Global changes:
December 1 to February 1
June 1 to August 1
Project to Leased Property

TRUST AGREEMENT

Dated as of February 1, 2005

by and among

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

the

NAPA COUNTY PUBLIC IMPROVEMENT CORPORATION

and the

COUNTY OF NAPA

Relating to

$[Principal Amount]
County of Napa
2005 Refunding Certificates of Participation
(1996 Capital Improvements Project)

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EXHIBIT A FORM OF CERTIFICATE OF PARTICIPATION

TRUST AGREEMENT

THIS AGREEMENT, dated as of February 1, 2005, 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 (the "Trustee"), the NAPA COUNTY PUBLIC IMPROVEMENT CORPORATION, a nonprofit public benefit corporation duly organized and existing under the laws of the State of California (the "Corporation"), and the COUNTY OF NAPA, a county duly organized and existing under the laws of the State of California (the "County");

WITNESSETH:

WHEREAS, the County has previously financed the acquisition and construction of real property and improvements from the proceeds of certificates of participation executed and delivered on September 5, 1996 in the principal amount of $17,985,000, denominated County of Napa Certificates of Participation (1996 Capital Improvements Project) (the "1996 Certificates"); and

WHEREAS, the County has determined that it is in the best interests of the County at this time to provide for the refinancing of the 1996 Certificates; and

WHEREAS, the County has agreed to lease to the Corporation, and the Corporation has agreed to lease from the County, the land more fully described on Exhibit A to the Site Lease, dated as of February 1, 2005, between the County and the Corporation (the "Site Lease"), together with the improvements located thereon (the "Leased Property"); and

WHEREAS, in order to provide funds for the purpose of refunding the 1996 Certificates, the Corporation has agreed to sublease the Leased Property back to the County pursuant to that certain Lease Agreement, dated as of February 1, 2005, by and between the Corporation, as sublessor, and the County, as sublessee (the "Lease Agreement"); and

WHEREAS, for such purposes, the Corporation proposes to assign and transfer to the Trustee certain of its rights under the Lease, and in consideration of such assignment and the execution of this Trust Agreement, the Trustee has agreed to execute and deliver 2005 Refunding Certificates of Participation (1996 Capital Improvements Project) in the aggregate principal amount of $[Principal Amount], each evidencing a direct, undivided fractional interest in the Lease Payments to be made by the County under the Lease Agreement;

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

ARTICLE I

DEFINITIONS

Section 1.01. Definitions. Unless the context otherwise requires, the terms defined in this Section shall, for all purposes of this Trust Agreement, have the meanings herein specified. In addition, all terms defined in the Lease and not otherwise defined herein shall have the respective meanings specified in the Lease.

"Assignment Agreement" means the Assignment Agreement, dated as of February 1, 2005, by and between the Corporation, as assignor, and the Trustee, as assignee, as originally executed or as thereafter amended pursuant to any duly authorized and executed amendments thereto.

"Bond Counsel" means (a) Jones Hall, A Professional Law Corporation, and (b) any other attorney or firm of attorneys of nationally recognized expertise with respect to legal matters relating to obligations the interest on which is excludable from gross income pursuant to Section 103 of the Internal Revenue Code of 1986, as amended.

"Business Day" means a day other than a Saturday, Sunday or legal holiday, on which banking institutions in the State of California, or in any state in which the Office of the Trustee is located, are not closed for corporate trust business, or a day on which the Federal Reserve System is closed.

"Certificates" means the $[Principal Amount] aggregate principal amount of County of Napa 2005 Refunding Certificates of Participation (1996 Capital Improvements Project), executed and delivered and at any time Outstanding hereunder.

"Corporation" means the Napa County Public Improvement Corporation, a nonprofit public benefit corporation duly organized and existing under the laws of the State of California.

"Corporation Representative" means the President, any Vice President, the Treasurer or the Secretary of the Corporation, or 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.

"County" means the County of Napa, a county duly organized and existing under the laws of the State of California.

"County Representative" means the Chairman, Vice Chairman, County Executive Officer, the Auditor-Controller, the Treasurer-Tax Collector, or any other person authorized by resolution of the Board of Supervisors of the County to act on behalf of the County under or with respect to this Trust Agreement.

"Closing Date" means the day when the Certificates, duly executed by the Trustee, are delivered to the Original Purchaser.

"*Continuing Disclosure Certificate*" shall mean that certain Continuing Disclosure Certificate executed by the County and dated the date of issuance and delivery of the Certificates, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

"*Costs of Issuance*" means all items of expense directly or indirectly payable by or reimbursable to the County or the Corporation relating to the execution and delivery of the Lease or the execution, sale and delivery of the Certificates, including but not limited to filing and recording costs, title insurance premiums, bond insurance premiums, settlement costs, printing costs, reproduction and binding costs, initial fees and charges of the Trustee (which shall include legal fees and the first annual administration fee of the Trustee), financing discounts, legal fees and charges, insurance fees and charges, financial and other professional consultant fees, costs of rating agencies for credit ratings, fees for execution, transportation and safekeeping of the Certificates and charges and fees in connection with the foregoing.

"*Depository*" means (a) initially, DTC, and (b) any other Securities Depositories acting as Depository pursuant to Section 2.04.

"*Depository System Participant*" means any participant in the Depository's book-entry system.

"*DTC*" means The Depository Trust Company, New York, New York, and its successors and assigns.

"*Escrow Fund*" means the fund by that name established and held by the Trustee pursuant to Section 4.04.

"*Event of Default*" means an event of default under the Lease, as defined in Section 8.1 thereof.

"*Fair Market Value*" means the price at which a willing buyer would purchase the investment from a willing seller in a bona fide, arm's length transaction (determined as of the date the contract to purchase or sell the investment becomes binding) if the investment is traded on an established securities market (within the meaning of section 1273 of the Tax Code) and, otherwise, the term "Fair Market Value" means the acquisition price in a bona fide arm's length transaction (as referenced above) if (i) the investment is a certificate of deposit that is acquired in accordance with applicable regulations under the Tax Code, (ii) the investment is an agreement with specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate (for example, a guaranteed investment contract, a forward supply contract or other investment agreement) that is acquired in accordance with applicable regulations under the Tax Code, (iii) the investment is a United States Treasury Security--State and Local Government Series that is acquired in accordance with applicable regulations of the United States Bureau of Public Debt, or (iv) any commingled investment fund in which the County and related parties do not own more than a ten percent (10%) beneficial interest therein if the return paid by the fund is without regard to the source of the investment.

"Federal Securities" means any of the following which at the time of investment are legal investments under the laws of the State of California for the funds purported to be invested therein: (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); and (b) obligations of any agency, department or instrumentality of the United States of America the timely payment of principal of and interest on which are fully guaranteed by the United States of America.

"Information Services" means Financial Information, Inc.'s "Daily Called Bond Service", 30 Montgomery Street, 10th Floor, Jersey County, New Jersey 07302, Attention: Editor; Kenny Information Services' "Called Bond Service," 65 Broadway, 16th Floor, New York, New York 10006; Standard & Poor's Corporation "Called Bond Record," 25 Broadway, 3rd Floor, New York, New York 10004; and, in accordance with then current guidelines of the Securities and Exchange Commission, such other addresses and/or such other services providing information with respect to called bonds as the County may designate in a written request delivered to the Trustee.

"Insurance and Condemnation Fund" means the fund by that name to be established and held by the Trustee pursuant to Section 6.01.

"Interest Payment Date" means, with respect to any Certificate, August 1, 2005, and the first day of each February and August thereafter to and including the date of maturity or prepayment of such Certificate.

Deleted: _____

Deleted: June

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"Lease" means the Lease Agreement, dated as of February 1, 2005, by and between the Corporation as lessor and the County as lessee, as originally executed or as thereafter amended pursuant to any duly authorized and executed amendments thereto.

"Leased Property" has the meaning given to such term in the Lease Agreement.

"Lease Payment Fund" means the fund by that name established and held by the Trustee pursuant to Section 5.02.

"Lease Payments" means all payments required to be paid by the County pursuant to Section 4.4(a) of the Lease including any prepayment thereof pursuant to Article IX of the Lease.

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"Moody's" means Moody's Investors Service, New York, New York or its successors.¶

"Municipal Bond Insurance Policy" means the municipal bond insurance policy issued by the Municipal Bond Insurer insuring the payment, when due, of the principal and interest with respect to the Certificates.

"Municipal Bond Insurer" means _____, _____, and its successors and assigns.

"Net Proceeds" means any title insurance proceeds, casualty insurance proceeds or eminent domain award (including any proceeds of sale to a governmental entity under threat of the exercise of eminent domain powers), paid with respect to the Leased Property, to the extent remaining after payment therefrom of all expenses incurred in the collection thereof.

"1996 Certificates" means the Certificates of Participation (1996 Capital Improvements Project) dated August 15, 1996 and executed and delivered in the original principal amount of $17,985,000.

"Nominee" means (a) initially, Cede & Co. as nominee of DTC, and (b) any other nominee of the Depository designated pursuant to Section 2.04(a).

"Office" means the principal corporate trust office of the Trustee in St. Paul, Minnesota, or at such other address or addresses designated by the Trustee in written notice filed with the County and the Corporation.

"Original Purchaser" means _____, the original purchaser of the Certificates.

"Outstanding", when used as of any particular time with respect to Certificates, means (subject to the provisions of Section 13.04) all Certificates theretofore executed and delivered by the Trustee hereunder except (a) Certificates theretofore cancelled by the Trustee or surrendered to the Trustee for cancellation; (b) Certificates for the payment or prepayment of which funds or Federal Securities in a sufficient amount shall have theretofore been deposited with the Trustee (whether upon or prior to the maturity or prepayment date of such Certificates), provided that, if such Certificates are to be prepaid prior to maturity, notice of such prepayment shall have been given as provided in Section 3.03 or provision satisfactory to the Trustee shall have been made for the giving of such notice; and (c) Certificates in lieu of or in exchange for which other Certificates shall have been executed and delivered by the Trustee pursuant to Section 2.09.

"Owner", or *"Registered Owner"*, when used with respect to a Certificate, means the person in whose name the ownership of such Certificate shall be registered on the Registration Books.

"Participating Underwriter" shall have the meaning ascribed thereto in the Continuing Disclosure Certificate.

"Permitted Investments" means the following, but only to the extent that the same are acquired at Fair Market Value (provided, that the Trustee shall have no duty to investigate the Fair Market Value of any Permitted Investments):

(a) Federal Securities;

(b) obligations of any of the following federal agencies which obligations represent full faith and credit of the United States of America, including: (i) Export-Import Bank; (ii) Farm Credit System Financial Assistance Corporation, (iii) Farmers Home Administration; (iv) General Services Administration; (v) U.S. Maritime Administration; (vi) Small Business Administration; (vii) Government National Mortgage Association (GNMA); (viii) U.S. Department of Housing & Urban Development (PHAs); (ix) Federal Housing Administration and (x) Federal Financing Bank;

(c) 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 rated "AAA" by S&P issued by the Federal National Mortgage Association (FNMA) or the Federal Home Loan Mortgage Corporation (FHLMC); senior debt obligations of other government-sponsored agencies approved by the Municipal Bond Insurer; obligations of the Resolution Funding Corporation (REFCORP); senior debt obligations of the Federal Home Loan Bank System; and senior debt obligations of other government sponsored agencies approved by the Municipal Bond Insurer;

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(d) U.S. dollar denominated deposit accounts, federal funds and banker's acceptances with domestic commercial banks (including the Trustee and its affiliates) which have a rating on their short term certificates of deposit on the date of purchase of "A-1" or "A-1+" by S&P and maturing no more than 360 days after the date of purchase, provided that ratings on holding companies are not considered as the rating of the bank;

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(e) commercial paper which is rated at the time of purchase in the single highest classification, "A-1+" by S&P, and which matures not more than 270 days after the date of purchase;

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(f) investments in a money market fund rated "Aaam" or "AAAm-G" or better by S&P, including any such money market fund from which the Trustee or its affiliates receive fees for services to such fund;

(g) 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 (i) which are rated, based upon an irrevocable escrow account or fund (the "escrow"), in the highest rating category of S&P or any successors thereto; or (ii)(A) 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 (a) 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 (B) 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 thereof or on the redemption date or dates specified in the irrevocable instructions referred to above, as appropriate;

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(h) general obligations of States with a rating of at least "A2/A" or higher by S&P;

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(i) investment agreements approved in writing by the Municipal Bond Insurer;

(j) other forms of investments (including repurchase agreements) approved in writing by the Municipal Bond Insurer; and

(k) the Local Agency Investment Fund maintained by the State of California.

