and intended that no one or more Owners shall have any right in any manner whatever by his or their action to enforce any right under this Trust Agreement, except in the manner herein provided and for the equal benefit of all Owners of the Outstanding Certificates.

The right of any Owner of any Certificate to receive payment of said Owner's proportionate interest in the Lease Payments as the same become due, or to institute suit for the enforcement of such payment, shall not be impaired or affected without the consent of such Owner, notwithstanding the foregoing provisions of this Section or any other provision of this Trust Agreement.

Section 13.09. Agreement to Pay Attorneys' Fees and Expenses. In the event any party to this Trust Agreement should default under any of the provisions hereof and the nondefaulting party should employ attorneys or incur other expenses for the collection of moneys or the enforcement or observance of any obligation or agreement on the part of the defaulting party contained herein, the defaulting party agrees that it will on demand therefor pay to the nondefaulting party the reasonable fees of such attorneys and such other expenses so incurred by the nondefaulting party.

Section 13.10. Insurer's Rights. Anything in this Trust Agreement to the contrary notwithstanding, upon the occurrence and continuance of an Event of Default, each Insurer may exercise its rights as the deemed Owner of the Certificates insured by it as set forth in Section 14.12 hereof for purposes of directing the Trustee in the exercise of all rights and remedies granted to the Owners or to the Trustee for the benefit of the Owners under this Trust Agreement.

ARTICLE XIV

MISCELLANEOUS

Section 14.01. Defeasance.

(a) Methods. If and when any Outstanding Certificates of a series shall be paid and discharged in any one or more of the following ways:

(i) Payment or Prepayment: by well and truly paying or causing to be paid the principal, interest and prepayment premiums (if any) with respect to such Certificates Outstanding, as and when the same become due and payable;

(ii) Cash: if prior to maturity and having given at least thirty (30) days prior written notice of prepayment by depositing with the Trustee, in trust, concurrent with the giving of such notice, an amount of cash which (together with an allocable portion of cash then on deposit in the Lease Payment Fund and the applicable Account of the Reserve Fund together with the interest to accrue thereon, in the event of payment or provision for payment of all Outstanding Certificates of a series) is sufficient to pay such Certificates Outstanding, including all principal and interest and premium, if any; or

(iii) Defeasance Securities: by irrevocably depositing with the Trustee, in trust, Defeasance Securities together with cash, if required, in such amount as will, in the opinion of an independent certified public accountant, together with interest to accrue thereon (and, in the event of payment or provision for payment of all Outstanding Certificates of a series, an allocable portion of moneys then on deposit in the Lease Payment Fund and the applicable Account of the Reserve Fund together with the interest to accrue thereon), be fully sufficient to pay and discharge such Certificates (including all principal and interest represented thereby and prepayment premiums if any) at or before their maturity or prepayment date;

and all other amounts due hereunder have been paid in full, then, notwithstanding that any Certificates shall not have been surrendered for payment, all obligations of the Authority, the Trustee and the City with respect to such Certificates shall cease and terminate, except only the obligation of the City and the Authority to comply with the provisions of Sections 8.07 and 8.08 hereof and the obligation of the Trustee to pay or cause to be paid, from Lease Payments paid by or on behalf of the City from funds deposited pursuant to paragraphs (ii) and (iii) of this Section, to the Owners of the Certificates not so surrendered and paid all sums due with respect thereto, and in the event of deposits pursuant to paragraphs (ii) and (iii) of this Section, the Certificates shall continue to represent direct and proportionate interests of the Owners thereof in Lease Payments under the Lease.

Notwithstanding anything herein to the contrary, in the event that the principal and/or interest with respect to any Certificates shall be paid by the Insurer pursuant to an Insurance Policy, the Certificates so paid shall remain Outstanding for all purposes, not be defeased or otherwise satisfied and not be considered paid by the City, and the assignment and pledge of the Lease Payments and all covenants, agreements and other obligations of the City to the Owners shall continue to exist and shall run to the benefit of such Insurer, and such Insurer shall be subrogated to the rights of such Owners.

(b) Surplus Moneys. Any funds held by the Trustee, at the time of payment or provision for payment of all Outstanding Certificates pursuant to the one of the procedures described in paragraphs (a)(i) through (a)(iii) of this Section, which are not required for the payment to be made to the Owners, shall be paid over to the City, after the payment of any amounts due to the Trustee pursuant to Sections 9.06 and 9.07 hereof, any amounts due and owing to the Insurer, and any other Additional Payments due under the Lease.

(c) Surviving Provisions. Notwithstanding the satisfaction and discharge hereof, the Trustee shall retain such rights, powers and privileges hereunder as may be necessary or convenient for the payment of the principal, interest and prepayment premium, if any, on the Certificates and for the registration, transfer and exchange of the Certificates.

(d) Opinions and Reports. Prior to any defeasance becoming effective under this Section, the City shall cause to be delivered (i) an executed copy of a report, addressed to the Trustee, the City and the Insurer of the Certificates being defeased, in form and substance acceptable to the City and such Insurer, of a nationally recognized firm of certified public accountants, verifying that the Government Obligations and cash, if any, satisfy the requirements of Section 14.01(a) above, (ii) a copy of the escrow deposit agreement entered into in connection with such defeasance, which escrow deposit agreement shall be in form and substance acceptable to such Insurer, and (iii) a copy of an opinion of Special Counsel, dated the date of such defeasance and addressed to the Trustee, the City and such Insurer, in form and substance acceptable to the City and such Insurer, to the effect that such Certificates are no longer Outstanding under this Trust Agreement.

Section 14.02. Non-Presentation of Certificates. In the event any Certificate shall not be presented for payment when the principal with respect thereto becomes due, either at maturity, or at the date fixed for prepayment thereof, if moneys sufficient to pay such Certificate shall have been deposited in the Prepayment Fund or Lease Payment Fund, as applicable, all liability of the City and the Trustee to the Owner thereof for payment of such Certificate shall forthwith cease, terminate and be completely discharged, and thereupon it shall be the duty of the Trustee to hold such moneys, without liability for interest thereon, for the benefit of the Owner of such Certificate who shall

thereafter be restricted exclusively to such moneys, for any claim of whatever nature on his or her part under this Trust Agreement or on, or with respect to, said Certificate.

Any moneys so deposited with and held by the Trustee not so applied to the payment of Certificates within two (2) years after the date on which the same shall have become due shall be paid by the Trustee to the City, free from the trusts created by this Trust Agreement. Prior to forwarding any such moneys to the City, the Trustee may publish notice of its intention to transfer such funds in The Bond Buyer or another financial newspaper of general circulation in New York, New York. In addition, Trustee shall be indemnified from and against any and all liabilities to third parties resulting from its actions under this Section. Thereafter, Owners shall be entitled to look only to the City for payment, and then only to the extent of the amount so repaid by the Trustee. The City shall not be liable for any interest on the sums paid to it pursuant to this section and shall not be regarded as a trustee or trustees of such money.

Section 14.03. Acquisition of Certificates by City. All Certificates acquired by the City, whether by purchase, gift or otherwise, shall be surrendered by the City to the Trustee for cancellation.

