

TRUST AGREEMENT

among

CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY,

**WILMINGTON TRUST, NATIONAL ASSOCIATION,
AS TRUSTEE**

and

**CERTAIN LOCAL AGENCIES
NAMED HEREIN**

Dated as of ____ 1, 2020

**CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY
TRANSPORTATION REVENUE (INSTALLMENT SALE)
CERTIFICATES OF PARTICIPATION, SERIES 2020__ (FEDERALLY TAXABLE)
(T.R.I.P. – TOTAL ROAD IMPROVEMENT PROGRAM)**

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TRUST AGREEMENT

THIS TRUST AGREEMENT, made and entered into as of ____ 1, 2020 (the “**Trust Agreement**”) among WILMINGTON TRUST, NATIONAL ASSOCIATION (the “**Trustee**”), a national banking association duly organized and existing under and by virtue of the laws of the United States of America, the CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY (the “**Authority**”) and the Local Agencies named in Schedule I hereto (as defined herein);

WITNESSETH:

WHEREAS, the Authority is a joint exercise of powers authority duly organized and operating pursuant to Article 1 of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California;

WHEREAS, Article 4 of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California authorizes and empowers the Authority to cause certificates of participation to be executed and delivered to assist local agencies in financing projects and programs consisting of certain public improvements or working capital or liability and other insurance needs whenever a local agency determines that there are significant public benefits from so doing;

WHEREAS, each Local Agency has determined that the consummation of the transactions contemplated in its respective Agreement (as hereinafter defined) to which it is a party and this Trust Agreement will result in significant public benefits, and accordingly, has determined to participate in the California Statewide Communities Development Authority T.R.I.P. – Total Road Improvement Program (the “**Program**”) established by the Authority;

WHEREAS, each Local Agency is a participant in the Program and a member of the Authority;

WHEREAS, each Local Agency participating in the Program desires to have the 2020 Installment Sale Payments (as hereinafter defined) payable in connection with its respective Agreement combined with similar payments made pursuant to the Agreements executed by the other Local Agencies participating in the Program in order to achieve a lower net interest cost and lower costs of issuance associated with executing and delivering the Certificates (described herein);

WHEREAS, each Local Agency has designated the Trustee to act as its trustee with respect to the funds received by the Local Agency in connection with the sale of the Certificates and with respect to the moneys paid by the Local Agency as 2020 Installment Sale Payments;

WHEREAS, each Local Agency participating in the Program has executed a pricing confirmation, confirming the sale to the Purchaser of the Certificates which evidence and represent proportionate and undivided interests in the 2020 Installment Sale Payments payable in connection with its respective Agreement combined with similar payments made pursuant to the Agreements executed by the other local agencies participating in the Program and constituting part of the same series of Certificates;

WHEREAS, each Local Agency participating in the Program has authorized and directed the Trustee to execute and deliver on its behalf pursuant to the terms of the Trust Agreement, the Certificates in an amount equal to the aggregate principal amount of the principal installments payable by the Local Agencies pursuant to the Agreements;

WHEREAS, the Authority is empowered pursuant to the Agreements and the aforementioned Article 4 to cause the acquisition of the Projects (as hereinafter defined) and to finance and refinance the Projects through the execution and delivery of the Certificates;

WHEREAS, in order to provide for the execution and delivery of the Certificates (as hereinafter defined), to establish and declare the terms and conditions upon which the Certificates are to be executed, delivered and secured and to secure the payment of the principal and interest evidenced and represented by the Certificates, the Authority has authorized the execution and delivery of this Trust Agreement; and

WHEREAS, the execution of the Agreements and the approval of the execution and delivery of this Trust Agreement and the Certificates have been in all respects duly and validly authorized by the governing board of the Local Agencies pursuant to resolutions duly adopted (collectively, the “**Local Agency Resolutions**”);

WHEREAS, the Certificates and the form of assignment to be endorsed thereon are to be substantially in the form set forth in Exhibit A, with necessary or appropriate variations, omissions and insertions, as permitted or required hereby;

WHEREAS, the Trustee has accepted the trust created by this Trust Agreement and in evidence thereof has joined in the execution hereof; and

WHEREAS, all acts, conditions and things required by law to exist, to have happened and to have been performed precedent to and in connection with the execution and entering into of the Trust Agreement and delivery of the Certificates do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the parties hereto are now duly authorized to execute and enter into the Trust Agreement;

NOW, THEREFORE, IN CONSIDERATION OF THE PREMISES AND OF THE MUTUAL AGREEMENTS AND COVENANTS CONTAINED HEREIN AND FOR OTHER VALUABLE CONSIDERATION, THE RECEIPT AND SUFFICIENCY OF WHICH ARE HEREBY ACKNOWLEDGED, THE PARTIES HERETO DO HEREBY AGREE AS FOLLOWS:

ARTICLE I

DEFINITIONS; EQUAL SECURITY

Section 1.01 Definitions. Unless the context otherwise requires, the terms defined in this section shall for all purposes hereof and of any Supplemental Trust Agreement and of any certificate, opinion, request or other document herein or therein mentioned have the meanings herein specified:

“**Act**” means the Joint Exercise of Powers Act (being Chapter 5 of Division 7 of Title 1 of the California Government Code, as amended) and all laws amendatory thereof or supplemental thereto.

“**Administration Fee**” means, for each Local Agency, an amount equal to the sum of the Trustee Fee and any other similar fee payable in connection with the administration of the Program, payable by each Local Agency, in accordance with such Local Agency’s Agreement, on the 15th day of the month preceding each June 1, commencing June 1, 20__, for the administrative costs of the Project and the Program. The Administration Fee shall be allocated on a *pro rata* basis (related to the Purchase Price payable by each Local Agency) among the Local Agencies.

“Administration Fund” means the fund by that name established and maintained pursuant to Section 3.03.

“Agreement” or “Agreements” means each 2020 Installment Sale Agreement, dated as of _____ 1, 2020, between the Authority and a Local Agency as originally executed and as each may from time to time be amended or supplemented pursuant to the provisions hereof and thereof.

“Authority” means the California Statewide Communities Development Authority, a joint exercise of powers authority duly organized and existing under and by virtue of the laws of the State of California and an Amended and Restated Joint Exercise of Powers Agreement, dated as of June 1, 1988, among a number of California cities, counties and special districts, including the Local Agencies, as amended.

“Authorized Authority Representative” means any member of the Commission of the Authority and any other person as may be designated and authorized to sign on behalf of the Authority pursuant to a resolution adopted thereby.

“Authorized Local Agency Representative” means the person or persons designated in Section 8.12 of each Agreement or any other person at the time designated to act on behalf of such respective Local Agency by written certificate furnished to the Trustee, containing the specimen signature of such person and signed on behalf of such Local Agency by an Authorized Local Agency Representative.

“Business Day” any day other than a Saturday, a Sunday or a day which banking institutions or trust companies on which the Trustee is open for business at its corporate trust office in Costa Mesa, California or authorized or obligated by law, regulation or executive order to remain closed.

“Cash Flow Report” means a report prepared by the Cash Flow Consultant identifying Certificates to be prepaid as a result of any prepayment pursuant to Section 2.03 hereof. In the case of any optional prepayment pursuant to Section 2.03(a) hereof, such report shall demonstrate that Revenues expected to be received following such prepayment shall be sufficient to pay the regularly scheduled principal and interest represented by the Certificates as such amounts become due and payable. In the case of a mandatory prepayment pursuant to Section 2.03(b) hereof, such report shall identify maturities of principal evidenced by the Certificates to be prepaid in a manner consistent with Section 7.02 hereof and Section 6.02 of the related Local Agency Agreement relating to the application of Revenues upon acceleration.

“Cash Flow Consultant” means Stifel, Nicolaus & Company, Incorporated, or any successor thereto appointed by the Authority.

“Certificates” means the California Statewide Communities Development Authority Transportation Revenue (Installment Sale) Certificates of Participation, Series 2020__ [(Federally Taxable)] (T.R.I.P. – Total Road Improvement Program). The term **“Serial Certificates”** means Certificates for which no sinking fund payments are provided. The term **“Term Certificates”** means Certificates which are payable on or before their specified payment dates from sinking fund payments established for that purpose and calculated to prepay such Certificates on or before their specified payment dates.

“Certificate Payment Date” means a date on which principal evidenced and represented by the Certificates is due and payable, being June 1 of each year, commencing _____ 1, 20__.

“**Code**” means the Internal Revenue Code of 1986, as amended and the regulations issued thereunder.

“**Costs of Issuance**” means all items of expense directly or indirectly payable by or reimbursable to a Local Agency, or the Local Agencies, as applicable, or the Authority and related to the authorization, execution and delivery of the Certificates, including, but not limited to costs of preparation and reproduction and delivery of documents, filing and recording fees, fees and charges of the Trustee and its counsel, legal fees and charges, fees and disbursements of consultants and professionals, fees of rating agencies, fees and charges for preparation, execution and safekeeping of the Certificates and any other costs, charges or fees in connection with the original execution, delivery, marketing and sale of the Certificates.

“**Costs of Issuance Fund**” means the fund by that name established and maintained pursuant to Section 2.11.

“**Escrow Agent**” means, for each respective Local Agency, Wells Fargo Bank, National Association, as escrow agent under the Escrow Agreement, or any successor thereto appointed pursuant to the Escrow Agreement.

“**Escrow Agreement**” means, for each respective Local Agency, the related Escrow Agreement, dated as of _____ 1, 2020, between that Local Agency and Wells Fargo Bank, National Association, as trustee and acting in its capacity as escrow agent thereunder.

“**Escrow Fund**” means, for each respective Local Agency, the Escrow Fund established pursuant to the related Escrow Agreement.

“**Defeasance Obligations**” means the following: (1) cash, (2) non-callable direct obligations of the United States of America (“**Treasuries**”), (3) evidences of ownership of proportionate interests in future interest and principal payments on Treasuries held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying Treasuries are not available to any person claiming through the custodian or to whom the custodian may be obligated, (4) subject to the prior written consent of the Insurer, pre-refunded municipal obligations rated “AAA” and “Aaa” by S&P and Moody’s, respectively, or (5) subject to the prior written consent of the Insurer, securities eligible for “AAA” defeasance under then existing criteria of S&P or any combination thereof, which shall be used to effect defeasance of the Certificates.

“**Independent Certified Public Accountant**” means any firm of certified public accountants appointed by the respective Local Agency and/or the Authority which is independent pursuant to the Statement on Auditing Standards No. 1 of the American Institute of Certified Public Accountants.

“**Insurance Agreement**” means, collectively, each of the insurance agreements, dated _____, 2020, by and among the Authority, the Local Agency and the Insurer, with respect to the Local Agency’s Reserve Subaccount].

“**Insurance Policy**” means the insurance policy issued by the Insurer guaranteeing the scheduled payment of principal and interest evidenced and represented by the Certificates when due.

“**Insurer**” means _____, a New York stock insurance company, or any successor thereto or assignee thereof.

“Interest Fund” means the fund by that name established pursuant to Section 3.03.

“Interest Payment Account” means the account within the Interest Fund by that name established for each Local Agency pursuant to Section 3.03.

“Interest Payment Date” means a date on which interest evidenced and represented by the Certificates is due and payable, being June 1 and December 1 of each year, commencing _____ 1, 20__.

“Local Agency” or **“Local Agencies”** means, as applicable, the respective local agency or local agencies listed in Schedule I hereto, each a duly organized and existing political subdivision of the State of California.

“Moody’s” means Moody’s Investor Services, Inc., a corporation organized and existing under the laws of the State of Delaware, its successors and their assigns, except that if such entity shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term “Moody’s” shall be deemed to refer to any other nationally recognized securities rating agency selected by the Local Agencies pursuant to the Agreements.

“Office of the Trustee” means the corporate trust office of the Trustee in Costa Mesa, California.

“Opinion of Counsel” means a written opinion of counsel of recognized national standing in the field of law relating to municipal obligations, appointed and paid by the Authority and satisfactory to and approved by the Trustee (who shall be under no liability by reason of such approval).

“Outstanding,” when used as of any particular time with reference to Certificates, means (subject to the provisions of Section 6.02) all Certificates except

- (1) Certificates theretofore canceled by the Trustee or surrendered to the Trustee for cancellation;
- (2) Certificates paid or deemed to have been paid within the meaning of Section 8.01; and
- (3) Certificates in lieu of or in substitution for which other Certificates shall have been executed and delivered by the Trustee pursuant hereto.

“Owner” means any person who shall be the registered owner of any Outstanding Certificate.

“Permitted Investments” means any of the following to the extent permitted by the laws of the State and the applicable Local Agency’s Investment Policy:

- 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.
- 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):

1. U.S. Export-Import Bank (Eximbank)
Direct obligations or fully guaranteed certificates of beneficial ownership
 2. Federal Housing Administration Debentures (FHA)
 3. General Services Administration
Participation certificates
 4. Government National Mortgage Association (GNMA or "Ginnie Mae")
GNMA - guaranteed mortgage-backed bonds
GNMA - guaranteed pass-through obligations
(not acceptable for certain cash-flow sensitive issues.)
 5. U.S. Maritime Administration
Guaranteed Title XI financing
 6. 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):
1. Federal Home Loan Bank System
Senior debt obligations
 2. Federal Home Loan Mortgage Corporation (FHLMC or "Freddie Mac")
Participation Certificates
Senior debt obligations
 3. Federal National Mortgage Association (FNMA or "Fannie Mae")
Mortgage-backed securities and senior debt obligations
 4. Resolution Funding Corp. (REFCORP) obligations
 5. 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 AA-Am-G; AAA-m; or AA-m and if rated by Moody's rated Aaa, Aa1 or Aa2 including funds for which the Trustee, its parent holding company, if any, or any affiliates or subsidiaries of the Trustee provide investment advisory or 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 which may include the Trustee and its affiliates. The collateral must be held by a third party and the Owners 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 which may include the Trustee and its affiliates.
- G. Investment Agreements, including GIC's, Forward Purchase Agreements and Reserve Fund Put Agreements (Investment Agreement criteria is available upon request).
- 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 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 "A" or better by S&P which may include the Trustee and its affiliates.
- K. The Local Agency Investment Fund (LAIF) administered by the State of California.
- L. Repurchase Agreements for 30 days or less must follow the following criteria.

Repurchase agreements provide for the transfer of securities from a dealer bank or securities firm (seller/borrower) to a municipal entity (buyer/lender), and the transfer of cash from a municipal entity 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 municipal entity in exchange for the securities at a specified date.

1. Repos must be between the municipal entity and a dealer bank or securities firm
 - a. Primary dealers on the Federal Reserve reporting dealer list which are rated A or better by S&P and Moody's, or
 - b. Banks rated "A" or above by S&P and Moody's.
2. The written repo contract must include the following:
 - a. Securities which are acceptable for transfer are:
 - (1) Direct U.S. governments, or
 - (2) Federal agencies backed by the full faith and credit of the U.S. government (and FNMA & FHLMC)
 - b. The term of the repo may be up to 30 days
 - c. The collateral must be delivered to the municipal entity, trustee (if trustee is not supplying the collateral) or third party acting as agent for the

trustee (if the trustee is supplying the collateral) before/simultaneous with payment (perfection by possession of certificated securities).

d. Valuation of Collateral

- (1) The securities must be valued weekly, marked-to-market at current market price plus accrued interest.
- (2) The value of collateral must be equal to 104% of the amount of cash transferred by the municipal entity to the dealer bank or security firm under the repo plus accrued interest. If the value of securities held as collateral slips below 104% of the value of the cash transferred by municipality, then additional cash and/or acceptable securities must be transferred. If, however, the securities used as collateral are FNMA or FHLMC, then the value of collateral must equal 105%.

(3) Legal opinion which must be delivered to the municipal entity:

- a. Repo meets guidelines under state law for legal investment of public funds.

“Prepayment Price” means, with respect to any Certificate (or portion thereof) the principal amount with respect to such Certificate (or portion), plus the applicable premium, if any, payable upon prepayment thereof pursuant to the provisions of such Certificate and the Trust Agreement.

“Pricing Confirmation Supplement” means that certain Pricing Confirmation Supplement attached to each Purchase Agreement as agreed and accepted by each of the respective Local Agencies.

“Principal Fund” means the account by that name established and maintained pursuant to Section 3.03.

“Principal Payment Account” means the account within the Principal Fund by that name established for each Local Agency pursuant to Section 3.03.

“Project(s)” has the meaning ascribed to such term in each Agreement.