"Rating Category" means, with respect to any Permitted Investment, one or more of the generic categories of rating by S&P applicable to such Permitted Investment, without regard to any refinement or gradation of such rating category by a plus or minus sign or otherwise.

Deleted: Moody's or

"Record Date" means the close of business on the fifteenth (15th) day of the month preceding each Interest Payment Date, whether or not such fifteenth (15th) day is a Business Day.

"Registration Books" means the records maintained by the Trustee pursuant to Section 2.12 for registration of the ownership and transfer of ownership of the Certificates.

"Reserve Fund" means the fund by that name established and held by the Trustee pursuant to Section 4.02.

"Reserve Requirement" means an amount equal to the lesser of: (i) ten percent (10%) of the principal amount of the Certificates then Outstanding; (ii) 125% of average annual Lease Payments coming due and payable; or (iii) maximum annual Lease Payments coming due and payable.

"Responsible Officer" means any officer of the Trustee expressly assigned to administer its duties hereunder.

"Securities Depositories" means The Depository Trust Company, 711 Stewart Avenue, Garden County, New York 11530, Fax-(516) 227-4039 or 4190; and, in accordance with then current guidelines of the Securities and Exchange Commission, such other addresses and/or such other securities depositories as the County may designate in a written request of the County delivered to the Trustee.

"Site Lease" means the Site Lease, dated as of February 1, 2005, by and between the County, as lessor, and the Corporation, as lessee, as originally executed or as thereafter amended pursuant to any duly authorized and executed amendments thereto.

"Site Lease Payment" means the amount of $_____, which is payable by the Corporation to the County on the Closing Date as rental for the Leased Property pursuant to the Site Lease.

"S&P" means Standard & Poor's Corporation, its successors and assigns.

"Tax Code" means the Internal Revenue Code of 1986 as in effect on the date of delivery of the Certificates or (except as otherwise referenced herein) as it may be amended to apply to obligations issued on the date of delivery of the Certificates, together with applicable temporary

and final regulations promulgated and applicable official public guidance published, under the Code.

"Tax Regulations" means temporary and permanent regulations of the United States Department of the Treasury promulgated under the Tax Code.

"Trust Agreement" means this Trust Agreement, as originally executed or as thereafter amended pursuant to any amendments hereto permitted to be made hereunder.

"Trustee" means U.S. Bank National Association, or any successor thereto acting as Trustee pursuant to this Trust Agreement.

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

ARTICLE II

THE CERTIFICATES OF PARTICIPATION

Section 2.01. Authorization. The Trustee is hereby authorized and directed upon written request from the Corporation to prepare, execute and deliver to the Original Purchaser, Certificates in the aggregate principal amount of _____ Dollars ($[Principal Amount]). The Certificates shall evidence direct, undivided fractional ownership interests of the Owners thereof in the Lease Payments.

Section 2.02. Date. Each Certificate shall be dated as of the date of its execution and interest represented thereby shall be payable from the Interest Payment Date next preceding the date of execution thereof, (a) unless it is executed following a Record Date and on or before the next succeeding Interest Payment Date, in which event interest represented thereby shall be payable from such Interest Payment Date, or (b) unless it is executed on or before the first Record Date, in which event interest represented thereby shall be payable from the Closing Date; *provided, however*, that if, as of the date of any Certificate, interest represented by such Certificate is in default, interest represented thereby shall be payable from the Interest Payment Date to which interest has previously been paid or made available for payment with respect to such Certificate.

Section 2.03. Terms of Certificates. Principal represented by the Certificates shall be payable on February 1 in each of the respective years and in the respective amounts, and interest represented thereby shall be computed at the respective rates, as follows:

Maturity Date (February 1)	Principal Amount	Interest Rate (%)	Maturity Date (February 1)	Principal Amount	Interest Rate (%)

The Certificates shall be delivered in the form of fully registered Certificates without coupons in the authorized denominations of $5,000 or any integral multiple thereof, except that no Certificate shall represent principal payable in more than one year. The Certificates shall be assigned such alphabetical and numerical designation as shall be deemed appropriate by the Trustee.

Section 2.04. Book Entry System.

(a) *Original Delivery.* The Certificates shall be initially delivered in the form of a separate single fully registered Certificate (which may be typewritten) for each maturity of the Certificates. Upon initial delivery, the ownership of each such Certificate shall be registered on the Registration Books in the name of the Nominee. Except as provided in subsection (c), the ownership of all of the Outstanding Certificates shall be registered in the name of the Nominee on the Registration Books.

With respect to Certificates the ownership of which shall be registered in the name of the Nominee, the County and the Trustee shall have no responsibility or obligation to any Depository System Participant or to any person on behalf of which the County holds an interest in the Certificates. Without limiting the generality of the immediately preceding sentence, the County 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 Depository System Participant with respect to any ownership interest in the Certificates, (ii) the delivery to any Depository System Participant or any other person, other than a Certificate Owner as shown in the Registration Books, of any notice with respect to the Certificates, including any notice of redemption, (iii) the selection by the Depository of the beneficial interests in the Certificates to be redeemed in the event the County elects to redeem the Certificates in part, (iv) the payment to any Depository System Participant or any other person, other than a Certificate Owner as shown in the Registration Books, of any amount with respect to principal, premium, if any, or interest represented by the Certificates or (v) any consent given or other action taken by the Depository as Owner of the Certificates. The County and the Trustee may treat and consider the person in whose name each Certificate is registered as the absolute owner of such Certificate for the purpose of payment of principal, premium, if any, and interest represented by such Certificate, for the purpose of giving notices of redemption and other matters with respect to such Certificate, for the purpose of registering transfers of ownership of such Certificate, and for all other purposes whatsoever. The Trustee shall pay the principal, interest and premium, if any, represented by the Certificates only to the respective Owners or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge all obligations with respect to payment of principal, interest and premium, if any, represented by the Certificates to the extent of the sum or sums so paid. No person other than a Certificate Owner shall receive a Certificate evidencing the obligation of the County to make payments of principal, interest and premium, if any, pursuant to this Trust Agreement. Upon delivery by the Depository to the County of written notice to the effect that the Depository has determined to substitute a new Nominee in its place, such new nominee shall become the Nominee hereunder for all purposes; and upon receipt of such a notice the County shall promptly deliver a copy of the same to the Trustee.

(b) *Representation Letter.* In order to qualify the Certificates for the Depository's book-entry system, the County shall execute and deliver to such Depository a letter representing such matters as shall be necessary to so qualify the Certificates. The execution and delivery of such letter shall not in any way limit the provisions of

subsection (a) above or in any other way impose upon the County or the Trustee any obligation whatsoever with respect to persons having interests in the Certificates other than the Certificate Owners. Upon the written acceptance by the Trustee, the Trustee shall agree to take all action reasonably necessary for all representations of the County in such letter with respect to the Trustee to at all times be complied with. In addition to the execution and delivery of such letter, the County may take any other actions, not inconsistent with this Trust Agreement, to qualify the Certificates for the Depository's book-entry program.

(c) *Transfers Outside Book-Entry System.* In the event that either (i) the Depository determines not to continue to act as Depository for the Certificates, or (ii) the County determines to terminate the Depository as such, then the County shall thereupon discontinue the book-entry system with such Depository. In such event, the Depository shall cooperate with the County and the Trustee in the issuance of replacement Certificates by providing the Trustee with a list showing the interests of the Depository System Participants in the Certificates, and by surrendering the Certificates, registered in the name of the Nominee, to the Trustee on or before the date such replacement Certificates are to be issued. The Depository, by accepting delivery of the Certificates, agrees to be bound by the provisions of this subsection (c). If, prior to the termination of the Depository acting as such, the County fails to identify another Securities Depository to replace the Depository, then the Certificates shall no longer be required to be 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 Certificates shall designate, in accordance with the provisions hereof.

In the event the County determines that it is in the best interests of the beneficial owners of the Certificates that they be able to obtain certificated Certificates, the County may notify the Depository System Participants of the availability of such certificated Certificates through the Depository. In such event, the Trustee will issue, transfer and exchange Certificates as required by the Depository and others in appropriate amounts; and whenever the Depository requests, the Trustee and the County shall cooperate with the Depository in taking appropriate action (y) to make available one or more separate certificates evidencing the Certificates to any Depository System Participant having Certificates credited to its account with the Depository, or (z) to arrange for another Securities Depository to maintain custody of a single certificate evidencing such Certificates, all at the County's expense.

(d) *Payments to the Nominee.* Notwithstanding any other provision of this Trust Agreement to the contrary, so long as any Certificate is registered in the name of the Nominee, all payments with respect to principal, interest and premium, if any, represented by such Certificate and all notices with respect to such Certificate shall be made and given, respectively, as provided in the letter described in subsection (b) of this Section or as otherwise instructed by the Depository.

Section 2.05. Payment of Certificates. Interest represented by the Certificates shall be payable on each Interest Payment Date, and shall represent the portion of Lease Payments designated as interest and coming due on such Interest Payment Date pursuant to the Lease

Agreement. The share of the portion of Lease Payments designated as interest with respect to any Certificate shall be computed by multiplying the portion of Lease Payments designated as principal represented by such Certificate by the rate of interest represented by such Certificate (calculated on the basis of a 360-day year of twelve 30-day months).

Interest represented by each Certificate shall be paid on each Interest Payment Date by check of the Trustee mailed on such Interest Payment Date by first class mail, postage prepaid, to the person appearing on the Registration Books as the Owner thereof as of the close of business on the preceding Record Date, at such Owner's address as it appears on the Registration Books; *provided, however,* that at the written request of the Owner of Certificates in an aggregate principal amount of at least $1,000,000, which written request is on file with the Trustee as of any Record Date, interest represented by such Certificates shall be paid on each succeeding Interest Payment Date by wire transfer in immediately available funds to such account within the United States of America as shall be specified in such written request.

The principal and prepayment price represented by any Certificate at maturity or upon prior prepayment shall be payable in lawful money of the United States of America upon presentation and surrender of such Certificate at the Office of the Trustee.

Section 2.06. Form of Certificates. The Certificates shall be substantially in the form set forth in Exhibit A attached hereto and by this reference incorporated herein. The Certificates shall be delivered in printed, lithographed or engraved form, subject to the provisions of Sections 2.04 and 2.11.