Section 14.04. Records. The Trustee shall keep complete and accurate records of all moneys received and disbursed by it under this Trust Agreement, which shall be available for inspection by the City, the Authority and any Owner, or the agent of any of them, at any time during regular business hours upon reasonable prior notice.

Section 14.05. Notices. Except as specifically provided otherwise in this Trust Agreement, all written notices to be given under this Trust Agreement shall be given by mail or personal delivery to the party entitled thereto at its address set forth below, or at such address as the party may provide to the other party in writing from time to time. Notice shall be deemed to have been received upon the earlier of actual receipt or five Business Days after deposit in the United States mail, in certified form, postage prepaid or, in the case of personal delivery, upon delivery to the address set forth below:

If to the City:	City of Costa Mesa 77 Fair Drive P.O. Box 1200 Costa Mesa, CA 92628-1200 Attention: City Manager
If to the Authority:	Costa Mesa Public Financing Authority 77 Fair Drive P.O. Box 1200 Costa Mesa, CA 92628-1200 Attention: Executive Director
If to the Trustee:	The Bank of New York Trust Company, N.A. 700 South Flower Street, Suite 500 Los Angeles, CA 90017-4104 Attention: Corporate Trust Department

If to S&P: Standard & Poor's Ratings Services
55 Water Street
New York, NY 10004
Attention: Public Finance Department

If to the Insurer: MBIA Insurance Corporation
113 King Street
Armonk, NY 10504
Attention: Insured Portfolio Management – Western Region

Section 14.06. Governing Law. THIS TRUST AGREEMENT SHALL BE CONSTRUED AND GOVERNED IN ACCORDANCE WITH THE LAWS OF THE STATE OF CALIFORNIA.

Section 14.07. Binding Effect: Successors. This Trust Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and assigns. Whenever in this Trust Agreement either the Authority, the City or the Trustee is named or referred to, such reference shall be deemed to include the successors or assigns thereof and all the covenants and agreements in this Trust Agreement contained by or on behalf of the Authority, the City or the Trustee shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

Section 14.08. Execution in Counterparts. This Trust 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 agreement.

Section 14.09. Headings. The headings or titles of the several Articles and Sections hereof, and any table of contents appended to copies hereof, shall be solely for convenience of reference and shall not affect the meaning, construction or effect of this Trust Agreement. All references herein to "Articles", "Sections" and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Trust Agreement; and the words "herein," "hereof," "hereunder" and other words of similar import refer to this Trust Agreement as a whole and not to any particular Article, Section or subdivision hereof.

Section 14.10. Waiver of Notice. Whenever in this Trust Agreement the giving of notice by mail or otherwise is required, the giving of such notice may be waived in writing by the person entitled to receive such notice and in any case the giving or receipt of such notice shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

Section 14.11. Separability of Invalid Provisions. In case any one or more of the provisions contained in this Trust Agreement or in the Certificates shall for any reason be held to be invalid, illegal or unenforceable in any respect, then such invalidity, illegality or unenforceability shall not affect any other provision of this Trust Agreement, and this Trust Agreement shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein. The parties hereto hereby declare that they would have entered into this Trust Agreement and each and every other section, paragraph, sentence, clause or phrase hereof and authorized the delivery of the Certificates pursuant thereto irrespective of the fact that any one or more sections, paragraphs, sentences, clauses or phrases of this Trust Agreement may be held illegal, invalid or unenforceable.

Section 14.12. Rights of the Insurer.

(a) Notwithstanding any provision of this Trust Agreement to the contrary, the rights of the Insurer to direct or consent to City, Trustee or Owner actions under the Trust Agreement shall be suspended during any period in which the Insurer is in default in its payment obligations under its Insurance Policies and shall be of no force or effect in the event its Insurance Policies are no longer in effect or the Insurer asserts that its Insurance Policies are not in effect or the Insurer shall have provided written notice that it waives such rights.

(b) Any provision of this Trust Agreement expressly recognizing or granting rights in or to the Insurer may not be amended in any manner which affects the rights of the Insurer hereunder without the prior written consent of the Insurer.

(c) The Insurer is a third-party beneficiary of this Trust Agreement, the Lease and the Site Lease and may enforce any right, remedy or claim given, conferred or granted hereunder.

(d) Nothing in this Trust Agreement expressed or implied is intended or shall be construed to confer upon, or to give or grant to, any person or entity, other than the City, the Trustee, the Insurer, and the Owners, any right, remedy or claim under or by reason of this Trust Agreement or any covenant, condition or stipulation hereof, and all covenants, stipulations, promises and agreements in this Trust Agreement contained by and on behalf of the City shall be for the sole and exclusive benefit of the Trustee, the Insurer and the Owners.

(e) Unless other provided in this Section 14.12, the Insurer's consent shall be required in addition to Owner consent, when required, for the following purposes; (i) execution and delivery of any supplement hereto or any amendment, supplement or change to or modification of the Lease, the Site Lease or the Assignment Agreement, (ii) removal of the Trustee and selection and appointment of any successor trustee, and (iii) initiation or approval of any action not described in (i) or (ii) above which requires Owner consent.

(f) Any reorganization or liquidation plan with respect to the City must be acceptable to the Insurer. In the event of any reorganization or liquidation, the Insurer shall have the right to vote on behalf of all Owners who hold Insurer-insured Certificates absent a default by the Insurer under the applicable Insurance Policy insuring such Certificates.

(g) Notwithstanding any other provision of this Trust Agreement, in determining whether the rights of the Owners will be adversely affected by any action taken pursuant to the terms and provisions of this Trust Agreement, the Trustee shall consider the effect on the Owners as if there were no Insurance Policy.

(h) The Trustee may be removed at any time at the request of the Insurer for any breach of the provisions of this Trust Agreement.

(i) The Insurer shall receive prior written notice of any resignation by the Trustee.

(j) Notwithstanding any other provision of this Trust Agreement, no removal, resignation or termination of the Trustee shall take effect until a successor, acceptable to the Insurer, is appointed.

(k) The Insurer shall be provided notice at least 15 Business Days prior to any advance prepayment of the Certificates.

Section 14.13. Payment Procedure Pursuant to the 2003 Insurance Policy. In the event that, on the second Business Day, and again on the Business Day prior to the Interest Payment Date of the 2003 Certificates, the Trustee has not received sufficient moneys to pay all principal of and interest with respect to the 2003 Certificates due on the second following or following, as the case may be, Business Day, the Trustee shall immediately notify Insurer or its designee on the same Business Day by telephone or telegraph, confirmed in writing by registered or certified mail, of the amount of the deficiency. If the deficiency is made up in whole or in part prior to or on the Interest Payment Date, the Trustee shall so notify the Insurer or its designee.

In addition, if the Trustee has notice that any owner of a 2003 Certificate has been required to disgorge payments of principal or interest with respect to the 2003 Certificates to a trustee in bankruptcy or creditors or others pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes an avoidable preference to such owner of a 2003 Certificate within the meaning of any applicable bankruptcy laws, then the Trustee shall notify Insurer or its designee of such fact by telephone or telegraphic notice, confirmed in writing by registered or certified mail.

