
TRUST AGREEMENT

by and among

**U.S. BANK NATIONAL ASSOCIATION,
AS TRUSTEE**

and

**COUNTY OF MONTEREY
PUBLIC IMPROVEMENT CORPORATION**

and

COUNTY OF MONTEREY

Dated as of August 1, 2017

**Relating To
\$[_____]
County of Monterey
Certificates of Participation
(2017 Public Facilities Refunding)**

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TRUST AGREEMENT

THIS TRUST AGREEMENT (this “Trust Agreement”), dated as of August 1, 2017, is by and among U.S. BANK NATIONAL ASSOCIATION, a national banking association organized and existing under the laws of the United States of America, as Trustee (the “Trustee”), the COUNTY OF MONTEREY PUBLIC IMPROVEMENT CORPORATION, a nonprofit public benefit corporation organized and existing under the laws of the State of California (the “Corporation”), and the COUNTY OF MONTEREY, a county and political subdivision of the State of California organized and existing under and by virtue of the laws of the State of California (the “County”).

W I T N E S S E T H:

WHEREAS, pursuant to a Trust Agreement, dated as of May 1, 2007, by and between the County and Union Bank of California, N.A. as Trustee (the “2007 Trustee”), the County executed and delivered \$152,680,000 aggregate principal amount of County of Monterey Certificates of Participation (2007 Refunding and Public Facilities Financing) (the “Refunded Certificates”);

WHEREAS, the County desires to prepay lease payments to be made by the County pursuant to the Lease Agreement, dated as of May 1, 2007, by and between the County and the Corporation, (the “Prior Lease Agreement”) which was executed in connection with the execution and delivery of the Refunded Certificates;

WHEREAS, in order to prepay the lease payments under the Prior Lease Agreement, the County will lease certain real property and the improvements thereto (the “Property”) to the Corporation pursuant to a Ground Lease, dated as of the date hereof, and the County will sublease the Property back from the Corporation pursuant to a Lease Agreement, dated as of the date hereof (the “Lease Agreement”);

WHEREAS, the County and the Corporation have determined that it would be in the best interests of the County and the Corporation to provide the funds necessary to prepay lease payments to be made by the County pursuant to the Prior Lease Agreement through the sale and delivery of County of Monterey Certificates of Participation (2017 Public Facilities Refunding) (the “Certificates”), evidencing direct, fractional undivided interests in the base rental payments to be made by the County under the Lease Agreement;

WHEREAS, all rights to receive such base rental payments have been assigned without recourse by the Corporation to the Trustee pursuant to an Assignment Agreement, dated as of the date hereof;

WHEREAS, in consideration of such assignment and the execution of this Trust Agreement, the Trustee has agreed to execute and deliver the Certificates, each evidencing a direct, fractional undivided interest in such base rental payments; 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 this Trust Agreement 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 this Trust Agreement;

NOW, THEREFORE, in consideration of the premises and of the mutual agreements and covenants contained herein and for other valuable consideration, 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 certificate, opinion, request or other document mentioned herein or therein have the meanings defined herein, the following definitions to be equally applicable to both the singular and plural forms of any of the terms defined herein. Capitalized undefined terms used herein have the meanings ascribed thereto in the Lease Agreement.

“**Additional Certificates**” means Additional Certificates executed and delivered by the Trustee pursuant to Sections 2.11 and 2.12.

“**Additional Rental Payments**” means all amounts payable by the County as Additional Rental Payments pursuant to Section 3.03 of the Lease Agreement.

“**Assignment Agreement**” means the Assignment Agreement, dated as of August 1, 2017, by and between the Corporation and U.S. Bank National Association, as Trustee.

“**Authorized Corporation Representative**” means the President, the Vice President, the Chief Financial Officer/Treasurer and the Secretary of the Corporation, and any other Person authorized by the Board of Directors of the Corporation to act on behalf of the Corporation under or with respect to this Trust Agreement.

“**Authorized County Representative**” means the County Administrative Officer of the County, the Auditor-Controller of the County, the Treasurer of the County and any other Person authorized by the Board of Supervisors of the County to act on behalf of the County under or with respect to this Trust Agreement.

“**Authorized Denominations**” means \$5,000 and whole multiples thereof.

“**Base Rental Payment Fund**” means the fund by that name established in accordance with Section 5.01 hereof.

“**Base Rental Payments**” means all amounts payable to the Corporation by the County as Base Rental Payments pursuant to Section 3.02 of the Lease Agreement.

“**Beneficial Owners**” means those Persons for whom the Participants have caused the Depository to hold Book-Entry Certificates.

“**Book-Entry Certificates**” means the Certificates registered in the name of the nominee of DTC, or any successor securities depository for the Certificates, as the registered owner thereof pursuant to the terms and provisions of Section 2.08 hereof.

“**Business Day**” means a day other than (a) Saturday or Sunday, (b) a day on which banking institutions in the city in which the Principal Office of the Trustee is located are authorized or required by law to be closed, or (c) a day on which the New York Stock Exchange is closed.

“**Cede & Co.**” means Cede & Co., the nominee of DTC, and any successor nominee of DTC with respect to the Certificates.

“**Certificate Purchase Agreement**” means the Certificate Purchase Agreement, dated August [2], 2017, by and between the Purchaser and the County relating to the Certificates.

“**Certificates**” means the County of Monterey Certificates of Participation (2017 Public Facilities Refunding) executed and delivered by the Trustee pursuant hereto.

“**Code**” means the Internal Revenue Code of 1986.

“**Continuing Disclosure Agreement**” means the Continuing Disclosure Agreement, dated as of August 1, 2017, by and between the County and U.S. Bank National Association, as Trustee, as originally executed and as it may from time to time be amended in accordance with the provisions thereof.

“**Corporation**” means the County of Monterey Public Improvement Corporation, a nonprofit public benefit corporation organized and existing under the laws of the State, and its successors.

“**Costs of Issuance**” means all the costs of executing and delivering the Certificates, including, but not limited to, printing expenses, rating agency fees, filing and recording fees, initial fees, expenses and charges of the Trustee and its counsel (including the Trustee’s first annual administrative fee), fees, charges and disbursements of attorneys, financial advisors, accounting firms, consultants and other professionals, fees and charges for preparation, execution and safekeeping of the Certificates and any other cost, charge or fee in connection with the original execution and delivery of the Certificates.

“**Costs of Issuance Fund**” means the fund by that name established in accordance with Section 3.04 hereof.

“**County**” means the County of Monterey, a county and political subdivision of the State organized and existing under the laws of the State, and its successors.

“**Defeasance Securities**” means (a) direct general 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 of the United States of America), or (b) obligations guaranteed as to principal and interest by, the United States of America or any agency or instrumentality thereof, when such obligations are backed by the full faith and credit of the United States of America. Any security

used for defeasance must provide for the timely payment of principal and interest and cannot be callable or prepayable prior to maturity.

“**Delivery Date**” means August [23], 2017.

“**Depository**” means the securities depository acting as Depository pursuant to Section 2.08 hereof.

“**DTC**” means The Depository Trust Company, New York, New York and its successors.

“**Event of Default**” means, with respect to the Trust Agreement, any event or circumstance specified in 7.01 hereof as an Event of Default.

“**Fitch**” means Fitch Ratings, its successors and assigns, except that if such corporation shall no longer perform the function of a securities rating agency for any reason, the term “Fitch” shall be deemed to refer to any other nationally recognized securities rating agency selected by the County.

“**Ground Lease**” means the Ground Lease, dated as of August 1, 2017, by and between the County and the Corporation, as originally executed and as it may from time to time be amended in accordance with the provisions thereof and of the Lease Agreement.

“**Interest Fund**” means the fund by that name established in accordance with Section 5.02 hereof.

“**Interest Payment Date**” means April 1 and October 1 of each year commencing October 1, 2017.

“**Lease Agreement**” means the Lease Agreement, dated as of August 1, 2017, by and between the County and the Corporation, as originally executed and as it may from time to time be amended in accordance with the provisions thereof.

“**Letter of Representations**” means the letter of the County delivered to and accepted by the Depository on or prior to the delivery of the Certificates as Book-Entry Certificates setting forth the basis on which the Depository serves as depository for such Book-Entry Certificates, as originally executed or as it may be supplemented or revised or replaced by a letter to a substitute Depository.

“**Mandatory Sinking Account Payment**” means the principal evidenced by Certificates required to be paid on each Mandatory Sinking Account Payment Date pursuant to Section 4.01(c) hereof.

“**Mandatory Sinking Account Payment Date**” means a date on which a Mandatory Sinking Account Payment is required to be paid pursuant to Section 4.01(c) hereof.

“**Moody’s**” means Moody’s Investors Service, a corporation organized and existing under the laws of the State of Delaware, its successors and assigns, except that if such entity shall no longer perform the functions of a securities rating agency for any reason, the term “Moody’s” shall

be deemed to refer to any other nationally recognized securities rating agency selected by the County.

“**Net Proceeds**” means any insurance proceeds or condemnation award in excess of \$50,000, paid with respect to any of the Property, remaining after payment therefrom of all reasonable expenses incurred in the collection thereof.

“**Nominee**” means the nominee of the Depository, which may be the Depository, as determined from time to time pursuant to Section 2.08 hereof.

“**Opinion of Counsel**” means a written opinion of counsel of recognized national standing in the field of law relating to municipal bonds, appointed and paid by the County and satisfactory to and approved by the Trustee.

“**Outstanding**,” when used as of any particular time with reference to Certificates, means, subject to the provisions of Section 11.06 hereof, all Certificates except (a) Certificates previously canceled by the Trustee or delivered to the Trustee for cancellation, (b) Certificates paid or deemed to have been paid within the meaning of Section 10.01 hereof, and (c) Certificates in lieu of which other Certificates shall have been executed and delivered by the Trustee pursuant to Section 2.09 hereof.

“**Owner**” means any Person who shall be the registered owner of any Outstanding Certificate as indicated in the Registration Books.

“**Participating Underwriter**” has the meaning ascribed thereto in the Continuing Disclosure Agreement.

“**Participants**” means those broker-dealers, banks and other financial institutions from time to time for which the Depository holds Book-Entry Certificates as securities depository.

“**Permitted Investments**” is defined in Exhibit B attached hereto.

“**Person**” means an individual, corporation, firm, association, partnership, limited liability company, trust, or other legal entity or group of entities, including a governmental entity or any agency or political subdivision thereof.

“**Prepayment Fund**” means the fund by that name established in accordance with Section 5.02 hereof.

“**Principal Fund**” means the fund by that name established in accordance with Section 5.02 hereof.

“**Principal Office**” means (a) the Trustee’s corporate trust office in San Francisco, California, except for purposes of the presentation and surrender of Certificates for payment, transfer or exchange, such office shall be the corporate trust agency or operations office of the Trustee, or (b) any other office designated by the Trustee.

“Principal Payment Date” means a date on which the principal component of the Base Rental Payments evidenced by the Certificates is scheduled to become due and payable pursuant to the Lease Agreement, other than by reason of a Mandatory Sinking Account Payment.

“Prior Lease” means a Lease Agreement, dated as of May 1, 2007, by and between the County and the Corporation.

“Purchaser” means Barclays Capital Inc., as underwriter and purchaser of the Certificates pursuant to the Certificate Purchase Agreement.

“Rebate Fund” means the fund by that name established in accordance with Section 5.03 hereof.

“Rebate Requirement” has the meaning ascribed thereto in the Tax Certificate.

“Record Date” means, with respect to any Interest Payment Date, the fifteenth day of the calendar month immediately preceding such Interest Payment Date, whether or not such day is a Business Day.

“Refunded Certificates” means the County of Monterey Certificates of Participation (2007 Refunding and Public Facilities Financing) executed and delivered pursuant to a Trust Agreement, dated as of May 1, 2007, by and between the County and the 2007 Trustee.

“Registration Books” means the records maintained by the Trustee for the registration of ownership and registration of transfer of the Certificates pursuant to Section 2.06 hereof.

“Rental Payments” means, collectively, the Base Rental Payments and the Additional Rental Payments.

“Rental Period” means the period from the Delivery Date through June 30, 2018 and, thereafter, the twelve-month period commencing on July 1 of each year during the term of the Lease Agreement.

“S&P” means S&P Global Ratings, a Standard & Poor’s Financial Services LLC business, a corporation organized and existing under the laws of the State of New York, its successors and assigns, except that if such entity shall no longer perform the functions of a securities rating agency for any reason, the term “S&P” shall be deemed to refer to any other nationally recognized securities rating agency selected by the County.

“State” means the State of California.

“Supplemental Trust Agreement” means any supplemental trust agreement that modifies or amends the provisions of this Trust Agreement, but only if and to the extent that such Supplemental Trust Agreement is specifically authorized hereunder.

“Tax Certificate” means the Tax and Nonarbitrage Certificate executed by the County at the time of execution and delivery of the Certificates relating to the requirements of Section 148

of the Code, as originally executed and as it may from time to time be amended in accordance with the provisions thereof.

“**Trust Agreement**” means this Trust Agreement, dated as of August 1, 2017, by and among U.S. Bank National Association, as Trustee, the Corporation and the County, as originally executed and as it may from time to time be modified or amended by any Supplemental Trust Agreement.

“**Trustee**” means U.S. Bank National Association, a national banking association duly organized and existing under the laws of the United States of America, as Trustee hereunder, or any successor thereto as Trustee hereunder, substituted in its place as provided herein.