Section 2.07. Execution of Certificates. The Certificates shall be executed by and in the name of the Trustee by the manual signature of an authorized officer or signatory of the Trustee. If any officer or signatory whose signature appears on any Certificate ceases to be such officer or signatory before the date of delivery of said Certificate, such signature shall nevertheless be as effective as if the officer or signatory had remained in office until such date. Any Certificate may be executed on behalf of the Trustee by such person as at the actual date of the execution of such Certificate shall be the proper signatory of the Trustee.

Section 2.08. Transfer and Exchange.

(a) *Transfer of Certificates.* The registration of any Certificate may, in accordance with its terms, be transferred upon the Registration Books by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Certificate for cancellation at the Office of the Trustee, accompanied by delivery of a written instrument of transfer in a form approved by the Trustee, duly executed. The County shall pay all costs of the Trustee incurred in connection with any such transfers, except that the Trustee may require the payment by the Certificate Owner requesting such transfer of any tax or other governmental charge required to be paid with respect to such exchange. Whenever any Certificate or Certificates shall be surrendered for registration of transfer, the Trustee shall execute and deliver a new Certificate or Certificates representing the same maturity, interest rate and aggregate principal amount, in any authorized denominations.

(b) *Exchange of Certificates.* Certificates may be exchanged at the Office of the Trustee, for a like aggregate principal amount of Certificates representing other authorized denominations of the same interest rate and maturity. The County shall pay all costs of the Trustee incurred in connection with any such exchange, except that the Trustee may require the payment by the Certificate Owner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange.

(c) *Limitations on Transfer or Exchange.* The Trustee may refuse to transfer or exchange either (i) any Certificate during the period established by the Trustee for the selection of Certificates for prepayment, or (ii) the portion of any Certificate which the Trustee has selected for prepayment pursuant to the provisions of Section 3.02.

Section 2.09. Certificates Mutilated, Lost, Destroyed or Stolen. If any Certificate shall become mutilated, the Trustee, at the expense of the Owner of such Certificate, shall execute and deliver a new Certificate of like principal amount, interest rate and maturity in replacement for the Certificate so mutilated, but only upon surrender to the Trustee of the Certificate so mutilated. Every mutilated Certificate so surrendered to the Trustee shall be cancelled by it and destroyed by the Trustee, in accordance with its retention policy then in effect. If any Certificate shall be lost, destroyed or stolen, evidence of such loss, destruction or theft must be submitted to the Trustee, and, if such evidence is satisfactory to the Trustee and, if an indemnity satisfactory to the Trustee shall be given, the Trustee, at the expense of the Certificate Owner, shall execute and deliver a new Certificate of like principal amount, interest rate and maturity and numbered as the Trustee shall determine in lieu of and in replacement for the Certificate so lost, destroyed or stolen. The Trustee may require payment of an appropriate fee for each replacement Certificate delivered under this Section 2.09 and of the expenses which may be incurred by the Trustee in carrying out the duties under this Section 2.09. Any Certificate issued under the provisions of this Section 2.09 in lieu of any Certificate alleged to be lost, destroyed or stolen shall be equally entitled to the benefits of this Trust Agreement with all other Certificates secured by this Trust Agreement. The Trustee shall not be required to treat both the original Certificate and any replacement Certificate as being Outstanding for the purpose of determining the principal amount of Certificates which may be executed and delivered hereunder or for the purpose of determining any percentage of Certificates Outstanding hereunder, but both the original and replacement Certificate shall be treated as one and the same. Notwithstanding any other provision of this Section 2.09, in lieu of delivering a replacement for a Certificate which has been mutilated, lost, destroyed or stolen, and which has matured, the Trustee may make payment with respect to such Certificate upon receipt of indemnity satisfactory to the Trustee.

Section 2.10. Execution of Documents and Proof of Ownership. Any request, direction, consent, revocation of consent, or other instrument in writing required or permitted by this Trust Agreement to be signed or executed by Certificate Owners may be in any number of concurrent instruments of similar tenor, and may be signed or executed by such Owners in person or by their attorneys or agents appointed by an instrument in writing for that purpose, or by any bank, trust company or other depository for such Certificates. Proof of the execution of any such instrument, or of any instrument appointing any such attorney or agent, and of the ownership of Certificates shall be sufficient for any purpose of this Trust Agreement (except as otherwise herein provided), if made in the following manner:

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

(b) The fact of the ownership of Certificates by any person and the amount, the maturity and the numbers of such Certificates and the date of such person's ownership thereof shall be proved by the Registration Books.

Nothing contained in this Section 2.10 shall be construed as limiting the Trustee to such proof, it being intended that the Trustee may accept any other evidence of the matters herein stated which the Trustee may deem sufficient. Any request or consent of the Owner of any Certificate shall bind every future Owner of the same Certificate in respect of anything done or suffered to be done by the Trustee pursuant to such request or consent.

Section 2.11. Temporary Certificates. The Certificates may be issued in temporary form exchangeable for definitive Certificates when ready for delivery. Any temporary Certificates may be printed, lithographed or typewritten, shall be of authorized denominations, shall be in fully registered form without coupons and may contain such reference to any of the provisions of this Trust Agreement as may be appropriate. Every temporary Certificate shall be executed by the Trustee upon the same conditions and in substantially the same manner as the definitive Certificates. If the Trustee delivers temporary Certificates it will execute and deliver definitive Certificates as promptly thereafter as practicable, and thereupon the temporary Certificates shall be surrendered, for cancellation, in exchange therefor at the Office of the Trustee who shall execute and deliver in exchange for such temporary Certificates an equal aggregate principal amount of definitive Certificates of authorized denominations. Until so exchanged, the temporary Certificates shall be entitled to the same benefits under this Trust Agreement as definitive Certificates executed and delivered hereunder.

Section 2.12. Registration Books. The Trustee shall keep or cause to be kept sufficient records for the registration and registration of transfer of the Certificates, which shall at all reasonable times be open to inspection by the County and the Corporation during regular business hours and upon prior notice; and, upon presentation for such purpose, the Trustee shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on the Registration Books, Certificates as hereinbefore provided.

Section 2.13. Payment Procedure Pursuant to Municipal Bond Insurance Policy.

[to come]

ARTICLE III

PREPAYMENT OF CERTIFICATES

Section 3.01. Prepayment.

(a) *Optional Prepayment.* The Certificates maturing on or before February 1, ____, are not subject to optional prepayment prior to the respective stated maturities. The Certificates maturing on or after February 1, _____, are subject to optional prepayment in whole or in part, on any Business Day on or after February 1, ____, from prepayments of the Lease Payments made at the option of the County pursuant to Section 9.2 of the Lease, at a prepayment price (expressed as a percentage of the principal amount to be prepaid), as set forth in the following table together with accrued interest represented thereby to the date fixed for prepayment.

Prepayment Dates	Prepayment Price
February 1, ____ through January 31, ____	___%
February 1, ____ and thereafter	___

Deleted: November 30

(b) *Prepayment From Net Proceeds of Insurance or Eminent Domain.* The Certificates are also subject to mandatory prepayment on any Business Day, in whole or in part, from the Net Proceeds of insurance or eminent domain proceedings credited towards the prepayment of the Lease Payments pursuant to Section 9.3 of the Lease, at a prepayment price equal to 100% of the principal amount to be prepaid, together with accrued interest represented thereby to the date fixed for prepayment, without premium.

Section 3.02. Selection of Certificates for Prepayment. Whenever provision is made in this Trust Agreement for the prepayment of Certificates and less than all Outstanding Certificates are called for prepayment, the Trustee shall select Certificates for prepayment among maturities in any manner as directed by the County, and in the absence of such direction, pro rata among maturities, and by lot within a maturity. For the purposes of such selection, Certificates shall be deemed to be composed of $5,000 portions, and any such portion may be separately prepaid. The Trustee shall promptly notify the County and the Corporation in writing of the Certificates or portions thereof so selected for prepayment.

Section 3.03. Notice of Prepayment. When prepayment is authorized or required pursuant to Section 3.01, the Trustee shall give notice of the prepayment of the Certificates on behalf and at the expense of the County. Such notice shall state the publication date, the Trustee's name and address, the date of issue, the prepayment date and prepayment price and, if less than all of the then Outstanding Certificates are to be called for prepayment, shall designate the CUSIP numbers, the Certificate numbers, and the amounts of the Certificates to be prepaid by giving the individual number of each Certificate or by stating that all Certificates between two stated numbers, both inclusive, have been called for prepayment or by stating that all of the Certificates of one or more maturities have been called for prepayment, and shall

require that such Certificates be surrendered on the prepayment date at the Office of the Trustee for prepayment at said prepayment price, giving notice also that further interest represented by the Certificates will not accrue after the prepayment date. Such notice shall further state that on the prepayment date there shall become due and payable, the principal and premium, if any, represented by each Certificate together with accrued interest represented thereby to said date, and that from and after such date interest represented thereby shall cease to accrue and be payable.

Notice of such prepayment shall be mailed by first class mail with postage prepaid, to one or more of the Information Services, and to the Owners of Certificates designated for prepayment at their respective addresses appearing on the Registration Books, at least thirty (30) days but not more than sixty (60) days prior to the prepayment date. Such notice shall, in addition to setting forth the above information, set forth, in the case of each Certificate called only in part, the portion of the principal represented thereby which is to be prepaid; *provided, however,* that neither failure to receive such notice so mailed nor any defect in any notice so mailed shall affect the sufficiency of the proceedings for the prepayment of such Certificates or the cessation of accrual of interest represented thereby from and after the date fixed for prepayment.

Section 3.04. Partial Prepayment of Certificates. Upon surrender of any Certificate prepaid in part only, the Trustee shall execute and deliver to the Owner thereof, at the expense of the County, a new Certificate or Certificates of authorized denominations equal in aggregate principal amount to the unprepaid portion of the Certificate surrendered and of the same interest rate and the same maturity.

Section 3.05. Effect of Notice of Prepayment. Moneys for the prepayment (including the interest to the applicable date of prepayment) of Certificates having been set aside in the Lease Payment Fund shall become due and payable on the date of such prepayment, and, upon presentation and surrender thereof at the Office of the Trustee, said Certificates shall be paid at the unpaid principal amount (or applicable portion thereof) represented thereby plus interest accrued and unpaid to said date of prepayment.

If, on said date of prepayment, moneys for the prepayment of all the Certificates to be prepaid, together with interest represented thereby to said date of prepayment, shall be held by the Trustee so as to be available therefor on such date of prepayment, then, from and after said date of prepayment, interest represented by the Certificates shall cease to accrue and become payable. All moneys held by the Trustee for the prepayment of Certificates shall be held in trust for the account of the Owners of the Certificates so to be prepaid, and shall be held by the Trustee in cash uninvested.

All Certificates paid at maturity or prepaid prior to maturity pursuant to the provisions of this Article III shall be cancelled upon surrender thereof and destroyed in accordance with the Trustee's retention policy then in effect.

Section 3.06. Purchase of Certificates. In lieu of prepayment of Certificates as provided in this Article III, amounts held by the Trustee for such prepayment shall, at the written request of the County Representative, at least 90 days before the date of prepayment of the Certificates

be applied by the Trustee to the purchase of Certificates at public or private sale as and when and at such prices (including brokerage, accrued interest and other charges) as the County may in its discretion direct, but not to exceed the prepayment price which would be payable if such Certificates were prepaid. The aggregate principal amount of Certificates of the same maturity purchased in lieu of prepayment pursuant to this Section 3.06 shall not exceed the aggregate principal amount of Certificates of such maturity which would otherwise be subject to such prepayment.