The Trustee is hereby irrevocably designated, appointed, directed and authorized to act as attorney-in-fact for holders of the 2003 Certificate as follows:

(i) If and to the extent there is a deficiency in amounts required to pay interest with respect to the 2003 Certificates, the Trustee shall (a) execute and deliver to U.S. Bank Trust National Association or its successors under the 2003 Insurance Policy (the "Insurance Paying Agent"), in form satisfactory to the Insurance Paying Agent, an instrument appointing Insurer as agent for such holders in any legal proceeding related to the payment of such interest and an assignment to Insurer of the claims for interest to which such deficiency relates and which are paid by Insurer, (b) receive as designee of the respective 2003 Certificate (and not as Trustee) in accordance with the tenor of the 2003 Insurance Policy payment from the Insurance Paying Agent with respect to the claims for interest so assigned, and (c) disburse the same to such respective holders.

(ii) If and to the extent of a deficiency in amounts required to pay principal with respect to the 2003 Certificates, the Trustee shall (a) execute and deliver to the Insurance Paying Agent in form satisfactory to the Insurance Paying Agent an instrument appointing Insurer as agent for such holder in any legal proceeding relating to the payment of such principal and an assignment to Insurer of any of the 2003 Certificates surrendered to the Insurance Paying Agent of so much of the principal amount thereof as has not previously been paid or for which moneys are not held by the Trustee and available for such payment (but such assignment shall be delivered only if payment from the Insurance Paying Agent is received), (b) receive as designee of the respective holders (and not as Trustee) in accordance with the tenor of the 2003 Insurance Policy payment therefor from the Insurance Paying Agent, and (c) disburse the same to such holders.

Payments with respect to claims for interest and principal with respect to the 2003 Certificates disbursed by the Trustee from proceeds of the 2003 Insurance Policy shall not be considered to discharge the obligation of the City with respect to such 2003 Certificates, and Insurer shall become the owner of such unpaid 2003 Certificates and claims for the interest in accordance with tenor of the assignment made to it under the provisions of this subsection or otherwise.

Irrespective of whether any such assignment is executed and delivered, the City and the Trustee hereby agree for the benefit of Insurer that:

(1) They recognize that to the extent Insurer makes payments, directly or indirectly (as by paying through the Trustee), on account of principal or interest with respect to the 2003 Certificates, Insurer will be subrogated to the rights of such owners of 2003 Certificates to receive the amount of such principal and interest, with interest thereon as provided and solely from the sources stated in this Trust Agreement; and

(2) They will accordingly pay to Insurer the amount of such principal and interest (including principal and interest recovered under subparagraph (ii) of the first paragraph of the 2003 Insurance Policy which principal and interest shall be deemed past due and not to have been paid), with interest thereon as provided in this Trust Agreement but only from the sources and in the manner provided herein for the payment of principal of and interest with respect to the 2003 Certificates to holders and will otherwise treat Insurer as the owner of such rights to the amount of such principal and interest.

Section 14.14. Payment Procedure Pursuant to the 2007 Insurance Policy. In the event that, on the second Business Day, and again on the Business Day prior to the Interest Payment Date of the 2007 Certificates, the Trustee has not received sufficient moneys to pay all principal of and interest with respect to the 2007 Certificates due on the second following or following, as the case may be, Business Day, the Trustee shall immediately notify Insurer or its designee on the same Business Day by telephone or telegraph, confirmed in writing by registered or certified mail, of the amount of the deficiency. If the deficiency is made up in whole or in part prior to or on the Interest Payment Date, the Trustee shall so notify the Insurer or its designee.

In addition, if the Trustee has notice that any owner of a 2007 Certificate has been required to disgorge payments of principal or interest with respect to the 2007 Certificates to a trustee in bankruptcy or creditors or others pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes an avoidable preference to such owner of a 2007 Certificate within the meaning of any applicable bankruptcy laws, then the Trustee shall notify Insurer or its designee of such fact by telephone or telegraphic notice, confirmed in writing by registered or certified mail.

The Trustee is hereby irrevocably designated, appointed, directed and authorized to act as attorney-in-fact for holders of the 2007 Certificate as follows:

(i) If and to the extent there is a deficiency in amounts required to pay interest with respect to the 2007 Certificates, the Trustee shall (a) execute and deliver to U.S. Bank Trust National Association or its successors under the 2007 Insurance Policy (the "Insurance Paying Agent"), in form satisfactory to the Insurance Paying Agent, an instrument appointing Insurer as agent for such holders in any legal proceeding related to the payment of

such interest and an assignment to Insurer of the claims for interest to which such deficiency relates and which are paid by Insurer, (b) receive as designee of the respective 2007 Certificate (and not as Trustee) in accordance with the tenor of the 2007 Insurance Policy payment from the Insurance Paying Agent with respect to the claims for interest so assigned, and (c) disburse the same to such respective holders.

(ii) If and to the extent of a deficiency in amounts required to pay principal with respect to the 2007 Certificates, the Trustee shall (a) execute and deliver to the Insurance Paying Agent in form satisfactory to the Insurance Paying Agent an instrument appointing Insurer as agent for such holder in any legal proceeding relating to the payment of such principal and an assignment to Insurer of any of the 2007 Certificates surrendered to the Insurance Paying Agent of so much of the principal amount thereof as has not previously been paid or for which moneys are not held by the Trustee and available for such payment (but such assignment shall be delivered only if payment from the Insurance Paying Agent is received), (b) receive as designee of the respective holders (and not as Trustee) in accordance with the tenor of the 2007 Insurance Policy payment therefor from the Insurance Paying Agent, and (c) disburse the same to such holders.

Payments with respect to claims for interest and principal with respect to the 2007 Certificates disbursed by the Trustee from proceeds of the 2007 Insurance Policy shall not be considered to discharge the obligation of the City with respect to such 2007 Certificates, and Insurer shall become the owner of such unpaid 2007 Certificates and claims for the interest in accordance with tenor of the assignment made to it under the provisions of this subsection or otherwise.

Irrespective of whether any such assignment is executed and delivered, the City and the Trustee hereby agree for the benefit of Insurer that:

(1) They recognize that to the extent Insurer makes payments, directly or indirectly (as by paying through the Trustee), on account of principal or interest with respect to the 2007 Certificates, Insurer will be subrogated to the rights of such owners of 2007 Certificates to receive the amount of such principal and interest, with interest thereon as provided and solely from the sources stated in this Trust Agreement; and

(2) They will accordingly pay to Insurer the amount of such principal and interest (including principal and interest recovered under subparagraph (ii) of the first paragraph of the 2007 Insurance Policy which principal and interest shall be deemed past due and not to have been paid), with interest thereon as provided in this Trust Agreement but only from the sources and in the manner provided herein for the payment of principal of and interest with respect to the 2007 Certificates to holders and will otherwise treat Insurer as the owner of such rights to the amount of such principal and interest.

Section 14.15. Information to be Provided to the Insurer.

