

459 shall be valid and effectual to satisfy and discharge the liability represented by such Certificate to
460 the extent of the sum or sums so paid.

461 Whenever any Certificate or Certificates shall be surrendered for transfer, the
462 Trustee shall execute and deliver a new Certificate or Certificates of the same Certificate
463 Payment Date representing the same principal amount. The Trustee shall require the payment by
464 any Owner requesting such transfer of any tax or other governmental charge required to be paid
465 with respect to such transfer.

466 The Trustee shall not be required to transfer any Certificate after the last day of
467 the month next preceding each Interest Payment Date or during the period designated by the
468 Trustee for selection of Certificates for prepayment, and the Trustee shall not be required to
469 transfer any Certificate selected for prepayment in whole or in part from and after the date of
470 mailing the notice of prepayment of such Certificate or such part thereof.

471 SECTION 2.07. Certificate Registration Books. The Trustee will keep at its
472 Principal Corporate Trust Office sufficient books for the registration and transfer of the
473 Certificates, which books shall be available for inspection by the Corporation, the City or any
474 Owner or his agent duly authorized in writing upon reasonable prior notice during regular
475 business hours and under reasonable conditions; and upon presentation for such purpose the
476 Trustee shall, under such reasonable regulations as it may prescribe, register or transfer the
477 Certificates on such books as hereinabove provided.

478 SECTION 2.08. Certificates Mutilated, Lost, Destroyed or Stolen. If any
479 Certificate shall become mutilated, the Trustee, at the expense of the Owner thereof, shall
480 execute and deliver a new Certificate of like tenor, Certificate Payment Date and number in
481 exchange and substitution for the Certificate so mutilated, but only upon surrender to the Trustee
482 of the Certificate so mutilated. Every mutilated Certificate so surrendered to the Trustee shall be
483 cancelled by it. If any Certificate shall be lost, destroyed or stolen, evidence of such loss,
484 destruction or theft may be submitted to the Trustee, and if such evidence is satisfactory to the
485 Trustee (without liability to the Trustee for such determination) and indemnity satisfactory to the
486 Trustee shall be given, the Trustee, at the expense of the Owner thereof, shall execute and deliver
487 a new Certificate of like tenor and Certificate Payment Date, numbered as the Trustee shall
488 determine, in lieu of and in substitution for the Certificate so lost, destroyed or stolen. The
489 Trustee may require payment of a sum not exceeding the actual cost of preparing each new
490 Certificate executed and delivered by it under this Section and of the expenses which may be
491 incurred by it under this Section. Any Certificate executed and delivered under the provisions of
492 this Section in lieu of any Certificate alleged to be lost, destroyed or stolen shall be equally and
493 proportionately entitled to the benefits hereof with all other Certificates executed and delivered
494 hereunder, and the Trustee shall not be required to treat both the original Certificate and any
495 replacement Certificate as being Outstanding for the purpose of determining the amount of
496 Certificates which may be executed and delivered hereunder or for the purpose of determining
497 any percentage of Certificates Outstanding hereunder, but both the original and replacement
498 Certificate shall be treated as one and the same. Notwithstanding any other provision of this
499 Section, in lieu of executing and delivering a new Certificate for a Certificate which has been
500 lost, destroyed or stolen and which has matured, the Trustee may make payment of the principal
501 and interest evidenced and represented by such Certificate to the Owner thereof.

502 SECTION 2.09. Destruction of Cancelled Certificates. Whenever in this
503 Trust Agreement provision is made for the surrender to or cancellation by the Trustee of any
504 Certificates, the Trustee shall cancel and destroy such Certificates and deliver a certificate of
505 such cancellation and destruction to the City; provided, however, that if destruction of such
506 Certificates is requested by the City, the City agrees to reimburse the Trustee for costs incurred
507 in connection with the microfilming or other permanent record relating thereto.

508 ARTICLE III

509
510 PROCEEDS OF CERTIFICATES

511 SECTION 3.01. Delivery of Certificates. The Corporation is hereby
512 authorized to execute and deliver the Certificates to the Purchaser upon receipt of a Written
513 Request of the Corporation and upon receipt of the proceeds of sale thereof.

514 SECTION 3.02. Deposit of Proceeds of Certificates.

515 (a) The proceeds received from the sale of the Certificates shall be deposited
516 in the following respective funds:

517 (1) The City Treasurer shall deposit the amount of \$40,000 in the
518 Costs of Delivery Fund (which fund is hereby established and maintained). All money in the
519 Costs of Delivery Fund shall be used and withdrawn to pay the Costs of Delivery of the
520 Certificates. On June 30, 2008, or upon the earlier determination of the City Treasurer, any
521 remaining balance in the Costs of Delivery Fund shall be transferred to the Revenue Fund.

522 (2) The remaining amount of \$2,471,170 shall be used to reimburse
523 the City for certain costs relating to the Project.

524 ARTICLE IV

525
526 PREPAYMENT OF CERTIFICATES

527 SECTION 4.01. Terms of Prepayment. (a) The Certificates are subject to
528 prepayment on any date prior to their respective Certificate Payment Dates, as a whole, or in part
529 by lot within each Certificate Payment Date in the manner specified in Section 6.6(c) of the
530 Installment Purchase Agreement.

531 (b) The Certificates are subject to prepayment prior to their stated Certificate
532 Payment Dates, as a whole or in part on any date, at the option of the City, from moneys derived
533 from optional prepayments of Installment Payments by the City or from any other source of
534 available funds, at a prepayment price equal to the principal amount of Certificates called for
535 prepayment, plus accrued interest with respect thereto to the date fixed for prepayment without a
536 prepayment premium.