ARTICLE IV

DISPOSITION OF PROCEEDS; RESERVE FUND, COSTS OF ISSUANCE FUND AND ESCROW FUND

Section 4.01. Application of Proceeds. The proceeds received by the Trustee from the sale of the Certificates on the Closing Date shall forthwith be set aside by the Trustee in the following respective funds and in the following order of priority:

(a) The Trustee shall deposit $_____ in the Costs of Issuance Fund.

(b) The Trustee shall deposit $_____ in the Reserve Fund.

(c) The Trustee shall deposit $_____, constituting the remainder of such proceeds, in the Escrow Fund.

For record keeping purposes, the Trustee may establish such accounts as may be necessary to reflect such transfer of proceeds.

Section 4.02. Reserve Fund.

The Trustee shall establish a special fund designated as the "Reserve Fund", to be held separate and apart from all other funds and moneys held by the Trustee in trust for the benefit of the Owners of the Certificates, and applied solely as provided herein. There shall be deposited in the Reserve Fund the proceeds of the Certificates deposited therein pursuant to Sections 4.01(b), and any other funds from time to time deposited therein by the Trustee for such purpose.

All moneys at any time on deposit in the Reserve Fund shall be applied solely as provided in this Section 4.02. If on any Payment Date the moneys available in the Lease Payment Fund do not equal the amount of the principal and interest and prepayment premiums (if any) represented by the Certificates then coming due and payable, the Trustee shall apply the moneys available in the Reserve Fund to make delinquent Lease Payments on behalf of the County by transferring the amount necessary for this purpose to the Lease Payment Fund. Upon receipt of any delinquent Lease Payment or portion thereof with respect to which moneys have been advanced from the Reserve Fund, such Lease Payment or portion thereof shall be deposited in the Reserve Fund to the extent of such advance. Any amounts on hand in the Reserve Fund in excess of the Reserve Requirement shall, on or prior to each Payment Date, prior to the Completion Date, be transferred to the Construction Fund, and thereafter, to the Lease Payment Fund.

If on any Payment Date the moneys on deposit in the Reserve Fund and the Lease Payment Fund (excluding amounts required for payment of principal, interest and prepayment premium, if any, represented by any Certificates theretofore having come due but not presented for payment) are sufficient to pay all Outstanding Certificates, including all principal, interest and prepayment premiums (if any), the Trustee shall, upon the Written Request of the County, transfer all amounts then on deposit in the Reserve Fund to the Lease Payment Fund to be

applied to the payment of the Lease Payments on behalf of the County. Any amounts remaining in the Reserve Fund on the date of payment in full or provision for such payment of all Outstanding Certificates shall be withdrawn by the Trustee and at the Written Request of the County applied towards such payment or paid to the County.

Section 4.03. Costs of Issuance Fund. The Trustee shall establish a special fund designated as the "Costs of Issuance Fund", shall keep such fund separate and apart from all other funds and moneys held by it, and shall administer such fund as provided herein. There shall be deposited in the Costs of Issuance Fund from the proceeds of the sale of the Certificates the amount required to be deposited therein pursuant to Section 4.01(b) hereto, together with any other amounts from time to time deposited with the Trustee for such purpose as may be identified in writing to the Trustee by a County Representative.

Amounts in the Costs of Issuance Fund shall be disbursed by the Trustee for Costs of Issuance only upon a receipt of a sequentially numbered requisition, signed by a County Representative, setting forth the amounts to be disbursed for payment or reimbursement of Costs of Issuance and the name and address of the person or persons to whom said amounts are to be disbursed, stating that the amounts to be disbursed are for Costs of Issuance as defined herein and shall include invoices substantiating the amount requested.

Upon payment of all Costs of Issuance, which shall be determined by a Certificate of the County Representative to the effect, and in any event not later than six (6) months after the Closing Date, the Trustee shall close the Costs of Issuance Fund and transfer any funds remaining therein to the Lease Payment Fund.

Section 4.04. Escrow Fund . There is hereby created a separate Fund to be known as the "County of Napa Refunded 1996 Certificates Escrow Fund", herein referred to as the "Escrow Fund", to be held in trust by the Trustee. The Trustee shall deposit into the Escrow Fund, from proceeds of the Certificates, the amount specified in Section 4.01(c), and in addition, shall transfer to the Escrow Fund, from amounts held under the 1996 Trust Agreement (1) $_____ from the Reserve Fund held under the 1996 Trust Agreement, and (2) $_____ from the Lease Payment Fund for the 1996 Certificates, resulting in a total deposit to the Escrow Fund of $_____.

The Trustee shall disburse moneys in the Escrow Fund for the purpose of paying the redemption price of the 1996 Certificates on _____, 2005 (the "1996 Certificates Redemption Date"), calculated as $_____ principal amount of 1996 Certificates outstanding on the Closing Date, plus accrued interest of $_____ to the 1996 Certificates Redemption Date, plus a premium of $_____, for a total of $_____ required to pay the full redemption price of the 1996 Certificates on the 1996 Certificates Redemption Date. [Pending said application to redeem the 1996 Certificates, the Trustee shall invest $_____ of the funds in the Escrow Fund in the Federal Securities consisting of State and Local Government Series - One Day Certificate of Indebtedness/Demand Deposit.] Any interest earning on hand in the Escrow Fund remaining therein after payment in full of the 1996 Certificates shall be transferred to the Lease Payment Fund.

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ARTICLE V

LEASE PAYMENTS; LEASE PAYMENT FUND

Section 5.01. Assignment of Rights in Lease. Pursuant to the Assignment Agreement, the Corporation has in the Assignment Agreement transferred, assigned and set over to the Trustee certain of its rights under the Lease, including but not limited to all of the Corporation's rights to receive and collect all of the Lease Payments and all other amounts required to be deposited in the Lease Payment Fund. All Lease Payments and such other amounts to which the Corporation may at any time be entitled shall be paid directly to the Trustee, and all of the Lease Payments collected or received by the Corporation shall be deemed to be held and to have been collected or received by the Corporation as the agent of the Trustee, and all such Lease Payments and such other amounts shall be forthwith deposited by the Trustee upon the receipt thereof in the Lease Payment Fund, except as provided in Section 4.02.

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

Section 5.03. Deposits. There shall be deposited in the Lease Payment Fund all Lease Payments received by the Trustee (except as provided in Section 4.02), including any moneys received by the Trustee for deposit therein pursuant to Sections 4.01(a) or 5.01 or pursuant to Article VI hereof, or Article IX of the Lease, and any other moneys required to be deposited therein pursuant to the Lease or pursuant to this Trust Agreement.

Section 5.04. Application of Moneys. All amounts in the Lease Payment Fund shall be used and withdrawn by the Trustee solely for the purpose of paying the principal, interest and prepayment premiums (if any) represented by the Certificates as the same shall become due and payable, in accordance with the provisions hereof.

Section 5.05. Surplus. Any surplus remaining in the Lease Payment Fund, after prepayment and payment of all Certificates, including premiums and accrued interest (if any) and payment of any applicable fees and expenses to the Trustee, or provision for such prepayment or payment having been made to the satisfaction of the Trustee, shall be withdrawn by the Trustee and remitted to the County.

ARTICLE VI

INSURANCE AND CONDEMNATION FUND

Section 6.01. Establishment of Insurance and Condemnation Fund; Application of Net Proceeds of Insurance Award. Any Net Proceeds of insurance collected by the County in the event of accident to or destruction of the Leased Property shall be paid to the Trustee pursuant to Section 6.1 of the Lease and deposited by the Trustee promptly upon receipt thereof in a special fund designated as the "Insurance and Condemnation Fund" which the Trustee shall thereupon establish. If the County determines and notifies the Trustee in writing of its determination, within ninety (90) days following the date of such deposit, that the replacement, repair, restoration, modification or improvement of the Leased Property is not economically feasible or in the best interests of the County, then such Net Proceeds shall be promptly transferred by the Trustee to the Lease Payment Fund and applied to the prepayment of Lease Payments pursuant to Section 9.3 of the Lease and the corresponding prepayment of Certificates pursuant to Section 3.01(b). In the event of damage or destruction of the Leased Property in full, such Net Proceeds may be transferred by the County to the Lease Payment Fund to be used to prepay Outstanding Certificates only if such Net Proceeds, together with other available moneys, are sufficient to cause the corresponding prepayment of all Lease Payments. All Net Proceeds deposited in the Insurance and Condemnation Fund and not so transferred to the Lease Payment Fund shall be applied to the prompt replacement, repair, restoration, modification or improvement of the damaged or destroyed portions of the Leased Property by the County, and shall be disbursed by the Trustee at the direction of the County upon receipt of written requisitions of a County Representative stating with respect to each payment to be made (a) the name and address of the person, firm or corporation to whom payment is due, (b) the amount to be paid and (c) that each obligation mentioned therein has been properly incurred, is a proper charge against the Insurance and Condemnation Fund, has not been the basis of any previous withdrawal, and specifying in reasonable detail the nature of the obligation, accompanied by a bill or a statement of account for such obligation. The Trustee shall not be responsible for such requisitions and shall be under no duty to investigate or verify any statements made therein. Any balance of the Net Proceeds, including all interest or income received on the investment thereof, remaining after the County shall file a written certificate with the Trustee stating that such work has been completed shall be paid to the County.

Section 6.02. Deposit and Application of Net Proceeds of Eminent Domain Award. If all or any part of the Leased Property shall be taken by eminent domain proceedings (or sold to a government threatening to exercise the power of eminent domain) the Net Proceeds therefrom shall be deposited with the Trustee in the Insurance and Condemnation Fund, pursuant to Section 6.1 of the Lease, and shall be applied and disbursed by the Trustee as follows:

(a) If the County has given written notice to the Trustee of its determination that (i) such eminent domain proceedings have not materially affected the interest of the County in the Leased Property, or the ability of the County to meet any of its financial obligations under the Lease, and (ii) that such proceeds are not needed for repair, replacement or rehabilitation of the Leased Property, and the County has given written notice to the Trustee of such determination, the Trustee shall transfer such proceeds to

the Lease Payment Fund to be credited towards the payment of the Lease Payments as the same become due and payable.

(b) If the County has given written notice to the Trustee of its determination that (i) such eminent domain proceedings have not materially affected the interest of the County in the Leased Property, or the ability of the County to meet any of its financial obligations under the Lease, and (ii) such proceeds are needed for repair, replacement or rehabilitation of the Leased Property, the Trustee shall pay to the County, or to its order, from said proceeds such amounts as the County may expend for such repair or rehabilitation, upon the filing of requisitions of the County Representative meeting the requirements of Section 6.01. The balance of such proceeds not needed for repair, replacement or rehabilitation of the Leased Property shall be transferred by the Trustee to the Lease Payment Fund to be credited toward the payment of the Lease Payments as the same become due and payable.

(c) If (i) less than all of the Leased Property shall have been taken in such eminent domain proceedings or sold to a government threatening the use of eminent domain powers, and if the County has given written notice to the Trustee of its determination that such eminent domain proceedings have materially affected the interest of the County in the Leased Property, or the ability of the County to meet any of its financial obligations under the Lease, or (ii) all of the Leased Property shall have been taken in such eminent domain proceedings, then the Trustee shall transfer such proceeds to the Lease Payment Fund to be credited toward the prepayment of the Lease Payments pursuant to Section 9.3 of the Lease and applied to the corresponding prepayment of Certificates in the manner provided in Section 3.01(b) on a prepayment date, designated by the County, at least 75 days after such notice by the County to the Trustee.