(a) While any Insurance Policy provided by the Insurer is in effect, the Insurer shall be provided with the following information by the City or the Trustee, as applicable:

(i) As soon as practicable after the approval or acceptance thereof, a copy of the City's annual audited financial statements and annual budget;

(ii) A copy of any notice to be given to any party hereunder, including, without limitation, notice of any prepayment of or defeasance of the Certificates, and any certificate rendered pursuant to this Trust Agreement relating to the security for the Certificates;

(iii) A copy of any notice sent with respect to the Continuing Disclosure Certificate;

(iv) A copy of the certificate regarding insurance coverages as required by Section 5.6(d) of the Lease;

(v) Notification of any failure of the City to provided relevant notices and certificates pursuant to this Trust Agreement or the Lease; and

(vi) Notwithstanding any other provision of this Trust Agreement, the Trustee or the City, as applicable, shall immediately notify the Insurer if at any time there are insufficient moneys to make any payments of principal and interest as required under this Trust Agreement and immediately upon the occurrence of an Event of Default hereunder.

(b) The notice address of the Insurer is set forth in Section 14.05 hereof. In the case of notices, then a copy of such notice shall also be sent to the attention of General Counsel Office.

(c) The City will permit the Insurer to discuss the affairs, finances and accounts of the City or any information the Insurer may reasonably request regarding the security for the Certificates with appropriate officers of the City. The Trustee or the City will permit the Insurer to have access to the Property and the have access to and to make copies of all books and records relating to the Certificates at any reasonable time.

Section 14.16. Other Provisions Regarding the Insurer.

(a) Copies of any amendments made to the documents executed in connection with the issuance of the Certificates which are consented to by the Insurer shall be sent to Standard & Poor's Corporation.

(b) The Insurer shall receive notice of the resignation or removal of the Trustee and the appointment of a successor thereto.

(c) The Insurer shall receive copies of all notices required to be delivered to Owners of Certificates and, on an annual basis, copies of the City's audited financial statements and annual budget.

Notices: Any notice that is required to be given to an Owner of the Certificates or to the Trustee pursuant to this Trust Agreement shall also be provided to the Insurer. All notices required to be given to the Insurer under this Trust Agreement shall be in writing and shall be sent by registered or certified mail addressed to MBIA Insurance Corporation, 113 King Street, Armonk, New York, New York 10504, Attention: Surveillance.

The City agrees to reimburse the Insurer immediately and unconditionally upon demand, to the extent permitted by law, for all reasonable expenses, including attorneys' fees and expenses, incurred by the Insurer in connection with (i) the enforcement by the Insurer of the City's obligations, or the preservation or defense of any rights of the Insurer, under this Trust Agreement and any other document executed in connection with the issuance of the Certificates, and (ii) any consent, amendment, waiver or other action with respect to this Trust Agreement or any related document, whether or not granted or approved, together with interest on all such expenses from and including the date incurred to the date of payment at Citibank's Prime Rate plus 3% or the maximum interest rate permitted by law, whichever is less. In addition, the Insurer reserves the right to charge a fee in connection with its review of any such consent, amendment or waiver, whether or not granted or approved.

(d) The City agrees not to use Insurer's name in any public document including, without limitation, a press release or presentation, announcement or forum without Insurer's prior consent. In the event that the City advised by counsel that it has a legal obligation to disclose Insurer's name in any press release, public announcement or other public document, the City shall provide the Insurer with at least three (3) business days' prior written notice of its intent to use Insurer's name together with a copy of the proposed use of Insurer's name and of any description of a transaction with the Insurer and shall obtain Insurer's prior consent as to the form and substance of the proposed use of Insurer's name and any such description.

(e) The City shall not enter into any agreements nor shall it consent to or participate in any arrangement pursuant to which Certificates are tendered or purchased for any purpose other than the redemption and cancellation or legal defeasance of such Certificates without the prior written consent of the Insurer.

IN WITNESS WHEREOF, the parties have executed this Trust Agreement as of the date and year first above written.

THE BANK OF NEW YORK TRUST COMPANY,
N.A., as Trustee

By: _____
Its: Authorized Officer

COSTA MESA PUBLIC FINANCING
AUTHORITY

By: _____
Its: Executive Director

ATTEST:

Treasurer

CITY OF COSTA MESA

By: _____
Its: City Manager

ATTEST:

Finance Director

EXHIBIT A-1

FORM OF 2003 CERTIFICATE

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UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY (AS DEFINED IN THE AMENDED AND RESTATED TRUST AGREEMENT) TO THE REGISTRAR FOR REGISTRATION OF TRANSFER, EXCHANGE, OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

UNITED STATES OF AMERICA
STATE OF CALIFORNIA
COUNTY OF ORANGE

CITY OF COSTA MESA, CALIFORNIA
REFUNDING CERTIFICATES OF PARTICIPATION
(PUBLIC FACILITIES PROJECT)
SERIES 2003

Evidencing the Fractional Interest of the Owner Hereof
In Lease Payments to be Made by
CITY OF COSTA MESA
As Rental for Certain Property
Pursuant to a Lease/Purchase Agreement With
COSTA MESA PUBLIC FINANCING AUTHORITY

INTEREST RATE	MATURITY DATE	DELIVERY DATE	CUSIP
____%	October 1, 20__	October 15, 2003	_____

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: _____ THOUSAND
AND NO/100 DOLLARS

THIS IS TO CERTIFY THAT the registered owner named above, or registered assigns, as the Registered Owner of this Certificate of Participation (the "Certificate") is the owner of a fractional and undivided interest in the right to receive certain Lease Payments and Prepayments thereof under and as defined in that certain Lease/Purchase Agreement dated as of October 1, 2003, as amended from time to time (the "Lease"), by and between the Costa Mesa Public Financing Authority, a joint exercise of powers authority duly organized and existing under the laws of the State of California (the "Authority") and the City of Costa Mesa, a municipal corporation and general law city organized and existing under and by virtue of the laws and Constitution of the State of California (the "City"), which Lease Payments and Prepayments and certain other rights and interests under the Lease have been assigned to The Bank of New York Trust Company, N.A., as successor to BNY Western Trust Company, as trustee (the "Trustee"), having a corporate trust office or agency in Los Angeles, California (said office being herein referred to as the "Principal Office").

The Registered Owner of this Certificate is entitled to receive, subject to the terms of the Lease, on the maturity date specified above, the principal amount specified above, representing a portion of the Lease Payments designated as principal coming due during the preceding twelve months, and to receive on April 1, 2004, and semiannually thereafter on October 1 and April 1 of each year (the "Payment Dates") until payment in full of said portion of principal, the Registered Owner's portion of the Lease Payments designated as interest coming due during the six months immediately preceding each of the Payment Dates provided that interest with respect hereto shall be payable from the Payment Date next preceding the date of execution of this Certificate unless (i) this Certificate is executed during the period from the day after the fifteenth day of the month proceeding a Payment Date (the "Record Date") to and including such Payment Date, in which event interest shall be payable from such Payment Date, or (ii) unless this Certificate is executed on or prior to March 15, 2004, in which event interest shall be payable from the Delivery Date hereof. The portion of the Lease Payments designated as interest is computed on the basis of a 360-day year of twelve 30-day months and is the result of the multiplication of the aforesaid portion of the Lease Payments designated as principal by the rate per annum identified above. Said amounts are payable in lawful money of the United States of America. The amount representing principal payable at maturity or upon prepayment in whole or in part is payable to the Registered Owner upon presentation and surrender of this Certificate at the Principal Office. The amounts representing interest are payable by check mailed by the Trustee by first class mail, postage prepaid, to the Registered Owner hereof as of the Record Date preceding the Payment Date at his address as it appears on the registration books of the Trustee. Interest with respect to any Certificates may, at the option of any Owner of Certificates in an aggregate principal amount of \$1,000,000 or more evidenced by the written request of such Owner to the Trustee, be paid to such Owner by wire transfer to the bank and account number on file with the Trustee as of the Record Date.