537 (c) The Certificates are subject to mandatory sinking fund prepayment of
538 principal, without premium, from Installment Payments made by the City pursuant to Section 4.2
539 of the Installment Purchase Agreement as set forth in Exhibit B hereto:

540 SECTION 4.02. Selection of Certificates for Prepayment. Whenever less
541 than all the Outstanding Certificates payable on any one Certificate Payment Date are to be
542 prepaid on any one date, the Trustee shall select the Certificates of such Certificate Payment
543 Date to be prepaid from the Outstanding Certificates payable on such Certificate Payment Date
544 starting with the highest Certificate numbers first, and the Trustee shall promptly notify the
545 Corporation and the City in writing of the numbers of the Certificates so selected for prepayment
546 on such date.

547 SECTION 4.03. Notice of Prepayment. Notice of prepayment shall be
548 mailed, first class postage prepaid, to the Purchaser and to the respective Owners of any
549 Certificates designated for prepayment at their addresses appearing on the books required to be
550 kept by the Trustee pursuant to the provisions of Section 2.07 not less than seven (7) nor more
551 than thirty (30) days prior to the date fixed for prepayment. Each notice of prepayment shall
552 state the date fixed for prepayment, the prepayment price and shall designate the serial numbers
553 of the Certificates to be prepaid by giving the individual number of each Certificate or by stating
554 that all Certificates between two stated numbers, both inclusive, have been called for
555 prepayment, and shall require that such Certificates be then surrendered for prepayment; and
556 shall also state that the interest represented by the Certificates designated for prepayment shall
557 cease to accrue from and after such date fixed for prepayment and that on such date there will
558 become due and payable on each of the Certificates designated for prepayment the prepayment
559 price represented thereby. Such notice shall, in addition to setting forth the above information, in
560 the case of each Certificate called for prepayment in part only state the amount of the principal
561 amount represented thereby which is to be prepaid. Any notice mailed as provided herein shall
562 be conclusively presumed to have been given, whether or not such Owner receives the notice.

563 In case of the prepayment as permitted herein of all the Certificates then
564 Outstanding, or of all the Certificates of any one Certificate Payment Date then Outstanding,
565 notice of prepayment shall be given by mailing as hereinabove provided, except that the notice of
566 prepayment need not specify the serial numbers of the Certificates to be prepaid.

567 The Trustee shall give notice of prepayment of any Certificates to be prepaid
568 upon receipt of a Written Request of the City. At the direction of the City, such notice may be
569 conditional upon the subsequent receipt of moneys or other event as described in such notice.

570 SECTION 4.04. Partial Prepayment of Certificates. Upon surrender of any
571 Certificate prepaid in part only, the Trustee shall execute and deliver to the Owner thereof a new
572 Certificate or Certificates representing the unprepaid principal amount of the Certificate
573 surrendered.

574 SECTION 4.05. Effect of Prepayment. If notice of prepayment has been
575 duly given as aforesaid and moneys for the payment of the prepayment price on the Certificates
576 to be prepaid are held by the Trustee, then on the prepayment date designated in such notice the
577 Certificates so called for prepayment shall become payable at the prepayment price specified in
578 such notice; and from and after the date so designated interest represented by the Certificates so
579 called for prepayment shall cease to accrue, such Certificates shall cease to be entitled to any
580 benefit or security hereunder and the Owners of such Certificates shall have no rights in respect
581 thereof except to receive payment of the prepayment price represented thereby. The Trustee

582 shall, upon surrender for payment of any of the Certificates to be prepaid, pay such Certificates
583 at the prepayment price thereof.

584 All Certificates prepaid pursuant to the provisions of this Article shall be
585 cancelled by the Trustee and shall not be redelivered.

586 ARTICLE V

587 SECURITY; CREATION OF FUNDS

588
589 SECTION 5.01. Pledge of Revenues; Assignment of Installment Payments;
590 Performance Under Installment Purchase Agreement. All the Revenues and all money in the
591 Revenue Fund and in the funds or accounts so specified and provided for herein are hereby
592 irrevocably pledged by the Corporation to the punctual payment of the interest and principal
593 represented by the Certificates, and the Revenues and such other money shall not be used for any
594 other purpose while any of the Certificates remain Outstanding; subject to the provisions hereof
595 permitting the application thereof for the purposes and on the conditions and terms set forth
596 herein. This pledge shall constitute a first and exclusive lien on the Revenues and such other
597 money for the payment of the Certificates in accordance with the terms hereof.

598 The Corporation hereby irrevocably transfers, assigns and sets over to the Trustee
599 without recourse all of the Installment Payments and any and all rights and privileges it has
600 under the Installment Purchase Agreement including, without limitation, the right to collect and
601 receive directly all of the Installment Payments and the right to hold and enforce any security
602 interest, subject only to the provisions of this Trust Agreement and the Installment Purchase
603 Agreement, but excluding the Corporation's rights to indemnification and payment of fees and
604 expenses by the City under Sections 4.2 and 10.11 of the Installment Purchase Agreement. Any
605 Installment Payments collected or received by the Corporation as the agent of the Trustee, and
606 shall forthwith be paid by the Corporation to the Trustee. Subject to the provisions hereof, the
607 Trustee also shall take all steps, actions and proceedings required to be taken as provided in any
608 opinion of nationally recognized bond counsel delivered to it necessary to maintain in force for
609 the benefit of the Owners of the Certificates the Trustee's rights in and priority to the security
610 granted to it for the payment of the Certificates including but not limited to: the Trustee's rights
611 as assignee of the Installment Payments, interest and other income and all other rights as
612 assignee of the Installment Payments, interest and other income and all other rights to security
613 for the Certificates which the Trustee may receive in the future.