“Program” means the California Statewide Communities Development Authority T.R.I.P. – Total Road Improvement Program pursuant to which the Certificates are executed and delivered to assist local agencies in financing Projects.

“Purchase Agreement” means [that certain][each] [Certificate Purchase Agreement][Placement Agreement] by and between each of the respective Local Agencies and the Purchaser relating to the Agreements and the Certificates.

“Purchaser” means [Stifel, Nicolaus & Company, Incorporated], as initial purchaser of the Certificates.

“Purchase Price” means with respect to any Certificate (or portion thereof) the principal amount with respect to such Certificate (or portion), plus the applicable premium, if any, payable upon purchase thereof pursuant to the provisions of such Certificate and the Trust Agreement.

“Qualified Reserve Instrument” means an insurance policy meeting the requirements of Section 3.03(b)(3).

“Rating Agency” means S&P or, in the event that S&P no longer maintains a rating on the Certificates, any other nationally recognized bond rating agency then maintaining a rating on the Certificates, but, in each instance, only so long as S&P, or other nationally recognized rating agency then maintains a rating on the Certificates.

“Record Date” means the 15th day of the month next preceding each Interest Payment Date, whether or not such day is a Business Day.

“Request” or “Certificate” with respect to a Local Agency, means an instrument in writing signed on behalf of such Local Agency by an Authorized Local Agency Representative, and with respect to the Authority means an instrument in writing signed on behalf of the Authority by an Authorized Authority Representative or other person at the time designated to act on behalf of the Authority by written certificate furnished to the Trustee.

“Reserve Fund” means the fund by that name established and maintained pursuant to Section 3.03.

“Reserve Fund Requirement” means, as of any date of calculation, an amount equal to the least of (i) 10% of the initial stated principal amount (within the meaning of Section 148 of the Code) of the 2020 Installment Sale Payments under the Agreements; (ii) 125% of the average annual 2020 Installment Sale Payments under the Agreements; or (iii) the Maximum Annual Debt Service, as defined in each Agreement calculated only with respect to the 2020 Installment Sale Payments.

“Reserve Policy” means [the/each municipal bond debt service reserve fund insurance policy issued by the Insurer and credited to the Local Agency’s Reserve Subaccount. The Reserve Policy is a Qualified Reserve Instrument.]

“Reserve Subaccount” means the Subaccount within the Reserve Fund by that name established for each Local Agency pursuant to Section 3.03.

“Revenues” means all 2020 Installment Sale Payments and other payments paid by the Local Agencies and received by the Authority pursuant to the Agreements and all interest or other income from any investment of any money in any fund or account pursuant to Section 3.04.

“Revenue Fund” means the fund by that name established and maintained pursuant to Section 3.02.

“S&P” means S&P Global Ratings, a division of The McGraw-Hill Companies, Inc., a corporation duly organized and existing under and by virtue of the laws of the State of New York, and its successors and assigns, except that if such entity shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term “S&P” shall be deemed to refer to any other nationally recognized securities rating agency selected by the Local Agency.

“Securities Depositories” means: The Depository Trust Company, 711 Stewart Avenue, Garden City, New York 11530, Fax-(516) 227-4039 or 4190; or such other addresses and/or such other securities depositories as the Authority may designate to the Trustee in writing.

“State” means the State of California.

“Supplemental Trust Agreement” means any trust agreement then in full force and effect which has been duly executed and delivered by the Authority and the Trustee amendatory hereof or supplemental hereto; but only if and to the extent that such Supplemental Trust Agreement is specifically authorized hereunder.

“Surplus Account” means the account by that name established and maintained pursuant to Section 3.03.

“2020 Installment Sale Payments” means the periodic payments scheduled to be paid by each Local Agency under and pursuant to its respective Agreement.

“Tax Certificate” means each Tax Certificate dated the date of initial delivery of the Certificates and executed and delivered by the Authority and each Local Agency.

“Trust Agreement” means this Trust Agreement, dated as of _____ 1, 2020, among the Authority, the Trustee and the Local Agencies, as originally executed and as it may from time to time be amended or supplemented by all Supplemental Trust Agreements executed pursuant to the provisions hereof.

“Trustee” means Wilmington Trust, National Association, or any successor thereto appointed pursuant to the Trust Agreement.

“Trustee’s Fee” means, for each Local Agency, the annual administration fee of the Trustee, in the amount of \$[1,500.00] payable in advance on _____, 2020 and thereafter on each Certificate Payment Date.

. In consideration of the acceptance of the Certificates by the Owners, the Trust Agreement shall be deemed to be and shall constitute a contract among the Trustee, the Local Agencies, and the Owners to secure the full and final payment of the interest and principal evidenced and represented by the Certificates, subject to 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 benefit, protection or security of any Certificates over any other Certificates by reason of the number or date thereof or the time of execution or delivery thereof or otherwise for any cause whatsoever, except as expressly provided herein or therein.

ARTICLE II

EXECUTION AND DELIVERY OF CERTIFICATES

Section 2.01 Preparation and Purpose of Certificates. The Authority has reviewed all proceedings heretofore taken relative to the authorization of the Certificates and has found, as a result of such review, and hereby finds and determines that all acts, conditions and things required by law to exist, to have happened and to have been performed precedent to and in the execution and delivery of the Certificates do exist, have happened and have been performed in due time, form and manner as required by law, and that the Authority is now duly authorized, pursuant to each and every requirement of the Act, to cause the Certificates to be executed and delivered in the form and manner provided herein for the purpose of providing funds to pay for and construct the Projects, and that the Certificates shall be entitled to the benefit, protection and security of the provisions hereof. The Trustee is hereby authorized and directed to prepare the Certificates in the initial aggregate principal amount of _____ dollars (\$_____), evidencing and

representing the aggregate principal components of the 2020 Installment Sale Payments and each evidencing and representing a proportionate, undivided interest in the 2020 Installment Sale Payments. The Local Agencies hereby authorize the Authority to execute on their behalf, a letter of representations to be delivered to DTC in connection with the delivery of the Certificates (the “**Representation Letter**”).

Each Local Agency participating in the Program is the Local Agency required to make the 2020 Installment Sale Payments with respect to its Agreement which, when combined with the 2020 Installment Sale Payments to be made with respect to the Agreements of other Local Agencies participating in the Program and the same series, shall be evidenced by the Certificates which evidence and represent a proportionate and undivided interest in the 2020 Installment Sale Payments of each Local Agency, such that each Local Agency participating in the Program is severally, and not jointly, liable on each such Certificates in the proportion that the principal component of such Local Agency’s Installment Sale Payments bears to the total aggregate principal component of the 2020 Installment Sale Payments to be made by all Local Agencies participating in the Program and the same series. Each Local Agency participating in the Program has, pursuant to its Local Agency Resolution, authorized and directed the Trustee on behalf of that Local Agency to prepare and execute the Certificates and to deliver the Certificates to the Purchaser upon payment of the purchase price thereof, pursuant to the terms of the Trust Agreement.

Section 2.02 Terms of the Certificates. The Certificates shall be designated “California Statewide Communities Development Authority Transportation Revenue (Installment Sale) Certificates of Participation, Series 2020__ (Federally Taxable) (T.R.I.P. – Total Road Improvement Program)” to be issued in \$ _____ aggregate principal amount and This designation is an intended revision of the nomenclature for the Certificates originally included in the materials filed in connection with the proceedings for validation of the Certificates in the interest of clarity in marketing the Certificates. The Certificates shall be dated _____, 2020, shall be executed and delivered only in fully registered form in denominations of five thousand dollars (\$5,000) or any integral multiple of five thousand dollars (\$5,000) (not exceeding the principal amount of Certificates payable at any one time). The Series 2020__ Certificates shall be payable on the Certificate Payment Dates and in the principal amounts and evidence and represent interest at the rates (based on a 360 day year comprised of twelve 30 day months) as set forth in the following schedule:

Certificate Payment	Principal Amount	Interest Rate
Date (June 1)		

The principal evidenced and represented by the Certificates shall be payable in lawful money of the United States of America by check upon presentation thereof at maturity or on prepayment prior to maturity at the Office of the Trustee.

The Certificates shall evidence and represent interest at the rates set forth above, payable on Interest Payment Date. The Certificates shall evidence and represent interest from the Interest Payment Date next preceding the date of registration thereof, unless such date of registration is an Interest Payment Date, in which event they shall evidence and represent interest from such date, or unless such date of registration is prior to the first Interest Payment Date, in which event they shall evidence and represent interest from _____ 15, 20__; provided, however, that if at the time of registration of any Certificate interest is then in default on the Outstanding Certificates, such Certificate shall evidence and represent interest from the Interest Payment Date to which interest has previously been paid or made available for payment on the Outstanding Certificates. Payment of interest evidenced and represented by the Certificates due on or before the maturity or prior prepayment thereof shall be made to the person whose name appears in the Certificate registration books maintained by the Trustee pursuant to Section 2.08 as the registered owner thereof as of the close of business on the Record Date preceding each Interest Payment Date, whether or not such day is a Business Day, such interest to be paid by check mailed on such Interest Payment Date (or the next Business Day if such Interest Payment Date is not a Business Day) to such registered owner at the address as it appears in such books or at such other address as may have been filed with the Trustee for that purpose.

Payment of the principal evidenced and represented by the Certificates shall be made by check upon the surrender thereof at maturity or on prepayment prior to maturity at the Office of the Trustee. The Owner of \$1,000,000 or more in aggregate principal amount evidenced by the Certificates may request in writing that the Trustee pay the interest evidenced by such Certificates by wire transfer and the

Trustee shall comply with such request for all Interest Payment Dates following the fifteenth (15th) day after receipt of such request until such request is rescinded. So long as Cede & Co. is the registered owner of the Certificates, principal of and interest on the Certificates are payable in same day funds by the Trustee to Cede & Co., as nominee for the Depository, and the payment of principal or redemption price shall be made without presentment.

Section 2.03 Prepayment of Certificates.

(a) Optional Prepayment. The Series __ Certificates maturing on or after June 1, 20__, shall be subject to optional prepayment prior to maturity, at the option of the Authority upon direction of a Local Agency or the Local Agencies, on or after June 1, 20__ in whole or in part (by lot within any maturity), on any date, at a Prepayment Price equal to the principal amount to be prepaid, plus accrued interest to the date fixed for prepayment, without premium. Each respective Local Agency shall provide notice to the Authority and the Trustee at least forty-five (45) days prior to the prepayment date (or such lesser period of time acceptable to the Trustee in its sole discretion) specifying the principal amount evidenced by and maturities of the 2020 Installment Sale Payments to be prepaid.

The Series __ Certificates maturing on or after June 1, 20__, shall be subject to optional prepayment prior to maturity, at the option of the Authority upon direction of a Local Agency or the Local Agencies, on or after June 1, 20__ in whole or in part (by lot within any maturity), on any date, at a Prepayment Price equal to the principal amount to be prepaid, plus accrued interest to the date fixed for prepayment, without premium. Each respective Local Agency shall provide notice to the Authority and the Trustee at least forty-five (45) days prior to the prepayment date (or such lesser period of time acceptable to the Trustee in its sole discretion) specifying the principal amount evidenced by and maturities of the 2020 Installment Sale Payments to be prepaid.

(b) Mandatory Prepayment. The Certificates shall be subject to mandatory prepayment prior to maturity, in whole or in part (by lot among Certificates with the same maturity in any manner which the Trustee in its sole discretion shall deem appropriate), on any date, from amounts received upon the acceleration of 2020 Installment Sale Payments upon the occurrence of an event of default under any Agreement, at a Prepayment Price equal to the principal amount to be prepaid, plus accrued interest to the date fixed for prepayment, without premium.

(c) Mandatory Sinking Fund Prepayment. The Certificates maturing on June 1, 20__, are subject to mandatory prepayment on June 1 of each year commencing June 1, 20__, in part, from mandatory sinking fund payments, on each June 1 specified below, at a Prepayment Price equal to the principal evidenced thereby, plus accrued interest evidenced thereby to the date fixed for prepayment, without premium. The principal evidenced by such Certificates to be so prepaid and the dates therefor shall be as follows:

Mandatory Prepayment Date (June 1)	Principal Amount
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* Maturity date

The amount of each such prepayment shall be reduced in the event and to the extent that 2020 Installment Sale Payments payable on the corresponding 2020 Installment Sale Payment Date are optionally prepaid pursuant to the 2020 Installment Sale Agreement and applied to the prepayment of Certificates maturing on June 1, 20___. In such event, each respective Local Agency shall provide the Trustee with a revised sinking fund prepayment schedule.

The Certificates maturing on June 1, 20___, are subject to mandatory prepayment on June 1 of each year commencing June 1, 20___, in part, from mandatory sinking fund payments, on each June 1 specified below, at a Prepayment Price equal to the principal evidenced thereby, plus accrued interest evidenced thereby to the date fixed for prepayment, without premium. The principal evidenced by such Certificates to be so prepaid and the dates therefor shall be as follows:

Mandatory Prepayment Date (June 1)	Principal Amount
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* Maturity date

The amount of each such prepayment shall be reduced in the event and to the extent that 2020 Installment Sale Payments payable on the corresponding 2020 Installment Sale Payment Date are optionally prepaid pursuant to the 2020 Installment Sale Agreement and applied to the prepayment of Certificates maturing on June 1, 20___. In such event, each respective Local Agency shall provide the Trustee with a revised sinking fund prepayment schedule.

(d) Selection of Certificates. [Whenever provision is made in the Trust Agreement for the prepayment or purchase of less than all of the Certificates or any given portion thereof, the Trustee shall, subject to the following sentence, select the Certificates to be prepaid or purchased, from all Certificates subject to prepayment or purchase or such given portion thereof equal to a multiple of \$5,000 or any integral multiple thereof not previously called for prepayment or purchase. Upon notice of any prepayment pursuant to Section 2.03(a) hereof or receipt of moneys resulting in a prepayment pursuant to Section 2.03(b) hereof, the Trustee shall request the Cash Flow Consultant to prepare a Cash Flow Report identifying the principal amount and maturities of the Certificates to be prepaid. The Trustee shall promptly notify the Authority in writing of any prepayment or purchase of Certificates and of the Certificates or portions thereof so selected for prepayment or purchase.]

(e) Purchase in Lieu of Prepayment. In lieu of prepayment of any Certificates, amounts on deposit in the Revenue Fund or in any sinking account therein may also be used and withdrawn by the Trustee at any time, upon the Request of the Authority, upon direction of the respective Local Agency, for the purchase of such Certificates at public or private sale as and when and at such prices (including brokerage and other charges, but excluding accrued interest, which is payable from the Interest Fund) as the Authority, upon direction of the respective Local Agency, may in its discretion determine, but not in excess of the principal amount thereof plus accrued interest to the purchase date. The principal amount of any Certificates so purchased by the Trustee in any twelve-month period ending 60 days prior to any Certificate Payment Date in any year shall be credited towards and shall reduce the principal amount of such Term Certificates, if any, required to be prepaid on such Certificate Payment Date in such year.

(f) Notice of Prepayment or Purchase. Notice of prepayment or purchase shall be mailed by first-class mail by the Trustee, upon direction of the respective Local Agency, not less than thirty (30) nor more than sixty (60) days prior to the prepayment or purchase date, to (i) the respective Owners of any Certificates designated for prepayment or purchase at their addresses appearing on the registration books of the Trustee, and (ii) if the Certificates are no longer held by the Depository, to the Securities Depositories and the Municipal Securities Rulemaking Board through its Electronic Municipal Marketplace Access (EMMA) System. Notice of prepayment shall be given by telecopy, certified, registered, or overnight mail to the Securities Depositories and the Municipal Securities Rulemaking Board through its Electronic Municipal Marketplace Access (EMMA) System. Each notice of prepayment or purchase shall state the date of such notice, the date of initial execution and delivery of the Certificates, the prepayment or purchase date, the Prepayment Price or Purchase Price, the place or places of prepayment or purchase (including the name and appropriate address or addresses of the Trustee), the CUSIP number (if any) of the Certificates of each Certificate Payment Date or Dates, and, if less than all of the Certificates of any such Certificate Payment Date, the distinctive certificate numbers of the Certificates with such Certificate Payment Date, to be prepaid or purchased and, in the case of Certificates to be prepaid or purchased in part only, the respective portions of the principal amount thereof to be prepaid or purchased. Each such notice shall also state that on said date there will become due and payable on each of said Certificates the Prepayment Price or Purchase Price represented thereby or of said specified portion of the principal amount thereof in the case of a Certificate to be prepaid or purchased in part only, together with interest accrued with respect thereto to the prepayment or purchase date, and that from and after such prepayment or purchase date, interest thereon shall cease to accrue, and shall require that such Certificates be then surrendered at the address or addresses of the Trustee specified in the prepayment or purchase notice.