This Certificate is one of the \$14,340,000 aggregate principal amount of "City of Costa Mesa Refunding Certificates of Participation (Public Facilities Project) Series 2003 (the "Certificates") which have been executed and delivered by the Trustee pursuant to the terms of a Trust Agreement dated as of October 1, 2003, as amended from time to time (the "Trust Agreement"), by and among the Trustee, the Authority and the City. The City is authorized to enter into the Lease and the Trust Agreement under the Constitution and laws of the State of California. Reference is hereby made to the Lease and the Trust Agreement (copies of which are on file at the Principal Office) for a description of the terms on which the Certificates are delivered, the rights thereunder of the Registered Owners of the Certificates, the rights, duties and immunities of the Trustee and the rights and obligations of the City under the Lease, to all of the provisions of which Lease and Trust Agreement the Registered Owner of this Certificate, by acceptance hereof, assents and agrees.

The City is obligated to pay Lease Payments from any source of legally available funds, and the City has covenanted in the Lease to make the necessary annual appropriations therefor. The obligation of the City to pay the Lease Payments does not constitute an obligation of the City for which the City is obligated to levy or pledge any form of taxation or for which the City has levied or pledged any form of taxation. The obligation of the City to pay Lease Payments does not constitute a debt of the City, the State of California or any of its political subdivisions within the meaning of any Constitutional or statutory debt limitation or restriction. The City's obligation to pay Lease Payments may be abated during any period in which, by reason of material damage, destruction, title defect, or taking by eminent domain or condemnation there is substantial interference with the use and right of possession by the City of the Property. Failure of the City to pay Lease Payments during any such period shall not constitute a default under the Lease, the Trust Agreement or this Certificate.

To the extent and in the manner permitted by the terms of the Trust Agreement, the provisions of the Trust Agreement may be amended by the parties thereto with the written consent of the Insurer so long as the Insurer is not in default in its payment obligations under that Insurance Policy and the Registered Owners of at least a majority in aggregate principal amount of the Certificates then Outstanding, and may be amended, with the consent of the Insurer and without such consent of the Registered Owners under certain circumstances, but in no event such that the interests of the Registered Owners of the Certificates are adversely affected. No such modification or amendment shall (i) extend or have the effect of extending the fixed maturity of any Certificate or reducing the interest rate with respect thereto or extending the time of payment of interest, or reducing the amount of principal thereof or reducing any premium payable upon the prepayment thereof, without the express consent of the Registered Owner of such Certificate, or (ii) reduce or have the effect of reducing the percentage of Certificates required for the affirmative vote or written consent to an amendment or modification of the Lease, (iii) modify any of the rights or obligations of the Trustee without its written assent thereto or (iv) amend the section of the Trust Agreement dealing with permitted amendments thereof without the prior written consent of the owners of all Certificates and the Insurer so long as the Insurer is not in default in its payment obligations under that Insurance Policy.

This Certificate is transferable by the Registered Owner hereof, in person or by his duly authorized attorney, at the Principal Office, but only in the manner, subject to the limitations and upon payment of the charges provided in the Trust Agreement and upon surrender and cancellation of this Certificate. Upon such transfer a new Certificate or Certificates, of an authorized denomination or denominations, for the same aggregate principal amount, maturity and interest rate, will be delivered to the transferee. This Certificate also may be exchanged for a like aggregate principal amount of Certificates of other authorized denominations as prescribed in the Trust Agreement. The City, the Authority, and the Trustee may treat the Registered Owner hereof as the absolute owner hereof for all purposes whether or not this Certificate shall be overdue, and the City, the Authority and the Trustee shall not be affected by any notice to the contrary.

The Trustee shall not be required to transfer any Certificate selected for prepayment or be required to transfer any Certificate during the period in which the Trustee is selecting Certificates for prepayment.

The Certificates are subject to prepayment, on any date, in whole or in part, from Net Proceeds deposited by the Trustee in the Prepayment Fund established under the Trust Agreement at least forty-five (45) days prior to the date fixed for prepayment, at a prepayment price equal to the

principal amount thereof together with accrued interest to the date fixed for prepayment, without premium.

The Certificates maturing on or after October 1, 2014 are subject to prepayment prior to maturity in whole or in part on any date on or after October 1, 2013, at the option of the City, in the event the City exercises its option under the Lease to prepay all or a portion of the principal component of the Lease Payments (in integral multiples of \$5,000 but not in a principal amount of less than \$20,000), at a prepayment price of par, plus accrued interest to the date fixed for prepayment, without premium.

The Certificates are subject to extraordinary mandatory prepayment prior to their respective maturity dates on any date, in whole or in part, from Net Proceeds which the Trustee shall deposit in the Prepayment Fund as provided in Section 6.1(c) of the Lease at least 45 days prior to the date fixed for prepayment and credited towards the prepayment made by the City pursuant to Section 10.2(a) of the Lease, at a prepayment price equal to the principal amount thereof together with accrued interest to the date fixed for prepayment, without premium.

As provided in the Trust Agreement, notice of prepayment shall be mailed, not less than 30 nor more than 60 days before the prepayment date, to the Registered Owner of this Certificate, but neither failure to receive such notice nor any defect in the notice so mailed shall affect the sufficiency of the proceedings for prepayment. If this Certificate is called for prepayment and payment is duly provided therefor as specified in the Trust Agreement, interest shall cease to accrue with respect hereto from and after the date fixed for prepayment.

The City has certified that all acts, conditions and things required by the statutes of the State of California and the Trust Agreement to exist, to have happened and to have been performed precedent to and in connection with the execution and delivery of this Certificate do exist, have happened and have been performed in regular and due time, form and manner as required by law, and that the Trustee is duly authorized to execute and deliver this Certificate, and that the amount of this Certificate, together with all other Certificates executed and delivered under the Trust Agreement, is not in excess of the amount of Certificates authorized to be executed and delivered thereunder.

Capitalized terms used herein which are not otherwise defined shall have the respective meanings assigned thereto in the Trust Agreement.

The Trustee has no obligation or liability to the Registered Owners to make payments of principal or interest with respect to this Certificate except from Lease Payments paid to the Trustee and from the various funds and accounts established under the Trust Agreement. The Trust Agreement provides that the recitals of facts, covenants and agreements in this Certificate shall be taken as statements, covenants and agreements of the City, and the Trustee assumes no responsibility for the correctness of the same. The Trustee has executed this Certificate solely in its capacity as Trustee under the Trust Agreement and not in its individual or personal capacity.