614 The Corporation covenants and agrees with the Owners of the Certificates to
615 perform all obligations and duties imposed on it under the Installment Purchase Agreement and,
616 together with the Trustee (subject to the provisions hereof), to enforce such Installment Purchase
617 Agreement against the other party thereto in accordance with its terms. The Corporation will in
618 all respects promptly and faithfully keep, perform and comply with all the terms, provisions,
619 covenants, conditions and agreements of the Installment Purchase Agreement to be kept,
620 performed and complied with by it. The Corporation agrees not to do or permit anything to be
621 done, or omit or refrain from doing anything, in any case where any such act done or permitted
622 to be done, or any such omission of or refraining from action, would or might be a ground for
623 cancellation or termination of the Installment Purchase Agreement. The Trustee shall promptly

624 notify the City if the Installment Payments are not received in full by the applicable Installment
625 Payment Date.

626 SECTION 5.02. Revenue Fund; Receipt and Deposit of Revenues. There is
627 hereby established a special fund to be known as the "Revenue Fund," which fund shall be held
628 by the Trustee. Beginning on the date the Certificates become Outstanding and continuing until
629 no Certificates are Outstanding, the Trustee shall deposit all Installment Payments and Special
630 Payments as and when received by it in the Revenue Fund and the Corporation agrees and
631 covenants that all Revenues deposited by it in the Revenue Fund will be accounted for through
632 and held in trust in the Revenue Fund, and the Trustee shall have no beneficial right or interest in
633 such Revenues, except only as provided herein, and all such Revenues shall be disbursed,
634 allocated and applied solely to the uses and purposes herein set forth, and shall be accounted for
635 separately and apart from all other money, funds, accounts or other resources of the Trustee.

636 The Trustee shall deposit the Installment Payments and Special Payments into the
637 Revenue Fund. Moneys on deposit in the Revenue Fund prior to an Installment Payment Date
638 may be credited to the Installment Payments due on such Installment Payment Date.

639 SECTION 5.03. Establishment and Maintenance of Funds for Use of Money
640 in the Revenue Fund. Amounts in the Revenue Fund shall be transferred by the Trustee for
641 deposit in the following respective funds (each of which is hereby created and each of which the
642 Trustee or the City hereby covenants and agrees to cause to be maintained so long as any
643 Certificates are Outstanding) at the following times and in the following order of priority (the
644 Trustee shall not withdraw from the Revenue Fund an amount in excess of the debt service
645 scheduled to be paid by the Installment Payments deposited therein) and the moneys in each of
646 such funds shall be applied, used and withdrawn only for the purposes and uses hereinafter
647 authorized, and if there shall be insufficient money in any such fund, payments from such fund
648 shall be made in the manner specified in Section 7.09.

- 649 (1) Interest Fund;
- 650 (2) Sinking Fund;
- 651 (3) Reserve Fund; and
- 652 (4) Renewal and Extension Fund.

653 (a) Interest Fund. The Trustee shall transfer from the Revenue Fund and
654 deposit in the Interest Fund for receipt before March 1 and September 1 of each year, beginning
655 on September 1, 2008, an amount of money from the Revenue Fund which is equal to the
656 aggregate amount of the interest becoming due and payable on all Outstanding Certificates on
657 such Interest Payment Date. No deposit need be made into the Interest Fund if the amount
658 contained therein is at least equal to the amount of the interest becoming due and payable on all
659 Outstanding Certificates on such Interest Payment Date. All money in the Interest Fund shall be
660 used and withdrawn by the Trustee solely for the purpose of paying the interest on the
661 Outstanding Certificates; provided that any earnings on deposit in the Interest Fund after
662 payment of interest on Certificates on an Interest Payment Date shall be transferred to the
663 Revenue Fund.

664 (b) Sinking Fund. The Trustee shall deposit in the Sinking Fund before
665 March 1 and September 1 of each year (and on such other dates as provided in a Supplemental
666 Trust Agreement), an amount of money from the Revenue Fund equal to the Sinking Fund
667 Installments payable on such Sinking Fund Payment Date. All money in the Sinking Fund shall
668 be used by the Trustee to redeem or purchase the Certificates in accordance with Article IV
669 hereof; provided that any earnings on deposit in the Sinking Fund after payment of Sinking Fund
670 Installments of the Certificates on a Sinking Fund Payment Date shall be transferred to the
671 Revenue Fund.

672 (c) Reserve Fund and Renewal and Extension Fund. On June 30 of each year,
673 beginning on June 30, 2008, the Trustee shall allocate the Special Payment in the following
674 priority:

675 (i) first, to the Reserve Fund to the extent the amount on deposit in the
676 Reserve Fund is less than the Reserve Fund Requirement;

677 (ii) second, to the extent the amount on deposit in the Reserve Fund
678 equals the Reserve Fund Requirement, to the City for deposit in the Renewal and Extension
679 Fund. The City shall withdraw money from the Renewal and Extension Fund for operation and
680 maintenance or capital replacement relating to the City's wastewater system.