In making any such determination whether to repair, replace or rehabilitate the Leased Property under this Section 6.02, the County may obtain, but shall not be required to obtain, at its expense, the report of an independent engineer or other independent professional consultant, a copy of which shall be filed with the Trustee for information purposes only. Any such determination by the County shall be final.

ARTICLE VII

MONEYS IN FUNDS; INVESTMENTS

Section 7.01. Held in Trust. The moneys and Permitted Investments held by the Trustee under this Trust Agreement shall be irrevocably held in trust for the benefit of the County and the Certificate Owners solely for the purposes herein specified, and such moneys, and any income or interest earned thereon, shall be expended only as provided in this Trust Agreement, and shall not be subject to levy or attachment or lien by or for the benefit of any creditor of the Corporation, the Trustee, the County or the Owner of any Certificates.

Section 7.02. Investments Authorized. Upon the written request of a County Representative filed with the Trustee not less than two (2) Business Days prior to the proposed investment date, moneys held by the Trustee in any fund or account hereunder shall be invested and reinvested by the Trustee in Permitted Investments selected by the County and specified in such written request of the County, which mature not later than the date such moneys are required or estimated by the County to be required to be expended hereunder. In the absence of any written request of the County directing the investment of uninvested moneys held by the Trustee hereunder, the Trustee shall invest such moneys in Permitted Investments described in clause (d) of the definition thereof. Such investments, if registrable, shall be registered in the name of the Trustee, as trustee or in the name of its nominee, and shall be held by the Trustee or its agent. The Trustee may purchase or sell to itself or any affiliate, as principal or agent, investments authorized by this Section 7.02. Such investments and reinvestments shall be made giving full consideration to the time at which funds are required to be available. The Trustee may act as principal, agent, sponsor, advisor or depository in the making or disposing of any investment. Whenever in this Trust Agreement any moneys are required to be transferred by the County to the Trustee, such transfer may be accomplished by transferring a like amount of Permitted Investments. For purposes of acquiring any investments hereunder, the Trustee may commingle funds held by it hereunder upon the written request of the County. The Trustee shall not be responsible or liable for selection or liquidation of investment or any loss suffered in connection with any investment of funds made by it in accordance with this Section 7.02.

Section 7.03. Accounting. The Trustee shall furnish to the County, not less than monthly, an accounting (in the form customarily used by the Trustee) of all investments and other transactions made by the Trustee pursuant to this Trust Agreement.

Section 7.04. Allocation of Earnings. All interest or income received by the Trustee on investment of the Lease Payment Fund shall be retained in the Lease Payment Fund and applied as a credit against the Lease Payment due by the County pursuant to the Lease Agreement on the Lease Payment Date following the date of deposit. All interest or income received by the Trustee on investment of the Reserve Fund (if any) shall be retained in the Reserve Fund in the event that amounts on deposit in the Reserve Fund are less than the Reserve Requirement. In the event that amounts then on deposit in the Reserve Fund equal or exceed the Reserve Requirement, such excess shall be transferred to the Lease Payment Fund on or prior to each Interest Payment Date. All interest or income in the Costs of Issuance Fund shall be retained therein until the Costs of Issuance Fund is closed pursuant to Section 4.03.

The County, by its execution of this Trust Agreement, 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, the County specifically waive receipt of such confirmations to the extent permitted by law. The Trustee shall have no duty or obligation to determine the legality of any investments.

Section 7.05. Acquisition, Disposition, and Valuation of Investments.

(a) Except as otherwise provided in subsection (b) of this Section, the County covenants that all investments of amounts deposited in any fund or account created by or pursuant to this Trust Agreement, or otherwise containing gross proceeds of the Certificates (within the meaning of section 148 of the Tax Code) shall be acquired, disposed of, and valued (as of the date that valuation is required by this Trust Agreement or the Tax Code) at Fair Market Value. The Trustee shall have no duty in connection with the determination of Fair Market Value other than to follow the investment directions of the County Representative.

(b) The County further covenants that investments in funds or accounts (or portions thereof) that are subject to a yield restriction under applicable provisions of the Tax Code and (unless valuation is undertaken at least annually) investments in the Reserve Fund shall be valued at their present value (within the meaning of section 148 of the Tax Code).

ARTICLE VIII

THE TRUSTEE

Section 8.01. Appointment of Trustee. U.S. Bank National Association is hereby appointed Trustee by the Corporation and the County for the purpose of receiving all moneys required to be deposited with the Trustee hereunder and to allocate, use and apply the same as provided in this Trust Agreement. The Corporation and the County agree that any successor Trustee shall have a corporate office in California, shall have (or its parent holding company shall have) a combined capital and surplus of at least Fifty Million Dollars ($50,000,000), and shall be subject to supervision or examination by Federal or state authority, so long as any Certificates are Outstanding. If the Trustee (or its parent holding company) publishes a report of condition at least annually pursuant to law or to the requirements of any supervising or examining authority above referred to then for the purpose of this Section 8.01 the combined capital and surplus of such bank or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

The Trustee is hereby authorized to pay or prepay the Certificates when duly presented for payment at maturity, or on prepayment, or on purchase by the Trustee as directed by the County prior to maturity in accordance with Section 3.06, and to cancel all Certificates upon payment thereof. The Trustee shall keep accurate records of all funds administered by it and of all Certificates paid and discharged. The Trustee shall be compensated for its services rendered and its expenses incurred pursuant to the provisions of this Trust Agreement.

Section 8.02. Acceptance of Trusts. The Trustee hereby accepts the trusts imposed upon it by this Trust Agreement, and agrees to perform said trusts, but only upon and subject to the following express terms and conditions:

(a) The Trustee shall be required to perform such duties and only such duties as are specifically set forth in this Trust Agreement, and no implied duties or obligations shall be read into this Trust Agreement. In case an Event of Default has occurred (which has not been cured or waived) the Trustee may exercise such of the rights and powers vested in it by this Trust Agreement, and shall use the same degree of care and skill in their exercise, as a reasonable person would exercise or use under the circumstances in the conduct of his own affairs.

(b) No provision in this Trust Agreement shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

(c) The Trustee may execute any of the trusts or powers hereof and perform the duties required of it hereunder by or through attorneys, agents, or receivers and the Trustee shall not be responsible for any willful misconduct or negligence on the part of any attorney, agent or receiver appointed with due care. The Trustee shall be entitled to advice of counsel (including counsel to the County or to the Corporation), concerning all

matters of trust and its duty hereunder and shall be fully and completely protected in any action taken or suffered by it hereunder in reliance on such advice.

(d) The Trustee shall not be responsible for any recital herein, or in the Certificates, or for any of the supplements thereto or instruments of further assurance, or for the sufficiency of the security for the Certificates issued hereunder or intended to be secured hereby and the Trustee shall not be bound to ascertain or inquire as to the observance or performance of any covenants, conditions or agreements on the part of the Corporation or the County under the Lease or, except as provided in Section 8.02(i), hereunder. The Trustee shall not be responsible or liable for any loss suffered in connection with any investment of funds made by it in accordance with Article VII of this Trust Agreement.

(e) The Trustee shall not be accountable for the use of any Certificates delivered hereunder. The Trustee may become the Owner of Certificates secured hereby with the same rights which it would have if not the Trustee; may acquire and dispose of other bonds or evidence of indebtedness of the County with the same rights it would have if it were not the Trustee; and may act as a depository for and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Owners of Certificates, whether or not such committee shall represent the Owners of the majority in aggregate principal amount of the Certificates then Outstanding.

(f) In the absence of willful misconduct on its part, the Trustee shall be protected in acting upon any notice, request, consent, certificate, order, affidavit, report, opinion, letter, telegram or other paper or document believed by it to be genuine and correct and to have been signed or sent by the proper person or persons. Any action taken or omitted to be taken by the Trustee in good faith pursuant to this Trust Agreement upon the request or authority or consent of any person who at the time of making such request or giving such authority or consent is the Owner of any Certificate, shall be conclusive and binding upon all future Owners of the same Certificate and upon Certificates issued in exchange therefor or in place thereof. The Trustee shall not be bound to recognize any person as an Owner of any Certificate or to take any action at his request unless such person shall be shown as the Owner of such Certificate on the Registration Books.

(g) As to the existence or non-existence of any fact or as to the sufficiency or validity of any instrument, paper or proceeding, the Trustee shall be entitled to rely upon a certificate signed by a Corporation Representative or a County Representative as sufficient evidence of the facts therein contained and prior to the occurrence of an Event of Default of which the Trustee has been given notice or is deemed to have notice, as provided in Section 8.02(i) hereof, shall also be at liberty to accept a similar certificate to the effect that any particular dealing, transaction or action is necessary or expedient, but may at its discretion secure such further evidence deemed by it to be necessary or advisable, but shall in no case be bound to secure the same. The Trustee may accept a certificate of a Corporation Representative or a County Representative to the effect that an authorization in the form therein set forth has been adopted by the Corporation or

the County, as the case may be, as conclusive evidence that such authorization has been duly adopted, and is in full force and effect.

(h) The permissive right of the Trustee to do things enumerated in this Trust Agreement shall not be construed as a duty and it shall not be answerable for other than its negligence or willful misconduct. The immunities and exceptions from liability of the Trustee shall extend to its officers, directors, employees and agents.

(i) The Trustee shall not be required to take notice or be deemed to have notice of any Event of Default hereunder except failure by the County to make any of the Lease Payments to the Trustee required to be made by the County pursuant to the Lease or failure by the Corporation or the County to file with the Trustee any document required by this Trust Agreement or the Lease to be so filed subsequent to the delivery of the Certificates, unless a Responsible Officer of the Trustee shall have actual knowledge thereof or shall be specifically notified in writing of such default by the Corporation, the County or the Owners of at least twenty-five percent (25%) in aggregate principal amount of Certificates then Outstanding and all notices or other instruments required by this Trust Agreement to be delivered to the Trustee must, in order to be effective, be delivered at the Office of the Trustee, and in the absence of such notice so delivered the Trustee may conclusively assume there is no Event of Default except as aforesaid.

(j) At any and all reasonable times the Trustee, and its duly authorized agents, attorneys, experts, engineers, accountants and representatives, shall have the right fully to inspect the Leased Property, including all books, papers and records of the Corporation or the County pertaining to the Leased Property and the Certificates, and to take such memoranda from and with regard thereto as may be desired.

(k) The Trustee shall not be required to give any bond or surety in respect of the execution of the said trusts and powers or otherwise in respect of the premises.

(l) Notwithstanding anything elsewhere in this Trust Agreement with respect to the execution of any Certificates, the withdrawal of any cash, the release of any property, or any action whatsoever within the purview of this Trust Agreement, the Trustee shall have the right, but shall not be required, to demand any showings, certificates, opinions, appraisals or other information, or corporate action or evidence thereof, in addition to that by the terms hereof required as a condition of such action, which may be deemed desirable by the Trustee for the purpose of establishing the right of the Corporation or the County to the execution of any Certificates, the withdrawal of any cash, or the taking of any other action by the Trustee.

(m) Before taking any action referred to in Section 12.02, the Trustee may require that a satisfactory indemnity bond be furnished by the Owners of the Outstanding Certificates, or any of them, for the reimbursement of all expenses to which it may be put and to protect it against all liability, except liability which is adjudicated to have resulted from its negligence or willful misconduct in connection with any such action.