“**Verification Report**” means, with respect to the deemed payment of Certificates pursuant to clause (ii) of subsection (a) of Section 10.02 hereof, a report of a nationally recognized certified public accountant, or firm of such accountants, verifying that the Defeasance Securities and cash, if any, deposited in connection with such deemed payment satisfy the requirements of clause (ii) of subsection (a) of Section 10.02 hereof.

“**Written Certificate**” and “**Written Request**” of the County mean, respectively, a written certificate or written request signed in the name of the County by an Authorized County Representative. Any such request may, but need not, be combined in a single instrument with any other instrument, opinion or representation, and the two or more so combined shall be read and construed as a single instrument.

“**2007 Trustee**” means Union Bank of California, N.A. and any successor in interest thereto.

“**2007 Prepayment Fund**” means the Prepayment Fund established in accordance with the Trust Agreement, dated as of May 1, 2007, by and between the County and the 2007 Trustee.

Section 1.02 Equal Security. In consideration of the acceptance of the Certificates by the Owners, this Trust Agreement shall be deemed to be and shall constitute a contract between the Trustee and the Owners to secure the full and final payment of the principal and interest evidenced by the Certificates which may be executed and delivered hereunder, subject to each of the agreements, conditions, covenants and terms contained herein; and all agreements, conditions, covenants and terms contained herein required to be observed or performed by or on behalf of the Trustee shall be for the equal and proportionate benefit, protection and security of all Owners without distinction, preference or priority as to security or otherwise of any Certificates over any other Certificates by reason of the number or date thereof or the time of execution or delivery thereof or for any cause whatsoever, except as expressly provided herein or therein.

ARTICLE II

TERMS AND CONDITIONS OF CERTIFICATES

Section 2.01 Preparation and Delivery of Certificates. The Trustee is hereby authorized and directed to prepare the Certificates and, upon the Written Request of the County, shall execute and deliver the Certificates in the aggregate amount of \$[_____], evidencing the

aggregate principal components of the Base Rental Payments and each evidencing a direct, fractional undivided interest in the Base Rental Payments. The Certificates shall be numbered, with or without prefixes, as directed by the Trustee.

Section 2.02 The Certificates. The Certificates shall be denominated “County of Monterey Certificates of Participation (2017 Public Facilities Refunding)” shall be prepared in the form of fully registered Certificates, without coupons, in Authorized Denominations. The aggregate amount of principal evidenced by the Certificates that may be executed, delivered and Outstanding pursuant to this Trust Agreement shall not exceed \$[____], except as may be otherwise provided in Section 2.09 hereof.

Section 2.03 Terms of the Certificates. (a) The Certificates shall be dated as of the Delivery Date. The principal evidenced by the Certificates shall become due and payable, subject to prior prepayment, on the dates, in the amounts, and shall evidence interest at the rates per annum (calculated on the basis of a 360-day year comprised of twelve 30-day months) set forth below:

Principal Payment Date (October 1)	Principal Component	Interest Rate
2017		
2018		
2019		
2020		
2021		
2022		
2023		
2025		
2028		
2037		

(b) The interest evidenced by the Certificates shall be payable on each Interest Payment Date to and including their respective Principal Payment Dates or prepayment prior thereto, and shall represent the sum of the portions of the Base Rental Payments designated as interest components coming due on the Interest Payment Dates in each year. Interest evidenced by the Certificates shall be payable from the Interest Payment Date next preceding the date of execution and delivery thereof unless (i) a Certificate is executed and delivered on or before an Interest Payment Date and after the close of business on the preceding Record Date, in which event interest evidenced thereby shall be payable from such Interest Payment Date, (ii) a Certificate is executed and delivered on or before the first Record Date, in which event interest evidenced thereby shall be payable from the Delivery Date, or (iii) interest evidenced by any Certificate is in default as of the date of execution and delivery thereof, in which event interest evidenced thereby shall be payable from the date to which interest has previously been paid or duly provided for. Interest evidenced by the Certificates shall be paid in lawful money of the United States of America on each Interest Payment Date. Such interest shall be paid by check of the Trustee mailed by first-class mail, postage prepaid, on each Interest Payment Date to the Owners of the Certificates at their respective addresses shown on the Registration Books as of the close of business on the preceding Record Date. Notwithstanding the foregoing, interest evidenced by any Certificate that

is not punctually paid or duly provided for on any Interest Payment Date shall, if and to the extent that amounts subsequently become available therefor, be paid on a payment date established by the Trustee to the Person in whose name the ownership of such Certificate is registered on the Registration Books at the close of business on a special record date to be established by the Trustee for the payment of such interest, notice of which shall be given to such Owner not less than ten days prior to such special record date.

(c) The principal evidenced by the Certificates shall be payable in lawful money of the United States of America on their respective Principal Payment Dates and Mandatory Sinking Account Payment Dates in each year, upon presentation and surrender thereof at the Principal Office of the Trustee, and shall represent the sum of the portions of the Base Rental Payments designated as principal components coming due on the Principal Payment Dates and Mandatory Sinking Account Payment Dates in each year.

Section 2.04 Form of Certificates. The Certificates shall be in substantially the forms of Exhibit A hereto, with necessary or appropriate insertions, omissions and variations as permitted or required hereby.

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.

Section 2.06 Registration Books. (a) The Trustee shall keep at its Principal Office sufficient books for the registration and transfer of the Certificates, which books shall be available for inspection and copying by the Corporation, the Trustee and the County at reasonable hours and under reasonable conditions; and upon presentation for such purpose the Trustee shall, under such reasonable regulations as it may prescribe, register or transfer the Certificates on such books as hereinabove provided.

(b) The Trustee may treat the Owner of any Certificate, as shown on the Registration Books, as the absolute owner of such Certificate for all purposes, whether or not the principal or interest evidenced by such 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 evidenced by such Certificate shall be made only to such Owner, which payments shall be valid and effectual to satisfy and discharge the liability evidenced by such Certificate to the extent of the sum or sums so paid.

Section 2.07 Exchange of Certificates. (a) Each Certificate is transferable by the Owner thereof, in person or by such Owner's attorney duly authorized in writing, at the Principal Office of the Trustee on the Registration Books, upon surrender of such Certificate for cancellation accompanied by delivery of a duly executed written instrument of transfer in a form approved by the Trustee. Whenever any Certificate shall be surrendered for transfer, the Trustee shall execute and deliver a new Certificate or Certificates evidencing principal in the same aggregate amount and having the same stated Principal Payment Date. The Trustee shall require the payment by any Owner requesting such transfer of any tax or other governmental charge required to be paid with respect to such transfer.

(b) Each Certificate may be exchanged at the Principal Office of the Trustee for Certificates evidencing principal in a like aggregate amount and having the same stated Principal Payment Date in such Authorized Denominations as the Owner thereof may request. 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.

(c) The Trustee shall not be required to transfer or exchange any Certificate during the period commencing on the date five days before the date of selection of Certificates for prepayment and ending on the date of mailing notice of such prepayment, nor shall the Trustee be required to transfer or exchange any Certificate or portion thereof selected for prepayment from and after the date of mailing the notice of prepayment thereof.

Section 2.08 Book-Entry System. (a) The Certificates shall initially be executed and delivered as Book-Entry Certificates, and the Certificates for each stated Principal Payment Date shall be in the form of a separate single fully registered Certificate (which may be typewritten). The ownership of each Book-Entry Certificate shall be registered in the Registration Books in the name of the Nominee, as nominee of the Depository. Payment of principal or interest evidenced by any Book-Entry Certificate registered in the name of the Nominee shall be made on the applicable Interest Payment Date or Principal Payment Date by wire transfer of New York clearing house or equivalent next day funds or by wire transfer of same day funds to the account of the Nominee. Such payments shall be made to the Nominee at the address which is, on the Record Date, shown for the Nominee in the Registration Books.

(b) With respect to Book-Entry Certificates, the County, the Corporation and the Trustee shall have no responsibility or obligation to any Participant or to any person on behalf of which such a Participant holds an interest in such Book-Entry Certificates. Without limiting the immediately preceding sentence, the County, the Corporation and the Trustee shall have no responsibility or obligation with respect to (i) the accuracy of the records of the Depository, the Nominee or any Participant with respect to any ownership interest in Book-Entry Certificates, (ii) the delivery to any Participant or any other person, other than an Owner as shown in the Registration Books, of any notice with respect to Book-Entry Certificates, including any notice of prepayment, (iii) the selection by the Depository and its Participants of the beneficial interests in Book-Entry Certificates to be prepaid in the event Certificates are prepaid in part, (iv) the payment to any Participant or any other person, other than an Owner as shown in the Registration Books, of any amount with respect to principal, premium, if any, or interest evidenced by Book-Entry Certificates, or (v) any consent given or other action taken by the Depository as Owner.

(c) The County, the Corporation and the Trustee may treat and consider the person in whose name each Book-Entry Certificate is registered in the Registration Books as the absolute Owner of such Book-Entry Certificate for the purpose of payment of principal, prepayment premium, if any, and interest evidenced by such Certificate, for the purpose of selecting any Certificates, or portions thereof, to be prepaid, for the purpose of giving notices of prepayment and other matters with respect to such Certificate, for the purpose of registering transfers with respect to such Certificate, for the purpose of obtaining any consent or other action to be taken by Owners and for all other purposes whatsoever, and the County, the Corporation and the Trustee shall not be affected by any notice to the contrary.

(d) In the event of a prepayment of all or a portion of a Certificate, the Depository, in its discretion, (i) may request the Trustee to execute and deliver a new Certificate, or (ii) if DTC is the sole Owner of such Certificate, shall make an appropriate notation on the Certificate indicating the date and amounts of the reduction in principal evidenced thereby resulting from such prepayment, except in the case of final payment, in which case such Certificate must be presented to the Trustee prior to payment.

(e) The Trustee shall pay all principal, premium, if any, and interest evidenced by the Certificates only to or “upon the order of” (as that term is used in the Uniform Commercial Code as adopted in the State of California) the respective Owner, as shown in the Registration Books, or such Owner’s respective attorney duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the obligations with respect to payment of principal, premium, if any, and interest evidenced by the Certificates to the extent of the sum or sums so paid. No person other than an Owner, as shown in the Registration Books, shall receive a Certificate evidencing principal, premium, if any, and interest evidenced by the Certificates. Upon delivery by the Depository to the Owners, the Trustee and the County of written notice to the effect that the Depository has determined to substitute a new nominee in place of the Nominee, and subject to the provisions herein with respect to Record Dates, the word Nominee in this Trust Agreement shall refer to such nominee of the Depository.

(f) In order to qualify the Book-Entry Certificates for the Depository’s book-entry system, the County shall execute and deliver to the Depository a Letter of Representations. The execution and delivery of a Letter of Representations shall not in any way impose upon the Corporation, the County or the Trustee any obligation whatsoever with respect to persons having interests in such Book-Entry Certificates other than the Owners, as shown on the Registration Books. Such Letter of Representations may provide the time, form, content and manner of transmission, of notices to the Depository. In addition to the execution and delivery of a Letter of Representations by the County, the County, the Corporation and the Trustee shall take such other actions, not inconsistent with this Trust Agreement, as are reasonably necessary to qualify Book-Entry Certificates for the Depository’s book-entry program.

(g) In the event the County determines that it is in the best interests of the Beneficial Owners that they be able to obtain certificated Certificates and that such Certificates should therefore be made available and notifies the Depository and the Trustee of such determination, the Depository will notify the Participants of the availability through the Depository of certificated Certificates. In such event, the Trustee shall transfer and exchange certificated Certificates as requested by the Depository and any other Owners in appropriate amounts. In the event (i) the Depository determines not to continue to act as securities depository for Book-Entry Certificates, or (ii) the Depository shall no longer so act and gives notice to the Trustee of such determination, then the County shall discontinue the Book-Entry system with the Depository. If the County determines to replace the Depository with another qualified securities depository, the County shall prepare or direct the preparation of a new single, separate, fully registered Certificate for each stated Principal Payment Date of such Book-Entry Certificates, registered in the name of such successor or substitute qualified securities depository or its nominee. If the County fails to identify another qualified securities depository to replace the Depository, then the Certificates shall no longer be restricted to being registered in the Registration Books in the name of the Nominee, but shall be registered in whatever name or names the Owners transferring or exchanging such

Certificates shall designate, in accordance with the provisions of Sections 2.07 and 2.09 hereof. Whenever the Depository requests the County to do so, the County will cooperate with the Depository in taking appropriate action after reasonable notice (i) to make available one or more separate certificates evidencing the Book-Entry Certificates to any Participant having Book-Entry Certificates credited to its account with the Depository, and (ii) to arrange for another securities depository to maintain custody of certificates evidencing the Book-Entry Certificates.

(h) Notwithstanding any other provision of this Trust Agreement to the contrary, if DTC is the sole Owner of the Certificates, so long as any Book-Entry Certificate is registered in the Registration Books in the name of the Nominee, all payments of principal, premium, if any, and interest evidenced by such Certificate and all notices with respect to such Certificate shall be made and given, respectively, as provided in the Letter of Representations or as otherwise instructed by the Depository.

(i) In connection with any notice or other communication to be provided to Owners pursuant to this Trust Agreement by the County, the Corporation or the Trustee, with respect to any consent or other action to be taken by Owners, the Trustee shall establish a record date for such consent or other action and give the Depository notice of such record date no later than 15 calendar days in advance of such record date to the extent possible. Notice to the Depository shall be given only when DTC is the sole Owner of the Certificates.