If any of the Certificates are prepaid pursuant to an advance refunding, notice of such advance refunding and prepayment shall be given in the same manner as above provided, and also within the same time period with respect to the actual prepayment date.

Notice of prepayment or purchase of Certificates shall be given by the Trustee (upon direction of the respective Local Agency or Local Agencies), at the expense of the Authority. Conditional notice of optional prepayment may be given at the direction of the Authority and shall be given if funds sufficient to prepay the Certificates are not then on deposit with the Trustee. If at the time of mailing of notice, funds are not then on deposit with the Trustee, such notice shall state that it is conditional upon the deposit of the funds not later than the opening of business on the date of prepayment of the Certificates, and such notice shall be of no effect unless such moneys are so deposited.

Failure by the Trustee to give notice pursuant to this Section 2.03 to the Municipal Securities Rulemaking Board through its Electronic Municipal Marketplace Access (EMMA) System or Securities Depositories shall not affect the sufficiency of the proceedings for prepayment or purchase. Failure by the Trustee to mail notice of prepayment or purchase pursuant to this Section 2.03 to any one or more of the respective Owners of any Certificates designated for prepayment or purchase shall not affect the sufficiency of the proceedings for prepayment with respect to the Owner or Owners to whom such notice was mailed.

(g) Partial Prepayment or Purchase of Certificates. Upon surrender of any Certificate to be prepaid or purchased in part only, the Trustee shall execute and deliver to the registered owner thereof, at the expense of the Authority, a new Certificate or Certificates of authorized denominations, and having the same Certificate Payment Date, equal in aggregate principal amount to the unprepaid or unpurchased portion of the Certificate surrendered.

(h) **Effect of Prepayment.** Notice of prepayment having been duly given as aforesaid, and moneys for payment of the Prepayment Price of, together with interest accrued to the prepayment date with respect to, the Certificates (or portions thereof) so called for prepayment being held by the Trustee, on the prepayment date designated in such notice, the Certificates (or portions thereof) so called for prepayment shall become due and payable at the Prepayment Price specified in such notice and interest accrued with respect thereto to the prepayment date, interest with respect to the Certificates so called for prepayment shall cease to accrue, said Certificates (or portions thereof) shall cease to be entitled to any benefit or security under the Trust Agreement, and the Owners of said Certificates shall have no rights in respect thereof except to receive payment of said Prepayment Price and accrued interest.

All Certificates prepaid pursuant to the provisions of this Section shall be cancelled upon surrender thereof by the Trustee. All Certificates purchased pursuant to the provisions of this Section shall be registered in the name of the Authority and delivered to, or as directed in writing by, the Authority.

Section 2.04 Form of Certificates. The Certificates and the registration endorsement and assignment to appear thereon shall be substantially in the forms set forth in Exhibit A hereto attached and by this reference herein incorporated (provided that on the face of each Certificates, at the place where the portion of the form set forth below appears on the reverse side of such Certificate, there shall be inserted the following sentence: REFERENCE IS HEREBY MADE TO THE FURTHER PROVISIONS OF THIS CERTIFICATE SET FORTH ON THE REVERSE HEREOF, WHICH FURTHER PROVISIONS SHALL, FOR ALL PURPOSES, HAVE THE SAME EFFECT AS IF SET FORTH AT THIS PLACE).

Section 2.05 Execution of Certificates. The Certificates shall be executed by the Trustee by the manual signature of an authorized signatory of the Trustee. Only those Certificates executed manually and dated by the Trustee, shall be entitled to any benefit, protection or security hereunder or be valid or obligatory for any purpose, and such execution by the Trustee shall be conclusive evidence that the Certificates so executed and registered have been duly authorized, executed and delivered hereunder and are entitled to the benefit, protection and security hereof.

Section 2.06 Transfer and Payment of Certificates. Any Certificates may, in accordance with its terms, be transferred in the records maintained pursuant to the provisions of Section 2.08 by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Certificates for cancellation accompanied by delivery of a duly executed written instrument of transfer in a form approved by the Trustee. Whenever any Certificates shall be surrendered for transfer, the Trustee shall execute and deliver to the transferee a new Certificate or Certificates of the same series and maturity for a like aggregate principal amount. The Trustee shall require the payment by the Owner requesting such transfer of any tax or other governmental charge required to be paid with respect to such transfer as a condition precedent to the exercise of such privilege.

The Authority and the Trustee may deem and treat the registered owner of any Certificates as the absolute owner of such Certificates for the purpose of receiving payment thereof and for all other purposes, whether such Certificates shall be overdue or not, and neither the Authority nor the Trustee shall be affected by any notice or knowledge to the contrary; and payment of the interest and principal and prepayment premium, if any, evidenced and represented by such Certificates shall be made only to such registered owner, which payments shall be valid and effectual to satisfy and discharge liability on such Certificates to the extent of the sum or sums so paid.

The Trustee shall not be required to execute, register the transfer of or exchange any Certificates during the fifteen (15) days preceding each Interest Payment Date or the date of selection by the Trustee

of Certificates for prepayment, or to register the transfer of or exchange any Certificates which have been selected for prepayment in whole or in part.

Section 2.07 Exchange of Certificates. Certificates may be exchanged at the office of the Trustee for a like aggregate principal amount of Certificates of the same series and payment date of other authorized denominations. The Trustee shall require the payment by the Owner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange as a condition precedent to the exercise of such privilege.

Section 2.08 Certificate Registration Books. The Trustee will keep at its office sufficient books for the registration and transfer of the Certificates which shall at all times be open to inspection by the Local Agencies or any Owner on reasonable notice during regular business hours on any Business Day, and upon presentation for such purpose the Trustee shall, under such reasonable regulations as it may prescribe, register or transfer the Certificates in such books as hereinabove provided.

Section 2.09 Mutilated, Destroyed, Stolen or Lost Certificates. If any Certificate shall become mutilated the Trustee at the expense of the Owner shall thereupon execute and deliver, a new Certificate of like tenor and number 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 canceled.

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 be satisfactory to the Trustee and the Authority and indemnity satisfactory to the Trustee and the Authority shall be given, the Trustee, at the expense of the Owner, shall thereupon execute and deliver, a new Certificate of like tenor and number in lieu of and in substitution for the Certificate so lost, destroyed or stolen.

The Trustee may require payment of a reasonable sum for each new Certificate executed and delivered under this Section 2.09 and of the expenses which may be incurred by the Authority and the Trustee in the premises. Any Certificate executed and delivered 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 the Trust Agreement with all other Certificates of the same series secured by the Trust Agreement. Neither the Authority nor the Trustee shall be required to treat both the original Certificate and any duplicate 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 duplicate Certificate shall be treated as one and the same.

Section 2.10 Temporary Certificates. The Certificates executed and delivered under the Trust Agreement may be initially executed and delivered in temporary form exchangeable for definitive Certificates when ready for delivery. The temporary Certificates may be printed, lithographed or typewritten, shall be of such denominations as may be determined by the Trustee, shall be in fully registered form and may contain such reference to any of the provisions of the Trust Agreement as may be appropriate. Every temporary Certificate shall be executed and delivered by the Trustee upon the same conditions and terms and in substantially the same manner as definitive Certificates. If the Trustee executes and delivers temporary Certificates it will execute and furnish definitive Certificates without delay and thereupon the temporary Certificates may be surrendered, for cancellation, in exchange therefor at the Office of the Trustee, and the Trustee shall deliver in exchange for such temporary Certificates an equal aggregate principal amount of definitive Certificates of authorized denominations. Until so exchanged, the temporary Certificates shall be entitled to the same benefits under the Trust Agreement as definitive Certificates delivered hereunder.

Section 2.11 Procedure for the Execution and Delivery of Certificates; Establishment of Funds and Accounts; Deposit of Proceeds. At any time after the sale of the Certificates, the Trustee shall execute the Certificates for delivery hereunder, and thereupon the Certificates shall be delivered by the Trustee to the purchaser thereof upon the Request of the Authority and upon receipt of payment therefor from the purchaser thereof. Upon receipt of payment for the Certificates from the purchaser thereof, the Trustee shall set aside and deposit the proceeds received from such sale in the following respective accounts or funds or with the following respective persons, in the following order of priority:

(a) The Trustee shall credit the [Reserve Policy] to the Reserve Subaccount for the Local Agency, as established within the Reserve Fund established pursuant to Section 3.03 hereof. The initial maximum amount available under the [Reserve Policy] is equal to the Reserve Fund Requirement for the Local Agency.

(b) The Trustee shall transfer to each respective Escrow Agent for deposit in the related Escrow Fund for each Local Agency, as established under the Escrow Agreement of the related Local Agency in the amounts set forth in Schedule II, which is attached hereto and made a part hereof.

(c) The “Costs of Issuance Fund” is hereby established as a separate trust fund with the Trustee. The Trustee shall deposit the sum of \$_____, which is equal to the amount set forth in such Request of the Authority in the Costs of Issuance Fund. The moneys in the Costs of Issuance Fund shall be disbursed, upon the Request of the Authority, to pay Costs of Issuance. Upon the earlier of payment in full of the Costs of Issuance or the making of adequate provision for the payment thereof, evidenced by a Certificate of the Authority to the Trustee, on _____ 1, 20___, any balance remaining in such Fund shall [be transferred to the Interest Payment Account attributable to each Local Agency, allocated among such accounts in proportion to the amounts initially deposited in the Costs of Issuance Fund attributable to each Local Agency in the amounts set forth in Schedule II, which is attached hereto and made a part hereof][upon written request of the Local Agencies, be remitted to the Local Agencies to be applied to pay eligible costs payable from Revenues in accordance with the respective Installment Sale Agreement].

Section 2.12 Validity of Certificates. The validity of the Certificates shall not be dependent on or affected in any way by the proceedings taken by the Authority or the Trustee for the refinancing of the Projects. The recital contained in the Certificates that the same are executed and delivered pursuant hereto shall be conclusive evidence of their validity and of the regularity of their execution and delivery, and all Certificates shall be incontestable from and after their execution and delivery. The Certificates shall be deemed to be executed and delivered, within the meaning hereof, whenever the definitive Certificates (or any temporary Certificates exchangeable therefor) shall have been delivered to the purchaser thereof and the proceeds of sale thereof received.

Section 2.13 Special Covenants as to Book-Entry Only System for Certificates. (a) Except as otherwise provided in subsections (b) and (c) of this Section 2.13, all of the Certificates initially executed and delivered shall be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York (“DTC”), or such other nominee as DTC shall request pursuant to the Representation Letter. Payment of the interest evidenced and represented by any Certificate registered in the name of Cede & Co. shall be made on each Interest Payment Date for such Certificates to the account, in the manner and at the address indicated in or pursuant to the Representation Letter.

(b) The Certificates initially shall be executed and delivered in the form of a single fully registered certificate for each stated payment date of such Certificates, representing the aggregate principal amount evidenced and represented by the Certificates payable on such payment date. Upon

initial execution and delivery, the ownership of all such Certificates shall be registered in the registration books maintained by the Trustee pursuant to Section 2.08 hereof in the name of Cede & Co., as nominee of DTC, or such other nominee as DTC shall request pursuant to the Representation Letter. The Trustee, the Local Agencies, the Authority and any paying agent may treat DTC (or its nominee) as the sole and exclusive owner of the Certificates registered in its name or the name of its nominee for the purposes of payment of the principal or Prepayment Price and interest evidenced and represented by such Certificates, selecting the Certificates or portions thereof to be prepaid, giving any notice permitted or required to be given to Owners hereunder, registering the transfer of Certificates, obtaining any consent or other action to be taken by Owners of the Certificates and for all other purposes whatsoever; and neither the Trustee or the Authority or any paying agent shall be affected by any notice to the contrary. Neither the Trustee, the Local Agencies nor the Authority or any paying agent shall have any responsibility or obligation to any Participant (which shall mean, for purposes of this Section 2.13, securities brokers and dealers, banks, trust companies, clearing corporations and other entities, some of whom directly or indirectly own DTC), any person claiming a beneficial ownership interest in the Certificates under or through DTC or any Participant, or any other person which is not shown on the registration books as being an Owner, with respect to (i) the accuracy of any records maintained by DTC or any Participant, (ii) the payment by DTC or any Participant of any amount in respect of the principal, Prepayment Price or interest evidenced and represented by the Certificates, (iii) any notice which is permitted or required to be given to Owners of Certificates hereunder, (iv) the selection by DTC or any Participant of any person to receive payment in the event of a partial prepayment of the Certificates, or (v) any consent given or other action taken by DTC as Owner of Certificates. The Trustee shall pay all principal, premium, if any, and interest evidenced and represented by the Certificates only at the times, to the accounts, at the addresses and otherwise in accordance with the Representation Letter, and all such payments shall be valid and effective to satisfy fully and discharge the obligations with respect to the principal, premium, if any, and interest evidenced and represented by the Certificates to the extent of the sum or sums so paid. Upon delivery by DTC to the Trustee of written notice to the effect that DTC has determined to substitute a new nominee in place of its then existing nominee, the Certificates will be transferable to such new nominee in accordance with subsection (e) of this Section 2.13.

(c) In the event that the Authority determines that it is in the best interests of the Local Agencies or the beneficial owners of the Certificates that they be able to obtain certificates, the Trustee shall, upon the written instruction of the Authority, so notify DTC, whereupon DTC shall notify the Participants of the availability through DTC of such certificates. In such event, the Certificates will be transferable in accordance with subsection (e) of this Section 2.13. DTC may determine to discontinue providing its services with respect to the Certificates at any time by giving written notice of such discontinuance to the Authority, the Local Agencies and the Trustee and discharging its responsibilities with respect thereto under applicable law. In such event, the Certificates will be transferable in accordance with subsection (e) of this Section 2.13. Whenever DTC requests the Authority, the Local Agencies and the Trustee to do so, the Trustee, the Local Agencies and the Authority will cooperate with DTC in taking appropriate action after reasonable notice to arrange for another securities depository to maintain custody of all certificates evidencing the Certificates then Outstanding. In such event, the Certificates will be transferable to such securities depository in accordance with subsection (e) of this Section 2.13, and thereafter, all references in the Trust Agreement to DTC or its nominee shall be deemed to refer to such successor securities depository and its nominee, as appropriate.

(d) Notwithstanding any other provision of the Trust Agreement to the contrary, so long as all Certificates Outstanding are registered in the name of any nominee of DTC, all payments with respect to the principal, premium, if any, and interest evidenced and represented by each such Certificate and all notices with respect to each such Certificate shall be made and given, respectively, to DTC as provided in the Representation Letter.

(e) In the event that any transfer or exchange of Certificates is authorized under subsection (b) or (c) of this Section 2.13, such transfer or exchange shall be accomplished upon receipt by the Trustee from the registered Owner thereof of the Certificates to be transferred or exchanged and appropriate instruments of transfer to the permitted transferee, all in accordance with the applicable provisions of Sections 2.06 and 2.07 hereof. In the event Certificates are delivered to Owners other than Cede & Co., its successor as nominee for DTC as Owner of all the Certificates, another securities depository as Owner of all the Certificates, or the nominee of such successor securities depository, the provisions of Sections 2.06 and 2.07 hereof shall also apply to, among other things, the registration, exchange and transfer of the Certificates and the method of payment of principal, premium, if any, and interest evidenced and represented by the Certificates.

ARTICLE III

REVENUES

Section 3.01 Pledge of Revenues; Assignment. All Revenues and any other amounts (including proceeds of the sale of the Certificates) held by the Trustee in any fund or account established hereunder are hereby irrevocably pledged to the payment of the principal, interest and premium, if any, evidenced and represented by the Certificates as provided herein, and the Revenues shall not be used for any other purpose while any of the Certificates remain Outstanding; provided, however, that out of the Revenues and other moneys there may be applied such sums for such purposes as are permitted hereunder. This pledge shall constitute a first pledge of and charge and lien upon the Revenues and all other moneys on deposit in the funds and accounts established hereunder for the payment of the interest and principal evidenced and represented by the Certificates in accordance with the terms hereof and thereof.

The Authority hereby assigns to the Trustee all of the Authority's rights and remedies under the Agreements, including, but not limited to, the Authority's security interest in and lien upon the Revenues.