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE SECURITIES DEPOSITORY (AS DEFINED IN THE TRUST AGREEMENT) TO THE TRUSTEE FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE SECURITIES DEPOSITORY (AND ANY PAYMENT IS MADE

TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE SECURITIES DEPOSITORY), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

IN WITNESS WHEREOF, this Certificate has been executed and delivered by The Bank of New York Trust Company, N.A., as successor to BNY Western Trust Company, as Trustee, acting pursuant to the Trust Agreement.

Date of Execution: _____

THE BANK OF NEW YORK TRUST COMPANY,
AS SUCCESSOR TO BNY WESTERN TRUST
COMPANY, as Trustee

By: _____
Its: Authorized Officer

[FORM OF STATEMENT OF INSURANCE]

MBIA Insurance Corporation (the “Insurer”) has issued a policy containing the following provisions, such policy being on file at BNY Western Trust Company, Los Angeles, California, or its successor (the “Trustee”).

The Insurer, in consideration of the payment of the premium and subject to the terms of this policy, hereby unconditionally and irrevocably guarantees to any owner, as hereinafter defined, of the following described obligations, the full and complete payment required to be made by or on behalf of the City to the Trustee of an amount equal to (i) the principal of and interest with respect to, the Obligations (as that term is defined below) as such payments shall become due but shall not be so paid (except that in the event of any acceleration of the due date of such principal by reason of optional redemption or acceleration resulting from default or otherwise, the payments guaranteed hereby shall be made in such amounts and at such times as such payments of principal would have been due had there not been any such acceleration); and (ii) the reimbursement of any such payment which is subsequently recovered from any owner pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes an avoidable preference to such owner within the meaning of any applicable bankruptcy law. The amounts referred to in clauses (i) and (ii) of the preceding sentence shall be referred to herein collectively as the “Insured Amounts.” “Obligations” shall mean:

\$14,340,000
CITY OF COSTA MESA, CALIFORNIA
REFUNDING CERTIFICATES OF PARTICIPATION
(PUBLIC FACILITIES PROJECT)
SERIES 2003

Upon receipt of telephonic or telegraphic notice, such notice subsequently confirmed in writing by registered or certified mail, or upon receipt of written notice by registered or certified mail, by the Insurer from the Paying Agent or any owner of an Obligation the payment of an Insured Amount for which is then due, that such required payment has not been made, the Insurer on the due date of such payment or within one business day after receipt of notice of such nonpayment, whichever is later, will make a deposit of funds, in an account with U.S. Bank Trust National Association, in New York, New York, or its successor, sufficient for the payment of any such Insured Amounts which are then due. Upon presentment and surrender of such Obligations or presentment of such other proof of ownership of the Obligations, together with any appropriate instruments of assignment to evidence the assignment of the Insured Amounts due on the Obligations as are paid by the Insurer, and appropriate instruments to effect the appointment of the Insurer as agent for such owners of the Obligations in any legal proceeding related to payment of Insured Amounts on the Obligations, such instruments being in a form satisfactory to U.S. Bank Trust National Association, U.S. Bank Trust National Association shall disburse to such owners or the Paying Agent payment of the Insured Amounts due on such Obligations, less any amount held by the Paying Agent for the payment of such Insured Amounts and legally available therefor. This policy does not insure against loss of any prepayment premium which may at any time be payable with respect to any Obligation.

As used herein, the term “owner” shall mean the registered owner of any Obligation as indicated in the books maintained by the Paying Agent, the City, or any designee of the City for such

purpose. The term owner shall not include the City or any party whose agreement with the City constitutes the underlying security for the Obligations.

Any service of process on the Insurer may be made to the Insurer at its offices located at 113 King Street, Armonk, New York 10504 and such service of process shall be valid and binding.

This policy is non-cancellable for any reason. The premium on this policy is not refundable for any reason including the payment prior to maturity of the Obligations.

In the event the Insurer were to become insolvent, any claims arising under a policy of financial guaranty insurance are excluded from coverage by the California Insurance Guaranty Association, established pursuant to Article 14.2 (commencing with Section 1063) of Chapter 1 of Part 2 of Division 1 of the California Insurance Code.

MBIA INSURANCE CORPORATION

[FORM OF ASSIGNMENT]

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto

(print or typewrite name, address, including postal zip code, and social security or other identifying number of Transferee)

the within Certificate and all rights thereunder, and hereby irrevocably constitutes and appoints

_____, attorney

to transfer the within Certificate on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____

Signature Guaranteed

NOTICE: Signature(s) must be guaranteed by an eligible guarantor institution.

NOTICE: The signature to this assignment must correspond with the name as it appears upon the face of the within Certificate in every particular, without alteration or enlargement or any change whatever.

EXHIBIT A-2

FORM OF 2007 CERTIFICATE

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\$_____

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY (AS DEFINED IN THE AMENDED AND RESTATED TRUST AGREEMENT) TO THE REGISTRAR FOR REGISTRATION OF TRANSFER, EXCHANGE, OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

UNITED STATES OF AMERICA
STATE OF CALIFORNIA
COUNTY OF ORANGE

CITY OF COSTA MESA, CALIFORNIA
2007 CERTIFICATES OF PARTICIPATION
(POLICE FACILITY EXPANSION PROJECT)

Evidencing the Fractional Interest of the Owner Hereof
In Lease Payments to be Made by
CITY OF COSTA MESA
As Rental for Certain Property
Pursuant to a Lease/Purchase Agreement With
COSTA MESA PUBLIC FINANCING AUTHORITY

INTEREST RATE	MATURITY DATE	DELIVERY DATE	CUSIP
____%	October 1, 20__	January __, 2007	_____

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: _____ THOUSAND
AND NO/100 DOLLARS

THIS IS TO CERTIFY THAT the registered owner named above, or registered assigns, as the Registered Owner of this Certificate of Participation (the "Certificate") is the owner of a

fractional and undivided interest in the right to receive certain Lease Payments and Prepayments thereof under and as defined in that certain Lease/Purchase Agreement dated as of October 1, 2003, as amended as amended by that certain First Amendment to Lease/Purchase Agreement, dated as of January 1, 2007 (as amended, the "Lease"), by and between the Costa Mesa Public Financing Authority, a joint exercise of powers authority duly organized and existing under the laws of the State of California (the "Authority") and the City of Costa Mesa, a municipal corporation and general law city organized and existing under and by virtue of the laws and Constitution of the State of California (the "City"), which Lease Payments and Prepayments and certain other rights and interests under the Lease have been assigned to The Bank of New York Trust Company, N.A., as successor to BNY Western Trust Company, as trustee (the "Trustee"), having a corporate trust office or agency in Los Angeles, California (said office being herein referred to as the "Principal Office").