Section 2.09 Certificates Mutilated, Lost, Destroyed or Stolen. If any Certificate shall become mutilated, the Trustee, at the expense of the Owner thereof, shall execute and deliver a new Certificate evidencing a like amount of principal and having the same stated Principal Payment Date 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 by it. If any Certificate shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Trustee, and if such evidence is satisfactory to the Trustee and indemnity satisfactory to the Trustee shall be given, the Trustee, at the expense of the Owner thereof, shall execute and deliver a new Certificate evidencing a like amount of principal and having the same stated Principal Payment Date, numbered as the Trustee shall determine, in lieu of and in substitution for the Certificate so lost, destroyed or stolen. The Trustee may require payment of a sum not exceeding the actual cost of preparing each new Certificate executed and delivered by it under this Section and of the expenses which may be incurred by it under this Section. 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 hereof with all other Certificates executed and delivered hereunder, and the Trustee shall not be required to treat both the original Certificate and any replacement Certificate as being Outstanding for the purpose of determining the amount of Certificates which may be executed and delivered hereunder or for the purpose of determining any percentage of Certificates Outstanding hereunder, but both the original and replacement Certificate shall be treated as one and the same. Notwithstanding any other provision of this Section, in lieu of executing and delivering a new Certificate for a Certificate which has been lost, destroyed or stolen and which evidences principal that is then payable, the Trustee may make payment of such Certificate to the Owner thereof if so instructed by the County.

Section 2.10 Temporary Certificates. The Certificates may be initially delivered in temporary form exchangeable for definitive Certificates when ready for delivery, which temporary Certificates shall be printed, lithographed or typewritten, shall be of such denominations as may be determined by the Trustee, shall be in fully registered form and shall contain such reference to any of the provisions hereof 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 shall prepare and execute definitive Certificates without delay, and thereupon the temporary Certificates may be surrendered at the Principal Office of the Trustee in exchange for such definitive Certificates, and until so exchanged such temporary Certificates shall be entitled to the same benefits hereunder as definitive Certificates executed and delivered hereunder.

Section 2.11 Conditions for the Execution and Delivery of Additional Certificates. The County may at any time request the Trustee to execute and deliver Additional Certificates pursuant to a Supplemental Trust Agreement, payable from the Base Rental Payments as provided herein and entitled to all the rights and privileges as provided herein and in the Lease Agreement, equal to the rights and privileges of the Outstanding Certificates theretofore executed and delivered hereunder, and subject to the following specific conditions, which are hereby made conditions precedent to the execution and delivery of any such Additional Certificates:

- (a) No Event of Default shall be continuing after giving effect to the execution and delivery of the Additional Certificates and the application of the proceeds thereof.
- (b) The Supplemental Trust Agreement shall require that the proceeds of the sale of such Additional Certificates shall be applied to finance or refinance capital improvements, or for the prepayment of any Base Rental Payments evidenced by Outstanding Certificates or other obligations of the County executed, delivered or issued to finance or refinance capital improvements, including the payment of costs and expenses incident to the authorization, execution and delivery, and sale of such Additional Certificates. The Supplemental Trust Agreement may also provide that a portion of such proceeds shall be applied to the payment of the interest due or to become due on said Additional Certificates during the estimated period of any construction and for a period of not to exceed twelve (12) months thereafter.
- (c) The aggregate principal amount of Certificates executed and delivered and at any time Outstanding hereunder shall not exceed any limit imposed by law, by this Trust Agreement or by any Supplemental Trust Agreement.
- (d) The Lease Agreement shall have been amended, if necessary, so that the Base Rental Payments payable by the County thereunder in each Rental Period shall at least equal the projected principal and interest components of Base Rental Payments evidenced by the Outstanding Certificates, including the Additional Certificates, in each Rental Period.
- (e) If the additional facilities, if any, to be leased are not situated on the Property described in the Lease Agreement and the Ground Lease, then the Lease Agreement and Ground Lease shall have been amended to add such additional Property.

Section 2.12 Proceedings for Authorization of Additional Certificates. Whenever the Trustee and the County shall determine to execute and deliver any Additional Certificates pursuant to Section 2.11, the County, the Corporation and the Trustee shall enter into a Supplemental Trust Agreement providing for the execution and delivery of such Additional Certificates, specifying the maximum aggregate principal component of Base Rental Payments evidenced by such Additional Certificates and prescribing the terms and conditions of such Additional Certificates.

The Supplemental Trust Agreement shall prescribe the form or forms of such Additional Certificates and, subject to the provisions of Section 2.11, shall provide for the distinctive designation, denominations, method of numbering, dates, interest component rates, provisions for prepayment (if desired) and places of payment of principal and interest components of Base Rental Payments evidenced by the Additional Certificates.

Before such Additional Certificates shall be executed and delivered, the County and the Corporation shall file or cause to be filed the following documents with the Trustee:

(a) An Opinion of Special Counsel setting forth (1) that such Special Counsel has examined the Supplemental Trust Agreement and the amendments to the Lease Agreement and to the Ground Lease required by Sections 2.11(d) and (e); (2) that the execution and delivery of the Additional Certificates have been duly authorized by the County and the Corporation; (3) that said amendments to the Lease Agreement and to the Ground Lease, when duly executed by the County and the Corporation, will be valid and binding obligations of the County and the Corporation; and (4) that the execution and delivery of the Additional Certificates will not, in and of itself, cause the interest component of Base Rental Payments evidenced by any Outstanding Certificates to no longer be excluded from gross income for federal income tax purposes.

(b) A Certificate of the County that the requirements of Section 2.11 have been met.

(c) A Certificate of the County stating that the insurance required by Article V of the Lease Agreement is in effect with respect to all of the Property to be subject to the Lease Agreement following any amendment thereto pursuant to Sections 2.11(d) and (e).

Upon the delivery to the Trustee of the foregoing instruments and upon the Trustee's receipt of Written Certificates of the County and of the Corporation stating that all applicable provisions of this Trust Agreement have been complied with (so as to permit the execution and delivery of the Additional Certificates in accordance with the Supplemental Trust Agreement then delivered to the Trustee), the Trustee shall execute and deliver said Additional Certificates, in the aggregate amount of the principal component of Base Rental Payments evidenced by the Additional Certificates specified in such Supplemental Trust Agreement, to, or upon the Written Request of the County.

Section 2.13 Limitations on the Execution and Delivery of Certificates Payable from Base Rental Payments. The County shall not request, and the Trustee shall not, so long as any of the Certificates are Outstanding, execute and deliver or issue any obligations, evidence of obligations or securities, however denominated, payable in whole or in part from Base Rental Payments except the following:

(a) Certificates authorized pursuant to Sections 2.01, 2.02 and 2.03; and

- (b) Certificates of any Series authorized pursuant to Sections 2.11 and 2.12.

ARTICLE III

PROCEEDS OF CERTIFICATES

Section 3.01 Delivery of Certificates. The Trustee is hereby authorized to deliver the Certificates to the Purchaser pursuant to the Certificate Purchase Agreement upon receipt of a Written Request of the County and upon receipt of the proceeds of sale thereof.

Section 3.02 Proceeds of Certificates. The proceeds of the sale of the Certificates received by the Trustee, \$[_____], shall be applied by the Trustee as follows:

(a) the Trustee shall transfer to the 2007 Trustee for deposit in the 2007 Prepayment Fund the amount of \$[_____]; and

(b) the Trustee shall deposit in the Costs of Issuance Fund the amount of \$[_____].

Section 3.03 2007 Prepayment Fund. (a) The 2007 Trustee has established and maintained a separate fund designated the "2007 Prepayment Fund." On the Delivery Date, the Trustee shall transfer to the 2007 Trustee for deposit in the 2007 Prepayment Fund the amount required to be deposited therein pursuant to Section 3.02 hereof.

(b) The moneys in the 2007 Prepayment Fund shall be used and withdrawn by the 2007 Trustee on the prepayment date specified in the Written Request of the County to the 2007 Trustee for the purpose of paying the prepayment price equal to the principal evidenced by the Refunded Certificates to be prepaid, plus accrued interest evidenced thereby to the date fixed for prepayment, without premium.

Section 3.04 Costs of Issuance Fund. (a) The Trustee shall establish and maintain a separate fund designated the "Costs of Issuance Fund." On the Delivery Date, the Trustee shall deposit in the Costs of Issuance Fund the amount required to be deposited therein pursuant to Section 3.02 hereof.

(b) The moneys in the Costs of Issuance Fund shall be used and withdrawn by the Trustee from time to time to pay the Costs of Issuance upon submission of a Written Request of the County stating (i) the Person to whom payment is to be made, (ii) the amount to be paid, (iii) the purpose for which the obligation was incurred, (iv) that such payment is a proper charge against the Costs of Issuance Fund, and (v) that such amounts have not been the subject of a prior disbursement from the Costs of Issuance Fund, in each case together with a statement or invoice for each amount requested thereunder. On the last Business Day that is no later than six months after the Delivery Date, the Trustee shall transfer any amount remaining in the Costs of Issuance Fund to the Interest Fund and, upon making such transfer, the Costs of Issuance Fund shall be closed.

ARTICLE IV

PREPAYMENT OF CERTIFICATES

Section 4.01 Terms of Prepayment. (a) *Extraordinary Prepayment.* The Certificates are subject to prepayment on any date prior to their stated Principal Payment Dates, in whole or in part, in Authorized Denominations, from and to the extent of any Net Proceeds received with respect to all or a portion of the Property and deposited by the Trustee in the Prepayment Fund in accordance with the provisions hereof, at a prepayment price equal to the principal evidenced by the Certificates to be prepaid, plus accrued interest evidenced thereby to the date fixed for prepayment, without premium.

(b) *Optional Prepayment.* The Certificates shall be subject to optional prepayment on any date on or after October 1, 20[27], in whole or in part, in Authorized Denominations, from and to the extent of prepaid Base Rental Payments paid pursuant to Section 3.08 of the Lease Agreement, any such prepayment to be at a price equal to the principal evidenced by the Certificates to be prepaid, plus accrued interest evidenced thereby to the date fixed for prepayment, without premium.

(c) *Mandatory Sinking Account Prepayment.* (i) The Certificates with a stated Principal Payment Date of October 1, 20[] are subject to prepayment prior to their stated Principal Payment Date, in part, from Mandatory Sinking Account Payments, on each October 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:

Prepayment Date	Principal
<u>(October 1)</u>	<u>To Be Prepaid</u>
20[]	\$
20[]	
20[]	
20[]*	

*Stated Principal Payment Date

(ii) The Certificates with a stated Principal Payment Date of October 1, 20[] are subject to prepayment prior to their stated Principal Payment Date, in part, from Mandatory Sinking Account Payments, on each October 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:

Prepayment Date	Principal
<u>(October 1)</u>	<u>To Be Prepaid</u>
20[]	\$

20[___]
20[___]
20[___]*

*Stated Principal Payment Date

(iii) The Certificates with a stated Principal Payment Date of October 1, 20[___] are subject to prepayment prior to their stated Principal Payment Date, in part, from Mandatory Sinking Account Payments, on each date 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:

<u>Prepayment Date</u> <u>(October 1)</u>	<u>Principal</u> <u>To Be Prepaid</u>
20[___]	\$
20[___]	
20[___]	
20[___]	
20[___]	
20[___]*	

*Stated Principal Payment Date

If some but not all of the principal evidenced by the Certificates with a stated Principal Payment Date of October 1, 20[___], October 1, 20[___] or October 1, 20[___] is prepaid pursuant to subsection (a) of this Section, the principal evidenced by the Certificates with a stated Principal Payment Date of October 1, 20[___], October 1, 20[___] or October 1, 20[___], as applicable, to be prepaid pursuant to this subsection on any subsequent Principal Payment Date shall be reduced by the aggregate principal evidenced by such Certificates so prepaid pursuant to subsection (a) of this Section, such reduction to be allocated among prepayment dates in proportion to the amount by which the principal components of the Base Rental Payments evidenced by such Certificates payable on such prepayment dates are abated pursuant to Section 3.07 of the Lease Agreement as a result of the event that caused such Certificates to be prepaid pursuant to subsection (a) of this Section in amounts of Authorized Denominations.

If some but not all of the principal evidenced by the Certificates with a stated Principal Payment Date of October 1, 20[___], October 1, 20[___] or October 1, 20[___] is prepaid pursuant to subsection (b) of this Section, the principal evidenced by the Certificates with a stated Principal Payment Date of October 1, 20[___], October 1, 20[___] or October 1, 20[___], as applicable, to be prepaid pursuant to this subsection on any subsequent Principal Payment Date shall be reduced by the aggregate principal evidenced by such Certificates so prepaid pursuant to subsection (b) of this Section, such reduction to be allocated among prepayment dates in amounts of Authorized

Denominations to correspond to the prepaid Base Rental Payments determined by the County to be prepaid pursuant to Section 3.08 of the Lease Agreement.

Section 4.02 Selection of Certificates for Prepayment. Whenever less than all the Outstanding Certificates are to be prepaid on any one date, the Trustee shall select the Certificates to be prepaid (a) with respect to any prepayment pursuant to Section 4.01(a) hereof, among Certificates with different stated Principal Payment Dates in proportion to the amount by which the principal components of the Base Rental Payments evidenced by such Certificates are abated pursuant to Section 3.07 of the Lease Agreement, and (b) with respect to any prepayment pursuant to Section 4.01(b) hereof, by selecting such Certificates as evidence the prepaid Base Rental Payments determined by the County to be prepaid pursuant to Section 3.08 of the Lease Agreement, and by lot among Certificates with the same stated Principal Payment Date in any manner that the Trustee deems fair and appropriate, which decision shall be final and binding upon the County, the Corporation and the Owners.