Section 3.02 Receipt and Deposit of Revenues in the Revenue Fund. In order to carry out and effectuate the pledge, charge and lien contained herein, the Authority agrees and covenants that all Revenues when and as received shall be received by the Authority in trust hereunder for the benefit of the Owners and shall be deposited when and as received by the Authority in the Revenue Fund which fund is hereby created and which fund the Authority hereby agrees and covenants to maintain with the Trustee so long as any Certificates shall be Outstanding under the Trust Agreement. All Revenues shall be accounted for separately for each Local Agency and held in trust in the Revenue Fund. All Revenues, whether received by the Authority in trust or deposited with the Trustee as herein provided, shall nevertheless be allocated, applied and disbursed solely for the purposes and uses hereinafter in this Article set forth, and shall be accounted for separately and apart from all other accounts, funds, money or other resources of the Authority, and the Authority shall have no beneficial right or interest in any of the Revenues except only as herein provided.

Section 3.03 Establishment and Maintenance of Accounts for Use of Money in the Revenue Fund. (a) All money in the Revenue Fund shall be set aside by the Trustee in the following respective special funds and accounts within the Revenue Fund in the following order of priority:

- (1) Interest Fund, and within the Interest Fund, an Interest Payment Account for each Local Agency;
- (2) Principal Fund, and within the Principal Fund, a Principal Payment Account for each Local Agency;

- (3) Reserve Fund, and within the Reserve Fund, a Reserve Subaccount for each Local Agency;
- (4) Administration Fund, and within the Administration Fund, an Administration Subaccount for each Local Agency; and
- (5) Surplus Account.

(b) All money in each of such accounts shall be held in trust by the Trustee and shall be applied, used and withdrawn only for the purposes hereinafter authorized in this section. Notwithstanding the foregoing, the Trustee need not create separate accounts within the Interest Fund, the Principal Fund, the Reserve Fund and the Administration Fund, but shall keep sufficient records to account separately for the deposits attributable to each Local Agency.

(1) Interest Fund. On or before the Business Day immediately preceding each Interest Payment Date, the Trustee shall set aside from amounts deposited by each Local Agency in the Revenue Fund and deposit in each Local Agency Interest Payment Account that amount of money which is equal to the amount of interest becoming due and payable with respect to such Local Agency's Agreement on the next succeeding Interest Payment Date. No such deposit need be made if the amount contained in a Local Agency Interest Payment Account is at least equal to the aggregate amount of interest becoming due and payable in connection with such Local Agency's Agreement on such Interest Payment Date. All money in the Interest Fund shall be used and withdrawn by the Trustee solely for the purpose of paying the interest evidenced and represented by the Certificates as it shall become due and payable (including accrued interest evidenced and represented by any Certificates purchased or prepaid prior to the payment dates thereof).

(2) Principal Fund. On or before the Business Day immediately preceding each Certificate Payment Date the Trustee shall set aside from amounts deposited by each Local Agency in the Revenue Fund and deposit in each Local Agency Principal Payment Account an amount of money equal to the amount of principal becoming due and payable with respect to such Local Agency's Agreement on the next succeeding Certificate Payment Date. No such deposit need be made if the amount contained in a Local Agency Principal Payment Account is at least equal to the aggregate amount of principal becoming due and payable in connection with such Local Agency's Agreement on such Certificate Payment Date. All money in the Principal Fund shall be used and withdrawn by the Trustee solely for the purpose of paying the principal evidenced and represented by the Certificates as it shall become due and payable, whether on their respective Certificate Payment Dates or prepayment, except that any money in any sinking fund account shall be used and withdrawn by the Trustee only to purchase or to prepay or to pay Term Certificates for which such sinking fund account was created.

(3) Reserve Fund. The Trustee shall set aside from amounts deposited by each Local Agency in the Revenue Fund and deposit in each Local Agency's Reserve Subaccount that amount of money (or other authorized deposit of security) which shall be required to maintain the Reserve Subaccount in the full amount of the Reserve Fund Requirement. No deposit need be made in any Reserve Subaccount so long as there shall be on deposit therein a sum equal to the related Local Agency Reserve Fund Requirement. All money in each Reserve Subaccount (including all amounts which may be obtained from any insurance policy on deposit in the Reserve Subaccount) shall be used and withdrawn by the Trustee solely for the purpose of replenishing the related Local Agency Interest Payment Account or the related Local Agency Principal Payment Account, in that order, in the event of any deficiency at any time in either of such Accounts, but solely for the purpose of paying the interest or principal payable in connection with the related Local Agency Agreement, except that any cash amounts in the Reserve Subaccounts in excess of the amount required to be on deposit therein shall be withdrawn from the

Reserve Subaccounts on each Interest Payment Date and deposited in the related Local Agency Interest Payment Account.

In lieu of making a Local Agency Reserve Fund Requirement deposit or in replacement of moneys then on deposit in any Reserve Subaccount (which shall be transferred by the Trustee to the Local Agency upon delivery of an insurance policy satisfying the requirements stated below), a Local Agency may also deliver to the Trustee an insurance policy (a “**Qualified Reserve Instrument**”) securing an amount, together with moneys or Permitted Investments on deposit in the Reserve Subaccount, no less than the Local Agency Reserve Fund Requirement, issued by an insurance company licensed to issue insurance policies guaranteeing the timely payment of the principal and interest components of the related Local Agency Agreement and whose unsecured debt obligations (or for which obligations secured by such insurance company’s insurance policies) are rated in one of the two highest rating categories (without respect to any modifier) of the Rating Agency; provided that in the event of a Qualified Reserve Instrument is downgraded by a rating agency, the related Local Agency is not required to replace the Qualified Reserve Instrument or deposit cash in the Local Agency’s Reserve Subaccount. Notwithstanding anything to the contrary set forth in the Trust Agreement, amounts on deposit in the Reserve Fund shall be applied solely to the payment of debt service due on the Certificates.

[Each Local Agency][_____ and _____] has provided a [Reserve Policy] to be credited to the Local Agency’s Reserve Subaccount, and the Trustee shall make claims under the respective [Reserve Policy] in accordance with the terms of the [Reserve Policy] and the Insurance Agreement. The [Reserve Policy] is a Qualified Reserve Instrument.]

(4) Administration Fund. On or before the Business Day immediately preceding each Certificate Payment Date, the Trustee shall set aside from amounts deposited by each Local Agency in the Revenue Fund and deposit in each Local Agency’s Administration Subaccount an amount equal to such Local Agency’s Administration Fee. All money in each Administration Subaccount shall be used and withdrawn by the Trustee solely for the purpose of paying the fees of the Trustee, payable with respect to the related Local Agency Agreement, except that any cash amounts in the Administration Subaccounts in excess of the amount required to be on deposit therein shall be withdrawn from the Administration Subaccounts on each Interest Payment Date and deposited in the related Local Agency Interest Payment Account.

(5) Surplus Account. On the Business Day immediately following each Interest Payment Date the Trustee shall deposit in the Surplus Account all money remaining in the Revenue Fund after the deposits required by paragraphs (1), (2), (3) and (4) of this section have been made. On June 30 of each year, beginning on June 30, 20__, the Trustee shall disburse the money in the Surplus Account to each Local Agency to the extent each such Local Agency’s deposit of moneys, together with investment earnings thereon, if any, exceeded the deposits required by paragraphs (1), (2), (3) and (4) of this section.

Section 3.04 Deposit and Investments of Money in Accounts and Funds. All money held by the Trustee in any of the accounts or funds established pursuant hereto shall be invested and reinvested in Permitted Investments at the Request of the respective Local Agency or Local Agencies received not less than two (2) Business Days prior to the date of making such investment. The Trustee shall notify the respective Local Agency or Local Agencies no less than two (2) Business Days prior to the date moneys held hereunder will be available for investment, requesting that the respective Local Agency or Local Agencies deliver to the Trustee a Request of the respective Local Agency or Local Agencies specifying the Permitted Investments to be acquired by the Trustee with such moneys. All money held in the Reserve Fund shall be invested and reinvested in Permitted Investments with a term to maturity not exceeding five years or on the final maturity date of the Certificates, whichever date is earlier; provided, however, that if an obligation may be prepaid at par on the Business Day prior to each Interest Payment

Date during which such obligation is outstanding, such obligation may have any maturity. If no such Request of the respective Local Agency or Local Agencies is received, the Trustee shall hold such moneys uninvested. All such Permitted Investments shall be valued by the Trustee not less frequently than semi-annually on each Interest Payment Date at the lower of the cost or market value thereof. All interest or profits received prior to the completion of each Project (as certified in writing by the related Authorized Local Agency Representative) on any money so invested shall be deposited in the related Proceeds Subaccount of the Acquisition Fund, and all interest or profits received subsequent thereto on any money so invested shall be deposited in the related Local Agency Interest Payment Account. The Trustee may act as a principal or agent in making or disposing of any investment, and all investments may be made through the Trustee's investment department or that of its affiliates. The Trustee or its affiliates may act as sponsor, agent manager or depository with regard to any Permitted Investment. The Trustee shall not incur any liability for losses arising from any investments made pursuant to this Section. The Trustee shall sell in a commercially reasonable manner, or present for redemption, any investment security whenever it shall be necessary to provide moneys to meet any required payment, transfer, withdrawal or disbursement from the fund or account to which such investment security is credited and the Trustee shall not be liable or responsible for any loss resulting from the acquisition or disposition of such investment security in accordance herewith. The parties acknowledge that the Trustee is not providing investment supervision, recommendations, or advice.

[Notwithstanding the foregoing, in the event there is only one participating Local Agency identified in Schedule I, notifications from the Trustee of the availability of funds for investment shall be provided to the Local Agency and instructions for the investment of funds will be at the Request of the Local Agency.]

Section 3.05 Reserve Policy Payment and Reimbursement Provisions. The following provisions shall govern in the event of a conflict with any contrary provision of the Trust Agreement. [EXEMPLAR TERMS TO BE REVISED:

(a) The Local Agencies shall repay any draws under the [Reserve Policy] and pay all related reasonable expenses incurred by the Insurer, [to be allocated on a *pro rata* basis (on the basis of the defaulted Purchase Payments and interest thereon payable by each Local Agency) among the Local Agencies]. Interest shall accrue and be payable on such draws and expenses from the date of payment by the Insurer at the Late Payment Rate. "Late Payment Rate" means the lesser of (A) the greater of (i) the per annum rate of interest, publicly announced from time to time by JPMorgan Chase Bank at its principal office in the City of New York, as its prime or base lending rate ("Prime Rate") (any change in such Prime Rate to be effective on the date such changes are announced by JPMorgan Chase Bank) plus [3]%, and (ii) the then applicable highest rate of interest with respect to the Certificates, and (B) the maximum rate permissible under applicable usury or similar laws limiting interest rates. The Late Payment Rate shall be computed on the basis of the actual number of days elapsed over a year of 360 days. In the event JPMorgan Chase Bank ceases to announce its Prime Rate publicly, Prime Rate shall be the publicly announced prime or base lending rate of such national bank as the Insurer shall specify. If the interest provisions of this subparagraph (a) shall result in an effective rate of interest which, for any period, exceeds the limit of the usury or any other laws applicable to the indebtedness created herein, then all sums in excess of those lawfully collectible as interest for the period in question shall, without further agreement or notice between or by any party hereto, be applied as additional interest for any later periods of time when amounts are outstanding hereunder to the extent that interest otherwise due hereunder for such periods plus such additional interest would not exceed the limit of the usury or such other laws, and any excess shall be applied upon principal immediately upon receipt of such moneys by the Insurer, with the same force and effect as if the respective Local Agency or Local Agencies had specifically designated such extra sums to be so

applied and the Insurer had agreed to accept such extra payment(s) as additional interest for such later periods. In no event shall any agreed-to or actual exaction as consideration for the indebtedness created herein exceed the limits imposed or provided by the law applicable to this transaction for the use or detention of money or for forbearance in seeking its collection.

Repayment of draws and payment of expenses and accrued interest thereon at the Late Payment Rate (collectively, the “**Policy Costs**”) shall commence in the first month following each draw, and each such monthly payment shall be in an amount at least equal to 1/12 of the aggregate of Policy Costs related to such draw.

Amounts in respect of Policy Costs paid to the Insurer shall be credited first to interest due, then to the expenses due and then to principal due. As and to the extent that payments are made to the Insurer on account of principal due, the coverage under the [Reserve Policy] will be increased by a like amount, subject to the terms of the [Reserve Policy]. The obligation to pay Policy Costs shall be secured by a valid lien on all Revenues (subject only to the priority of payment provisions set forth under the Trust Agreement).

[As to each Local Agency’s Reserve Subaccount, all cash and investments therein shall be transferred to the related Local Agency Interest Payment Account and Principal Payment Account, as applicable, for payment of the debt service on the Certificates before any drawing may be made on the [Reserve Policy] or any other Qualified Reserve Instrument credited to such Local Agency’s Reserve Subaccount in lieu of cash.]

[Payment of any Policy Cost allocable to a Local Agency shall be made prior to replenishment of any cash amounts with respect to a such Local Agency’s Reserve Subaccount. To the extent that more than one Qualified Reserve Instrument is credited to a Local Agency’s Reserve Subaccount, draws on all such Qualified Reserve Instruments (including the [Reserve Policy]) on which there is available coverage shall be made on a *pro rata* basis (calculated by reference to the coverage then available thereunder) after applying all available cash and investments in the related Local Agency’s Reserve Subaccount. Payment of Policy Costs and reimbursement of amounts with respect to other Qualified Reserve Instruments shall be made on a *pro rata* basis prior to replenishment of any cash drawn from the Reserve Fund. For the avoidance of doubt, “available coverage” means the coverage then available for disbursement pursuant to the terms of the applicable alternative credit instrument without regard to the legal or financial ability or willingness of the provider of such instrument to honor a claim or draw thereon or the failure of such provider to honor any such claim or draw.]

(b) If any Local Agency shall fail to pay any Policy Costs in accordance with the requirements of subparagraph (a) above, the Insurer shall be entitled to exercise any and all legal and equitable remedies available to it, including those provided under the Trust Agreement other than (i) acceleration of the maturity of the Certificates, or (ii) remedies which would adversely affect owners of the Certificates.

(c) This Trust Agreement shall not be discharged until all Policy Costs owing to the Insurer shall have been paid in full. The Local Agency’s obligation to pay such amount shall expressly survive payment in full of the Certificates; [any such Policy Costs to be allocated on a *pro rata* basis (on the basis of the defaulted Purchase Payments and interest thereon payable by each Local Agency) among the Local Agencies].

(d) The Trustee shall ascertain the necessity for a claim upon the [Reserve Policy] in accordance with the provisions of paragraph (a) hereof and provide notice to the Insurer in

accordance with the terms of the [Reserve Policy] at least five Business Days prior to each date upon which interest or principal is due on the Certificates.

(e) The [Reserve Policy] shall expire on the earlier of the date the Certificates are no longer outstanding and the final maturity date of the Certificates.]

ARTICLE IV

COVENANTS

Section 4.01 Compliance with Trust Agreement. The Trustee will not execute or deliver any Certificates in any manner other than in accordance with the provisions hereof; and the Local Agencies will not suffer or permit any default to occur hereunder, but will faithfully observe and perform all the agreements, conditions, covenants and terms contained herein required to be observed and performed by them.**Amendment of Agreements.** The Local Agencies and the Authority will not amend or permit the amendment of their respective Agreement [and the Funding Agreement] without (a)(1) a determination that such amendment does not materially adversely affect the interest of the Owners or the Insurer or (2) the written consents of the Insurer and the Owners of a majority in aggregate principal amount of the Certificates then Outstanding, and (b) an Opinion of Counsel to the effect that such amendment is authorized and permitted by the Trust Agreement and is enforceable against the Authority; *provided* that no such supplement, amendment, modification or termination shall reduce the amount of 2020 Installment Sale Payments to be made to the Authority or the Trustee by any Local Agency pursuant to an Agreement, or extend the time for making such payments, or permit the creation of any lien prior to or on a parity with the lien created by such Agreement on Revenues (except as expressly provided in such Agreement), in each case without the written consent of all of the Owners of the Certificates then Outstanding.

Section 4.03 Against Encumbrances. The Authority will not make any pledge of or place any charge or lien upon the Revenues except as provided herein, and will not issue any bonds, notes or obligations payable from the Revenues or secured by a pledge of or charge or lien upon the Revenues except the Certificates.