681 In the event of a withdrawal of amounts from the Reserve Fund to make payments
682 to the Interest Fund or Sinking Fund, the Trustee shall deposit in the Reserve Fund any available
683 moneys from the Revenue Fund necessary to restore the amount in the Reserve Fund to the
684 Reserve Fund Requirement from the Installment Payments made for such purpose by the City to
685 restore said amounts.

686 All money in (or available to) the Reserve Fund shall be used and withdrawn by
687 the City solely for the purpose of replenishing the Interest Fund or the Sinking Fund (in such
688 order) in the event of any deficiency at any time in any of the Installment Payments relating to
689 the Reserve Fund.

690 Earnings on amounts in the Reserve Fund in excess of the Reserve Fund
691 Requirements shall be transferred to the Revenue Fund on June 30 of each year.

692 SECTION 5.04. Investments. Moneys in the Revenue Fund, the Cost of
693 Delivery Fund and the Reserve Fund or any other account maintained under this Trust
694 Agreement shall be invested in Permitted Investments which will, as nearly as practicable,
695 mature on or before the dates when such moneys are anticipated to be needed for disbursement
696 hereunder or under the Installment Payment Agreement.

697 For purposes of determining the amount in any fund hereunder, all Permitted
698 Investments credited to such fund shall be valued at the lesser of cost or market value (exclusive
699 of accrued interest after the first interest payments following purchase); provided, however, that
700 Permitted Investments credited to the Reserve Fund shall be valued at cost. With respect to all
701 funds and accounts, valuation shall occur semiannually on or before such Certificate Payment
702 Date.

703 ARTICLE VI

704 COVENANTS

705
706 SECTION 6.01. Compliance with or Amendment of the Installment
707 Purchase Agreement. The Corporation and the City will faithfully comply with, keep, observe
708 and perform all the agreements, conditions, covenants and terms contained in the Installment
709 Purchase Agreement required to be complied with, kept, observed and performed by it and will
710 enforce the Installment Purchase Agreement against the other party thereto in accordance with
711 their terms.

712 The Corporation and the City will not alter, amend or modify the Installment
713 Purchase Agreement without the prior written consent of the Trustee, which consent of the
714 Trustee shall be given only (i) if the Trustee receives an Opinion of Counsel and a Certificate of
715 the City, upon which it may conclusively rely that such alterations, amendments or modifications
716 are not materially adverse to the interests of the Owners, or (ii) such amendments add to the
717 covenants and agreements of any party, other covenants to be observed, or to surrender any right
718 or power therein reserved to the City, or (iii) such amendments cure, correct or supplement any
719 ambiguous or defective provision contained therein, (iv) such amendments resolve questions
720 arising thereunder, as the parties thereto may deem necessary or desirable and which, based upon
721 an Opinion of Counsel and a Certificate of the City (upon which the Trustee may conclusively
722 rely), the Trustee acknowledges do not materially adversely affect the interests of the Owners of
723 the Certificates, or (v) for any purpose with the written consent of the majority of the holders in
724 aggregate principal amount of the Certificates.

725 SECTION 6.02. Observance of Laws and Regulations. The Corporation
726 and the City will faithfully comply with, keep, observe and perform all valid and lawful
727 obligations or regulations now or hereafter imposed on them by contract, or prescribed by any
728 law of the United States of America or of the State of California, or by any officer, board or
729 commission having jurisdiction or control, as a condition of the continued enjoyment of each and
730 every franchise, right or privilege now owned or hereafter acquired by them, including their right
731 to exist and carry on their respective businesses, to the end that such franchises, rights and
732 privileges shall be maintained and preserved and shall not become abandoned, forfeited or in any
733 manner impaired.

734 SECTION 6.03. Against Encumbrances. The Corporation will not mortgage
735 or otherwise encumber, pledge or place any charge upon any of the Revenues except as provided
736 herein.

737 SECTION 6.04. Prosecution and Defense of Suits. The City will defend
738 against every action, suit or other proceeding at any time brought against the Trustee or any
739 Owner upon any claim arising out of the receipt, deposit or disbursement of any of the
740 Installment Payments or involving the rights of the Trustee or any Owner hereunder; provided,
741 however, that the Trustee or any Owner at its or his election may appear in and defend any such
742 action, suit or other proceeding. The City will indemnify and hold harmless the Trustee and the
743 Owners against any and all liability claimed or asserted by any person arising out of any such
744 receipt, deposit or disbursement, and will indemnify and hold harmless the Owners and the

745 Trustee against any attorneys' fees or other expenses which any of them may incur in connection
746 with any litigation or otherwise in connection with the foregoing to which any of them may
747 become a party in order to enforce their rights hereunder or under the Certificates, provided that
748 with respect to any such liability or expense suffered by Owners, such litigation shall be
749 concluded favorably to such Owners' contentions therein.

750 SECTION 6.05. Further Assurances. Whenever and so often as requested to
751 do so by the Trustee or any Owner, the Corporation and the City will promptly execute and
752 deliver or cause to be executed and delivered all such other and further assurances, documents or
753 instruments and promptly do or cause to be done all such other and further things as may be
754 necessary or reasonably required in order to further and more fully vest in the Trustee and the
755 Owners all advantages, benefits, interests, powers, privileges and rights conferred or intended to
756 be conferred upon them hereby or by the Installment Purchase Agreement.

757 SECTION 6.06. Tax Covenants. The City covenants that it will comply
758 with the provisions of the Tax Certificate, which is incorporated herein as if fully set forth
759 herein. This covenant shall survive payment in full of the Certificates.