Section 4.03 Notice of Prepayment. (a) The Trustee shall mail (by first class mail) notice of any prepayment to the respective Owners of any Certificates designated for prepayment at their respective addresses appearing on the Registration Books at least 20 but not more than 60 days prior to the date fixed for prepayment. Such notice shall state the date of the notice, the prepayment date, the prepayment place and the prepayment price and shall designate the CUSIP numbers, if any, the Certificate numbers and the stated Principal Payment Date or Principal Payment Dates of the Certificates to be prepaid (except in the event of prepayment of all of the Certificates in whole), and shall require that such Certificates be then surrendered at the Principal Office of the Trustee for prepayment at the prepayment price, giving notice also that further interest evidenced by such Certificates will not accrue from and after the date fixed for prepayment. Neither the failure to receive any notice so mailed, nor any defect in such notice, shall affect the validity of the proceedings for the prepayment of the Certificates or the cessation of accrual of interest evidenced thereby from and after the date fixed for prepayment.

(b) With respect to any notice of any optional prepayment of Certificates, unless at the time such notice is given the Certificates to be prepaid shall be deemed to have been paid within the meaning of Section 10.02 hereof, such notice shall state that such prepayment is conditional upon receipt by the Trustee, on or prior to the date fixed for such prepayment, of moneys that, together with other available amounts held by the Trustee, are sufficient to pay the prepayment price of, and accrued interest evidenced by, the Certificates to be prepaid, and that if such moneys shall not have been so received said notice shall be of no force and effect and such Certificates shall not be required to be prepaid. In the event a notice of prepayment of Certificates contains such a condition and such moneys are not so received, the prepayment of Certificates as described in the conditional notice of prepayment shall not be made and the Trustee shall, within a reasonable time after the date on which such prepayment was to occur, give notice to the Persons and in the manner in which the notice of prepayment was given, that such moneys were not so received and that there shall be no prepayment of Certificates pursuant to such notice of prepayment.

Section 4.04 Partial Prepayment of Certificates. Upon surrender of any Certificate prepaid in part only, the Trustee shall execute and deliver to the Owner thereof a new Certificate or Certificates evidencing the unprepaid principal evidenced by the Certificate surrendered.

Section 4.05 Effect of Prepayment. (a) If notice of prepayment has been duly given as aforesaid and moneys for the payment of the prepayment price of the Certificates to be prepaid are held by the Trustee, then on the prepayment date designated in such notice, the Certificates so called for prepayment shall become payable at the prepayment price specified in such notice; and from and after the date so designated, interest evidenced by the Certificates so called for prepayment shall cease to accrue, such Certificates shall cease to be entitled to any benefit or security hereunder and the Owners of such Certificates shall have no rights in respect thereof except to receive payment of the prepayment price thereof, and such moneys shall be pledged to such prepayment. The Trustee shall, upon surrender for payment of any of the Certificates to be prepaid, pay such Certificates at the prepayment price thereof.

(b) All Certificates prepaid pursuant to the provisions of this Article shall be canceled by the Trustee and shall not be redelivered.

ARTICLE V

FUNDS AND ACCOUNTS; RENTAL PAYMENTS

Section 5.01 Pledge; Base Rental Payment Fund. (a) Subject only to the provisions of this Trust Agreement permitting the application thereof for the purposes and on the terms and conditions set forth herein, in order to secure the County's obligations hereunder and under the Lease Agreement, the County hereby irrevocably pledges to the Owners, and grants a lien on and a security interest in, all of its right, title and interest, if any, in and to all amounts on deposit from time to time in the funds and accounts established hereunder (other than the Rebate Fund), which amounts shall be used for the payment of the Base Rental Payments, in accordance with the terms hereof and of the Lease Agreement. Said pledge shall constitute a first lien on and security interest in such assets, which shall immediately attach to such assets and be effective, binding and enforceable against the County, its successors, purchasers of any of such assets, creditors and all others asserting rights therein, to the extent set forth in, and in accordance with, this Trust Agreement, irrespective of whether those parties have notice of the pledge of, lien on and security interest in such assets and without the need for any physical delivery, recordation, filing or further act.

(b) It is the intent of the parties hereto that the Corporation not have any right, title or interest in or to the amounts on deposit from time to time in the funds and accounts established hereunder. If, contrary to the intent of the parties hereto, the Corporation is found to have any right, title or interest in or to any such amounts, then, subject only to the provisions of this Trust Agreement permitting the application thereof for the purposes and on the terms and conditions set forth herein, the Corporation hereby irrevocably pledges to the Owners, and grants a lien on and a security interest in, all of its right, title and interest, if any, in and to all amounts on deposit from time to time in the funds and accounts established hereunder (other than the Rebate Fund). Said pledge shall constitute a first lien on and security interest in such assets, which shall immediately attach to such assets and be effective, binding and enforceable against the Corporation, its successors, purchasers of any of such assets, creditors and all others asserting rights therein, to the extent set forth in, and in accordance with, this Trust Agreement, irrespective of whether those parties have notice of the pledge of, lien on and security interest in such assets and without the need for any physical delivery, recordation, filing or further act.

(c) All Base Rental Payments shall be paid directly by the County to the Trustee, and if received by the Corporation at any time shall be deposited by the Corporation with the Trustee within one Business Day after the receipt thereof. All Base Rental Payments paid by the County shall be deposited by the Trustee in the Base Rental Payment Fund, which the Trustee shall establish and maintain. The moneys in the Base Rental Payment fund shall be held in trust by the Trustee for the benefit of the Owners and shall be disbursed only for the purposes and uses herein authorized. Any Net Proceeds of rental interruption insurance received with respect to the Property shall be deposited in the Base Rental Payment Fund.

Section 5.02 Deposit of Base Rental Payments. The Trustee shall transfer the amounts on deposit in the Base Rental Payment Fund, at the times and in the manner hereinafter provided, to the following respective funds, each of which the Trustee hereby agrees to establish and maintain. The moneys in each of such funds shall be held in trust by the Trustee and shall be disbursed only for the purposes and uses herein authorized.

(a) *Interest Fund.* The Trustee, on each Interest Payment Date, shall deposit in the Interest Fund that amount of moneys representing the portion of the Base Rental Payments designated as the interest component coming due on such Interest Payment Date. On each Interest Payment Date, the Trustee shall withdraw from the Interest Fund for payment to the Owners of the Certificates the interest evidenced by the Certificates coming due on such Interest Payment Date.

(b) *Principal Fund.* The Trustee, on each Principal Payment Date and each Mandatory Sinking Account Payment Date, shall deposit in the Principal Fund that amount of moneys representing the portion of the Base Rental Payments designated as principal components coming due on such Principal Payment Date or Mandatory Sinking Account Payment Date. On each Principal Payment Date and each Mandatory Sinking Account Payment Date, the Trustee shall withdraw from the Principal Fund for payment to the Owners of the Certificates the principal evidenced by the Certificates due and payable on such Principal Payment Date and such Mandatory Sinking Account Payment Date.

(c) *Prepayment Fund.* The Trustee, on the prepayment date specified in the Written Request of the County filed with the Trustee at the time that any prepaid Base Rental Payment is paid to the Trustee pursuant to the Lease Agreement, shall deposit in the Prepayment Fund that amount of moneys representing the portion of the Base Rental Payments designated as prepaid Base Rental Payments. Additionally, the Trustee shall deposit in the Prepayment Fund any amounts required to be deposited therein pursuant to Section 6.01 or Section 6.02 hereof. Moneys in the Prepayment Fund shall be used by the Trustee for the purpose of paying the interest, premium, if any, and principal evidenced by the Certificates to be prepaid.

Section 5.03 Rebate Fund. (a) The Trustee shall establish and maintain a special fund designated the "Rebate Fund." There shall be deposited in the Rebate Fund such amounts as are required to be deposited therein pursuant to the Tax Certificate, as specified in a Written Request of the County. All money at any time deposited in the Rebate Fund shall be held by the Trustee in trust, to the extent required to satisfy the Rebate Requirement, for payment to the United States of America. Notwithstanding defeasance of the Certificates pursuant to Article X hereof or anything to the contrary contained herein, all amounts required to be deposited into or on deposit

in the Rebate Fund shall be governed exclusively by this Section and by the Tax Certificate (which is incorporated herein by reference). The Trustee shall have no liability or responsibility to review, or enforce compliance by the County with, the terms of the Tax Certificate. The Trustee may conclusively rely upon the County's determinations, calculations and certifications required by the Tax Certificate. The Trustee shall have no responsibility to independently make any calculation or determination or to review the County's calculations.

(b) Any funds remaining in the Rebate Fund after payment in full of all of the principal and interest evidenced by the Certificates and after payment of any amounts described in this Section, shall be withdrawn by the Trustee and remitted to the County.

Section 5.04 Investments. (a) Except as otherwise provided herein, any moneys held by the Trustee in the funds and accounts established hereunder shall be invested by the Trustee upon the Written Request of the County only in Permitted Investments, and in the absence of such direction shall be invested by the Trustee in Permitted Investments described in paragraph (6) of the definition thereof; provided, however, that any such investment shall be made by the Trustee only if, prior to the date on which such investment is to be made, the Trustee shall have received a Written Request of the County specifying a specific money market fund and, if no such Written Request of the County is so received, the Trustee shall hold such moneys uninvested. The Trustee may act as principal or agent in the acquisition or disposition of any such investment. The Trustee shall not be liable or responsible for any loss suffered in connection with any such investment made by it under the terms of and in accordance with this Section. The Trustee shall sell or present for redemption any obligations so purchased whenever it shall be necessary in order to provide moneys to meet any payment of the funds so invested, and the Trustee shall not be liable or responsible for any losses resulting from any such investment sold or presented for redemption. Permitted Investments that are registerable securities shall be registered in the name of the Trustee.

(b) Permitted Investments purchased with funds on deposit in the Base Rental Payment Fund shall mature not later than the payment date immediately succeeding the investment. Permitted Investments purchased with funds on deposit in the Prepayment Fund shall either be held uninvested or invested in Defeasance Securities that mature on or prior to the prepayment date on which such funds are to be applied to the prepayment of Certificates.

(c) Subject to the provisions of Section 5.03 hereof, all interest, profits and other income received from the investment of moneys in any fund or account established pursuant to this Trust Agreement shall be retained therein.

(d) All investments of amounts deposited in any fund or account established hereunder shall be valued at the market value thereof. In determining market value of Permitted Investments, the Trustee may use and rely conclusively and without liability upon any generally recognized pricing information service (including brokers and dealers in securities) available to it.

(e) The County acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the County the right to receive brokerage confirmations of security transactions as they occur, at no additional cost, the County will not receive such confirmation to the extent permitted by law. The Trustee will furnish the County

periodic cash transaction statements which include detail for all investment transactions made by the Trustee hereunder.

ARTICLE VI

COVENANTS

Section 6.01 Application of Net Proceeds. (a) If the Property or any portion thereof shall be damaged or destroyed, subject to the further requirements of this Section, the County shall, as expeditiously as possible, continuously and diligently prosecute or cause to be prosecuted the repair or replacement thereof, unless the County elects not to repair or replace the Property or the affected portion thereof in accordance with the provisions hereof.

(b) The Net Proceeds of any insurance (other than Net Proceeds of rental interruption insurance), including the proceeds of any self-insurance, received on account of any damage or destruction of the Property or a portion thereof shall as soon as possible be deposited with the Trustee and be held by the Trustee in a special account and made available for and, to the extent necessary, shall be applied to the cost of repair or replacement of the Property or the affected portion thereof upon receipt of a Written Request of the County, together with invoices therefor. Pending such application, such proceeds may be invested by the Trustee as directed by the County in Permitted Investments that mature not later than such times as moneys are expected to be needed to pay such costs of repair or replacement.

(c) Notwithstanding the foregoing, the County shall, within 60 days of the occurrence of the event of damage or destruction, notify the Trustee in writing as to whether the County intends to replace or repair the Property or the portions of the Property which were damaged or destroyed. If the County does intend to replace or repair the Property or portions thereof, the County shall deposit with the Trustee the full amount of any insurance deductible to be credited to the special account referred to in subsection (b) of this Section.

(d) If such damage, destruction or loss was such that there resulted a substantial interference with the County's right to the use or occupancy of the Property and an abatement in whole or in part of Rental Payments results (or would result if moneys were not available for the payment of the Rental Payments in any of the funds and accounts established under the Trust Agreement) from such damage or destruction pursuant to Section 3.07 of the Lease Agreement, then the County shall be required either to (i) apply sufficient funds from the insurance proceeds and other legally available funds to the replacement or repair of the Property or the portions thereof which have been damaged to the condition which existed prior to such damage or destruction, or (ii) apply sufficient funds from the insurance proceeds and other legally available funds to the prepayment, as set forth in Section 4.01(a) hereof, in full of all the Outstanding Certificates or all of those Outstanding Certificates which evidence that portion of the Base Rental Payments which are abated as a result of the damage or destruction. If the County is required to apply funds from the insurance proceeds and other legally available funds to be applied to the prepayment of Certificates in accordance with clause (ii) above, the County shall direct the Trustee, in a Written Request of the County, to transfer the funds to be applied to such prepayment to the Prepayment Fund and the Trustee shall transfer such funds to the Prepayment Fund. Any proceeds of any insurance, including the proceeds of any self-insurance remaining after the portion of the Property

which was damaged or destroyed is restored to and made available to the County in substantially the same condition and annual fair rental value as that which existed prior to the damage or destruction as required by clause (i) above or the prepayment of Certificates as required by clause (ii) above, in each case as evidenced by a Written Certificate of the County to such effect, shall, if there is first delivered to the Trustee a Written Certificate of the County to the effect that the annual fair rental value of the Property after such damage or destruction, and after any repairs or replacements made as a result of such damage or destruction, is at least equal to 100% of the maximum amount of Base Rental Payments becoming due under the Lease Agreement in the then current Rental Period or any subsequent Rental Period and the fair replacement value of the Property after such damage or destruction is at least equal to the sum of the then unpaid principal components of Base Rental Payments, be paid to the County to be used for any lawful purpose.