Section 4.04 Accounting Records and Reports. The Trustee shall keep proper books of record and account in accordance with industry standards in which complete and correct entries shall be made of all transactions made by the Trustee relating to the receipt, investment, disbursement, allocation and application of all funds received by the Trustee hereunder. Such records shall specify the account or fund to which each investment (or portion thereof) held by the Trustee is to be allocated and shall set forth, in the case of each investment: (a) its purchase price; (b) identifying information, including par amount, coupon rate, and payment dates; (c) the amount received at maturity or its sale price, as the case may be; (d) the amounts and dates of any payments made with respect thereto; and (e) such documentation as is required to be obtained as evidence to establish that all investments have been purchased in arms' length transactions with no amounts paid to reduce the yield on the investments.

Such records shall be open to inspection by the Authority and any Local Agency at any reasonable time during regular business hours on reasonable notice.

Section 4.05 Observance of Laws and Regulations. The Local Agencies will faithfully observe and perform all lawful and valid obligations or regulations now or hereafter imposed on them by contract, or prescribed by any state or national law, or by any officer, board or commission having jurisdiction or control, as a condition of the continued enjoyment of each and every franchise, right or privilege now owned or hereafter acquired by them, including their right to exist and carry on their

respective businesses, to the end that such observance or performance is material to the transactions contemplated hereby. In the event that any property or funds contemplated hereunder shall be attached, garnished or levied upon by any court order, or the delivery thereof shall be stayed or enjoined by an order of a court, or any order, judgment or decree shall be made or entered by any court order affecting such property or funds, the Trustee is hereby expressly authorized, in its sole discretion, to respond as it deems appropriate or to comply with all writs, orders or decrees so entered or issued, or which it is advised by legal counsel of its own choosing is binding upon it, whether with or without jurisdiction. In the event that the Trustee obeys or complies with any such writ, order or decree it shall not be liable to any of the parties or to any other person, firm or corporation, should, by reason of such compliance notwithstanding, such writ, order or decree be subsequently reversed, modified, annulled, set aside or vacated.

Section 4.06 Further Assurances. Whenever and so often as reasonably requested to do so by the Trustee or any Owner, the Local Agencies will promptly execute and deliver or cause to be executed and delivered all such other and further assurances, documents or instruments, and promptly do or cause to be done all such other and further things as may be necessary or reasonably required in order to further and more fully vest in the Trustee and the Owners all rights, interests, powers, benefits, privileges and advantages conferred or intended to be conferred upon them hereby.

Section 4.07 Recordation and Filing. The Local Agency will file, record, register, renew, refile and rerecord all such documents, including financing statements (or continuation statements in connection therewith), as may be required by law in order to maintain at all times a security interest in the Agreements under and pursuant to the Trust Agreement, all in such manner, at such times and in such places as may be required in order to fully perfect, preserve and protect the benefit, protection and security of the Owners and the Insurer, and the rights of the Trustee hereunder, and the Local Agencies will do whatever else may be necessary or be reasonably required in order to perfect and continue the pledge of and lien on the Agreements as provided herein.

ARTICLE V

THE TRUSTEE

Section 5.01 The Trustee. Wilmington Trust, National Association shall serve as the Trustee for the Certificates for the purpose of receiving all money which the Authority and the Local Agencies are required to deposit with the Trustee hereunder and for the purpose of allocating, applying and using such money as provided herein and for the purpose of paying the interest, principal and prepayment premiums, if any, evidenced and represented by the Certificates presented for payment in Costa Mesa, California, with the rights and obligations provided herein. The Authority agrees that it will at all times maintain a Trustee having a designated office in San Francisco, Costa Mesa, or Los Angeles, California..

The Authority may at any time, unless there exists any event of default as defined in Section 7.01, remove the Trustee and be discharged from its duties and obligations hereunder at any time initially appointed and any successor thereto and may appoint a successor or successors thereto by an instrument in writing; provided that any such successor shall (i) be a bank or trust company doing business and having a principal office in San Francisco or Los Angeles, California, (ii) have (or in the case of a bank or trust company which is part of a bank holding company system, the related bank holding company shall have) a combined capital (exclusive of borrowed capital) and surplus of at least seventy-five million dollars (\$75,000,000) and (iii) be subject to supervision or examination by federal or state authority. If such bank or trust company publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purpose of this 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. The Trustee may at any time resign and be discharged from its duties and obligations hereunder at any time by giving written notice of such resignation to the Authority and by mailing to the Owners notice of such resignation. Upon receiving such notice of resignation, the Authority shall promptly appoint a successor Trustee by an instrument in writing. Any removal or resignation of a Trustee and appointment of a successor Trustee shall become effective only upon the acceptance of appointment by the successor Trustee. If, within thirty (30) days after notice of the removal or resignation of the Trustee no successor Trustee shall have been appointed and shall have accepted such appointment, the removed or resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor Trustee, which court may thereupon, after such notice, if any, as it may deem proper and prescribe and as may be required by law, appoint a successor Trustee having the qualifications required hereby.

The Trustee is hereby authorized to prepay the Certificates when duly presented for payment on their respective Certificate Payment Dates or on prior prepayment. The Trustee shall cancel all Certificates upon payment thereof or upon the surrender thereof by the Authority and shall destroy such Certificates it has received in accordance with its retention policy then in effect. The Trustee shall keep accurate records of all Certificates paid and discharged and canceled by it.

The Authority, solely from amounts held in the Costs of Issuance Fund or paid by the Local Agencies specifically for such purpose, shall from time to time, subject to any agreement between the Authority and the Trustee then in force, pay to the Trustee compensation for its services, reimburse the Trustee for all its advances and expenditures, including, but not limited to, advances to and fees and expenses of independent accountants and in-house and other counsel and other experts employed by it and reasonably required in the exercise and performance of its rights and obligations hereunder, and, to the extent permitted by law, indemnify and hold the Trustee and its officers, directors, employees and agents harmless against any claim, loss, liability, damages, expenses (including fees, costs and expenses of counsel) and advances not arising from the Trustee's own negligence or willful misconduct, which the Trustee may incur in the exercise and performance of its rights and obligations hereunder. The obligations of the Authority under this paragraph to compensate, indemnify, reimburse and hold the Trustee harmless shall constitute additional indebtedness hereunder, and such indebtedness shall have priority over the Certificates in respect of all property and funds held or collected by the Trustee as such, except funds held in trust by the Trustee for the benefit of the Owners of particular Certificates, including, without limitation, funds held by the Trustee in trust to prepay all or a portion of Outstanding Certificates prior to their respective Certificate Payment Dates for which a notice of prepayment has been sent as provided herein.

Section 5.02 Liability of Trustee. The recitals of facts, agreements and covenants herein and in the Certificates shall be taken as recitals of facts, agreements and covenants of the Authority, and the Trustee assumes no responsibility for the use of any proceeds of the Certificates, the correctness of the same, the collection of the Revenues or makes any representation as to the sufficiency or validity hereof, of the Certificates or any security therefor or any offering material distributed in connection with the Certificates and shall not incur any responsibility in respect thereof other than in connection with the rights or obligations assigned to or imposed upon it herein, in the Certificates or in law or equity. The Trustee shall not be liable in connection with the performance of its duties hereunder except for its own negligence, willful misconduct or breach of fiduciary duty.

The Trustee shall not be bound to recognize any person as the Owner of a Certificate unless and until such Certificate is submitted for inspection, if required, and such Certificate is registered in such person's name.

Whenever the Trustee shall deem it necessary or desirable that a factual or legal matter be established or proved prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of bad faith on the part of the Trustee, be deemed to be conclusively proved and established by a certificate conforming to the requirements herein or an opinion of counsel, which certificate or opinion shall be full warrant to the Trustee for any action taken or suffered under the provisions hereof upon the faith thereof, but in its discretion the Trustee may in lieu thereof accept other evidence of such matter or may require such additional evidence as it may deem reasonable.

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, the Authority and the Local Agencies, having any claim against the Trustee arising from the Trust Agreement not attributable to the Trustee's negligence or willful misconduct shall look only to the funds and accounts held by the Trustee hereunder for payment except as otherwise provided herein. The duties and obligations of the Trustee shall be determined solely by the express provisions of the Trust Agreement, the Trustee shall not be liable except for the performance of such duties and obligations as are specifically set forth in the Trust Agreement, and no implied covenants or obligations (fiduciary or otherwise) shall be read into the Trust Agreement against the Trustee. Neither the Trustee nor any of its directors, officers, employees, agents or affiliates shall be responsible for nor have any duty to monitor the performance or any action of the Authority or Local Agencies, or any of their directors, members, officers, agents, affiliates or employee, nor shall it have any liability in connection with the malfeasance or nonfeasance by such party. Trustee may assume performance by all such Persons of their respective obligations. The Trustee shall have no enforcement or notification obligations relating to breaches of representations or warranties of any other Person. The Trustee shall not be liable with respect to any action taken or not taken hereunder 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. The Trustee shall, during the existence of any event of default (which has not been cured), exercise such of the rights and powers vested in it by the Trust Agreement, and use the same degree of care and skill in their exercise, as a prudent person would exercise of use under the circumstances in the conduct of its own affairs. The permissive right of the Trustee to do things enumerated in the Trust Agreement shall not be construed as a duty and it shall not be answerable for other than its negligence or willful misconduct. The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Trust Agreement at the request or direction of Authority or Local Agencies, pursuant to the provisions of this Trust Agreement, unless such Authority or Local Agencies shall have offered to the Trustee security or indemnity (satisfactory to the Trustee in its sole and absolute discretion) against the costs, expenses and liabilities which may be incurred by it in compliance with such request or direction. The immunities and exceptions from liability of the Trustee shall extend to its officers, directors, employees and agents and such immunities and exceptions and its right to payment of its fees and expenses shall survive its resignation or removal and the final payment and defeasance of the Certificates. Under no circumstances shall the Trustee be liable in its individual capacity for the obligations evidenced by the Certificates. The Trustee, in its individual or any other capacity, may become the Owner of any Certificates or other obligations of any party hereto with the same rights which it would have if not the Trustee. At any and all reasonable times, the Trustee, and its agents shall have the right to fully inspect the Projects, including all books, papers and records of the Local Agencies pertaining to the Projects and the Certificates, and to take such memoranda therefrom and with regard thereto and make photocopies thereof as may be desired. The Trustee shall not be required to give any bond or surety in respect of the execution of said trusts and powers or otherwise in respect of the premises. Before taking or refraining from any action hereunder at the request or direction of the Owners, the Trustee may require that an indemnity bond satisfactory to the Trustee be furnished to it and be in full force and effect. None of the provisions contained herein or in the Agreements shall require the Trustee to expend or risk its own funds or continue to do so or otherwise incur individual financial liability in the performance of any of its duties or in the exercise of any of its rights or powers if it shall reasonably

believe that repayment of such funds or adequate indemnity against such risk or liability is not assured to it. The Trustee may rely and shall be protected in acting or failing to act upon any paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. The Trustee shall not be required to take notice or be deemed to have notice of any Event of Default hereunder except failure by the Local Agencies to make any payment of principal or interest under the Agreements when due, unless a responsible officer of the Trustee shall receive actual notice in writing at its corporate trust office of such default by the Owners of not less than 25% of the aggregate principal amount of Certificates then Outstanding. Notwithstanding any other provision hereof, the Trustee shall have the right, but shall not be required, to demand any showings, certificates, opinions, appraisals or other information, or official action or evidence thereof, required as a condition of such action deemed by the Trustee to be desirable for the purpose of establishing the rights of the Trustee with respect to the authentication of any Certificates, the withdrawal of any cash, the release of any property or the taking of any other action by the Trustee.

The Trustee shall be entitled to request and receive written instructions from the Authority, the Local Agencies and the Owners and shall have no responsibility or liability for any losses or damages of any nature that may arise from any action taken or not taken by the Trustee in accordance with the written direction of any such party. The Trustee shall be entitled to request and receive written direction given pursuant hereto sent by unsecured e-mail, facsimile transmission or other similar unsecured electronic methods; provided, however, that the Trustee shall have received an incumbency certificate from each Local Agency listing persons designated to give such instructions or directions and containing specimen signatures of such designated persons, which such incumbency certificate shall be amended and replaced whenever a person is to be added or deleted from the listing. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from any action taken or not taken by the Trustee or from the Trustee's reliance upon and compliance with such instructions notwithstanding such instructions conflict or are inconsistent with a subsequent written instruction. Each Local Agency agrees to assume all risks arising out of the use of such electronic methods to submit instructions and directions to the Trustee, including without limitation the risk of interception and misuse by third party.

The Trustee shall not be liable to the parties hereto or deemed in breach or default hereunder if and to the extent its performance hereunder is prevented by reason of force majeure. The term "force majeure" means an occurrence that is beyond the control of the Trustee and could not have been avoided by exercising due care. Force majeure shall include but not be limited to acts of God, terrorism, war, riots, strikes, fire, floods, earthquakes, epidemics, present or future law or regulation or governmental authority, civil or military disturbances, interruptions, loss or malfunctions of utilities, computer (hardware or software) or communication service, accidents, labor disputes, unavailability of the Federal Reserve Bank wire or telex or other wire or communication facility, or other similar occurrences. In no event shall the Trustee be responsible or liable for special, indirect, punitive, incidental or consequential loss or damage of any kind whatsoever (including, but not limited to, loss of profit) irrespective of whether the Trustee has been advised of the likelihood of such loss or damage and regardless of the form of action.

[Subject to the requirements of Section 5.01, any corporation into which any Trustee hereunder may be merged or with which it may be consolidated, or any corporation resulting from any merger or consolidation to which any Trustee hereunder shall be a party, or to which it may sell or transfer its corporate trust business and assets as a whole or substantially as a whole, shall be the successor Trustee under this Indenture without the execution or filing of any paper or any further act on the part of the parties hereto, anything herein to the contrary notwithstanding.]

ARTICLE VI

AMENDMENT OF THE TRUST AGREEMENT

Section 6.01 Amendment of the Trust Agreement. The Trust Agreement and the rights and obligations of the Authority, the Local Agencies, the Trustee and the Owners may be amended at any time by a Supplemental Trust Agreement which shall become binding when the written consents of the Insurer and the Owners of a majority in aggregate principal amount evidenced and represented by the Certificates then Outstanding, exclusive of Certificates disqualified as provided in Section 6.02, are filed with the Trustee. No such amendment shall (1) extend the Certificate Payment Date of or reduce the interest rate on or amount of interest or principal or prepayment premium, if any, evidenced and represented by any Certificate without the express written consent of the Insurer and the Owner of such Certificate, or (2) permit the creation by the Authority of any pledge of or charge or lien upon the Revenues as provided herein superior to or on a parity with the pledge, charge and lien created hereby for the benefit of the Certificates, or (3) reduce the percentage of Certificates required for the written consent to any such amendment or any amendment of an Agreement pursuant to Section 4.02 hereof, or (4) modify any rights or obligations of the Trustee, the Authority or the Local Agencies without their prior written assent thereto, respectively.

The Trust Agreement and the rights and obligations of the Authority, the Local Agencies and of the Owners may also be amended at any time by a Supplemental Trust Agreement which shall become binding upon adoption without the consent of any Owners, but only to the extent permitted by law and after receipt of an approving Opinion of Counsel, for any purpose that will not in the judgment of the Authority or as set forth in an opinion of bond counsel materially adversely affect the interests of the Owners, including (without limitation) for any one or more of the following purposes -

- (a) to add to the agreements and covenants required herein to be performed by the Authority other agreements and covenants thereafter to be performed by the Authority or the Local Agencies, or to surrender any right or power reserved herein to or conferred herein on the Authority or the Local Agencies;
- (b) to make such provisions for the purpose of curing any ambiguity or of correcting, curing or supplementing any defective provision contained herein or in regard to questions arising hereunder which the Authority or the Local Agencies may deem desirable or necessary and not inconsistent herewith;
- (c) to add to the agreements and covenants required herein, such agreements and covenants as may be necessary to qualify the Trust Agreement under the Trust Indenture Act of 1939; or
- (d) for any other purpose that does not materially adversely affect the interests of the Owners or the Insurer.

Section 6.02 Disqualified Certificates. Certificates owned or held by or for the account of the Authority or the Local Agencies shall not be deemed Outstanding for the purpose of any consent or other action or any calculation of Outstanding Certificates provided in this article, and shall not be entitled to consent to or take any other action provided in this article.