(n) All moneys received by the Trustee shall, until used or applied or invested as herein provided, be held in trust for the purposes for which they were received but need not be segregated from other funds except to the extent required by law. The Trustee shall not be under any liability for interest on any moneys received hereunder, other than interest derived from investments made pursuant to Section 7.02.

(o) The Trustee shall not be responsible for the sufficiency of the Lease, its right to receive moneys pursuant to the Lease, or the value of or title to the Leased Property.

(p) 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 a majority (or any lesser amount that may direct the Trustee in accordance with the Trust Agreement) in aggregate principal amount of the Outstanding Certificates 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.

Section 8.03. Fees, Charges and Expenses of Trustee. The Trustee shall be entitled to payment and reimbursement by the County for fees for its services rendered hereunder as separately agreed, and all advances (together with interest at the rate of 10% per annum), counsel fees (including expenses and allocated costs of in-house counsel) and other expenses reasonably made or incurred by the Trustee in connection with such services. Upon an Event of Default, but only upon an Event of Default, the Trustee shall have a first lien with right of payment prior to payment on account of principal, premium, if any, and interest represented by any Certificate upon the amounts held hereunder for the foregoing fees, charges and expenses incurred by it respectively.

Section 8.04. Notice to Certificate Owners of Default. If an Event of Default occurs of which the Trustee has been given or is deemed to have notice, as provided in Section 8.02(i), then the Trustee shall within thirty (30) days give written notice thereof by first class mail, postage prepaid, to the Owner of each Outstanding Certificate, unless such Event of Default shall have been cured before the giving of such notice; *provided, however* that unless such Event of Default consists of the failure by the County to make any Lease Payment when due, the Trustee may elect not to give such notice to the Certificate Owners if and so long as the Trustee in good faith determines that such Event of Default does not materially adversely affect the interests of the Certificate Owners or that it is otherwise not in the best interests of the Certificate Owners to give such notice.

Section 8.05. Removal of Trustee. So long as no Event of Default (or any event which, if not cured, with the passage of time would become an Event of Default) shall have occurred and be continuing, the County may, upon at least thirty (30) days' prior written notice and with the consent of the Corporation and the Municipal Bond Insurer, remove the Trustee initially appointed, and any successor thereto, by an instrument or concurrent instruments in writing delivered to the Trustee and the Corporation, and may appoint a successor or successors thereto; provided that any such successor shall be a bank or trust company meeting the requirements set forth in Section 8.01. Said appointment shall be effective upon acceptance of its appointment by the successor Trustee.

Section 8.06. Resignation by Trustee. The Trustee and any successor Trustee may at any time resign by giving written notice by registered or certified mail to the County and the Corporation. Upon receiving such notice of resignation, the County shall promptly appoint a successor Trustee. Any resignation or removal of the Trustee and appointment of a successor Trustee shall become effective upon acceptance of appointment by the successor Trustee. Upon such acceptance, the successor Trustee shall mail notice thereof to the Certificate Owners at their respective addresses set forth on the Registration Books.

Section 8.07. Appointment of Successor Trustee. In the event of the removal or resignation of the Trustee pursuant to Sections 8.05 or 8.06, respectively, the County shall promptly appoint a successor Trustee. In the event the County shall for any reason whatsoever fail to appoint a successor Trustee within thirty (30) days following the delivery to the Trustee of the instrument described in Section 8.05 or within thirty (30) days following the receipt of notice by the County pursuant to Section 8.06, the Trustee may apply to a court of competent jurisdiction for the appointment of a successor Trustee meeting the requirements of Section 8.01. Any such successor Trustee appointed by such court shall become the successor Trustee hereunder upon acceptance of appointment by the successor Trustee notwithstanding any action by the County purporting to appoint a successor Trustee following the expiration of such thirty-day period.

Section 8.08. Merger or Consolidation. Any company or association into which the Trustee may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company or association to which the Trustee may sell or transfer all or substantially all of its corporate trust business, provided that such company or association shall be eligible under Section 8.01, shall be the successor to the Trustee and vested with all of the title to the trust estate and all of the trusts, powers, discretions, immunities, privileges and all other matters as was its predecessor, without the execution or filing of any paper or further act, anything herein to the contrary notwithstanding.

Section 8.09. Concerning any Successor Trustee. Every successor Trustee appointed hereunder shall execute, acknowledge and deliver to its predecessor and also the Corporation and the County an instrument in writing accepting such appointment hereunder and thereupon such successor, without any further act, deed or conveyance, shall become fully vested with all the estates, properties, rights, powers, trusts, duties and obligations of its predecessors; but such predecessor shall, nevertheless, on the written request of the Corporation, or of its successor, execute and deliver an instrument transferring to such successor all the estates, properties, rights, powers and trusts of such predecessor hereunder; and every predecessor Trustee shall deliver all securities and moneys held by it as the Trustee hereunder to its successor. Should any instrument in writing from the Corporation be reasonably required by any successor Trustee for more fully and certainly vesting in such successor the estate, rights, powers and duties hereby vested or intended to be vested in the predecessor, any and all such instruments in writing shall, on request, be executed, acknowledged and delivered by the Corporation. The resignation of any Trustee and the instrument or instruments removing any Trustee and appointing a successor hereunder, together with all other instruments provided for in this

Article VIII, or a memorandum thereof, shall be filed or recorded by the successor Trustee in each recording office where the Assignment Agreement shall have been filed or recorded.

Section 8.10. Non-Liability of Trustee. The recitals, statements and representations by the County and the Corporation contained in this Trust Agreement or in the Certificates shall be taken and construed as made by and on the part of the County and the Corporation, as the case may be, and not by the Trustee, and the Trustee does not assume, and shall not have, any responsibility or obligation for the correctness of any thereof.

The Trustee makes no representation or warranty, express or implied as to the title, value, design, compliance with specifications or legal requirements, quality, durability, operation, condition, merchantability or fitness for any particular purpose or fitness for the use contemplated by the County or Corporation of the Leased Property. In no event shall the Trustee be liable for special or consequential damages in connection with or arising from the Lease for the existence, furnishing or use of the Leased Property.

The Trustee shall not be: (a) responsible for the sufficiency or enforceability of the Lease or the assignment under the Assignment Agreement of its rights to receive Lease Payments; (b) deemed to have knowledge of any Event of Default except as provided in Section 8.02(i); or (c) accountable for the use or application by the County or Corporation of any funds which the Trustee has released under this Trust Agreement.

Section 8.11. Actions Through Agents. The Trustee may execute any of the trusts or powers hereof and perform the duties required of it hereunder by or through attorneys, agents, or receivers, and shall be entitled to advice of counsel concerning all matters of trust and its duty hereunder, and the Trustee shall not be answerable for the default or misconduct of any such attorney, agent, or receiver selected by it with reasonable care. The Trustee shall not be liable for any action taken by it in good faith and reasonably believed by it to be authorized or within the discretion or rights and powers conferred on it or answerable for the exercise of any discretion or power under this Trust Agreement or for anything whatever in connection with the funds and accounts established hereunder, except only for its own negligence or willful misconduct.

Section 8.12. Nature of Trust Engagement. The Trustee undertakes to perform such duties and only such duties as are specifically set forth in the Trust Agreement and no implied covenants or obligations shall be read into the Trust Agreement against the Trustee. In accepting the trusts hereby created, the Trustee acts solely as Trustee and not in its individual capacity. All persons, including without limitation the Owners, the County and the Corporation having any claim against the Trustee arising from the Trust Agreement shall look only to the funds and accounts hereunder for payment except as otherwise provided herein; *provided, however,* that nothing in this sentence is intended or shall be construed to apply to, or limit the source of payment of, claims against the Trustee arising from the negligence or willful misconduct of the Trustee. Under no circumstances shall the Trustee be liable in its individual capacity for payment of the obligations represented by the Certificates.

The permissive right of the Trustee to do things enumerated in this Trust Agreement shall not be construed as a duty.

ARTICLE IX

MODIFICATION OR AMENDMENT

Section 9.01. Amendments Permitted. This Agreement and the rights and obligations of the Owners of the Certificates may be modified or amended at any time by a supplemental agreement which shall become effective when the written consents of the Owners of a majority in aggregate principal amount of the Certificates then Outstanding, exclusive of Certificates disqualified as provided in Section 13.05, shall have been filed with the Trustee. No such modification or amendment shall (a) extend or have the effect of extending the fixed maturity of any Certificate or reducing the interest rate represented thereby or extending the time of payment of interest, or reducing the amount of principal represented thereby or reducing any premium payable upon the prepayment thereof, without the express consent of the Owner of such Certificate, or (b) reduce or have the effect of reducing the percentage of Certificates required for the affirmative vote or written consent to an amendment or modification hereof, or (c) modify any of the rights or obligations of the Trustee without its written assent thereto. Any such supplemental agreement shall become effective as provided in Section 9.02.

This Agreement and the rights and obligations of the Owners of the Certificates may be modified or amended at any time by a supplemental agreement, without the consent of any such Owners, but only to the extent permitted by law and only (a) to add to the covenants and agreements of any party, other covenants to be observed, or to surrender any right or power herein reserved to the Corporation or the County, (b) to cure, correct or supplement any ambiguous or defective provision contained herein, (c) in regard to questions arising hereunder, as the parties hereto or thereto may deem necessary or desirable and which shall not, in the opinion of Bond Counsel, materially adversely affect the interests of the Owners of the Certificates, (d) for the purpose of conforming to or accommodating any amendment to the Lease which is made in accordance with Section 7.6 thereof, or (e) if and to the extent permitted in the opinion of Bond Counsel filed with the Trustee, the County and the Corporation, to delete or modify any of the provisions hereof or thereof relating to the exclusion from gross income of interest represented by the Certificates for federal income tax purposes. Any such supplemental agreement shall become effective upon execution and delivery by the parties hereto.

Section 9.02. Procedure for Amendment with Written Consent of Certificate Owners. This Agreement may be amended by supplemental agreement as provided in this Section 9.02 in the event the consent of the Owners of the Certificates is required pursuant to Section 9.01. A copy of such supplemental agreement, together with a request to the Certificate Owners for their consent thereto, shall be mailed by the Trustee to each Owner of a Certificate at his address as set forth on the Registration Books, but failure to mail copies of such supplemental agreement and request shall not affect the validity of the supplemental agreement when assented to as in this Section provided.

Such supplemental agreement shall not become effective unless there shall be filed with the Trustee the written consents of the Owners of a majority in aggregate principal amount of the Certificates then Outstanding (exclusive of Certificates disqualified as provided in Section 13.05) and a notice shall have been mailed as hereinafter in this Section provided. Each such

consent shall be effective only if accompanied by proof of ownership of the Certificates for which such consent is given, which proof shall be such as is permitted by Section 2.10. Any such consent shall be binding upon the Owner of the Certificate giving such consent and on any subsequent Owner (whether or not such subsequent Owner has notice thereof) unless such consent is revoked in writing by the Owner giving such consent or a subsequent Owner by filing such revocation with the Trustee prior to the date when the notice hereinafter in this Section provided for has been mailed. Any such revocation received by the Trustee after notice has been mailed shall be of no force and effect.