(e) The proceeds of any award in eminent domain with respect to the Property shall be deposited by the Trustee in the Prepayment Fund and applied to the prepayment of Outstanding Certificates pursuant to Section 4.01(a) hereof.

Section 6.02 Title Insurance. Proceeds of any policy of title insurance received by the Trustee in respect of the Property shall be applied and disbursed by the Trustee as follows:

(a) if the County determines that the title defect giving rise to such proceeds has not substantially interfered with its use and occupancy of the Property and will not result in an abatement of Rental Payments payable by the County under the Lease Agreement, such proceeds shall be remitted to the County and used for any lawful purpose thereof; or

(b) if the County determines that the title defect giving rise to such proceeds has substantially interfered with its use and occupancy of the Property and would result in an abatement in whole or in part of Rental Payments payable by the County under the Lease Agreement, then the County shall, in a Written Request of the County, direct the Trustee to, and the Trustee shall, immediately deposit such proceeds in the Prepayment Fund and such proceeds shall be applied to the prepayment of Certificates in the manner provided in Section 4.01(a) hereof.

Section 6.03 Compliance with Trust Agreement. Each of the Corporation and the County shall faithfully comply with, keep, observe and perform all the agreements, conditions, covenants and terms contained in this Trust Agreement required to be complied with, kept, observed and performed by it.

Section 6.04 Compliance with Ground Lease and Lease Agreement. Each of the Corporation and the County shall faithfully comply with, keep, observe and perform all the agreements, conditions, covenants and terms contained in the Ground Lease and the Lease Agreement required to be complied with, kept, observed and performed by it and, together with the Trustee, shall enforce the Ground Lease and the Lease Agreement against the other party thereto in accordance with their respective terms.

Section 6.05 Observance of Laws and Regulations. The Corporation, the County and the Trustee shall faithfully comply with, keep, observe and perform all valid and lawful obligations or regulations now or hereafter imposed on them by contract, or prescribed by any law of the United States of America or of the State of California, 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 franchises, rights and privileges shall be maintained and preserved and shall not become abandoned, forfeited or in any manner impaired.

Section 6.06 Other Liens. (a) The County shall keep the Property and all parts thereof free from judgments and materialmen's and mechanics' liens and free from all claims, demands, encumbrances and other liens of whatever nature or character, other than Permitted Encumbrances, and free from any claim or liability which materially impairs the County in conducting its business or utilizing the Property, and the Trustee at its option (after first giving the County ten days' written notice to comply therewith and failure of the County to so comply within such ten-day period) may defend against any and all actions or proceedings, or may pay or compromise any claim or demand asserted in any such actions or proceedings; provided, however, that, in defending against any such actions or proceedings or in paying or compromising any such claims or demands, the Trustee shall not in any event be deemed to have waived or released the County from liability for or on account of any of its agreements and covenants contained herein, or from its obligation hereunder to perform such agreements and covenants. The Trustee shall have no liability with respect to any determination made in good faith to proceed or decline to defend, pay or compromise any such claim or demand.

(b) The Corporation and the Trustee shall not encumber the Property other than in accordance with the Ground Lease, the Lease Agreement, this Trust Agreement and the Assignment Agreement.

(c) None of the Trustee, the Corporation or the County shall create or suffer to be created any pledge of or lien on the amounts on deposit in any of the funds or accounts created hereunder, other than the pledge and lien hereof.

Section 6.07 Prosecution and Defense of Suits. The County shall promptly, upon request of the Trustee or any Owner, take such action from time to time as may be necessary or proper to remedy or cure any cloud upon or defect in the title to the Property or any part thereof, whether now existing or hereafter developing, shall prosecute all actions, suits or other proceedings as may be appropriate for such purpose and shall indemnify and save the Trustee and every Owner harmless from all cost, damage, expense or loss, including attorneys' fees, which they or any of them may incur by reason of any such cloud, defect, action, suit or other proceeding.

Section 6.08 Recordation. The County shall record, or cause to be recorded, with the appropriate county recorder, the Lease Agreement, the Ground Lease and the Assignment Agreement, or memoranda thereof.

Section 6.09 Tax Covenants. (a) The County shall not take any action, or fail to take any action, if such action or failure to take such action would adversely affect the exclusion from gross income of interest evidenced by the Certificates under Section 103 of the Code. Without limiting the generality of the foregoing, the County will comply with the requirements of the Tax Certificate, which is incorporated herein as if fully set forth herein. This covenant shall survive payment in full or defeasance of the Certificates.

(b) In the event that at any time the County is of the opinion that for purposes of this Section it is necessary or helpful to restrict or limit the yield on the investment of any moneys held by the Trustee in any of the funds or accounts established hereunder, the County shall so instruct the Trustee in writing, and the Trustee shall take such action as may be necessary in accordance with such instructions.

(c) Notwithstanding any provisions of this Section, if the County shall provide to the Trustee an Opinion of Counsel to the effect that any specified action required under this Section is no longer required or that some further or different action is required to maintain the exclusion from federal income tax of interest evidenced by the Certificates, the Trustee may conclusively rely on such opinion in complying with the requirements of this Section and of the Tax Certificate, and the covenants hereunder shall be deemed to be modified to that extent.

Section 6.10 Continuing Disclosure. Each of the County and the Trustee shall comply with and carry out all of the provisions of the Continuing Disclosure Agreement applicable to it. Notwithstanding any other provision of this Trust Agreement, failure of the County or the Trustee to comply with the Continuing Disclosure Agreement shall not constitute an Event of Default hereunder; provided, however, that the Trustee may (and, at the written direction of the Owners of at least 25% of the aggregate amount of principal evidenced by Outstanding Certificates and upon being indemnified to its reasonable satisfaction, shall) or any Owner or Beneficial Owner of the Certificates may take such actions as may be necessary and appropriate to compel performance, including seeking mandate or specific performance by court order.

Section 6.11 Further Assurances. Whenever and so often as requested to do so by the Trustee or any Owner, the Corporation and the County shall 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 advantages, benefits, interests, powers, privileges and rights conferred or intended to be conferred upon them hereby or by the Assignment Agreement, the Ground Lease or the Lease Agreement.

ARTICLE VII

DEFAULTS AND REMEDIES

Section 7.01 Events of Default. The occurrence of an Event of Default under the Lease Agreement shall constitute an Event of Default under this Trust Agreement.

Section 7.02 Action on Default. In each and every case during the continuance of an Event of Default hereunder, the Trustee may, and, at the direction of the Owners of not less than a majority of the aggregate amount of principal evidenced by Certificates then Outstanding, shall, exercise any of the remedies granted to the Corporation under the Lease Agreement and, in addition, take whatever action at law or in equity may appear necessary or desirable to enforce its rights as assignee pursuant to the Assignment Agreement or to protect and enforce any of the rights vested in the Trustee or the Owners by this Trust Agreement or by the Certificates, either at law or in equity or in bankruptcy or otherwise, whether for the specific enforcement of any covenant

or agreement or for the enforcement of any other legal or equitable right, including any one or more of the remedies set forth in Section 7.03 hereof.

Section 7.03 Other Remedies of the Trustee. Subject to the provisions of Section 7.02 hereof, 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 against the County or the Corporation or any member, director, officer or employee thereof, and to compel the County or the Corporation or any such member, director, officer or employee to perform or carry out its or his or her duties under law and the agreements and covenants required to be performed by it or him or her contained herein;

(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 Event of Default hereunder to require the County and the Corporation to account as if it or they were the trustee or trustees of an express trust.

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

(b) If any action, proceeding or suit to enforce any right or to exercise any remedy is abandoned or determined adversely to the Trustee or any Owner, then subject to any adverse determination, the Trustee, such Owner, the Corporation and the County 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 Remedies Not Exclusive. Subject to the provisions of Section 7.02 hereof, no remedy herein conferred upon or reserved to the Trustee 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 in law or in equity or by statute or otherwise and may be exercised without exhausting and without regard to any other remedy conferred by any law. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 7.06 No Liability by the Corporation to the Owners. The Corporation shall not have any obligation or liability to the Owners with respect to the payment when due of the Base Rental Payments by the County, or with respect to the performance by the County of the other agreements and covenants required to be performed by it contained in the Lease Agreement, the Ground Lease or herein, or with respect to the performance by the Trustee of any right or obligation required to be performed by it contained herein.

Section 7.07 Application of Amounts After Default. Upon the occurrence and during the continuance of an Event of Default hereunder, moneys held by the Trustee in the funds and accounts established hereunder (other than the Rebate Fund) and all payments received by the Trustee with respect to the rental of the Property (including, without limitation, any proceeds received in connection with the sale, assignment or sublease of the Corporation's right, title and interest in the Ground Lease), and all damages or other payments received by the Trustee for the enforcement of any rights and powers of the Trustee under Article VII of the Lease Agreement, shall be deposited into the Base Rental Payment Fund and as soon as practicable thereafter applied:

- (a) to the payment of all amounts due the Trustee under Section 8.06 hereof;
- (b) to the payment of all amounts then due for interest evidenced by the Certificates, in respect of which, or for the benefit of which, money has been collected (other than Certificates which have become payable prior to such Event of Default and money for the payment of which is held by the Trustee), ratably without preference or priority of any kind, according to the amounts of interest evidenced by such Certificates due and payable; and
- (c) to the payment of all amounts then due for principal evidenced by the Certificates, in respect of which, or for the benefit of which, money has been collected (other than Certificates which have become payable prior to such Event of Default and money for the payment of which is held by the Trustee), ratably without preference or priority of any kind, according to the amounts of principal evidenced by such Certificates due and payable.

Section 7.08 Trustee May Enforce Claims Without Possession of Certificates. All rights of action and claims under this Trust Agreement or the Certificates may be prosecuted and enforced by the Trustee without the possession of any of the Certificates or the production thereof in any proceeding relating thereto, and any such proceeding instituted by the Trustee shall be brought in its own name as trustee of an express trust, and any recovery of judgment shall, after provision for the payment of the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, be for the ratable benefit of the Owners of the Certificates in respect of which such judgment has been recovered.

Section 7.09 Limitation on Suits. No Owner of any Certificate shall have any right to institute any proceeding, judicial or otherwise, with respect to this Trust Agreement, or for the appointment of a receiver or trustee, or for any other remedy hereunder, unless (a) such Owner shall have previously given written notice to the Trustee of a continuing Event of Default hereunder, (b) the Owners of not less than 25% of the aggregate amount of principal evidenced by Certificates then Outstanding shall have made written request to the Trustee to institute proceedings in respect of such Event of Default in its own name as Trustee hereunder, (c) such Owner or Owners shall have afforded to the Trustee indemnity reasonably satisfactory to the Trustee against the costs, expenses and liabilities to be incurred in compliance with such request, (d) the Trustee for 60 days after its receipt of such notice, request and offer of indemnity shall have failed to institute any such proceedings, and (e) no direction inconsistent with such written request shall have been given to the Trustee during such 60 day period by the Owners of a majority of the aggregate amount of principal evidenced by Certificates then Outstanding; it being understood and intended that no one or more Owners of Certificates shall have any right in any manner whatever by virtue of, or by availing of, any provision of this Trust Agreement to affect, disturb or prejudice

the rights of any other Owner of Certificates, or to obtain or seek to obtain priority or preference over any other Owner or to enforce any right under this Trust Agreement, except in the manner herein provided and for the equal and ratable benefit of all the Owners of Certificates.

Section 7.10 Bankruptcy Matters. (a) Nothing herein shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Owner any plan of reorganization, arrangement, adjustment, or composition affecting the Certificates or the rights of any Owner thereof, or to authorize the Trustee to vote in respect of the claim of any Owner in any such proceeding without the approval of the Owners so affected.

(b) When the Trustee incurs expenses or renders services after the occurrence or during the continuance of an Event of Default, such expenses and the compensation for such services are intended to constitute expenses of administration under any federal or state bankruptcy, insolvency, arrangement, moratorium, reorganization or other debtor relief law.

ARTICLE VIII

THE TRUSTEE

Section 8.01 Duties of the Trustee. The Trustee shall, prior to an Event of Default, and after the curing or waiver of all Events of Default which may have occurred, perform such duties and only such duties as are expressly and specifically set forth in this Trust Agreement. The Trustee shall, during the existence of any Event of Default which has not been cured or waived, exercise such of the rights and powers vested in it by this Trust Agreement, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs.