Section 6.03 Endorsement or Replacement of Certificates After Amendment. After the effective date of any action taken as hereinabove provided, the Authority may determine that the Certificates may bear a notation by endorsement in form approved by the Authority as to such action, and

in that case upon demand of the Owner of any Outstanding Certificates and presentation of their Certificate for such purpose at the office of the Trustee a suitable notation as to such action shall be made on such Certificate. If the Authority shall so determine, new Certificates so modified as, in the opinion of the Authority, shall be necessary to conform to such action shall be prepared and executed, and in that case upon demand of the Owner of any Outstanding Certificate a new Certificate or Certificates shall be exchanged at the office of the Trustee without cost to each Owner for its Certificate or Certificates then Outstanding upon surrender of such Outstanding Certificates.

Section 6.04 Amendment by Mutual Consent. The provisions of this article shall not prevent any Owner from accepting any amendment as to the particular Certificates held by them, provided that due notation thereof is made on such Certificates.

Section 6.05 Information to Rating Agency. The Authority shall provide any Rating Agency rating the Certificates a copy of each amendment to the Trust Agreement and any Agreement promptly following the execution or adoption of such amendment.

ARTICLE VII

EVENTS OF DEFAULT AND REMEDIES OF OWNERS

Section 7.01 Events of Default. If any default in the payment of 2020 Installment Sale Payments or any other “Event of Default” defined in an Agreement shall occur and be continuing, or if any default shall be made by a Local Agency or Local Agencies in the performance or observance of any other of the covenants, agreements or conditions on its part herein contained and such default shall have continued for a period of thirty (30) days after written notice thereof shall have been given to the respective Local Agency or Local Agencies by the Trustee or the Owners of not less than a majority in aggregate principal amount evidenced and represented by the Certificates at the time Outstanding, then such default shall constitute an “Event of Default” hereunder, and in each and every such case during the continuance of such Event of Default the Trustee or the Owners of not less than a majority in aggregate principal amount evidenced and represented by the Certificates at the time Outstanding shall be entitled, upon notice in writing to the respective Local Agency or Local Agencies, but subject to the provisions of Section 7.06, to exercise the remedies provided under the Agreements then in default which are necessary or desirable to collect each such Local Agency’s 2020 Installment Sale Payments. No grace period shall be permitted for payment defaults.

The Owners of Certificates, for purposes of the Trust Agreement and the Agreement of each Local Agency, to the extent of their interest, shall be entitled to all rights and security of the Authority pursuant to each Agreement and the Trust Agreement. Each Local Agency recognizes the rights of the Owners of the Certificates, acting directly or through the Trustee, to enforce the obligations and covenants contained in the Agreements and the Trust Agreement; *provided* that in no event shall any Local Agency be liable for any obligations, covenants or damages except those which arise out of the Agreements, and, in particular, no Local Agency shall be liable for any obligations, liabilities, acts or omissions of any other Local Agency.

Section 7.02 Application of Funds Upon Acceleration of Agreement. All moneys received by the Trustee pursuant to any right given or action taken under the provisions of this Article VII shall be deposited into a segregated payment account of the Revenue Fund relating to each, if any, defaulting Local Agency’s Agreement and be applied by the Trustee in the following order:

First, to the payment of the costs and expenses of the Trustee, if any, in carrying out the provisions of this article, including reasonable compensation to its agents, accountants and counsel and including any indemnification expenses;

Second, to the payment of the principal and interest payable with respect to the Certificates, in connection with a mandatory prepayment of Certificates pursuant to Section 2.03(b) hereof and the delivery of a Cash Flow Report; and

Third, to the payment of amounts owed to the Insurer not paid pursuant to First and Second above.

Section 7.03 Other Remedies of the Trustee. The Trustee shall have the right

(a) by mandamus or other action or proceeding or suit at law or in equity to enforce its rights hereunder against any Local Agency or any supervisor, council member, board member, trustee, member, officer or employee thereof, and to compel such Local Agency or any such supervisor, council member, board member, trustee, member, officer or employee thereof to observe or perform its or his or her duties under applicable law and the agreements, conditions, covenants and terms contained herein, or in the applicable Agreement, required to be observed or performed by it or him or her;

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

(c) by suit in equity upon the happening of any default hereunder to require any Local Agency and any supervisor, council member, board member, trustee, member, officer and employee to account as the trustee of any express trust.

Section 7.04 Non-Waiver. A waiver by the Trustee of any default hereunder or breach of any obligation hereunder shall not affect any subsequent default hereunder or any subsequent breach of an obligation hereunder or impair any rights or remedies on any such subsequent default hereunder or on any such subsequent breach of an obligation hereunder. No delay or omission by the Trustee to exercise any right or remedy accruing upon any default hereunder shall impair any such right or remedy or shall be construed to be a waiver of any such default hereunder or an acquiescence therein, and every right or remedy conferred upon the Trustee by applicable law or by this article may be enforced and exercised from time to time and as often as shall be deemed expedient by the Trustee.

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

Section 7.05 Actions by Trustee as Attorney-in-Fact. Any action, proceeding or suit which any Owner shall have the right to bring to enforce any right or remedy hereunder may be brought by the Trustee for the equal benefit and protection of all Owners, whether or not the Trustee is an Owner, and the Trustee is hereby appointed (and the successive Owners, by taking and holding the Certificates executed and delivered hereunder, shall be conclusively deemed to have so appointed it) the true and lawful attorney-in-fact of the Owners for the purpose of bringing any such action, proceeding or suit and for the purpose of doing and performing any and all acts and things for and on behalf of the Owners as a class or classes as may be advisable or necessary in the opinion of the Trustee as such attorney-in-fact.

Section 7.06 Remedies Not Exclusive. No remedy herein conferred upon or reserved to the Owners is intended to be exclusive of any other remedy, and each 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 and may be exercised without exhausting and without regard to any other remedy conferred by the Act or any other law. If any remedial action hereunder is discontinued or abandoned, the Trustee and the Owners shall be restored to their former positions.

Section 7.07 Limitation on Owners' Right to Sue. No Owner of any Certificate executed and delivered hereunder shall have the right to institute any suit, action or proceeding at law or equity, for any remedy under or upon the Trust Agreement, unless (a) such Owner shall have previously given to the Trustee written notice of the occurrence of an event of default as defined in Section 7.01 hereunder; (b) the Owners of at least 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 suit, action or proceeding in its own name; (c) said Owners shall have tendered to the Trustee reasonable security or indemnity against the costs, expenses and liabilities to be incurred in compliance with such request; and (d) the Trustee shall have refused or omitted to comply with such request for a period of sixty (60) days after such request and consent shall have been received by, and said tender of indemnity shall have been made to, the Trustee.

Such notification, request, consent, tender of indemnity and refusal or omission are hereby declared, in every case, to be conditions precedent to the exercise by any owner of Certificates of any remedy hereunder; it being understood and intended that no one or more owners of Certificates shall have any right in any manner whatever by its or their action to enforce any right under the Trust Agreement, except in the manner herein provided, and that all proceedings at law or in equity to enforce any provision of the Trust Agreement shall be instituted, had and maintained in the manner herein provided and for the equal benefit of all Owners of the Outstanding Certificates.

Section 7.08 Limited Liability of the Local Agencies. Except as expressly provided in the Agreements, the Local Agencies shall not have any obligation or liability to the Authority, the Trustee or the Owners, with respect to the Trust Agreement or the preparation, execution, delivery, transfer, exchange or cancellation of the Certificates or the receipt, deposit or disbursement of the principal and interest payable with respect to the Agreements by the Trustee, or with respect to the performance by the Trustee of any obligation contained herein required to be performed by it. The obligation of each Local Agency under its Agreement and the Trust Agreement is a several and not a joint obligation and is strictly limited to such Local Agency's 2020 Installment Sale Payments and Administration Fee due under its Agreement, and to its Revenues and all money in the Pledged Tax Fund and in the funds and accounts so specified and provided for and defined in its Agreement

Notwithstanding anything to the contrary herein or in any Agreement, no Local Agency shall incur any obligation on account of any default, action or omission of any other Local Agency.

Section 7.09 Limited Liability of the Authority. Except as expressly provided herein, the Authority shall not have any obligation or liability to the Trustee or the Owners, with respect to the payment when due of the 2020 Installment Sale Payments by the Local Agencies, or with respect to the observance or performance by the Local Agencies of the other agreements, conditions, covenants and terms contained in the Agreements, or with respect to the performance by the Trustee of any obligation contained herein required to be performed by it. Notwithstanding anything to the contrary contained in the Certificates, the Trust Agreement or any other document related thereto, the Authority shall not have any liability hereunder or by reason hereof or in connection with any of the transactions contemplated hereby except to the extent payable from moneys received from or with respect to the Agreements and available thereof in accordance with the Trust Agreement.

ARTICLE VIII

DEFEASANCE

Section 8.01 Discharge of Certificates. (a) If the Local Agencies shall pay or cause to be paid or there shall otherwise be paid to the Owners of all Outstanding Certificates the interest, principal and prepayment premiums, if any, evidenced and represented thereby at the times and in the manner stipulated herein and therein, and the Insurer shall have been paid all amounts owed to the Insurer under the Insurance Policy and the [Reserve Policy], then the Owners of such Certificates shall cease to be entitled to the pledge of and charge and lien upon the Revenues as provided herein, and all agreements, covenants and other obligations of the Authority and the Local Agencies to the Owners of such Certificates hereunder shall thereupon cease, terminate and become void and be discharged and satisfied. In such event, the Trustee shall execute and deliver to the Authority all such instruments as may be necessary or desirable to evidence such discharge and satisfaction and the Trustee shall pay over or deliver to the Authority all money or securities held by it pursuant hereto which are not required for the payment of the interest and principal and prepayment premiums, if any, evidenced and represented by such Certificates.

(b) [If any Local Agency shall pay or cause to be paid all or any portion of unpaid principal installments of its 2020 Installment Sale Payments, prior to their payment dates or dates of prepayment in the manner provided its Agreement, and all related allocable amounts owed the Insurer shall have been paid in full, within the meaning of and with the effect expressed in Section 7.01 of its Agreement, and the prepaid 2020 Installment Sale Payments designated as principal components and interest coming due on the Certificate Payment Date designated in writing by the Local Agency is paid to the Owners of all Outstanding Certificates, then the Owners of such Certificates shall cease to be entitled to the pledge of and charge and lien upon such Revenues as provided herein and, if such payment shall pay the Certificates in full on the maturity or prepayment date, all agreements, covenants and other obligations of the Authority and the Local Agency to the Owners of such Certificates hereunder shall thereupon cease, terminate and become void and be discharged and satisfied. In such event, the Trustee shall execute and deliver to the Authority all such instruments as may be necessary or desirable to evidence such discharge and satisfaction and the Trustee shall pay over or deliver to the Authority all money or securities held by it pursuant hereto which are not required for the payment of the interest and principal and prepayment premiums, if any, evidenced and represented by such Certificates.]

(c) Any Outstanding Certificates shall prior to the maturity date or prepayment date thereof be deemed to have been paid within the meaning of and with the effect expressed in [subsection (a)] of this section if (1) in case any of such Certificates are to be prepaid on any date prior to their respective Certificate Payment Dates, the Authority shall have given to the Trustee in form satisfactory to it irrevocable instructions to provide notice in accordance with Section 2.03, (2) there shall have been deposited with the Trustee either (A) money in an amount which shall be sufficient or (B) Defeasance Obligations, in each case the interest on and principal of which when paid will provide money which, together with the money, if any, deposited with the Trustee at the same time, shall be sufficient, in the opinion of an Independent Certified Public Accountant, to pay when due the interest to become due with respect to such Certificates on and prior to the Certificate Payment Date or prepayment date thereof, as the case may be, and the principal and prepayment premiums, if any, evidenced and represented by such Certificates, and (2) in the event such Certificates are not by their terms subject to prepayment within the next succeeding sixty (60) days, the Authority shall have given the Trustee in form satisfactory to it irrevocable instructions to mail as soon as practicable, a notice to the Owners of such Certificates that the deposit required by clause (2) above has been made with the Trustee and that such Certificates are deemed to have been paid in accordance with this section and stating the Certificate Payment Date or prepayment date upon which money is to be available for the payment of the principal and prepayment

premiums, if any, with respect to such Certificates. In addition, the Authority shall cause to be delivered to the Insurer (i) a report of an Independent Certified Public Accountant or such other accountant as shall be acceptable to the Insurer verifying the sufficiency of the escrow established to pay the Certificates in full on the maturity or prepayment date (“**Verification**”), (ii) an escrow deposit agreement or refunding instructions and agreement (which shall be acceptable in form and substance to the Insurer), (iii) an opinion of nationally recognized bond counsel to the effect that the Certificates are no longer “Outstanding” under the Trust Agreement, and (iv) a certificate of discharge of the Trustee with respect to the Certificates; each Verification and defeasance opinion shall be acceptable in form and substance, and addressed, to the Authority and the Trustee. The Insurer shall be provided with final drafts of the above-referenced documentation not less than five Business Days prior to the funding of the escrow.

Certificates shall be deemed “Outstanding” under the Trust Agreement unless and until they are in fact paid and retired or the above criteria are met.

Section 8.02 Unclaimed Money. Anything contained herein to the contrary notwithstanding, any money held by the Trustee in trust for the payment and discharge of any of the Certificates which remains unclaimed for two (2) years after the date when such Certificates have become due and payable, either at their stated Certificate Payment Dates or by call for prepayment prior to such dates, if such money was held by the Trustee at such date, or for two (2) years after the date of deposit of such money if deposited with the Trustee after the date when such Certificates have become due and payable, shall be repaid by the Trustee to the Authority as its absolute property free from trust, and the Trustee shall thereupon be released and discharged with respect thereto and the Owners shall not look to the Trustee for the payment of such Certificates. Any moneys held by the Trustee in trust for the payment and discharge of any Certificates shall not bear interest or be otherwise invested from and after such Certificate Payment Date or prepayment date.

ARTICLE IX

PROVISIONS RELATED TO THE INSURER AND THE INSURANCE POLICY

Section 9.01 General Provisions. Exhibit B attached hereto relating to the Insurer and the Policy is incorporated by reference into the Trust Agreement. Notwithstanding anything to the contrary, the provisions of Exhibit B shall control and supersede any conflicting or inconsistent provisions in the Trust Agreement.

ARTICLE X

MISCELLANEOUS

Section 10.01 Liability of Authority Limited to Revenues. The Certificates are limited obligations of the Authority and are payable, as to interest, principal and any premiums upon the prepayment of any thereof, solely from the Revenues as provided herein, and the Authority is not obligated to pay them except from the Revenues. All the Certificates are equally secured by a pledge of and charge and lien upon the Revenues, and the Revenues constitute a trust fund for the security and payment of the interest, principal and prepayment premiums, if any, with respect to the Certificates as provided herein. The Certificates are not a debt of the Authority, the Local Agencies, the State of California or any of its political subdivisions, and neither the Authority, the Local Agencies, said State nor any of its political subdivisions is liable thereon, nor in any event shall the Certificates be payable out of any funds or properties other than those of the Authority as provided herein. The Certificates do not constitute an indebtedness within the meaning of any constitutional or statutory limitation or restriction.

Section 10.02 Benefits of the Trust Agreement Limited to Parties. Nothing contained herein, expressed or implied, is intended to give to any person other than the Local Agencies, the Authority, the Trustee, the Insurer and the Owners any right, remedy or claim under or by reason hereof. Any agreement or covenant required herein to be performed by or on behalf of the Local Agencies or the Authority shall be for the sole and exclusive benefit of the Trustee, the Authority, the Insurer and the Owners. The Insurer is a third party beneficiary of the Trust Agreement [and the Agreements].

Section 10.03 Successor Is Deemed Included In All References To Predecessor. Whenever any of the Local Agencies, the Authority, the Trustee or any officer thereof is named or referred to herein, such reference shall be deemed to include the successor to the powers, duties and functions that are presently vested in the Local Agencies, the Authority or the Trustee or such officer, and all agreements, conditions, covenants and terms contained herein required to be observed or performed by or on behalf of the Local Agencies, the Authority or the Trustee or any officer thereof shall bind and inure to the benefit of the respective successors thereof whether so expressed or not.