After the Owners of the required percentage of Certificates shall have filed their consents to such supplemental agreement, the Trustee shall mail a notice to the Owners of the Certificates in the manner hereinbefore provided in this Section for the mailing of such supplemental agreement of the notice of adoption thereof, stating in substance that such supplemental agreement has been consented to by the Owners of the required percentage of Certificates and will be effective as provided in this Section (but failure to mail copies of said notice shall not affect the validity of such supplemental agreement or consents thereto). A record, consisting of the papers required by this Section to be filed with the Trustee, shall be conclusive proof of the matters therein stated. Such supplemental agreement shall become effective upon the mailing of such last-mentioned notice, and such supplemental agreement shall be deemed conclusively binding upon the parties hereto and the Owners of all Certificates at the expiration of sixty (60) days after such filing, except in the event of a final decree of a court of competent jurisdiction setting aside such consent in a legal action or equitable proceeding for such purpose commenced within such sixty (60) day period.

Section 9.03. Effect of Supplemental Agreement. From and after the time any supplemental agreement becomes effective pursuant to this Article IX, this Trust Agreement shall be deemed to be modified and amended in accordance therewith, the respective rights, duties and obligations of the parties hereto and all Owners of Certificates Outstanding, as the case may be, shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modification and amendment, and all the terms and conditions of any supplemental agreement shall be deemed to be part of the terms and conditions of this Trust Agreement for any and all purposes.

Section 9.04. Endorsement or Replacement of Certificates Delivered After Amendments. The Trustee may determine that Certificates delivered after the effective date of any action taken as provided in this Article IX shall bear a notation, by endorsement or otherwise, in form approved by the Trustee, as to such action. In that case, upon demand on the Owner of any Certificate Outstanding at such effective date and presentation of his Certificate for the purpose at the Office of the Trustee, a suitable notation shall be made on such Certificate. The Trustee may determine that the delivery of substitute Certificates, so modified as in the opinion of the Trustee is necessary to conform to such Certificate Owners' action is necessary or desirable, which substitute Certificates shall thereupon be prepared, executed and delivered. In that case, upon demand on the Owner of any Certificate then Outstanding, such substitute Certificate shall be exchanged at the Office of the Trustee, without cost to such Owner, for a Certificate of the same character then Outstanding, upon surrender of such Outstanding Certificate.

Section 9.05. Amendatory Endorsement of Certificates. The provisions of this Article IX shall not prevent any Certificate Owner from accepting any amendment as to the particular Certificates held by him, provided that proper notation thereof is made on such Certificates.

ARTICLE X

OTHER COVENANTS

Section 10.01. Compliance With and Enforcement of Lease. The County covenants and agrees with the Owners of the Certificates to perform all obligations and duties imposed on it under the Lease. The Corporation covenants and agrees with the Owners of the Certificates to perform all obligations and duties imposed on it under the Lease.

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

Section 10.02. Observance of Laws and Regulations. The County will keep, observe and perform all valid and lawful obligations or regulations now or hereafter imposed on it by contract, or prescribed by any law of the United States, or of the State, or by any officer, board or commission having jurisdiction or control, as a condition of the continued enjoyment of any and every right, privilege or franchise now owned or hereafter acquired by the County, including its right to exist and carry on business as a public agency, to the end that such rights, privileges and franchises shall be maintained and preserved, and shall not become abandoned, forfeited or in any manner impaired.

Section 10.03. Prosecution and Defense of Suits. The County shall promptly, upon request of the Trustee or any Certificate Owner, from time to time take such action as may be necessary or proper to remedy or cure any defect in or cloud upon the title to the Leased Property, whether now existing or hereafter developing and shall prosecute all such suits, actions and other proceedings as may be appropriate for such purpose and shall indemnify and save the Trustee and every Certificate Owner harmless from all loss, cost, damage and expense, including attorneys' fees, which they or any of them may incur by reason of any such defect, cloud, suit, action or proceeding.

Section 10.04. Recordation and Filing. The County shall record and file the Site Lease, the Lease or a memorandum thereof, the Assignment Agreement and all such documents as may be required by law (and shall take all further actions which may be necessary or be reasonably required by the Trustee), all in such manner, at such times and in such places as may be required by law in order fully to preserve, protect and perfect the security of the Trustee and the Certificate Owners.

Section 10.05. Tax Covenants.

(a) *Generally.* The County shall not take any action or permit to be taken any action within its control which would cause or which, with the passage of time if not

cured would cause, interest represented by the Certificates to become includable in gross income for federal income tax purposes.

(b) *Federal Guarantee Prohibition* The County shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause any of the Certificates or the Lease Agreement to be "federally guaranteed" within the meaning of Section 149(b) of the Tax Code.

(c) *Private Activity Bond Limitation* The County shall assure that the proceeds of the Certificates are not so used as to cause the Certificates or the Lease Agreement to satisfy the private business tests of Section 141(b) of the Tax Code or the private loan financing test of Section 141(c) of the Tax Code.

(d) *Maintenance of Tax-Exemption* The County shall take all actions necessary to assure the exclusion of interest with respect to the Certificates from the gross income of the Owners of the Certificates to the same extent as such interest is permitted to be excluded from gross income under the Tax Code as in effect on the Closing Date.

(e) *Rebate Requirement.* The County shall take any and all actions necessary to assure compliance with section 148(f) of the Tax Code, relating to the rebate of excess investment earnings to the federal government.

Section 10.06. Continuing Disclosure. The County hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate. Notwithstanding any other provision of this Trust Agreement, failure of the County to comply with the Continuing Disclosure Certificate shall not be considered an Event of Default; however, the Trustee may (and, at the request of any Participating Underwriter or the holders of at least 25% aggregate principal amount of Outstanding Bonds, shall) or any holder 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 10.07. Further Assurances. The Corporation and the County will make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of this Trust Agreement and the Lease, and for the better assuring and confirming unto the Municipal Bond Insurer and the Owners of the Certificates the rights and benefits provided herein.

Section 10.08. Information to be Provided to Municipal Bond Insurer. In addition to its other obligations set forth herein, the County shall provide the following information to the Municipal Bond Insurer at the following times:

(a) Annually, a certificate of the Auditor-Controller of the County stating that, to the best of such person's knowledge following reasonable inquiry, no Event of Default has occurred, or if an Event of Default has occurred, specifying the nature thereof and, if the County has the right to cure such Event of Default pursuant to Article XII stating in reasonable detail the steps, if any, being taken by the County to cure such Event of Default;

(b) Any official statement prepared in connection with the issuance of additional obligations of the County, within thirty (30) days after the sale thereof;

(c) Notice of any draw upon, or deficiency due to market fluctuation in the amount on deposit in, the Reserve Fund, such notice to be given within two (2) Business Days after knowledge thereof;

(d) Notice of any failure of the County to make any deposit into the Lease Payment Fund or the Reserve Fund, such notice to be given within five (5) Business Days after knowledge thereof;

(e) Notice of the prepayment, other than mandatory sinking fund prepayment, of any Certificates, including maturities and CUSIP numbers thereof;

(f) Such additional information as the Municipal Bond Insurer may reasonably request from time to time.

ARTICLE XI

LIMITATION OF LIABILITY

Section 11.01. Limited Liability of County. Except for the payment of Lease Payments when due in accordance with the Lease and the performance of the other covenants and agreements of the County contained in the Lease and this Trust Agreement, the County shall have no pecuniary obligation or liability to any of the other parties or to the Owners of the Certificates with respect to this Trust Agreement or the terms, execution, delivery or transfer of the Certificates, or the distribution of Lease Payments to the Owners by the Trustee, except as expressly set forth herein.

Section 11.02. No Liability for Trustee Performance. Neither the County nor the Corporation shall have any obligation or liability to any of the other parties or to the Owners of the Certificates with respect to the performance by the Trustee of any duty imposed upon it under this Trust Agreement.

Section 11.03. Indemnification of Trustee. The Corporation and the County, jointly and severally, shall indemnify and save the Trustee, its directors, officers, agents and employees harmless from and against all claims, losses, costs, expenses, liability and damages, including legal fees and expenses, arising out of (a) the use, maintenance, condition or management of, or from any work or thing done on, the Leased Property by the Corporation or the County, (b) any breach or default on the part of the Corporation or the County in the performance of any of their respective obligations under this Trust Agreement or the Lease and any other agreement made and entered into for purposes of the Leased Property, (c) any act of negligence of the Corporation or the County or of any of their respective agents, contractors, servants, employees, licensees with respect to the Leased Property, (d) any act of negligence of any assignee of, or purchaser from the Corporation or the County or of any of its or their respective agents, contractors, servants, employees or licensees with respect to the Leased Property, (e) the authorization of payments from the Leased PropertyFund, or the Insurance and Condemnation Fund, (f) the actions of any other party, including but not limited to the ownership, operation or use of the Leased Property by the Corporation or the County, including but not limited to the presence on, under or about, or the release from, the Leased Property of any substances, materials or wastes which are or which become regulated or classified as hazardous or toxic under state, federal or local law, (g) the Trustee's exercise and performance of its powers and duties hereunder; or (h) the offering and sale of the Certificates, (i) any untrue statement or alleged untrue statement by anyone other than the Trustee of any material fact, or omission or alleged omission to state a material fact necessary to make the statements made, in light of the circumstances under which they were made, not misleading, in any official statement or other offering circular utilized in connection with the sale of the Certificates. No indemnification will be made under this Section 11.03 or elsewhere in this Trust Agreement for willful misconduct or negligence under this Trust Agreement by the Trustee, its officers, agents, employees, successors (other than by a successor Trustee) or assigns. The Corporation's and the County's obligations hereunder shall remain valid and binding notwithstanding the resignation or removal of the Trustee or maturity and payment of the Certificates and discharge of this Trust Agreement.

Section 11.04. Opinion of Counsel. Before being required to take any action, the Trustee may, at the expense of the County, require an opinion of counsel acceptable to the Trustee, or an opinion of Bond Counsel acceptable to the Trustee with respect to any federal tax matters, or a verified certificate of any party hereto, or both, concerning the proposed action. If it does so in good faith, Trustee shall be absolutely protected in relying on any such opinion or certificate obtained by the Trustee.

Section 11.05. Limitation of Rights to Parties, the Municipal Bond Insurer and Certificate Owners. Nothing in this Trust Agreement or in the Certificates expressed or implied is intended or shall be construed to give any person other than the County, the Corporation, the Trustee, the Municipal Bond Insurer and the Owners of the Certificates, any legal or equitable right, remedy or claim under or in respect of this Trust Agreement or any covenant, condition or provision hereof; and all such covenants, conditions and provisions are and shall be for the sole and exclusive benefit of the County, the Corporation, the Trustee, the Municipal Bond Insurer and said Owners.

ARTICLE XII

EVENTS OF DEFAULT AND REMEDIES OF CERTIFICATE OWNER

Section 12.01. Assignment of Rights. Pursuant to the Assignment Agreement the Corporation has transferred, assigned and set over to the Trustee certain of the Corporation's rights in and to the Lease, including without limitation all of the Corporation's rights to exercise such rights and remedies conferred on the Corporation pursuant to the Lease as may be necessary or convenient (a) to enforce payment of the Lease Payments and any other amounts required to be deposited in the Lease Payment Fund or the Insurance and Condemnation Fund, and (b) otherwise to exercise the Corporation's rights and take any action to protect the interests of the Trustee or the Certificate Owners in an Event of Default.

Section 12.02. Remedies. If an Event of Default shall happen, then and in each and every such case during the continuance of such Event of Default, the Trustee may, and at the written direction of the Owners of a majority in aggregate principal amount of the Certificates then Outstanding, and upon being indemnified to its satisfaction therefor, shall, exercise any and all remedies available pursuant to law or granted pursuant to the Lease; *provided, however,* that notwithstanding anything herein or in the Lease to the contrary, there shall be no right under any circumstances to accelerate the maturities of the Certificates or otherwise to declare any Lease Payment not then in default to be immediately due and payable.