760 ARTICLE VII

761 DEFAULT AND LIMITATIONS OF LIABILITY

762
763 SECTION 7.01. Action on Default. If an Event of Default (as that term is
764 defined in Section 8.1 of the Installment Purchase Agreement) occurs, then such Event of
765 Default shall constitute a default hereunder, and in each and every such case during the
766 continuance of such Event of Default the Trustee or the Owners of not less than a majority in
767 aggregate principal amount represented by the Certificates at the time Outstanding shall be
768 entitled, upon notice in writing to the City, to exercise the remedies provided to the Trustee
769 herein and the Corporation in the Installment Purchase Agreement.

770 SECTION 7.02. Other Remedies of the Trustee. The Trustee shall have the
771 right --

772 (a) by mandamus or other action or proceeding or suit at law or in equity to
773 enforce its rights against the Corporation or the City or any member, director, officer or
774 employee thereof, and to compel the Corporation or the City or any such member, director,
775 officer or employee to perform or carry out its or his or her duties under law and the agreements
776 and covenants required to be performed by it or him or her contained herein;

777 (b) by suit in equity to enjoin any acts or things which are unlawful or violate
778 the rights of the Trustee; or

779 (c) by suit in equity upon the happening of any default hereunder to require
780 the Corporation and the City and any members, directors, officers and employees thereof to
781 account as the trustee of an express trust.

782 SECTION 7.03. Non-Waiver. A waiver of any default or breach of duty or
783 contract by the Trustee shall not affect any subsequent default or breach of duty or contract or

784 impair any rights or remedies on any such subsequent default or breach of duty or contract. No
785 delay or omission by the Trustee to exercise any right or remedy accruing upon any default or
786 breach of duty or contract shall impair any such right or remedy or shall be construed to be a
787 waiver of any such default or breach of duty or contract or an acquiescence therein, and every
788 right or remedy conferred upon the Trustee by law or by this Article may be enforced and
789 exercised from time to time and as often as shall be deemed expedient by the Trustee.

790 If any action, proceeding or suit to enforce any right or to exercise any remedy is
791 abandoned or determined adversely to the Trustee, the Trustee and the Corporation and the City
792 shall be restored to their former positions, rights and remedies as if such action, proceeding or
793 suit had not been brought or taken.

794 SECTION 7.04. Remedies Not Exclusive. No remedy herein conferred
795 upon or reserved to the Trustee is intended to be exclusive of any other remedy, and each such
796 remedy shall be cumulative and shall be in addition to every other remedy given hereunder or
797 now or hereafter existing in law or in equity or by statute or otherwise and may be exercised
798 without exhausting and without regard to any other remedy conferred by any law.

799 SECTION 7.05. No Liability by the Corporation to the Owners. Except as
800 expressly provided herein, the Corporation shall not have any obligation or liability to the
801 Owners with respect to the payment when due of the Installment Payments by the City, or with
802 respect to the performance by the City of the other agreements and covenants required to be
803 performed by it contained in the Installment Purchase Agreement or herein, or with respect to the
804 performance by the Trustee of any right or obligation required to be performed by it contained
805 herein.

806 SECTION 7.06. No Liability by the City to the Owners. Except for the
807 payment when due of the Installment Payments and the performance of the other agreements and
808 covenants required to be performed by it contained in the Installment Purchase Agreement or
809 herein, the City shall not have any obligation or liability to the Owners with respect to the Trust
810 Agreement or the preparation, execution, delivery or transfer of the Certificates or the
811 disbursement of the Installment Payments by the Trustee to the Owners, or with respect to the
812 performance by the Trustee of any right or obligation required to be performed by it contained
813 herein.

814 SECTION 7.07. No Liability by the Trustee to the Owners. Except as
815 expressly provided herein, the Trustee shall not have any obligation or liability to the Owners
816 with respect to the payment when due of the Installment Payments by the City, or with respect to
817 the performance by the City or the Corporation of other agreements and covenants required to be
818 performed by either of them contained in the Installment Purchase Agreement or herein.

819 SECTION 7.08. Trustee May Enforce Claims Without Possession of
820 Certificates. All rights of action and claims under this Trust Agreement or the Certificates may
821 be prosecuted and enforced by the Trustee without the possession of any of the Certificates or the
822 production thereof in any proceeding relating thereto, and any such proceeding instituted by the
823 Trustee shall be brought in its own name as trustee of an express trust, and any recovery of
824 judgment shall, after provision for the payment of the reasonable compensation, expenses,

825 disbursements and advances of the Trustee, its agents and counsel, be for the ratable benefit of
826 the Owners of the Certificates in respect of which such judgment has been recovered.

827 SECTION 7.09. Application of Money Collected. Any money collected by
828 the Trustee pursuant to this Article shall be applied in the following order, at the date or dates
829 fixed by the Trustee:

830 FIRST, Costs and Expenses: to the payment of the costs and expenses of the
831 Trustee and of the Owners in declaring such Event of Default and exercising their rights and
832 remedies under this Article VII, including reasonable compensation and disbursements to its or
833 their agents, attorneys and counsel;

834 SECOND, Interest: to the payment to the persons entitled thereto of all payments
835 of interest represented by the Certificates then due in the order of the due date of such payments,
836 and, if the amount available shall not be sufficient to pay in full any payment or payments
837 coming due on the same date, then to the payment thereof ratably, according to the amounts due
838 thereon, to the persons entitled thereto, without any discrimination or preference; and

839 THIRD, Principal: to the payment to the persons entitled thereto of the unpaid
840 principal represented by any Certificates which shall have become due, whether on the
841 Certificate Payment Date or by call for prepayment, in the order of their due dates, with interest
842 on the overdue principal and interest represented by the Certificates at a rate equal to the rate
843 paid with respect to the Certificates and, if the amount available shall not be sufficient to pay in
844 full all the amounts due with respect to the Certificates on any date, together with such interest,
845 then to the payment thereof ratably, according to the amounts of principal due on such date to the
846 persons entitled thereto, without any discrimination or preference.