Section 10.04 Execution of Documents by Owners. Any declaration, request or other instrument which is permitted or required herein to be executed by Owners may be in one or more instruments of similar tenor and may be executed by Owners in person or by their attorneys appointed in writing. The fact and date of the execution by any Owner or his attorney of any declaration, request or other instrument or of any writing appointing such attorney may be proved by the certificate of any notary public or other officer authorized to make acknowledgments of deeds to be recorded in the state or territory in which he purports to act that the person signing such declaration, request or other instrument or writing acknowledged to them the execution thereof, or by an affidavit of a witness of such execution duly sworn to before such notary public or other officer. The ownership of any Certificates and the amount, maturity, number and date of holding the same may be proved by the registration books relating to the Certificates at the office of the Trustee.

Any declaration, request or other instrument or writing of the Owner of any Certificate shall bind all future Owners of such Certificate with respect to anything done or suffered to be done by the Local Agencies, the Authority or the Trustee in good faith and in accordance therewith.

Section 10.05 Waiver of Personal Liability; No Liability of Authority Members. No member, officer or employee of the Authority or any Local Agency shall be individually or personally liable for the payment of the interest, principal or prepayment premiums, if any, with respect to the Certificates by reason of their execution and delivery, but nothing herein contained shall relieve any such member, officer or employee from the performance of any official duty provided by any applicable provisions of law, the Agreements or hereby.

Notwithstanding anything to the contrary herein or in any other document, no entity that is a program participant of the Authority, its supervisors, councilmembers, trustees, officers, directors, employees, and agents, shall have any liability of any kind hereunder or by reason of or in connection with any of the transactions contemplated hereby, other than with respect to a program participant of the Authority in its capacity as a Local Agency hereunder.

Section 10.06 Acquisition of Certificates by Authority. All Certificates acquired by the Authority, whether by purchase or gift or otherwise, shall be surrendered to the Trustee for cancellation.

Section 10.07 Destruction of Canceled Certificates. Whenever provision is made herein for the cancellation of any Certificates, the Trustee shall destroy such Certificates in accordance with its retention policy then in effect.

Section 10.08 Content of Certificates; Post-Issuance Legal Opinions. Every Certificate of the Authority or any Local Agency with respect to compliance with any agreement, condition, covenant or term contained herein shall include: (a) a statement that the person or persons executing such certificate have read such agreement, condition, covenant or term and the definitions herein relating thereto; (b) a brief statement as to the nature and scope of the examination or investigation upon which the statements contained in such certificate are based; (c) a statement that, in the opinion of the signers, they have made or caused to be made such examination or investigation as is necessary to enable them to express an informed opinion as to whether or not the Local Agency or the Authority has complied with such agreement, condition, covenant or term; and (d) a statement as to whether, in the opinion of the signers, the Local Agency or the Authority has complied with such agreement, condition, covenant or term.

Any Certificate of the Authority or any Local Agency may be based, insofar as it relates to legal matters, upon an Opinion of Counsel unless the person or persons executing such certificate know that the Opinion of Counsel with respect to the matters upon which their certificate may be based, as aforesaid, is erroneous, or in the exercise of reasonable care should have known that the same was erroneous. Any Opinion of Counsel may be based, insofar as it relates to factual matters and information with respect to which is in the possession of the Local Agency or the Authority, upon a representation by an officer or officers of the Local Agency or the Authority unless the counsel executing such Opinion of Counsel knows that the representation with respect to the matters upon which his opinion may be based, as aforesaid, is erroneous, or in the exercise of reasonable care should have known that the same was erroneous.

Section 10.09 Publication for Successive Weeks. Any publication required to be made hereunder for successive weeks in a financial newspaper may be made in each instance upon any Business Day of the first week and need not be made on the same Business Day of any succeeding week or in the same financial newspaper for any subsequent publication, but may be made on different Business Days or in different financial newspapers, as the case may be.

Section 10.10 Accounts and Funds; Business Days. Any account or fund required herein to be established and maintained by the Trustee may be established and maintained in the accounting records of the Trustee either as an account or a fund, and may, for the purposes of such accounting records, any audits thereof and any reports or statements with respect thereto, be treated either as an account or a fund; but all such records with respect to all such accounts and funds shall at all times be maintained in accordance with the Tax Certificates and sound accounting practice and with due regard for the protection of the security of the Certificates and the rights of the Owners. Any action required to occur hereunder on a day which is not a Business Day shall be required to occur on the next succeeding Business Day.

Section 10.11 Article and Section Headings and References. The headings or titles of the several articles and sections hereof and the table of contents appended hereto shall be solely for convenience of reference and shall not affect the meaning, construction or effect hereof. All references herein to "Articles," "Sections" and other subdivisions or clauses are to the corresponding articles, sections, subdivisions or clauses hereof; and the words "hereby," "herein," "hereof," "hereto," "herewith," "hereunder" and other words of similar import refer to the Trust Agreement as a whole and not to any particular article, section, subdivision or clause hereof.

Section 10.12 Entire Agreement; Partial Invalidity. This Trust Agreement and the exhibits hereto set forth the entire agreement and understanding of the parties related to this transaction and supersedes all prior agreements and understandings, oral or written. If any one or more of the agreements or covenants or portions thereof required hereby to be performed by or on the part of the Local Agencies,

the Authority or the Trustee shall be contrary to law, then such agreement or agreements, such covenant or covenants or such portions thereof shall be null and void and shall be deemed separable from the remaining agreements and covenants or portions thereof and shall in no way affect the validity hereof or of the Certificates, and the Owners shall retain all the benefit, protection and security afforded to them under the Act or any other applicable provisions of law. The Local Agencies, the Authority and the Trustee hereby declare that they would have executed and delivered the Trust Agreement and each and every other article, section, paragraph, subdivision, sentence, clause and phrase hereof and would have authorized the execution and delivery of the Certificates pursuant hereto irrespective of the fact that any one or more articles, sections, paragraphs, subdivisions, sentences, clauses or phrases hereof or the application thereof to any person or circumstance may be held to be unconstitutional, unenforceable or invalid.

Section 10.13 Execution in Several Counterparts. This Trust Agreement may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original; and all such counterparts, or as many of them as the Local Agencies, the Authority and the Trustee shall preserve undestroyed, shall together constitute but one and the same instrument.

Section 10.14 Governing Law. This Trust Agreement shall be governed, in all respects including validity, interpretation and effect by, and shall be enforceable in accordance with, the laws of the United States of America and of the State of California.

Section 10.15 Notices. Except as otherwise provided herein, for the purposes hereof, any notice, consent, request, requisition, direction, certificate or demand or other communication may be served or presented, and such notice or demand may be made and shall be deemed to have been sufficiently given or served for all purposes by being deposited, first-class postage prepaid, in a post office letter box, addressed, as the case may be, to the parties as follows:

If to the Authority: California Statewide Communities Development Authority
1700 North Broadway, Suite 405
Walnut Creek, California 94596
Attention: Secretary

If to the Trustee: Wilmington Trust, National Association
650 Town Center Drive, Suite 800
Costa Mesa, California 92626
Attention: Corporate Trust Department

If to the Local Agencies: To the individual addressees as set forth in Exhibit A to the
Purchase Agreement

If to the Purchaser: Stifel, Nicolaus & Company, Incorporated
515 South Figueroa Street, Suite 1800
Los Angeles, California 90071
Attention: John Kim

If to the Insurer:

Attention:
Telephone:
Telecopier:

Any such communication may also be sent by telecopy at the telecopy numbers given above.
Any party may change its address by notice to each other party.

IN WITNESS WHEREOF, the Authority and the Local Agencies named in Schedule I hereto have caused the Trust Agreement to be signed in their respective names by such person as has been designated by their respective governing boards, and the Trustee, to evidence its acceptance of the trust hereby created, has caused the Trust Agreement to be signed in the name of the Trustee by an authorized officer of the Trustee, all as of the day and year first above written.

**CALIFORNIA STATEWIDE
COMMUNITIES DEVELOPMENT
AUTHORITY**

By: _____
Authorized Signatory

**WILMINGTON TRUST, NATIONAL
ASSOCIATION, as Trustee**

By: _____
Authorized Signatory

CITY OF MORENO VALLEY

By: _____
Mayor

CITY OF MENIFEE

By: _____
Mayor

CITY OF DESERT HOT SPRINGS

By: _____
Mayor

EXHIBIT A

FORM OF CERTIFICATE

No. _____

\$ _____

**CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY
TRANSPORTATION REVENUE (INSTALLMENT SALE)
CERTIFICATE OF PARTICIPATION, SERIES 2020__ (FEDERALLY TAXABLE)
(T.R.I.P. – TOTAL ROAD IMPROVEMENT PROGRAM)**

Interest Rate	Certificate Payment Date	Dated as of	CUSIP No.
%	June 1, _____	_____, 2020	

REGISTERED OWNER: CEDE & CO.

PRINCIPAL SUM:

THIS IS TO CERTIFY that the registered owner named above, as the registered owner of this California Statewide Communities Development Authority Transportation Revenue (Installment Sale) Certificate of Participation, Series 2020__ (Federally Taxable) (T.R.I.P. – Total Road Improvement Program), is the owner of a proportionate undivided interest in the rights to receive certain 2020 Installment Sale Payments (as that term is defined in the Trust Agreement hereinafter mentioned) under and pursuant to certain 2020 Installment Sale Agreements (collectively, together with any supplements or amendments thereto, the “Agreements”) by and between one or more Local Agencies named therein and in the Trust Agreement (the “Local Agencies”), each a duly organized and existing political subdivision of the State of California, and the California Statewide Communities Development Authority (the “Authority”), a joint powers authority duly organized and existing under and by virtue of the laws of the State of California, all of which rights to receive such 2020 Installment Sale Payments having been assigned without recourse by the Authority to Wilmington Trust, National Association, as trustee (the “Trustee”), a national banking association duly organized and existing under and by virtue of the laws of the United States of America and having a corporate trust office in Costa Mesa, California.

The registered owner of this Certificate is entitled to receive, subject to the terms of the Agreements, on the certificate payment date set forth above (the “Certificate Payment Date”), upon surrender of this Certificate on the Certificate Payment Date at the corporate trust office of the Trustee, the principal sum specified above representing the registered owner’s fractional undivided share of the 2020 Installment Sale Payments designated as principal components coming due on the Certificate Payment Date, and on each June 1 and December 1, commencing _____ 1, 20__ (each an “Interest Payment Date”) the registered owner’s fractional undivided share of the 2020 Installment Sale Payments designated as interest components evidenced and represented by this Certificate. This Certificate shall evidence and represent interest from the Interest Payment Date next preceding the date of registration thereof, unless such date of registration is an Interest Payment Date, in which event it shall evidence and represent interest from such date, or unless such date of registration is prior to the first Interest Payment Date, in which event it shall evidence and represent interest from _____, 2020; provided, however, that if at the time of registration of any Certificate interest is then in default on the Outstanding Certificate, such Certificate shall evidence and represent interest from the Interest Payment Date to which interest has previously been paid or made available for payment on the Outstanding Certificates. Payment

of interest evidenced and represented by this Certificate due on or before the maturity or prior prepayment thereof shall be made to the person whose name appears in the Certificate registration books maintained by the Trustee pursuant to the Trust Agreement as the registered owner thereof as of the close of business on the Record Date preceding each Interest Payment Date, whether or not such day is a Business Day, such interest to be paid by check mailed on such Interest Payment Date (or the next Business Day if such Interest Payment Date is not a Business Day) to such registered owner at the address as it appears in such books or at such other address as may have been filed with the Trustee for that purpose. The Owner of \$1,000,000 or more in aggregate principal amount evidenced by the Certificates may request in writing that the Trustee pay the interest evidenced by such Certificates by wire transfer and the Trustee shall comply with such request for all Interest Payment Dates following the fifteenth (15th) day after receipt of such request until such request is rescinded. All such amounts are payable in lawful money of the United States of America.

This Certificate is one of the duly authorized California Statewide Communities Development Authority Transportation Revenue (Installment Sale) Certificates of Participation, Series 2020__ (Federally Taxable) (T.R.I.P. – Total Road Improvement Program) (the “Certificates”), which have been executed by the Trustee pursuant to the terms of a Trust Agreement (together with any supplements or amendments thereto, the “Trust Agreement”), by and among the Trustee, the Local Agencies and the Authority, dated as of ____ 1, 2020. Copies of the Trust Agreement are on file at the corporate trust office of the Trustee, and reference is hereby made to the Trust Agreement and to any and all amendments thereof and supplements thereto for a description of the agreements, conditions, covenants and terms securing the Certificates, for the nature, extent and manner of enforcement of such agreements, conditions, covenants and terms, for the rights and remedies of the registered owners of the Certificates with respect thereto and for the other agreements, conditions, covenants and terms upon which the Certificates are executed and delivered thereunder, to which agreements, conditions, covenants and terms the owner hereof, by acceptance hereof, hereby consents.

To the extent and in the manner permitted by the terms of the Trust Agreement and the Agreements, the provisions of the Trust Agreement may be amended or supplemented by the parties thereto.

This Certificate is transferable by the registered owner hereof, in person or by his attorney duly authorized in writing, at the corporate trust office of the Trustee but only in the manner, subject to the limitations and upon payment of the charges provided in the Trust Agreement, and upon surrender of this Certificate for cancellation accompanied by delivery of a duly executed written instrument of transfer in the form appearing hereon. Upon such transfer, a new Certificate or Certificates of the same series and Certificate Payment Date representing the same principal amount will be executed and delivered to the transferee in exchange herefor. The Certificates are exchangeable at the corporate trust office of the Trustee for a like aggregate principal amount of Certificates of authorized denominations of the same series and Certificate Payment Date, in the manner, subject to the limitations and upon payment of the charges provided in the Trust Agreement.

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 Trustee shall not be affected by any knowledge or notice to the contrary; and payment of the interest and principal represented by this Certificate shall be made only to such registered owner, which payments shall be valid and effectual to satisfy and discharge liability represented by this Certificate to the extent of the sum or sums so paid.

The Certificates are authorized to be executed and delivered in the form of fully registered Certificates in denominations of five thousand dollars (\$5,000) each or any integral multiple thereof so

long as no Certificate shall represent principal becoming payable on more than one Certificate Payment Date.

The Certificates are subject to optional and mandatory prepayment prior to their respective Certificate Payment Dates, as provided in the Trust Agreement.

The Certificates each evidence and represent a fractional undivided interest in the 2020 Installment Sale Payments in an amount equal to the aggregate principal amount of Certificates originally executed and delivered by the Trustee pursuant to the Trust Agreement and enjoy the benefits of a security interest in the moneys held in the funds established pursuant to the Trust Agreement, subject to the provisions of the Trust Agreement permitting the disbursement thereof for or to the purposes and on the conditions and terms set forth therein. The obligations of the Local Agencies to make the 2020 Installment Sale Payments are special obligations of the Local Agencies payable from Revenues, and do not constitute debts of the Local Agencies or of the State of California or of any political subdivision thereof within the meaning of any constitutional or statutory debt limitation or restriction. The obligation of each Local Agency under its Agreement and the Trust Agreement is a several and not a joint obligation and is strictly limited to such Local Agency's 2020 Installment Sale Payments and Administration Fee due under its Agreement, and to its Revenues and all money in the Pledged Tax Fund and in the funds and accounts so specified and provided for and defined in its Agreement

The Trustee has no obligation or liability to the Certificate owners for the payment of the interest or principal represented by the Certificates, but rather the Trustee's sole obligations are to administer, for the benefit of the Local Agencies and the Authority and the Certificate owners, the various funds established under the Trust Agreement and the Agreements. The Authority has no obligation or liability whatsoever to the Certificate owners.

The Owner hereby has a proportionate undivided ownership interest in the 2020 Installment Sale Payments payable pursuant to the Agreements, as set forth in Schedule I to the Trust Agreement.

Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to Trustee or its agent for the registration of transfer, exchange, or payment, and any certificate executed and delivered is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), 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

The Authority has certified to the Trustee 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. This is to further certify 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.

IN WITNESS WHEREOF, this Certificate has been dated as of the date set forth above and has been executed by the manual signature of an authorized signatory of the Trustee.

Date of Execution: _____, 2020

**WILMINGTON TRUST, NATIONAL
ASSOCIATION, as Trustee**

By: _____
Authorized Signatory

STATEMENT OF INSURANCE

[_____ (the “Insurer”), has delivered its municipal bond insurance policy (the “Policy”) with respect to the scheduled payments of principal and interest evidenced and represented by this Certificate to Wilmington Trust, National Association, Costa Mesa, California, or its successor, as trustee for the Certificates (the “Trustee”). Said Policy is on file and available for inspection at the principal office of the Trustee and a copy thereof may be obtained from the Insurer or the Trustee. All payments required to be made under the Policy shall be made in accordance with the provisions thereof. The owner of this Certificate acknowledges and consents to the subrogation rights of the Insurer as more fully set forth in the Policy.]