Section 8.02 Removal; Resignation; Successor Trustees; Qualifications; Merger and Consolidation. (a) The County may by an instrument in writing, remove the Trustee initially a party hereto and any successor thereto unless an Event of Default shall have occurred and then be continuing, and shall remove the Trustee initially a party hereto and any successor thereto if at any time (i) requested to do so by an instrument or concurrent instruments in writing signed by the Owners of not less than a majority of the aggregate amount of principal evidenced by the Certificates at the time Outstanding (or their attorneys duly authorized in writing), or (ii) the Trustee shall cease to be eligible in accordance with subsection (d) of this Section, or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or a receiver of the Trustee or its property shall be appointed, or any public officer shall take control or charge of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation, in each case by giving written notice of such removal to the Trustee.

(b) The Trustee may at any time resign by giving written notice of such resignation by first class mail, postage prepaid, to the County and the Corporation, and to the Owners at the respective addresses shown on the Registration Books. Upon receiving such notice of resignation, the County shall promptly appoint a successor Trustee by an instrument in writing.

(c) Any removal or resignation of the Trustee and appointment of a successor Trustee shall become effective upon acceptance of appointment by the successor Trustee; provided,

however, that any successor Trustee shall be qualified as provided in subsection (d) of this Section. If no qualified successor Trustee shall have been appointed and have accepted appointment within 45 days following notice of removal or notice of resignation as aforesaid, the removed or resigning Trustee or any Owner (on behalf of such Owner and all other Owners) may petition any court of competent jurisdiction for the appointment of a successor Trustee, and such court may thereupon, after such notice, if any, as it may deem proper, appoint such successor Trustee. Any successor Trustee appointed under this Trust Agreement shall signify its acceptance of such appointment by executing and delivering to the County, the Corporation and its predecessor Trustee a written acceptance thereof, and thereupon such successor Trustee, without any further act, deed or conveyance, shall become vested with all the moneys, estates, properties, rights, powers, trusts, duties and obligations of such predecessor Trustee, with like effect as if originally named Trustee herein; but, nevertheless at the written request of the County, the Corporation or the successor Trustee, such predecessor Trustee shall execute and deliver any and all instruments of conveyance or further assurance and do such other things as may reasonably be required for more fully and certainly vesting in and confirming to such successor Trustee all the right, title and interest of such predecessor Trustee in and to any property held by it under this Trust Agreement and shall pay over, transfer, assign and deliver to the successor Trustee any money or other property subject to the trusts and conditions herein set forth. Upon acceptance of appointment by a successor Trustee as provided in this subsection, the successor Trustee shall, within 15 days after such acceptance, mail, by first class mail postage prepaid, a notice of the succession of such Trustee to the trusts hereunder to the Owners at the addresses shown on the Registration Books.

(d) The Trustee shall be a bank, national banking association or trust company incorporated or organized under the laws of the United States of America or any state thereof, having (or if such bank, national banking association or trust company is a member of a bank holding company system, its parent bank holding company shall have) a combined capital and surplus of at least \$75,000,000, and subject to supervision or examination by federal or state agency. If such bank, national banking association or trust company publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining agency above referred to, then for the purpose of this subsection the combined capital and surplus of such bank, national banking association or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

In case at any time the Trustee shall cease to be eligible in accordance with the provisions of this subsection (d), the Trustee shall resign immediately in the manner and with the effect specified in this Section.

(e) Any bank, national banking association or trust company into which the Trustee may be merged or converted or with which it may be consolidated or any bank, national banking association or trust company resulting from any merger, conversion or consolidation to which it shall be a party or any bank, national banking association or trust company to which the Trustee may sell or transfer all or substantially all of its corporate trust business, provided such bank, national banking association or trust company shall be eligible under subsection (d) of this Section shall be the successor to such Trustee, without the execution or filing of any instrument or any further act, deed or conveyance on the part of any of the parties hereto anything herein to the contrary notwithstanding.

Section 8.03 Liabilities of the Trustee. (a) The recitals of facts herein shall be taken as statements of the County, and the Trustee shall not assume responsibility for the correctness of the same. The Trustee shall, however, be responsible for its representations contained in the Certificates. The Trustee makes no representations as to the validity or sufficiency of this Trust Agreement, the Ground Lease, the Lease Agreement, or of the assignment made to it by the Assignment Agreement, or in respect of the security afforded by this Trust Agreement, and the Trustee shall incur no responsibility in respect thereof. The Trustee shall be under no responsibility or duty with respect to (i) the delivery of the Certificates for value, (ii) the application of the proceeds thereof except to the extent that such proceeds are received by it in its capacity as Trustee, or (iii) the application of any moneys paid to the County or others in accordance with this Trust Agreement, except as to the application of any moneys paid to it in its capacity as Trustee. The permissive rights of the Trustee to do things enumerated in this Trust Agreement, the Ground Lease or the Lease Agreement shall not be construed as duties, and the Trustee shall not be liable in connection with the performance of its duties hereunder or thereunder, except for its own negligence or willful misconduct. The Trustee may become the Owner of Certificates with the same rights it would have if it were not Trustee, and, to the extent permitted by law, may act as depository for and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Owners, whether or not such committee shall represent the Owners of a majority of the aggregate amount of principal evidenced by the Certificates then Outstanding.

(b) The Trustee shall not be liable for any error of judgment made in good faith by a responsible officer, unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts.

(c) The Trustee shall not be liable for any action taken or omitted by it in good faith and believed by it to be authorized or within the discretion or rights or powers conferred upon it by this Trust Agreement, the Ground Lease or the Lease Agreement. The Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Owners of not less than a majority of the aggregate amount of principal evidenced by the Certificates at the time Outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee under this Trust Agreement, the Ground Lease or the Lease Agreement.

(d) No provision of this Trust Agreement, the Ground Lease or the Lease Agreement or any other document related hereto shall require the Trustee to risk or advance its own funds.

(e) The immunities and protections extended to the Trustee also extend to its directors, officers, employees and agents.

(f) The Trustee may execute any of its powers or duties hereunder and under the Ground Lease and the Lease Agreement through attorneys, agents or receivers and shall not be answerable for the actions of such attorneys, agents or receivers if selected by it with reasonable care.

(g) Before taking action under Article VII hereof or this Article or upon the direction of the Owners, the Trustee may require indemnity satisfactory to the Trustee be furnished to it to protect it against all fees and expenses, including those of its attorneys and advisors, and protect it against all liability it may incur, including any liability arising directly or indirectly under any federal, state or local statute, rule, law or ordinance related to the protection of the environment or hazardous substances.

(h) The Trustee shall not be deemed to have knowledge of an Event of Default hereunder or an event of default under the Lease Agreement unless it has actual knowledge thereof.

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

(j) The Trustee's rights to immunities, indemnifications and protection from liability hereunder and under the Ground Lease and the Lease Agreement and its rights to payment of its fees and expenses shall survive its resignation or removal and final payment or defeasance of the Certificates. All indemnifications and releases from liability granted herein or in the Lease Agreement to the Trustee shall extend to its directors, officers, employees and agents.

(k) Notwithstanding the effective date of this Trust Agreement or anything to the contrary in this Trust Agreement, the Trustee shall have no liability or responsibility for any act or event relating to this Trust Agreement which occurs prior to the date the Trustee formally commences acting as Trustee hereunder.

Section 8.04 Right to Rely on Documents. (a) Upon receipt of any notice, resolution, request, consent, order, certificate, report, opinion, bonds or other paper or document furnished to it pursuant to any provision of this Trust Agreement, the Ground Lease or the Lease Agreement, the Trustee shall examine such instrument to determine whether it conforms to the requirements, if any, of this Trust Agreement, the Ground Lease or the Lease Agreement, as applicable, and, if the Trustee so determines, the Trustee may conclusively rely, and shall be fully protected in acting upon, any such instrument believed by it to be genuine and to have been signed or presented by the proper party or parties.

(b) Whenever in the administration of the duties imposed upon it by this Trust Agreement, the Trustee shall deem it necessary or desirable that a legal matter be established prior to taking or suffering any action hereunder, under the Ground Lease or under the Lease Agreement (including with respect to compliance herewith or therewith of amendments hereto or thereto), the Trustee may consult with counsel, who may be counsel to the County or the Corporation, with regard to such legal matter, and the opinion of such counsel shall be full and complete authorization and protection in respect of any such action taken or suffered by it hereunder in good faith and in accordance therewith.

(c) Whenever in the administration of the duties imposed upon it by this Trust Agreement, the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, under the Ground Lease or under the Lease Agreement, such matter (unless other evidence in respect thereof be herein specifically prescribed)

may be deemed to be conclusively proved and established by a Written Certificate of the County, and such Written Certificate shall be full warrant to the Trustee for any action taken or suffered in good faith under the provisions of this Trust Agreement, the Ground Lease or the Lease Agreement in reliance upon such Written Certificate, 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.

Section 8.05 Accounting Records; Documents. (a) The Trustee shall at all times keep, or cause to be kept, proper books of record and account, prepared in accordance with prudent corporate trust industry standards, in which accurate entries shall be made of all transactions made by it relating to the proceeds of the Certificates, the Base Rental Payments received by it and all funds and accounts established by it pursuant to this Trust Agreement. Such books of record and account shall be available for inspection by the County and the Corporation during regular business hours and upon reasonable notice and under reasonable circumstances as agreed to by the Trustee. The Trustee shall deliver to the County a monthly accounting of the funds and accounts it holds under this Trust Agreement; provided, however, that the Trustee shall not be obligated to deliver an accounting for any fund or account that (i) has a balance of zero, and (ii) has not had any activity since the last reporting date.

(b) All documents received by the Trustee under the provisions of this Trust Agreement shall be retained in its possession and shall be available for inspection by the County and the Corporation during regular business hours and upon reasonable notice and under reasonable circumstances as agreed to by the Trustee.

Section 8.06 Compensation and Indemnification. The County shall, pursuant to a pre-approved fee letter, pay to the Trustee from time to time all reasonable compensation for all services rendered under this Trust Agreement, and all reasonable expenses, charges and legal fees and other disbursements (including those of its attorneys, agents and employees), incurred in and about the performance of its powers and duties under this Trust Agreement. The County shall, to the extent permitted by law, indemnify and save the Trustee harmless against any liabilities, losses, costs, expenses (including legal fees and expenses), claims, suits, judgments or damages which it may incur in the exercise and performance of its powers and duties hereunder, under the Ground Lease or under the Lease Agreement, including the enforcement of any remedies and the defense of any suit, and which are not due to its negligence or its willful misconduct.

ARTICLE IX

SUPPLEMENTAL TRUST AGREEMENTS

Section 9.01 Supplemental Trust Agreements. (a) This Trust Agreement and the rights and obligations of the Corporation, the County, the Trustee and the Owners hereunder may be modified or amended from time to time and at any time by a Supplemental Trust Agreement, which the Corporation, the County and the Trustee may enter into when there are filed with the Trustee the written consents of the Owners of a majority of the aggregate amount of principal evidenced by the Certificates then Outstanding, exclusive of Certificates disqualified as provided in Section 11.06 hereof. No such modification or amendment shall (i) extend the stated Principal Payment Date of any Certificate or reduce the rate of interest applicable to the interest evidenced

thereby or extend the time of payment of such interest or reduce the principal evidenced thereby or reduce the amount of any Mandatory Sinking Account Payment or change the prepayment terms and provisions or the provisions regarding delivery of notice of prepayment without the prior written consent of the Owner of each Certificate so affected, (ii) permit any pledge of, or the creation of any lien on, security interest in or charge or other encumbrance upon the assets pledged under this Trust Agreement prior to or on a parity with the pledge contained in, and the lien and security interest created by, this Trust Agreement or deprive the Owners of the pledge contained in, and the lien and security interest created by, this Trust Agreement, except as expressly provided in this Trust Agreement, without the consent of the Owners of all of the Certificates then Outstanding, (iii) modify any of the rights or obligations of the Trustee without the prior written consent of the Trustee, or (iv) amend this Section without the prior written consent of the Owners of all Certificates then Outstanding.

(b) This Trust Agreement and the rights and obligations of the Corporation, the County, the Trustee and the Owners hereunder may also be modified or amended from time to time and at any time by a Supplemental Trust Agreement, which the Corporation, the County and the Trustee may enter into, but without the consent of any Owners, for any one or more of the following purposes:

(i) to add to the covenants and agreements of the Corporation or the County contained in this Trust Agreement, other covenants and agreements thereafter to be observed, to provide additional security for the Certificates (or any portion thereof), or to surrender any right or power herein reserved to or conferred upon the Corporation or the County;

(ii) to make such provisions for the purpose of curing any ambiguity, inconsistency or omission, or of curing or correcting any defective provision contained in this Trust Agreement that the Corporation or the County may deem desirable or necessary and not inconsistent herewith, provided that such modification or amendment does not materially adversely affect the rights or interests of the Owners hereunder;

(iii) to make such additions, deletions or modifications as may be necessary or appropriate to assure the exclusion from gross income for federal income tax purposes of interest evidenced by the Certificates;

(iv) to permit the qualification of this Trust Agreement under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect;

(v) in any other respect whatsoever as the Corporation or the County may deem necessary or desirable, provided that such modification or amendment does not materially adversely affect the rights or interests of the Owners; or

(vi) to authorize the execution and delivery of Additional Certificates pursuant to Section 2.11 and 2.12.

(c) Promptly after the execution by the Corporation, the County and the Trustee of any Supplemental Trust Agreement, the Trustee shall mail a notice (the form of which shall be furnished to the Trustee by the County), by first class mail postage prepaid, setting forth in general terms the substance of such Supplemental Trust Agreement, to the Owners at the respective

addresses shown on the Registration Books. Any failure to give such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such Supplemental Trust Agreement.