The Registered Owner of this Certificate is entitled to receive, subject to the terms of the Lease, on the maturity date specified above, the principal amount specified above, representing a portion of the Lease Payments designated as principal coming due during the preceding twelve months, and to receive on April 1, 2007, and semiannually thereafter on October 1 and April 1 of each year (the "Payment Dates") until payment in full of said portion of principal, the Registered Owner's portion of the Lease Payments designated as interest coming due during the six months immediately preceding each of the Payment Dates provided that interest with respect hereto shall be payable from the Payment Date next preceding the date of execution of this Certificate unless (i) this Certificate is executed during the period from the day after the fifteenth day of the month proceeding a Payment Date (the "Record Date") to and including such Payment Date, in which event interest shall be payable from such Payment Date, or (ii) unless this Certificate is executed on or prior to March 15, 2007, in which event interest shall be payable from the Delivery Date hereof. The portion of the Lease Payments designated as interest is computed on the basis of a 360-day year of twelve 30-day months and is the result of the multiplication of the aforesaid portion of the Lease Payments designated as principal by the rate per annum identified above. Said amounts are payable in lawful money of the United States of America. The amount representing principal payable at maturity or upon prepayment in whole or in part is payable to the Registered Owner upon presentation and surrender of this Certificate at the Principal Office. The amounts representing interest are payable by check mailed by the Trustee by first class mail, postage prepaid, to the Registered Owner hereof as of the Record Date preceding the Payment Date at his address as it appears on the registration books of the Trustee. Interest with respect to any Certificates may, at the option of any Owner of Certificates in an aggregate principal amount of \$1,000,000 or more evidenced by the written request of such Owner to the Trustee, be paid to such Owner by wire transfer to the bank and account number on file with the Trustee as of the Record Date.

This Certificate is one of the \$_____ aggregate principal amount of "City of Costa Mesa 2007 Certificates of Participation (Police Facility Expansion Project) (the "Certificates") which have been executed and delivered by the Trustee pursuant to the terms of an Amended and Restated Trust Agreement dated as of January 1, 2007 (the "Trust Agreement"), by and among the Trustee, the Authority and the City. The City is authorized to enter into the Lease and the Trust Agreement under the Constitution and laws of the State of California. Reference is hereby made to the Lease and the Trust Agreement (copies of which are on file at the Principal Office) for a description of the terms on which the Certificates are delivered, the rights thereunder of the Registered Owners of the Certificates, the rights, duties and immunities of the Trustee and the rights and obligations of the City under the Lease, to all of the provisions of which Lease and Trust Agreement the Registered Owner of this Certificate, by acceptance hereof, assents and agrees.

The Certificates are secured by the Lease Payments on a parity with the outstanding \$14,340,000 City of Costa Mesa Refunding Certificates of Participation (Public Facilities Project) Series 2003 (the "2003 Certificates") under the Trust Agreement.

The City is obligated to pay Lease Payments from any source of legally available funds, and the City has covenanted in the Lease to make the necessary annual appropriations therefor. The obligation of the City to pay the Lease Payments does not constitute an obligation of the City for which the City is obligated to levy or pledge any form of taxation or for which the City has levied or pledged any form of taxation. The obligation of the City to pay Lease Payments does not constitute a debt of the City, the State of California or any of its political subdivisions within the meaning of any Constitutional or statutory debt limitation or restriction. The City's obligation to pay Lease Payments may be abated during any period in which, by reason of noncompletion of the Project by the date specified in the Lease or material damage, destruction, title defect, or taking by eminent domain or condemnation there is substantial interference with the use and right of possession by the City of the Property. Failure of the City to pay Lease Payments during any such period shall not constitute a default under the Lease, the Trust Agreement or this Certificate.

To the extent and in the manner permitted by the terms of the Trust Agreement, the provisions of the Trust Agreement may be amended by the parties thereto with the written consent of the Insurer so long as the Insurer is not in default in its payment obligations under that Insurance Policy and the Registered Owners of at least a majority in aggregate principal amount of the Certificates then Outstanding, and may be amended, with the consent of the Insurer and without such consent of the Registered Owners under certain circumstances, but in no event such that the interests of the Registered Owners of the Certificates are adversely affected. No such modification or amendment shall (i) extend or have the effect of extending the fixed maturity of any Certificate or reducing the interest rate with respect thereto or extending the time of payment of interest, or reducing the amount of principal thereof or reducing any premium payable upon the prepayment thereof, without the express consent of the Registered Owner of such Certificate, or (ii) reduce or have the effect of reducing the percentage of Certificates required for the affirmative vote or written consent to an amendment or modification of the Lease, (iii) modify any of the rights or obligations of the Trustee without its written assent thereto or (iv) amend the section of the Trust Agreement dealing with permitted amendments thereof without the prior written consent of the owners of all Certificates and the Insurer so long as the Insurer is not in default in its payment obligations under that Insurance Policy.

This Certificate is transferable by the Registered Owner hereof, in person or by his duly authorized attorney, at the Principal Office, but only in the manner, subject to the limitations and upon payment of the charges provided in the Trust Agreement and upon surrender and cancellation of this Certificate. Upon such transfer a new Certificate or Certificates, of an authorized denomination or denominations, for the same aggregate principal amount, maturity and interest rate, will be delivered to the transferee. This Certificate also may be exchanged for a like aggregate principal amount of Certificates of other authorized denominations as prescribed in the Trust Agreement. The City, the Authority, and the Trustee may treat the Registered Owner hereof as the absolute owner hereof for all purposes whether or not this Certificate shall be overdue, and the City, the Authority and the Trustee shall not be affected by any notice to the contrary.

The Trustee shall not be required to transfer any Certificate selected for prepayment or be required to transfer any Certificate during the period in which the Trustee is selecting Certificates for prepayment.

The Certificates maturing on or after October 1, 20__ are subject to prepayment prior to maturity in whole or in part on any date on or after October 1, 20__, at the option of the City, in the event the City exercises its option under the Lease to prepay all or a portion of the principal component of the Lease Payments (in integral multiples of \$5,000 but not in a principal amount of less than \$20,000), at a prepayment price of par, plus accrued interest to the date fixed for prepayment, without premium.

The Certificates are subject to extraordinary mandatory prepayment prior to their respective maturity dates on any date, in whole or in part, from Net Proceeds which the Trustee shall deposit in the Prepayment Fund as provided in Section 6.1(c) of the Lease at least 45 days prior to the date fixed for prepayment and credited towards the prepayment made by the City pursuant to Section 10.2(a) of the Lease, at a prepayment price equal to the principal amount thereof together with accrued interest to the date fixed for prepayment, without premium.

As provided in the Trust Agreement, notice of prepayment shall be mailed, not less than 30 nor more than 60 days before the prepayment date, to the Registered Owner of this Certificate, but neither failure to receive such notice nor any defect in the notice so mailed shall affect the sufficiency of the proceedings for prepayment. If this Certificate is called for prepayment and payment is duly provided therefor as specified in the Trust Agreement, interest shall cease to accrue with respect hereto from and after the date fixed for prepayment.

The City has certified that all acts, conditions and things required by the statutes of the State of California and the Trust Agreement to exist, to have happened and to have been performed precedent to and in connection with the execution and delivery of this Certificate do exist, have happened and have been performed in regular and due time, form and manner as required by law, and that the Trustee is duly authorized to execute and deliver this Certificate, and that the amount of this Certificate, together with all other Certificates executed and delivered under the Trust Agreement, is not in excess of the amount of Certificates authorized to be executed and delivered thereunder.

Capitalized terms used herein which are not otherwise defined shall have the respective meanings assigned thereto in the Trust Agreement.