847 SECTION 7.10. Owners' Direction of Proceedings. The Owners of not less
848 than a majority in aggregate principal amount represented by the Certificates at the time
849 Outstanding shall have the right, by an instrument or concurrent instruments in writing executed
850 and delivered to the Trustee, and upon indemnification of the Trustee to its reasonable
851 satisfaction, to direct the method of conducting all remedial proceedings taken by the Trustee
852 hereunder, provided that such direction shall be otherwise in accordance with law and the
853 provisions of this Trust Agreement. The Trustee shall have no liability with respect to any action
854 taken or omitted to be taken by it in good faith in accordance with the direction of such Owners.

855 SECTION 7.11. Limitations on Suits. No Owner of any Certificate shall
856 have any right to institute any proceeding, judicial or otherwise, with respect to this Trust
857 Agreement, or for the appointment of a receiver or trustee, or for any other remedy hereunder,
858 unless

859 1. such Owner has previously given written notice to the Trustee of a
860 continuing Event of Default;

861 2. the Owners of not less than a majority in principal amount of the
862 Outstanding Certificates shall have made written request to the Trustee to institute proceedings
863 in respect of such Event of Default in its own name as Trustee hereunder;

864 3. such Owner or Owners have offered to the Trustee reasonable indemnity
865 against the costs, expenses and liabilities to be incurred in compliance with such request; and

866 4. the Trustee for 60 days after its receipt of such notice, request and offer of
867 indemnity has failed to institute any such proceeding;

868 it being understood and intended that no one or more Owners of Certificates shall have any right
869 in any manner whatever by virtue of, or by availing of, any provision of this Trust Agreement to
870 affect, disturb or prejudice the rights of any other Owners of Certificates, or to obtain or to seek
871 to obtain priority or preference over any other Owners or to enforce any right under this Trust
872 Agreement, except in the manner herein provided and for the equal and ratable benefit of all
873 Owners of the Certificates.

874 ARTICLE VIII

875 THE TRUSTEE
876

877 SECTION 8.01. Employment of the Trustee. The City Treasurer shall
878 initially serve as Trustee hereunder and shall hold and administer the funds held under this Trust
879 Agreement as provided in Sections 5.02, 5.03, 5.04 and 5.05 hereof, receive, deposit and
880 disburse the Installment Payments, prepare, execute, deliver and transfer the Certificates and
881 perform the other functions contained herein, all in the manner provided herein and subject to the
882 conditions and terms hereof. If at any time an Event of Defaults occurs and is ongoing, the
883 Corporation shall appoint a bank or trust company to serve as Trustee hereunder and the City
884 Treasurer shall not serve as Trustee. By executing and delivering the Trust Agreement (or an
885 acknowledgement of its duties hereunder in the case of a successor Trustee), the Trustee accepts
886 the appointment and employment hereinabove referred to and accepts the rights and obligations
887 of the Trustee provided herein, as well as the obligations of Trustee set forth in the Installment
888 Purchase Agreement, subject to the conditions and terms hereof. The Installment Purchase
889 Agreement is hereby incorporated herein by reference.

890 SECTION 8.02. Duties, Removal and Resignation of the Trustee. So long
891 as no Event of Default has occurred and is continuing, the Corporation and the City, or the
892 Owners of a majority in aggregate principal amount represented by the Certificates at the time
893 Outstanding, may by an instrument in writing remove the Trustee and any successor thereto and
894 may appoint a successor Trustee, but any Trustee hereunder shall be a trust company or bank in
895 good standing located in or incorporated under the laws of the State of California, duly
896 authorized to exercise trust powers and subject to examination by federal or state authority,
897 having a reported capital and surplus of not less than \$75,000,000; provided further,
898 notwithstanding anything to the contrary herein, no removal, resignation or termination of the
899 Trustee shall take effect until a successor shall be appointed. If such bank or trust company
900 publishes a report of condition at least annually, pursuant to law or to the requirements of any
901 supervising or examining Corporation above referred to, then for the purposes of this Section the
902 combined capital and surplus of such bank or trust company shall be deemed to be its combined
903 capital and surplus as set forth in its most recent report of condition so published.

904 Any company into which the Trustee may be merged or converted or with which
905 it may be consolidated or any company resulting from any merger, conversion or consolidation
906 to which it shall be a party or any company to which the Trustee may sell or transfer all or
907 substantially all of its corporate trust business, provided that such company shall be eligible
908 under this Section, shall be the successor to the Trustee without the execution or filing of any
909 paper or further act, anything herein to the contrary notwithstanding.

910 The Trustee may at any time resign by giving prior written notice of such
911 resignation to the Corporation, the City and the Owners, which notice to the Owners shall be
912 mailed, first class postage prepaid. Upon receiving such notice of resignation, the Corporation
913 and the City shall promptly appoint a successor Trustee by an instrument in writing; provided,
914 however, that in the event the Corporation and the City do not appoint a successor Trustee within
915 thirty (30) days following receipt of such notice of resignation, the resigning Trustee may
916 petition the appropriate court having jurisdiction to appoint a successor Trustee. Any resignation
917 or removal of a Trustee and appointment of a successor Trustee shall become effective only upon
918 acceptance of appointment by the successor Trustee.