Section 9.02 Effect of Supplemental Trust Agreement. Upon the execution of any Supplemental Trust Agreement pursuant to this Article, this Trust Agreement shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under this Trust Agreement of the Corporation, the County, the Trustee and the Owners shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modification and amendment, and all the terms and conditions of any such Supplemental Trust Agreement shall be deemed to be part of the terms and conditions of this Trust Agreement for any and all purposes.

Section 9.03 Endorsement of Certificates; Preparation of New Certificates. Certificates delivered after the effective date of any Supplemental Trust Agreement pursuant to this Article may and, if the Corporation or the County so determines, shall, bear a notation by endorsement or otherwise in form approved by the Corporation, the County and the Trustee as to any modification or amendment provided for in such Supplemental Trust Agreement, and, in that case, upon demand of the Owner of any Certificate Outstanding at the time of such effective date and presentation of such Certificate for such purpose at the Principal Office of the Trustee a suitable notation shall be made on such Certificates. If the Supplemental Trust Agreement shall so provide, new Certificates so modified as to conform, in the opinion of the Corporation, the County and the Trustee, to any modification or amendment contained in such Supplemental Trust Agreement, shall be prepared, or caused to be prepared, by the Corporation and the County and executed by the Trustee and, in that case, upon demand of the Owner of any Certificate Outstanding at the time of such effective date, and presentation of such Certificate for such purpose at the Principal Office of the Trustee, such a new Certificate evidencing the same principal, interest at the same interest rate and with the same stated Principal Payment Date shall be exchanged for such Owner's Certificate so surrendered.

Section 9.04 Amendment of Particular Certificates. The provisions of this Article shall not prevent any Owner from accepting any amendment or modification as to any particular Certificate owned by it, provided that due notation thereof is made on such Certificate.

ARTICLE X

DEFEASANCE

Section 10.01 Discharge of Trust Agreement. (a) If there shall be paid (i) to the Owners of all Outstanding Certificates the principal, interest and premium, if any, evidenced thereby at the times and in the manner stipulated herein and therein, and (ii) all other amounts due hereunder and under the Lease Agreement, then the Owners shall cease to be entitled to the pledge of the assets provided for herein, and, except as otherwise provided in Section 8.03(j) hereof, all agreements, covenants and other obligations of the Corporation and the County hereunder shall thereupon cease, terminate and become void and this Trust Agreement shall be discharged and satisfied. In such event, the Trustee shall execute and deliver to the Corporation and the County 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 County all money or securities held by it pursuant hereto which are not required for the payment of the principal, interest and premium, if any, evidenced by the Certificates.

(b) Subject to the provisions of subsection (a) of this Section, when any Certificate shall have been paid and if, at the time of such payment, each of the Corporation and the County shall have kept, performed and observed all of the covenants and promises in this Trust Agreement and the Lease Agreement required or contemplated to be kept, performed and observed by it or on its part on or prior to that time, then this Trust Agreement shall be considered to have been discharged in respect of such Certificate and such Certificate shall cease to be entitled to the pledge of the assets provided herein for herein, and all agreements, covenants and other obligations of the Corporation and the County hereunder shall cease, terminate, become void and be completely discharged and satisfied as to such Certificate.

(c) Notwithstanding the discharge and satisfaction of this Trust Agreement or the discharge and satisfaction of this Trust Agreement in respect of any Certificate, those provisions of this Trust Agreement relating to the payment of the principal, interest and premium, if any, evidenced by Certificates, exchange and transfer of Certificates, replacement of mutilated, destroyed, lost or stolen Certificates, the safekeeping and cancellation of Certificates, and the duties of the Trustee in connection with all of the foregoing, shall remain in effect and shall be binding upon the Trustee and the Owners of such Certificate, and the Trustee shall continue to be obligated to hold in trust any moneys or investments then held by the Trustee for the payment of the principal, interest and premium, if any, evidenced by such Certificate, and to pay to the Owner of such Certificate the funds so held by the Trustee as and when such payment becomes due.

Section 10.02 Certificates Deemed To Have Been Paid. (a) If moneys shall have been set aside and held by the Trustee for the payment or prepayment of the principal evidenced by any Certificate and the payment of the interest evidenced thereby to the stated Principal Payment Date or prepayment date thereof, such Certificate shall be deemed to have been paid within the meaning and with the effect provided in Section 10.01 hereof. Any Outstanding Certificate shall prior to its stated Principal Payment Date or the prepayment date thereof be deemed to have been paid within the meaning of and with the effect expressed in Section 10.01 hereof if (i) in case any of such Certificates is to be prepaid on any date prior to its stated Principal Payment Date, the County shall have given to the Trustee in form satisfactory to it irrevocable instructions to mail, on a date in accordance with the provisions of Section 4.03 hereof, notice of prepayment of such Certificate on said prepayment date, said notice to be given in accordance with Section 4.03 hereof, (ii) there shall have been deposited with the Trustee either (A) money in an amount which shall be sufficient, or (B) Defeasance Securities, the principal of and the interest on which when due, and without any reinvestment thereof, will provide moneys which shall be sufficient to pay when due the interest evidenced by such Certificate to become due on and prior to its stated Principal Payment Date or the prepayment date thereof, as the case may be, and the principal and premium, if any, evidenced by such Certificate, and (iii) in the event such Certificate is not by its terms subject to prepayment within the next succeeding 60 days, the County shall have given the Trustee in form satisfactory to it irrevocable instructions to mail as soon as practicable, a notice to the Owner of such Certificate that the deposit required by clause (ii) above has been made with the Trustee and that such Certificate is deemed to have been paid in accordance with this Section and stating stated Principal

Payment Date or prepayment date upon which money is to be available for the payment of the principal and premium, if any, evidenced by such Certificate.

(b) No Certificate shall be deemed to have been paid pursuant to clause (ii) of subsection (a) of this Section unless the County shall have caused to be delivered to the County and the Trustee (i) an executed copy of a Verification Report with respect to such deemed payment, addressed to the County and the Trustee, in form and in substance acceptable to the County and the Trustee, (ii) a copy of the escrow agreement entered into in connection with the deposit pursuant to clause (ii)(B) of subsection (a) of this Section resulting in such deemed payment, which escrow agreement shall provide that no substitution of Defeasance Securities shall be permitted except with other Defeasance Securities and upon delivery of a new Verification Report and no reinvestment of Defeasance Securities shall be permitted except as contemplated by the original Verification Report or upon delivery of a new Verification Report, and (iii) a copy of an Opinion of Counsel, dated the date of such deemed payment and addressed to the County and the Trustee, in form and in substance acceptable to the County and the Trustee, to the effect that such Certificate has been paid within the meaning and with the effect expressed in this Trust Agreement, this Trust Agreement has been discharged in respect of such Certificate and all agreements, covenants and other obligations of the County and the Corporation hereunder as to such Certificate have ceased, terminated, become void and been completely discharged and satisfied.

Section 10.03 Unclaimed Moneys. Any moneys held by the Trustee in trust for the payment and discharge of the principal, interest or premium, if any, evidenced by any Certificates which remain unclaimed for two years after the date when such principal, interest or premium has become payable, if such moneys were held by the Trustee at such date, or for two years after the date of deposit of such moneys if deposited with the Trustee after the date when such principal, interest or premium became payable, shall be repaid by the Trustee, without liability for interest, to the County as its absolute property free from trust, and the Trustee shall thereupon be released and discharged with respect thereto and the Owner of such Certificate shall look only to the County for the payment of such principal, interest or premium.

ARTICLE XI

MISCELLANEOUS

Section 11.01 Benefits of Trust Agreement. Nothing contained herein, expressed or implied, is intended to give to any Person other than the Trustee, the Corporation, the County and the Owners any right, remedy or right under or pursuant hereto, and any agreement, condition, covenant or term required herein to be observed or performed by or on behalf of the County or the Corporation shall be for the sole and exclusive benefit of the Trustee and the Owners.

Section 11.02 Successor Deemed Included in all References to Predecessor. Whenever the Trustee, the Corporation or the County, 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 Trustee, the Corporation or the County, or such officer, and all agreements, conditions, covenants and terms required hereby to be observed or performed by or on behalf of the Trustee, the Corporation, if any, or the County, or any officer thereof, shall bind and inure to the benefit of the respective successors thereof whether so expressed or not.

Section 11.03 Partial Invalidity. If any one or more of the agreements, conditions, covenants or terms required herein to be observed or performed by or on the part of the Corporation, the County or the Trustee shall be contrary to law, then such agreement or agreements, such condition or conditions, such covenant or covenants or such term or terms shall be null and void to the extent contrary to law and shall be deemed separable from the remaining agreements, conditions, covenants and terms hereof 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 any applicable provisions of law. The Corporation, the County and the Trustee hereby declare that they would have executed this Trust Agreement, and each and every Article, Section, paragraph, subsection, 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, subsections, sentences, clauses or phrases hereof or the application thereof to any person or circumstance may be held to be unconstitutional, unenforceable or invalid.

Section 11.04 Notices. All written notices, statements, demands, consents, approvals, authorizations, offers, designations, requests or other communications hereunder shall be given to the party entitled thereto at its address set forth below, or at such other address as such party may provide to the other parties in writing from time to time, namely:

If to the County: County of Monterey
First Floor
168 West Alisal Street
Salinas, California 93901
Attention: Treasurer

If to the Corporation: County of Monterey Public Improvement Corporation
c/o County of Monterey
Third Floor
168 West Alisal Street
Salinas, California 93901
Attention: President

If to the Trustee: U.S. Bank National Association
One California Street, Suite 1000
San Francisco, California 94111
Attention: Global Corporate Trust Department

Each such notice, statement, demand, consent, approval, authorization, offer, designation, request or other communication hereunder shall be deemed delivered to the party to whom it is addressed (a) if given by courier or delivery service or if personally served or delivered, upon delivery, (b) if given by telecopier, upon the sender's receipt of an appropriate answerback or other written acknowledgment, (c) if given by registered or certified mail, return receipt requested, deposited with the United States mail postage prepaid, 72 hours after such notice is deposited with the United States mail, or (d) if given by any other means, upon delivery at the address specified in this Section.

Section 11.05 Execution of Documents by Owners. (a) Any request, consent or other instrument required or permitted by this Trust Agreement to be signed and executed by Owners may be in any number of concurrent instruments of substantially similar tenor and shall be signed or executed by each such Owners in Person or by an agent or agents duly appointed in writing. Proof of the execution of any such request, consent or other instrument or of a writing appointing any such agent, shall be sufficient for any purpose of this Trust Agreement and shall be conclusive in favor of the County, the Corporation and the Trustee if made in the manner provided in this Section. The fact and date of the execution by any Person of any such request, consent or other instrument or writing may be proved by the certificate of any notary public or other officer of any jurisdiction, authorized by the laws thereof to take acknowledgments of deeds, certifying that the Person signing such request, consent or other instrument acknowledged to him the execution thereof, or by an affidavit of a witness of such execution duly sworn to before such notary public or other officer.

(b) The ownership of any Certificates and the principal evidenced thereby, stated Principal Payment Date, number and date of owning the same may be proved by the Registration Books.

(c) Any request, consent, or other instrument or writing of the Owner of any Certificate shall bind every future Owner of the same Certificate and the Owner of every Certificate issued in exchange therefor or in lieu thereof, in respect of anything done or suffered to be done by the County, the Corporation and the Trustee in accordance therewith or reliance thereon.

Section 11.06 Disqualified Certificates. In determining whether the Owners of the requisite aggregate amount of principal evidenced by the Certificates have concurred in any demand, request, direction, consent or waiver under this Trust Agreement, Certificates which are actually known by the Trustee to be owned or held by or for the account of the County, or by any Person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the County shall be disregarded and deemed not to be Outstanding for the purpose of any such determination, unless all Certificates are owned or held by or for the account of the County, or by any Person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the County, in which case such Certificates shall be considered Outstanding for the purpose of such determination. Certificates so owned which have been pledged in good faith may be regarded as Outstanding for the purposes of this Section if the pledgee shall establish to the satisfaction of the Trustee the pledgee's right to vote such Certificates and that the pledgee is not a Person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the County or any other obligor on the Certificates. In case of a dispute as to such right, any decision by the Trustee taken upon the advice of counsel shall be full protection to the Trustee. Upon request of the Trustee, the County shall specify in a Written Certificate of the County delivered to the Trustee which Certificates, if any, are, as of the date of such Written Certificate, owned or held by or for the account of the County, or by any Person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the County.

Section 11.07 Destruction of Certificates. Whenever in this Trust Agreement provision is made for the cancellation by the Trustee and the delivery to the Corporation or the County of

any Certificates, the Trustee shall, in lieu of such cancellation and delivery, destroy such Certificates.

Section 11.08 Money Held for Particular Certificates. The money held by the Trustee for the payment of the principal, interest or premium due on any date with respect to particular Certificates (or portions of Certificates in the case of Certificates prepaid in part only) shall, on and after such date and pending such payment, be set aside on its books and held in trust by it for the Owners entitled thereto, subject, however, to the provisions of Section 10.03 hereof but without any liability for interest thereon.

Section 11.09 Funds and Accounts. Any fund or account required to be established and maintained herein 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 funds and accounts shall at all times be maintained in accordance with sound accounting practice and with due regard for the protection of the security of the Certificates and the rights of the Owners. The Trustee may establish such funds and accounts as it deems necessary to perform its obligations hereunder.