The Trustee has no obligation or liability to the Registered Owners to make payments of principal or interest with respect to this Certificate except from Lease Payments paid to the Trustee and from the various funds and accounts established under the Trust Agreement. The Trust Agreement provides that the recitals of facts, covenants and agreements in this Certificate shall be taken as statements, covenants and agreements of the City, and the Trustee assumes no responsibility for the correctness of the same. The Trustee has executed this Certificate solely in its capacity as Trustee under the Trust Agreement and not in its individual or personal capacity.

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE SECURITIES DEPOSITORY (AS DEFINED IN THE AMENDED AND RESTATED TRUST AGREEMENT) TO THE TRUSTEE FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE SECURITIES DEPOSITORY (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE SECURITIES DEPOSITORY), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR

VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

IN WITNESS WHEREOF, this Certificate has been executed and delivered by The Bank of New York Trust Company, N.A., as successor to BNY Western Trust Company, as Trustee, acting pursuant to the Trust Agreement.

Date of Execution: _____

THE BANK OF NEW YORK TRUST COMPANY,
AS SUCCESSOR TO BNY WESTERN TRUST
COMPANY, as Trustee

By: _____
Its: Authorized Officer

[FORM OF STATEMENT OF INSURANCE]

MBIA Insurance Corporation (the “Insurer”) has issued a policy containing the following provisions, such policy being on file at The Bank of New York Trust Company, N.A., as successor to BNY Western Trust Company, Los Angeles, California, or its successor (the “Trustee”).

The Insurer, in consideration of the payment of the premium and subject to the terms of this policy, hereby unconditionally and irrevocably guarantees to any owner, as hereinafter defined, of the following described obligations, the full and complete payment required to be made by or on behalf of the City to the Trustee of an amount equal to (i) the principal of and interest with respect to, the Obligations (as that term is defined below) as such payments shall become due but shall not be so paid (except that in the event of any acceleration of the due date of such principal by reason of optional redemption or acceleration resulting from default or otherwise, the payments guaranteed hereby shall be made in such amounts and at such times as such payments of principal would have been due had there not been any such acceleration); and (ii) the reimbursement of any such payment which is subsequently recovered from any owner pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes an avoidable preference to such owner within the meaning of any applicable bankruptcy law. The amounts referred to in clauses (i) and (ii) of the preceding sentence shall be referred to herein collectively as the “Insured Amounts.” “Obligations” shall mean:

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

Upon receipt of telephonic or telegraphic notice, such notice subsequently confirmed in writing by registered or certified mail, or upon receipt of written notice by registered or certified mail, by the Insurer from the Paying Agent or any owner of an Obligation the payment of an Insured Amount for which is then due, that such required payment has not been made, the Insurer on the due date of such payment or within one business day after receipt of notice of such nonpayment, whichever is later, will make a deposit of funds, in an account with U.S. Bank Trust National Association, in New York, New York, or its successor, sufficient for the payment of any such Insured Amounts which are then due. Upon presentment and surrender of such Obligations or presentment of such other proof of ownership of the Obligations, together with any appropriate instruments of assignment to evidence the assignment of the Insured Amounts due on the Obligations as are paid by the Insurer, and appropriate instruments to effect the appointment of the Insurer as agent for such owners of the Obligations in any legal proceeding related to payment of Insured Amounts on the Obligations, such instruments being in a form satisfactory to U.S. Bank Trust National Association, U.S. Bank Trust National Association shall disburse to such owners or the Paying Agent payment of the Insured Amounts due on such Obligations, less any amount held by the Paying Agent for the payment of such Insured Amounts and legally available therefor. This policy does not insure against loss of any prepayment premium which may at any time be payable with respect to any Obligation.

As used herein, the term “owner” shall mean the registered owner of any Obligation as indicated in the books maintained by the Paying Agent, the City, or any designee of the City for such

purpose. The term owner shall not include the City or any party whose agreement with the City constitutes the underlying security for the Obligations.

Any service of process on the Insurer may be made to the Insurer at its offices located at 113 King Street, Armonk, New York 10504 and such service of process shall be valid and binding.

This policy is non-cancellable for any reason. The premium on this policy is not refundable for any reason including the payment prior to maturity of the Obligations.

In the event the Insurer were to become insolvent, any claims arising under a policy of financial guaranty insurance are excluded from coverage by the California Insurance Guaranty Association, established pursuant to Article 14.2 (commencing with Section 1063) of Chapter 1 of Part 2 of Division 1 of the California Insurance Code.

MBIA INSURANCE CORPORATION

[FORM OF ASSIGNMENT]

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto

(print or typewrite name, address, including postal zip code, and social security or other identifying number of Transferee)

the within Certificate and all rights thereunder, and hereby irrevocably constitutes and appoints

_____, attorney

to transfer the within Certificate on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____

Signature Guaranteed

NOTICE: Signature(s) must be guaranteed by an eligible guarantor institution.

NOTICE: The signature to this assignment must correspond with the name as it appears upon the face of the within Certificate in every particular, without alteration or enlargement or any change whatever.

EXHIBIT B-1

FORM OF WRITTEN COST OF ISSUANCE REQUISITION

The Bank of New York Trust Company, N.A., as Trustee

RE: Disbursement from the Project Fund pursuant to Section 3.01 of the Amended and Restated Trust Agreement related to the City of Costa Mesa 2007 Certificates of Participation (Police Facility Expansion Project), dated as of January 1, 2007 (the "Agreement"), by and among you as trustee, the Costa Mesa Public Financing Authority and the City of Costa Mesa (the "City")

REQUISITION NO. _____

You are hereby instructed to pay to the City, or to _____ at _____ \$_____ as a Cost of Issuance from the Costs of Issuance Fund as provided in Section 3.01 of the Agreement. This Cost of Issuance has been properly incurred, is a proper charge against the Costs of Issuance Fund and has not been the basis of any previous disbursements.

The amount remaining in the Costs of Issuance Fund, together with interest earnings on the Costs of Issuance Fund plus investment earnings on other funds that will be transferred into the Costs of Issuance Fund, will, after payment of the amount set forth in this requisition, be sufficient to pay all remaining Costs of Issuance as presently estimated.

Very truly yours,

City Representative

EXHIBIT B-2

FORM OF WRITTEN PROJECT COST REQUISITION

The Bank of New York Trust Company, N.A., as Trustee

RE: Disbursement from the Project Fund pursuant to Section 3.04 of the Amended and Restated Trust Agreement related to the City of Costa Mesa 2007 Certificates of Participation (Police Facility Expansion Project), dated as of January 1, 2007 (the "Agreement"), by and among you as trustee, the Costa Mesa Public Financing Authority and the City of Costa Mesa (the "City")

REQUISITION NO. _____

You are hereby instructed to pay to the City, or to _____ at \$ _____ as a Project Cost from the _____ Account of the Project Fund as provided in Section 3.04 of the Agreement. This Project Cost has been properly incurred, is a proper charge against the _____ Account of the Project Fund and has not been the basis of any previous disbursements.

The amount remaining in the Project Fund, together with other moneys available to the City and together with interest earnings on the Project Fund plus investment earnings on other funds that will be transferred into the Project Fund, will, after payment of the amount set forth in this requisition, be sufficient to pay all remaining Project Costs as presently estimated.

Very truly yours,

City Representative

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