919 SECTION 8.03. Compensation of Trustee Bank. The Corporation shall
920 from time to time, subject to any agreement then in effect with any Trustee Bank, which may at
921 any time be substituted as Trustee as provided in Section 8.02 above, pay such Trustee Bank
922 compensation for its services and reimburse the Trustee Bank for all its advances and
923 expenditures hereunder, including but not limited to advances to and fees and expenses of
924 accountants, agents, appraisers, consultants, counsel or other experts employed by it in the
925 exercise and performance of its rights and obligations hereunder; provided, further, that such
926 Trustee Bank shall have a lien for such compensation or reimbursement against any moneys held
927 by it in any of the funds established hereunder or under the Installment Purchase Agreement
928 (except that such compensation or reimbursement shall be made first from the from interest and
929 income received from the investment of moneys on deposit in the Reserve Fund created under
930 the Installment Purchase Agreement so long as the moneys on deposit therein are equal to the
931 Reserve Fund Requirement (as that term is defined in the Installment Purchase Agreement)).
932 Such Trustee Bank may take whatever legal actions are lawfully available to it directly against
933 the Corporation or the City. This Section 8.03 is not applicable where the City Treasurer serves
934 as Trustee under this Trust Agreement.

935 SECTION 8.04. Protection of the Trustee. The Trustee has no obligation or
936 liability to the Owners to make payment of principal, premium, if any, or interest pertaining to
937 the Certificates except from Installment Payments. No provision of this Trust Agreement shall
938 require the Trustee to expend or risk its own funds or otherwise incur any financial liability in
939 the performance of its duties hereunder, or in the exercise of any of its rights and powers, if it
940 shall have reasonable grounds for believing the repayment of such funds or adequate indemnity
941 against such risk or liability is not reasonably assured to it.

942 All moneys received by the Trustee or any paying agent shall, until used or
943 applied or invested as herein provided, be held in trust for the purposes for which they were
944 received but need not be segregated from other funds except to the extent required by law. The
945 Trustee shall be under no liability for interest on any money received by it hereunder except as
946 otherwise agreed in this Trust Agreement.

947 The Trustee shall have no duty to see to the payment or discharge of any tax,
948 assessment or other governmental charge or any line of any kind owing with respect to, assessed
949 or levied against, the Property or any part thereof.

950 SECTION 8.05. Force Majeure. From the effective date of this Trust
951 Agreement, the Trustee, or any successor in interest, shall not be considered in breach of or in
952 default in its obligations with respect to any obligations created hereunder or progress in respect
953 thereto, in the event of enforced delay ("unavoidable delay") in the performance of such
954 obligations due to unforeseeable causes beyond its control and without its fault or negligence,
955 including, but not limited to, acts of God, or of the public enemy, acts of a government, acts of
956 the other party, fires, floods, epidemics, quarantine restrictions, strikes, freight embargoes,
957 earthquakes, explosion, mob violence, riot, inability to procure or general sabotage or rationing
958 of labor, equipment, facilities, sources of energy, material or supplies in the open market,
959 litigation or arbitration involving a party or others relating to zoning or other governmental
960 action or inaction pertaining to the project, malicious mischief, condemnation, and unusually
961 severe weather or delays of suppliers or subcontractors due to such causes or any similar event
962 and/or occurrences beyond the control of the Trustee.

963 ARTICLE IX

964 AMENDMENT OF OR SUPPLEMENT TO TRUST AGREEMENT

965 SECTION 9.01. Amendment or Supplement. The Trust Agreement and the
966 rights and obligations of the Corporation and the City and the Owners and the Trustee hereunder
967 may be amended or supplemented at any time by an amendment hereof or supplement hereto
968 which shall become binding when the written consents of the Owners of a majority in aggregate
969 principal amount of the Certificates then Outstanding, exclusive of Certificates disqualified as
970 provided in Section 9.02, are filed with the Trustee. No such amendment or supplement shall (1)
971 change the fixed Certificate Payment Date of any Certificate or reduce the rate of interest
972 represented thereby or extend the time of payment of such interest or reduce the amount of
973 principal represented thereby without the prior written consent of the Owner of the Certificate so
974 affected, or (2) reduce the percentage of Owners whose consent is required for the execution of
975 any amendment hereof or supplement hereto, or (3) modify any of the rights or obligations of the
976 Trustee without its prior written consent thereto, or (4) amend this Section 9.01 without the prior
977 written consent of the Owners of all Certificates then Outstanding.
978

979 The Trust Agreement and the rights and obligations of the Corporation and the
980 City and the Owners and the Trustee hereunder may also be amended or supplemented at any
981 time by an amendment hereof or supplement hereto which shall become binding upon execution
982 without the written consents of any Owners, but only to the extent permitted by law and after
983 receipt of an approving Opinion of Counsel and only for any one or more of the following
984 purposes --

985 (a) to add to the agreements, conditions, covenants and terms required by the
986 Corporation or the City to be observed or performed herein other agreements, conditions,
987 covenants and terms thereafter to be observed or performed by the Corporation or the City, or to

988 surrender any right or power reserved herein to or conferred herein on the Corporation or the
989 City, and which in either case shall not materially adversely affect the interests of the Owners; or