Section 11.10 Business Days. If the date for making any payment or the last date for performance of any act or the exercising of any right, as provided in this Trust Agreement or the Lease Agreement shall not be a Business Day, such payment may be made or act performed or right exercised on the next succeeding Business Day, with the same force and effect as if done on the nominal date provided in this Trust Agreement or the Lease Agreement and, unless otherwise specifically provided in this Trust Agreement or the Lease Agreement, no interest shall accrue for the period from and after such nominal date.

Section 11.11 Waiver of Personal Liability. No member, officer or employee of the County or the Corporation shall be individually or personally liable for the payment of the principal, interest or premium evidenced by the Certificates or be subject to any personal liability or accountability by reason of the execution and delivery thereof; 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, by this Trust Agreement or by the Lease Agreement.

Section 11.12 Interpretation. (a) Unless the context otherwise indicates, words expressed in the singular shall include the plural and vice versa and the use of the neuter, masculine, or feminine gender is for convenience only and shall be deemed to include the neuter, masculine or feminine gender, as appropriate.

(b) Headings of articles and sections herein and the table of contents hereof are solely for convenience of reference, do not constitute a part hereof and shall not affect the meaning, construction or effect hereof.

(c) All references herein to “Articles,” “Sections” and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Trust Agreement; the words “herein,” “hereof,” “hereby,” “hereunder” and other words of similar import refer to this Trust Agreement as a whole and not to any particular Article, Section or subdivision hereof.

Section 11.13 Governing Law. This Trust Agreement shall be governed by and construed in accordance with the laws of the State.

Section 11.14 Execution in Counterparts. This Trust Agreement may be executed in several counterparts, each of which shall be deemed an original, and all of which shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have caused this Trust Agreement to be executed by their respective officers thereunto duly authorized, all as of the day and year first written above.

US BANK NATIONAL ASSOCIATION, AS TRUSTEE

By: _____
Authorized Officer

COUNTY OF MONTEREY PUBLIC IMPROVEMENT CORPORATION

By: _____
President

COUNTY OF MONTEREY

By: _____
[Title]

EXHIBIT A

FORM OF CERTIFICATE

No. R-

\$

**COUNTY OF MONTEREY
CERTIFICATE OF PARTICIPATION
(2017 PUBLIC FACILITIES REFUNDING)**

PAYMENT DATE	INTEREST RATE	DATED DATE	CUSIP NO.
October 1, ____		August [23], 2017	

REGISTERED OWNER:

PRINCIPAL AMOUNT: DOLLARS

THIS IS TO CERTIFY that the Registered Owner of this Certificate of Participation (the "Certificate"), as identified above, is the owner of a direct, fractional undivided interest in certain base rental payments ("Base Rental Payments") payable under and pursuant to the Lease Agreement, dated as of August 1, 2017 (the "Lease Agreement"), by and between the County of Monterey (the "County"), a county and political subdivision of the State of California organized and existing under the laws of the State of California, as lessee, and the County of Monterey Public Improvement Corporation (the "Corporation"), a nonprofit public benefit corporation organized and existing under the laws of the State of California, as lessor. The rights of the Corporation under the Lease Agreement, including the right to receive the Base Rental Payments, have been assigned without recourse by the Corporation to U.S. Bank National Association, a national banking association duly organized and existing under the laws of the United States, as trustee (the "Trustee"), under the Trust Agreement, dated as of August 1, 2017 (the "Trust Agreement"), by and among the Trustee, the Corporation and the County.

This Certificate is one of the duly authorized County of Monterey Certificates of Participation (2017 Public Facilities Refunding) (the "Certificates") evidencing principal in the aggregate amount of \$[____], executed pursuant to the terms of the Trust Agreement. The Certificates evidence direct, fractional undivided interests in Base Rental Payments payable under the Lease Agreement. The Certificates are being executed and delivered to prepay certain lease payments.

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, duties and immunities of the Trustee, 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 all of which provisions the Registered Owner by acceptance hereof, assents and agrees. Capitalized undefined terms used herein shall have the meanings ascribed thereto in the Trust Agreement.

The Registered Owner of this Certificate is entitled to receive, subject to the terms of the Trust Agreement and any right of prepayment as provided herein or therein, on the Payment Date set forth above, upon surrender of this Certificate at the Principal Office of the Trustee, the Principal Amount specified above, evidencing the Registered Owner's interest in the Base Rental Payments designated as principal components coming due on the Payment Date, and to receive on April 1 and October 1 of each year commencing October 1, 2017 (the "Interest Payment Dates"), interest accrued thereon at the Interest Rate specified above, computed on the basis of a 360-day year consisting of twelve 30-day months, until said Principal Amount is paid in full, evidencing the Registered Owner's interest in the Base Rental Payments designated as interest components coming due on each of said dates.

The interest evidenced by the Certificates shall be payable on each Interest Payment Date to and including their respective Principal Payment Dates or prepayment prior thereto, and shall represent the sum of the portions of the Base Rental Payments designated as interest components coming due on the Interest Payment Dates in each year. Interest evidenced by the Certificates shall be payable from the Interest Payment Date next preceding the date of execution and delivery thereof unless (i) a Certificate is executed and delivered on or before an Interest Payment Date and after the close of business on the preceding Record Date, in which event interest evidenced thereby shall be payable from such Interest Payment Date, (ii) a Certificate is executed and delivered on or before the first Record Date, in which event interest evidenced thereby shall be payable from the Delivery Date, or (iii) interest evidenced by any Certificate is in default as of the date of execution and delivery thereof, in which event interest evidenced thereby shall be payable from the date to which interest has previously been paid or duly provided for. Interest evidenced by the Certificates shall be paid in lawful money of the United States of America on each Interest Payment Date. Such interest shall be paid by check of the Trustee mailed by first-class mail, postage prepaid, on each Interest Payment Date to the Owners of the Certificates at their respective addresses shown on the Registration Books as of the close of business on the preceding Record Date. Notwithstanding the foregoing, interest evidenced by any Certificate that is not punctually paid or duly provided for on any Interest Payment Date shall, if and to the extent that amounts subsequently become available therefor, be paid on a payment date established by the Trustee to the Person in whose name the ownership of such Certificate is registered on the Registration Books at the close of business on a special record date to be established by the Trustee for the payment of such interest, notice of which shall be given to such Owner not less than ten days prior to such special record date.

The principal evidenced by the Certificates shall be payable in lawful money of the United States of America on their respective Principal Payment Dates and Mandatory Sinking Account Payment Dates in each year, upon presentation and surrender thereof at the Principal Office of the Trustee, and shall represent the sum of the portions of the Base Rental Payments designated as principal components coming due on the Principal Payment Dates and Mandatory Sinking Account Payment Dates in each year.

The Certificates are subject to prepayment on the dates, at the redemption prices and pursuant to the terms set forth in the Trust Agreement. Notice of prepayment of any Certificate or any portion thereof shall be given as provided in the Trust Agreement.

The Certificates are authorized to be executed and delivered in the form of fully registered certificates in Authorized Denominations (\$5,000 or any integral multiple thereof).

This Certificate may be transferred or exchanged by the Registered Owner hereof, in Person or by his or her attorney duly authorized in writing, at the Principal Office of the Trustee, but only in the manner, subject to the limitations and upon payment of the charges provided in the Trust Agreement.

The Trust Agreement and the rights and obligations of the Corporation, the County, the Trustee and the Owners may be modified or amended in the manner, to the extent, and upon the terms provided in the Trust Agreement.

The Trust Agreement contains provisions permitting the County to make provision for the payment of the principal of and the interest and premium, if any, evidenced by the Certificates so that such Certificates shall no longer be deemed to be Outstanding under the terms of the Trust Agreement.

In no event shall this Certificate, or the payments an interest in which is evidenced hereby, be deemed to be liabilities or obligations of the Trustee.

Unless this Certificate is presented by an authorized representative of The Depository Trust Company to the Trustee for registration of transfer, exchange or payment, and any Certificate issued is registered in the name of Cede & Co. or such other name as requested by an authorized representative of The Depository Trust Company and any payment is made to Cede & Co., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL since the registered owner hereof, Cede & Co., has an interest herein.

The County has certified that all acts, conditions and things required by the statutes of the State of California and the Trust Agreement to exist, to have happened and to have been performed precedent to and in connection with the execution and delivery of this Certificate do exist, have happened and have been performed in regular and due time, form and manner as required by law, and that the Trustee is duly authorized to execute and deliver this Certificate.

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

Date: August [23], 2017

**U.S. BANK NATIONAL
ASSOCIATION, AS TRUSTEE**

By: _____
Authorized Signatory

ASSIGNMENT

For value received the undersigned hereby sells, assigns and transfers unto _____ whose address and social security or other tax identifying number is _____, the within-mentioned Certificate and hereby irrevocably constitute(s) and appoint(s) _____ attorney, to transfer the same on the registration books of the Trustee with full power of substitution in the premises.

Dated:

Signature Guaranteed:

Note: Signature guarantee shall be made by a guarantor institution participating in the Securities Transfer Agents Medallion Program or in such other guarantee program acceptable to the Trustee.

Note: The signature(s) on 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.

EXHIBIT B

PERMITTED INVESTMENTS

“**Permitted Investments**” means the following:

(1) Direct general 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 of the United States of America);

(2) Obligations of any of the following federal agencies which obligations represent the full faith and credit of the United States of America, including:

- Export-Import Bank
- Rural Economic Community Development Administration
- U.S. Maritime Administration
- Small Business Administration
- U.S. Department of Housing & Urban Development (PHAs)
- Federal Housing Administration
- Federal Financing Bank;

(3) Direct obligations of any of the following federal agencies which obligations are not fully guaranteed by the full faith and credit of the United States of America:

- Senior debt obligations issued by the Federal National Mortgage Association (FNMA) or Federal Home Loan Mortgage Corporation (FHLMC)
- Obligations of the Resolution Funding Corporation (REFCORP)
- Senior debt obligations of the Federal Home Loan Bank System;

(4) U.S. dollar denominated deposit accounts, federal funds and bankers’ acceptances and bank deposit products (so long as such products have the same payment priority as short term certificates of deposit) with domestic commercial banks (which may include the Trustee and its affiliates) which have a rating on their short term certificates of deposit on the date of purchase of “P-1” by Moody’s and “A-1” or “A-1+” by S&P and maturing not more than 360 calendar days after the date of purchase (ratings on holding companies are not considered as the rating of the bank), or which are fully insured by the Federal Deposit Insurance Corporation;

(5) Commercial paper which is rated at the time of purchase in the single highest classification, “P-1” by Moody’s and “A-1+” by S&P and which matures not more than 270 calendar days after the date of purchase;

(6) Investments in a money market fund rated “AAAm” or “AAAm-G” or better by S&P, including a fund 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;

(7) Pre-refunded Municipal Obligations defined as follows: any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state which are not callable at the option of the obligor prior to

maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice; and

(a) which are rated, based on an irrevocable escrow account or fund (the “escrow”), in the highest rating category of Moody’s or S&P or any successors thereto; or

(b) (i) which are fully secured as to principal and interest and redemption premium, if any, by an escrow consisting only of cash or obligations described in paragraph (1) or (2) above, which escrow may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate, and (ii) which escrow is sufficient, as verified by a nationally recognized independent certified public accountant, to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this paragraph on the maturity date or dates specified in the irrevocable instructions referred to above, as appropriate;

(8) Municipal obligations rated “Aa/AA1” or general obligations of states with a rating of “A2/A” or higher by both Moody’s and S&P;

(9) Investment agreements with a domestic or foreign bank or corporation (other than a life or property casualty insurance company) the long-term debt of which, or, in the case of a guaranteed corporation the long-term debt, or, in the case of a monoline financial guaranty insurance company, claims paying ability, of the guarantor is rated at least “Aa3” by Moody’s and “AA-” by S&P; provided, that, by the terms of the investment agreement:

(a) the invested funds are available for withdrawal without penalty or premium, at any time upon not more than seven days’ prior notice;

(b) the investment agreement shall state that it is the unconditional and general obligation of, and is not subordinated to any other obligation of, the provider thereof or, if the provider is a bank, the agreement or the opinion of counsel shall state that the obligation of the provider to make payments thereunder ranks *pari passu* with the obligations of the provider to its other depositors and its other unsecured and unsubordinated creditors;

(c) the Trustee or the County receive the opinion of domestic counsel that such investment agreement is legal, valid and binding and enforceable against the provider in accordance with its terms and of foreign counsel (if applicable);

(d) the investment agreement shall provide that if during its term (i) the provider’s rating by either Moody’s or S&P falls below “Aa3” or “AA-,” respectively, the provider shall, at its option, within 10 days of receipt of publication of such downgrade, either (A) collateralize the investment agreement by delivering or transferring in accordance with applicable state and federal laws (other than by means of entries on the provider’s books) to the Trustee or a holder of the collateral, collateral free and clear of any third-party liens or claims the market value of which collateral is maintained at levels and upon such conditions as would be acceptable to Moody’s and S&P to maintain an “A” rating in an “A” rated structured financing (with a market value approach); or (B) repay

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

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

(f) the investment agreement must provide that if during its term (i) the provider shall default in its payment obligations, the provider's obligations under the investment agreement shall, at the direction of the County or the Trustee, be accelerated and amounts invested and accrued but unpaid interest thereon shall be repaid to the Trustee, and (ii) the provider shall become insolvent, not pay its debts as they become due, be declared or petition to be declared bankrupt, etc., the provider's obligations shall automatically be accelerated and amounts invested and accrued but unpaid interest thereon shall be repaid to the Trustee.