FORM OF ASSIGNMENT

For value received, the undersigned do(es) hereby sell, assign and transfer unto _____, whose address is _____ and whose social security or Taxpayer Identification No. is _____, the within Certificate and do(es) hereby irrevocably constitute and appoint _____ attorney to transfer such Certificate on the Certificate register of the Trustee, with full power of substitution in the premises.

Dated: _____

Note: The signature(s) to this Assignment must correspond with the name(s) as written on the face of the within Certificate in every particular, without alteration or enlargement or any change whatsoever.

Signature must be guaranteed by an eligible guarantor institution.

EXHIBIT B

PAYMENTS UNDER THE INSURANCE POLICY; OTHER PROVISIONS CONCERNING THE INSURER

EXEMPLAR TERMS TO BE REVISED:

General Provisions

(a) The prior written consent of the Insurer shall be a condition precedent to the deposit of any Qualified Reserve Instrument provided in lieu of a cash deposit into the Reserve Fund. Notwithstanding anything to the contrary set forth in the Trust Agreement, amounts on deposit in the Reserve Fund shall be applied solely to the payment of principal and interest due on the Certificates.

(b) The Insurer shall be deemed to be the sole Owner of the Certificates for the purpose of exercising any voting right or privilege or giving any consent or direction or taking any other action that the Owners of the Certificates insured by it are entitled to take pursuant to the Trust Agreement pertaining to (i) defaults and remedies and (ii) the duties and obligations of the Trustee. In furtherance thereof and as a term of the Trust Agreement and each Certificate, to the extent the Insurer is not in default of its obligations under the Insurance Policy, the Trustee and each Owner appoint the Insurer as their agent and attorney-in-fact and agree that the Insurer may at any time during the continuation of any proceeding by or against the Authority or a Local Agency under the United States Bankruptcy Code or any other applicable bankruptcy, insolvency, receivership, rehabilitation or similar law (an “**Insolvency Proceeding**”) direct all matters relating to such Insolvency Proceeding, including without limitation, (A) all matters relating to any claim or enforcement proceeding in connection with an Insolvency Proceeding (a “**Claim**”), (B) the direction of any appeal of any order relating to any Claim, (C) the posting of any surety, supersedeas or performance bond pending any such appeal, and (D) the right to vote to accept or reject any plan of adjustment. In addition, the Trustee and each Owner delegate and assign to the Insurer, to the fullest extent permitted by law, the rights of the Trustee and each Owner in the conduct of any Insolvency Proceeding, including, without limitation, all rights of any party to an adversary proceeding or action with respect to any court order issued in connection with any such Insolvency Proceeding. Remedies granted to the Owners of the Certificates expressly include mandamus.

(c) The Certificates shall not be accelerated without the consent of the Insurer and in the event the maturity of the Certificates is accelerated, the Insurer may elect, in its sole discretion, to pay accelerated principal and interest accrued, on such principal to the date of acceleration (to the extent unpaid by the Authority) and the Trustee shall be required to accept such amounts. Upon payment of such accelerated principal and interest accrued to the acceleration date as provided above, the Insurer’s obligations under the Insurance Policy with respect to the Certificates shall be fully discharged.

(d) No grace period for a covenant default may exceed 30 days or be extended for more than 60 days, without the prior written consent of the Insurer. No grace period is permitted for payment defaults.

(e) The Insurer is a third party beneficiary of the Trust Agreement.

(f) Upon the occurrence of an optional or mandatory prepayment in part pursuant to Section 2.03(a) or 2.03(b) hereof, the selection of Certificates to be prepaid shall be subject to the approval of the Insurer. The exercise of any provision of the Trust Agreement which permits the purchase of Certificates in lieu of prepayment shall require the prior written approval of the Insurer if any Certificate so purchased is not cancelled upon purchase.

(g) Any amendment, supplement, modification to, or waiver of, the Trust Agreement or any other transaction document, including the Agreements and any underlying security agreement (each a “**Related Document**”), that requires the consent of Owners or adversely affects the rights and interests of the Insurer is subject to the prior written consent of the Insurer.

(h) The rights granted to the Insurer under the Trust Agreement or any other Related Document to request, consent to or direct any action are rights granted to the Insurer in consideration of its issuance of the Insurance Policy. Any exercise by the Insurer of such rights is merely an exercise of the Insurer’s contractual rights and shall not be construed or deemed to be taken for the benefit, or on behalf, of the Owners and such action does not evidence any position of the Insurer, affirmative or negative, as to whether the consent of the Owners or any other person is required in addition to the consent of the Insurer.

(i) Only (1) cash, (2) non-callable direct obligations of the United States of America (“**Treasuries**”), (3) evidences of ownership of proportionate interests in future interest and principal payments on Treasuries held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying Treasuries are not available to any person claiming through the custodian or to whom the custodian may be obligated, (4) subject to the prior written consent of the Insurer, pre-refunded municipal obligations rated “AAA” and “Aaa” by S&P and Moody’s, respectively, or (5) subject to the prior written consent of the Insurer, securities eligible for “AAA” defeasance under then existing criteria of S&P or any combination thereof, shall be used to effect defeasance of the Certificates unless the Insurer otherwise approves.

To accomplish defeasance, the Authority or the respective Local Agencies shall cause to be delivered (i) a report of an independent firm of nationally recognized certified public accountants or such other accountant as shall be acceptable to the Insurer (“**Accountant**”) verifying the sufficiency of the escrow established to pay the Certificates on the maturity or prepayment date (“**Verification**”), (ii) an escrow deposit agreement (which shall be acceptable in form and substance to the Insurer), (iii) an opinion of nationally recognized bond counsel to the effect that the Certificates are no longer “Outstanding” under the Trust Agreement and (iv) a certificate of discharge of the Trustee with respect to the Certificates; each Verification and defeasance opinion shall be acceptable in form and substance, and addressed, to the Authority, the respective Local Agencies, the Trustee and the Insurer. The Insurer shall be provided with final drafts of the above-referenced documentation not less than five business days prior to the funding of the escrow.

The Certificates shall be deemed “Outstanding” under the Trust Agreement unless and until they are in fact paid and retired or the above criteria are met.

(j) Amounts paid by the Insurer under the Insurance Policy shall not be deemed paid for purposes of the Trust Agreement and the Certificates relating to such payments shall remain Outstanding and continue to be due and owing until paid in accordance with the Trust Agreement.

The Trust Agreement shall not be discharged unless all amounts due or to become due to the Insurer have been paid in full or duly provided for.

(k) Each of the Authority and Trustee covenant and agree to take such action as is necessary from time to time to preserve the priority of the pledge of the Revenues hereunder.

(l) To the extent not provided in the Agreement, the Insurer shall be provided with the following information by the Authority, the Local Agencies or the Trustee, as the case may be:

(1) Annual audited financial statements within 180 days after the end of the Local Agencies' fiscal year (together with a certification of each Local Agency that it is not aware of any default or Event of Default under the Agreement), and the Local Agencies' annual budget within 30 days after the approval thereof together with such other information, data or reports as the Insurer shall reasonably request from time to time;

(2) Notice of any default known to the Trustee or Authority within five Business Days after knowledge thereof;

(3) Prior notice of the advance refunding or prepayment of any of the Certificates, including the principal amount, maturities and CUSIP numbers thereof;

(4) Notice of the resignation or removal of the Trustee and the appointment of, and acceptance of duties by, any successor thereto;

(5) Notice of the commencement of any proceeding by or against the Authority or any Local Agency commenced under the United States Bankruptcy Code or any other applicable bankruptcy, insolvency, receivership, rehabilitation or similar law (an "**Insolvency Proceeding**");

(6) Notice of the making of any claim in connection with any Insolvency Proceeding seeking the avoidance as a preferential transfer of any payment of principal or interest evidenced and represented by the Certificates;

(7) A full original transcript of all proceedings relating to the execution of any amendment, supplement, or waiver to the Related Documents; and

(8) All reports, notices and correspondence to be delivered to Owners under the terms of the Related Documents.

(n) The Insurer shall have the right to receive such additional information as it may reasonably request.

(o) Each Local Agency will permit the Insurer to discuss the affairs, finances and accounts of the Local Agency or any information the Insurer may reasonably request regarding the security for the Certificates with appropriate officers of the Local Agency and will use commercially reasonable efforts to enable the Insurer to have access to the facilities, books and records of the Local Agency on any business day upon reasonable prior notice.

(p) The Trustee shall notify the Insurer of any failure of any Local Agency to provide notices, certificates and other information under the Related Documents.

(q) Notwithstanding satisfaction of the other conditions to the execution and delivery of additional Contracts set forth in the 2020 Installment Sale Agreement, no such execution and delivery may occur if an Event of Default (or any event which, once all notice or grace periods have passed, would constitute an Event of Default) exists unless such default shall be cured upon such execution and delivery, unless otherwise permitted by the Insurer.

(r) In determining whether any amendment, consent, waiver or other action to be taken, or any failure to take action, under the Trust Agreement would adversely affect the security for the Certificates or the rights of the Owners, the Trustee shall consider the effect of any such amendment, consent, waiver, action or inaction as if there were no Insurance Policy.

(s) No contract shall be entered into or any action taken by which the rights of the Insurer or security for or sources of payment of the Certificates may be impaired or prejudiced in any material respect except upon obtaining the prior written consent of the Insurer.

Claims Upon the Insurance Policy and Payments by and to the Insurer

(a) If, on the third Business Day prior to the related scheduled Interest Payment Date or Certificate Payment Date (each, a “**Payment Date**”) there is not on deposit with the Trustee, after making all transfers and deposits required under the Trust Agreement, moneys sufficient to pay the principal and interest evidenced and represented by the Certificates due on such Payment Date, the Trustee shall give notice to the Insurer and to its designated agent (if any) (the “**Insurer’s Fiscal Agent**”) by telephone or telecopy of the amount of such deficiency by 12:00 noon, New York City time, on such Business Day. If, on the second Business Day prior to the related Payment Date, there continues to be a deficiency in the amount available to pay the principal and interest evidenced and represented by the Certificates due on such Payment Date, the Trustee shall make a claim under the Insurance Policy and give notice to the Insurer and the Insurer’s Fiscal Agent (if any) by telephone of the amount of such deficiency, and the allocation of such deficiency between the amount required to pay interest evidenced and represented by the Certificates and the amount required to pay principal evidenced and represented by the Certificates, confirmed in writing to the Insurer and the Insurer’s Fiscal Agent by 12:00 noon, New York City time, on such second Business Day by filling in the form of Notice of Claim and Certificate delivered with the Insurance Policy.

The Trustee shall designate any portion of payment of principal evidenced and represented by Certificates paid by the Insurer, whether by virtue of mandatory sinking fund prepayment, maturity or other advancement of maturity, on its books as a reduction in the principal amount of Certificates registered to the then current Owner, whether DTC or its nominee or otherwise, and shall issue a replacement Certificate to the Insurer, registered in the name of _____, in a principal amount equal to the amount of principal so paid (without regard to authorized denominations); provided that the Trustee’s failure to so designate any payment or issue any replacement Certificate shall have no effect on the amount of principal or interest payable with respect to any Certificate or the subrogation rights of the Insurer.

The Trustee shall keep a complete and accurate record of all funds deposited by the Insurer into the Policy Payments Account (defined below) and the allocation of such funds to

payment of interest and principal with respect to any Certificate. The Insurer shall have the right to inspect such records at reasonable times upon reasonable notice to the Trustee.

Upon payment of a claim under the Insurance Policy, the Trustee shall establish a separate special purpose trust account for the benefit of Owners referred to herein as the “**Policy Payments Account**” and over which the Trustee shall have exclusive control and sole right of withdrawal. The Trustee shall receive any amount paid under the Insurance Policy in trust on behalf of Owners and shall deposit any such amount in the Policy Payments Account and distribute such amount only for purposes of making the payments for which a claim was made. Such amounts shall be disbursed by the Trustee to Owners in the same manner as principal and interest payments are to be made with respect to the Certificates under the sections hereof regarding payment of Certificates. It shall not be necessary for such payments to be made by checks or wire transfers separate from the check or wire transfer used to pay debt service with other funds available to make such payments. Notwithstanding anything herein to the contrary, subject to Section 7.09 hereof, the Authority agrees to pay to the Insurer, solely from Revenues [allocable solely on a *pro rata* basis (on the basis of the defaulted Purchase Payments and interest thereon payable by each Local Agency) among the Local Agencies], (i) a sum equal to the total of all amounts paid by the Insurer under the Insurance Policy (the “**Insurer Advances**”); and (ii) interest on such Insurer Advances from the date paid by the Insurer until payment thereof in full, payable to the Insurer at the Late Payment Rate per annum (collectively, the “**Insurer Reimbursement Amounts**”). “**Late Payment Rate**” means the lesser of (a) the greater of (i) the per annum rate of interest, publicly announced from time to time by JPMorgan Chase Bank at its principal office in The City of New York, as its prime or base lending rate (any change in such rate of interest to be effective on the date such change is announced by JPMorgan Chase Bank) plus [3]%, and (ii) the then applicable highest rate of interest with respect to the Certificates and (b) the maximum rate permissible under applicable usury or similar laws limiting interest rates. The Late Payment Rate shall be computed on the basis of the actual number of days elapsed over a year of 360 days. The Authority hereby covenants and agrees that the Insurer Reimbursement Amounts are secured by a lien and pledge of the Revenues on a parity with debt service on the Certificates and, subject to Section 7.09 hereof, are payable from the Revenues.

Funds held in the Policy Payments Account shall not be invested by the Trustee and may not be applied to satisfy any costs, expenses or liabilities of the Trustee. Any funds remaining in the Policy Payments Account following a Certificate Payment Date shall promptly be remitted to the Insurer.

(a) The Insurer shall, to the extent it makes any payment of principal or interest with respect to the Certificates, become subrogated to the rights of the recipients of such payments in accordance with the terms of the Insurance Policy. Each obligation of the Authority and the Local Agencies to the Insurer under the Related Documents shall survive discharge or termination of such Related Documents.

(b) Each Local Agency shall pay or reimburse the Insurer any and all charges, fees, costs and expenses attributable to such Local Agency that the Insurer may reasonably pay or incur in connection with (i) the administration, enforcement, defense or preservation of any rights or security in any Related Document; (ii) the pursuit of any remedies under the Trust Agreement or any other Related Document or otherwise afforded by law or equity, (iii) any amendment, waiver or other action with respect to, or related to, the Trust Agreement or any other Related Document whether or not executed or completed, or (iv) any litigation or other dispute in connection with the Trust Agreement or any other Related Document or the transactions contemplated thereby, other than costs resulting from the failure of the Insurer to honor its

obligations under the Insurance Policy. The Insurer reserves the right to charge a reasonable fee as a condition to executing any amendment, waiver or consent proposed in respect of the Trust Agreement or any other Related Document.

(c) After payment of the reasonable expenses of the Trustee, the application of funds realized upon default shall be applied to the payment of expenses of the Authority [each to be allocated on a *pro rata* basis (on the basis of the defaulted Purchase Payments and interest thereon payable by each Local Agency) among the Local Agencies] only after the payment of past due and current debt service on the Certificates and amounts required to restore the respective Local Agency's Reserve Subaccount to the Reserve Fund Requirement.

(d) The Insurer shall be entitled to pay principal or interest evidenced and represented by the Certificates that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Authority (as such terms are defined in the Insurance Policy) and any amounts due on the Certificates as a result of acceleration of the maturity thereof in accordance with the Trust Agreement, whether or not the Insurer has received a Notice of Nonpayment (as such terms are defined in the Insurance Policy) or a claim upon the Insurance Policy.]

SCHEDULE I

PARTICIPATING LOCAL AGENCY

Local Agency	Principal Amount
City of Moreno Valley	_____
City of Menifee	_____
City of Desert Hot Springs	_____

Total Principal Amount	=====

SCHEDULE II

**INITIAL DEPOSITS OF CERTIFICATE PROCEEDS
ATTRIBUTABLE TO EACH LOCAL AGENCY**

<u>Local Agency</u>	<u>Amount Transferred to the Escrow Fund Established by the Local Agency</u>
City of Moreno Valley	
City of Menifee	
City of Desert Hot Springs	
Total Proceeds	<hr/> <hr/> <hr/>