990 (b) to make such provisions for the purpose of curing any ambiguity or of
991 correcting, curing or supplementing any defective provision contained herein or in regard to
992 questions arising hereunder which the Corporation or the City may deem desirable or necessary
993 and not inconsistent herewith, and which shall not materially adversely affect the interests of the
994 Owners; or

995 (c) to modify, amend or supplement this Trust Agreement or any agreement
996 supplemental hereto in such manner as to permit the qualification hereof and thereof under the
997 Trust Indenture Act of 1939 or any similar federal statute hereafter in effect or to permit the
998 qualification of the Certificates for sale under the securities laws of the United States of America
999 or of any of the states of the United States of America, and, if they so determine, to add to this
1000 Trust Agreement or any agreement supplemental hereto such other terms, conditions and
1001 provisions as may be permitted by said Trust Indenture Act of 1939 or similar federal statute; or

1002 (d) to make any modifications or changes necessary or appropriate in the
1003 Opinion of Counsel to preserve or protect the exclusion from gross income of interest
1004 represented by the Certificates for federal income tax purposes;

1005 (e) to provide for book-entry provisions of The Depository Trust Company or
1006 a similar securities depository; or

1007 (f) to provide for any Trustee Bank and related procedures.

1008 SECTION 9.02. Disqualified Certificates. Certificates owned or held by or
1009 for the account of the City (but excluding Certificates held in any pension or retirement fund of
1010 the City) shall not be deemed Outstanding for the purpose of any consent or other action or any
1011 calculation of Outstanding Certificates provided in this Article, and shall not be entitled to
1012 consent to or take any other action provided in this Article or Section 7.01 hereof, and the
1013 Trustee may adopt appropriate regulations to require each Owner, before his consent provided
1014 for herein shall be deemed effective, to reveal if the Certificates as to which such consent is
1015 given are disqualified as provided in this Section.

1016 SECTION 9.03. Endorsement or Replacement of Certificates After
1017 Amendment or Supplement. After the effective date of any action taken as hereinabove
1018 provided, the Trustee may (but shall not be required to) determine that the Certificates may bear
1019 a notation by endorsement in form approved by the Trustee as to such action, and in that case
1020 upon demand of the Owner of any Outstanding Certificate and presentation of such Certificate
1021 for such purpose at the Principal Corporate Trust Office a suitable notation as to such action shall
1022 be made on such Certificate. If the Trustee shall so determine, new Certificates so modified as in
1023 the opinion of the Trustee shall be necessary to conform to such action shall be prepared, and in
1024 that case upon demand of the Owner of any Outstanding Certificates such new Certificates shall
1025 be exchanged at the Principal Corporate Trust Office without cost to each Owner for Certificates
1026 then Outstanding upon surrender of such Outstanding Certificates.

1027 SECTION 9.04. Amendment by Mutual Consent. The provisions of this
1028 Article shall not prevent any Owner from accepting any amendment as to the particular
1029 Certificates owned by him, provided that due notation thereof is made on such Certificates.

1030 ARTICLE X

1031
1032 DISCHARGE

1033 SECTION 10.01. Discharge of Certificates and Trust Agreement. (a) If the
1034 City shall pay or cause to be paid or there shall otherwise be paid to the Owners of all
1035 Outstanding Certificates the interest and principal and premium, if any, represented thereby at
1036 the times and in the manner stipulated herein and therein, then such Owners shall cease to be
1037 entitled to the pledge of and lien on the Installment Payments as provided herein, and all
1038 agreements and covenants of the Corporation, the City and the Trustee to such Owners hereunder
1039 shall thereupon cease, terminate and become void and shall be discharged and satisfied except
1040 only as provided in subsection (b) below, provided further, however, that the provisions of
1041 Section 10.02 shall apply in all events.

1042 (b) After the payment of all the interest and principal represented by all
1043 Outstanding Certificates as provided in this Section, the Trustee shall execute and deliver to the
1044 Corporation and the City all such instruments as may be necessary or desirable to evidence the
1045 discharge and satisfaction of the Trust Agreement, and the Trustee shall pay over or deliver to
1046 the City all moneys or securities held by it pursuant hereto which are not required for the
1047 payment of the interest and principal and premium, if any, evidenced and represented by such
1048 Certificates and any unpaid fees and expenses of the Trustee.

1049 ARTICLE XI

1050
1051 MISCELLANEOUS

1052 SECTION 11.01. Benefits of Trust Agreement Limited to Parties. Nothing in
1053 this Trust Agreement expressed or implied is intended or shall be construed to confer upon, or to
1054 give or grant to, any person or entity, other than the City, Corporation, the Trustee and the
1055 registered owners of the Certificates, any right, remedy or claim under or by reason of this Trust
1056 Agreement or any covenant, condition or stipulation hereof, and all covenants, stipulations,
1057 promises and agreements in this Trust Agreement contained by and on behalf of the City shall be
1058 for the sole and exclusive benefit of the City, Corporation, the Trustee and the registered owners
1059 of the Certificates.

1060 SECTION 11.02. Successor Deemed Included in all References to
1061 Predecessor. Whenever either the Corporation, the City or the Trustee or any officer thereof is
1062 named or referred to herein, such reference shall be deemed to include the successor to the
1063 powers, duties and functions that are presently vested in the Corporation, the City or the Trustee
1064 or such officer, and all agreements, conditions, covenants and terms required hereby to be
1065 observed or performed by or on behalf of the Corporation, the City or the Trustee or any officer
1066 thereof shall bind and inure to the benefit of the respective successors thereof whether so
1067 expressed or not.