Notwithstanding any other provisions of the Trust Agreement, the Municipal Bond Insurer shall have the right, so long as it is not in default under the Municipal Bond Insurance Policy, to direct the remedies to be taken upon any Event of Default hereunder and the Municipal Bond Insurer's consent shall be required for remedial action taken by the Trustee or the Corporation hereunder.

Section 12.03. Application of Funds. All moneys received by the Trustee pursuant to any right given or action taken under the provisions of this Article XII or Article VIII of the Lease shall be applied by the Trustee in the order following upon presentation of the several Certificates, and the stamping thereon of the payment if only partially paid, or upon the surrender thereof if fully paid -

First, to the payment of the fees, costs and expenses of the Trustee for the performance of its duties hereunder and in declaring such Event of Default and in taking any remedial action with respect thereto, including reasonable compensation to its or their agents, attorneys and counsel;

Second, to the payment of the whole amount then owing and unpaid with respect to the Certificates for principal and interest, with interest on the overdue principal and installments of interest at the rate set forth in Section 4.4(c) of the Lease (but such interest on overdue installments of interest shall be paid only to the extent funds are available therefor following payment of principal and interest and interest on overdue principal, as aforesaid), and in case such moneys shall be insufficient to pay in full the whole amount so owing and unpaid with respect to the Certificates, then to the payment of such principal and interest without preference or priority of principal over interest, or of

interest over principal, or of any installment of interest over any other installment of interest, ratably to the aggregate of such principal and interest.

Section 12.04. Institution of Legal Proceedings. If one or more Events of Default shall happen and be continuing, the Trustee in its discretion may, and upon the written request of the Owners of a majority in aggregate principal amount of the Certificates then Outstanding, and upon being indemnified to its satisfaction therefor, shall, proceed to protect or enforce its rights or the rights of the Owners of Certificates by a suit in equity or action at law, either for the specific performance of any covenant or agreement contained herein, or in aid of the execution of any power herein granted, or by mandamus or other appropriate proceeding for the enforcement of any other legal or equitable remedy as the Trustee shall deem most effectual in support of any of its rights or duties hereunder.

Section 12.05. Non-waiver. Nothing in this Article XII or in any other provision of this Trust Agreement or in the Certificates, shall affect or impair the obligation of the County, which is absolute and unconditional, to pay or prepay the Lease Payments as provided in the Lease. No delay or omission of the Trustee or of any Owner of any of the Certificates to exercise any right or power arising upon the happening of any Event of Default shall impair any such right or power or shall be construed to be a waiver of any such Event of Default or an acquiescence therein, and every power and remedy given by this Article XII to the Trustee or to the Owners of Certificates may be exercised from time to time and as often as shall be deemed expedient by the Trustee or the Certificate Owners.

Section 12.06. Remedies Not Exclusive. No remedy herein conferred upon or reserved to the Trustee or to the Certificate Owners is intended to be exclusive of any other remedy, and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing, at law or in equity or by statute or otherwise.

Section 12.07. Power of Trustee to Control Proceedings. In the event that the Trustee, upon the happening of an Event of Default, shall have taken any action, by judicial proceedings or otherwise, pursuant to its duties hereunder, whether upon its own discretion or upon the request of the Owners of a majority in aggregate principal amount of the Certificates then Outstanding, it shall have full power, in the exercise of its discretion for the best interests of the Owners of the Certificates, with respect to the continuance, discontinuance, withdrawal, compromise, settlement or other disposal of such action; *provided, however*, that the Trustee shall not discontinue, withdraw, compromise or settle, or otherwise dispose of any litigation pending at law or in equity, without the consent of a majority in aggregate principal amount of the Certificates Outstanding.

Section 12.08. Limitation on Certificate Owners' Right to Sue. No Owner of any Certificate issued hereunder shall have the right to institute any suit, action or proceeding at law or in equity, for any remedy under or upon this Trust Agreement, unless (a) such Owner shall have previously given to the Trustee written notice of the occurrence of an Event of Default hereunder; (b) the Owners of a majority in aggregate principal amount of all the Certificates then Outstanding shall have made written request upon the Trustee to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name; (c) said Owners shall have tendered to the Trustee reasonable indemnity against the costs,

expenses and liabilities to be incurred in compliance with such request; and (d) the Trustee shall have refused or omitted to comply with such request for a period of sixty (60) days after such written request shall have been received by, and said tender of indemnity shall have been made to, the Trustee.

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

Section 12.09. Possession of Certificates by Trustee Not Required. All rights and remedies granted to or exercisable by the Trustee hereunder or under the Lease may be exercised by the Trustee without possession of any of the Certificates or the production thereof at the trial or other proceeding relative thereto, and any suit, action or proceeding instituted by the Trustee hereunder or under the Lease shall be brought in its name for the benefit of all of the Owners of such Certificates, subject to the provisions of this Trust Agreement.

ARTICLE XIII

DISCHARGE; ADMINISTRATIVE PROVISIONS

Section 13.01. Discharge Hereof. If and when the obligations represented by any Outstanding Certificates shall be paid and discharged in any one or more of the following ways:

(a) by well and truly paying or causing to be paid the principal of and interest and prepayment premiums (if any) represented by such Certificates Outstanding, as and when the same become due and payable; or

(b) by depositing with the Trustee or any other fiduciary, under an escrow deposit and trust agreement, security for the payment of Lease Payments relating to such Certificates as more particularly described in Section 9.1 of the Lease, said security to be held by the Trustee on behalf of the County to be applied by the Trustee or by such other fiduciary to pay or prepay such Lease Payments as the same become due, pursuant to Section 9.1 of the Lease,

then, notwithstanding that such Certificates shall not have been surrendered for payment, all rights hereunder of the Owners of such Certificates and all obligations of the Corporation, the Trustee and the County with respect to such Certificates shall cease and terminate, except only the obligations of the Trustee under Section 2.08, the obligation of the County to assure that no action is taken or failed to be taken if such action or failure adversely affects the exclusion of interest represented by the Certificates from gross income for federal income tax purposes, and the obligation of the Trustee to pay or cause to be paid, from Lease Payments paid by or on behalf of the County from funds deposited pursuant to paragraph (b) of this Section, to the Owners of such Certificates not so surrendered and paid all sums represented thereby when due and in the event of deposits pursuant to paragraph (b), such Certificates shall continue to represent direct, undivided fractional interests of the Owners thereof in the Lease Payments.

Any funds held by the Trustee, at the time of discharge of the obligations represented by all Outstanding Certificates as a result of one of the events described in paragraphs (a) or (b) of this Section, which are not required for the payment to be made to Owners, shall, upon payment in full of all fees and expenses of the Trustee (including attorneys' fees) then due, be paid over to the County.

Section 13.02. Records. The Trustee shall keep complete and accurate records of all moneys received and disbursed under this Trust Agreement, which shall be available for inspection by the County, the Corporation, and any Owner, or the agent of any of them, at any reasonable time during regular business hours upon prior notice.

Section 13.03. Notices. Any notice, request, complaint, demand or other communication under this Trust Agreement shall be given by first class mail or personal delivery to the party entitled thereto at its address set forth below, or by facsimile or other form of telecommunication, at its number set forth below. Notice shall be effective either (a) upon of confirmation of successful transmission by facsimile or other form of telecommunication (with

an original forwarded by first class mail, postage prepaid on the next business day), (b) 48 hours after deposit in the United States of America first class mail, postage prepaid, or (c) in the case of personal delivery to any person, upon actual receipt. The Corporation, the County or the Trustee may, by written notice to the other parties, from time to time modify the address or number to which communications are to be given hereunder.

If to the County:	County of Napa 1195 Third Street Napa, CA 94559 Attention: County Executive Officer Facsimile: (707) 253-4176
If to the Corporation:	Napa County Public Improvement Corporation 1195 Third Street Napa, CA 94559 Attention: Secretary Facsimile: (707) 253-4176
If to the Trustee:	U.S. Bank National Association 1420 5th Avenue, 7th Floor Seattle, WA 98101 Attention: Corporate Trust Facsimile: (206) 344-4630
If to the Municipal Bond Insurer:	[to come]

Section 13.04. Notices to be Given to the Municipal Bond Insurer. While the Municipal Bond Insurance Policy is in effect, the County shall furnish, or cause to be furnished, to the Municipal Bond Insurer:

(a) a copy of any notice to be given to the Owners and any certificate rendered pursuant to this Trust Agreement or the Lease Agreement relating to the security for the Certificates;

(b) notice of resignation of the Trustee; and

(c) such additional information it may reasonably request.

The Trustee shall notify the Municipal Bond Insurer of any failure of the County to provide notices and certificates required to be provided by the County to the Trustee hereunder. The Trustee shall notify S&P of all consents given by the Municipal Bond Insurer hereunder.

The County will permit the Municipal Bond Insurer to discuss the affairs, finances and accounts of the County or any information the Municipal Bond Insurer may reasonably request regarding the security for the Certificates with appropriate officers of the County. The Trustee

or the County, as appropriate, will permit the Municipal Bond Insurer to have access to the Leased Property and have access to and to make copies of all books and records relating to the Certificates at any reasonable time upon reasonable notice.

Notwithstanding any other provision of this Trust Agreement, the Trustee shall, as soon as practicable, notify the Municipal Bond Insurer it has actual knowledge of the occurrence of any Event of Default.

Section 13.05. Disqualified Certificates. In determining whether the Owners of the requisite aggregate principal amount of Certificates have concurred in any demand, request, direction, consent or waiver under this Trust Agreement, Certificates which are owned or held by or for the account of the County (but excluding Certificates held in any employees' retirement fund) shall be disregarded and deemed not to be Outstanding for the purpose of any such determination, *provided, however*, that for the purpose of determining whether the Trustee shall be protected in relying on any such demand, request, direction, consent or waiver, only Certificates which the Trustee knows to be so owned or held shall be disregarded.

Section 13.06. Payment of Certificates After Discharge of Trust Agreement. Notwithstanding any provisions of this Trust Agreement, but subject to any applicable laws of the State of California relating to the escheat of funds or property, any moneys held by the Trustee in trust for the payment of the principal or interest represented by any Certificates and remaining unclaimed for two (2) years after the principal represented by all of the Certificates has become due and payable (whether at maturity or upon call for prepayment as provided in this Trust Agreement), if such moneys were so held at such date, or two (2) years after the date of deposit of such moneys if deposited after said date when all of the Certificates became due and payable, shall be repaid to the County free from the trusts created by this Trust Agreement upon receipt of an indemnification agreement acceptable to the County and the Trustee indemnifying the Trustee with respect to claims of Owners of Certificates which have not yet been paid, and all liability of the Trustee with respect to such moneys shall thereupon cease; *provided, however*, that before the repayment of such moneys to the County as aforesaid, the Trustee may (at the cost of the County) first mail, by first class mail postage prepaid, to the Owners of Certificates which have not yet been paid, at the respective addresses shown on the Registration Books, a notice, in such form as may be deemed appropriate by the Trustee with respect to the Certificates so payable and not presented and with respect to the provisions relating to the repayment to the County of the moneys held for the payment thereof.

Section 13.07. Governing Law. This Trust Agreement shall be construed and governed in accordance with the laws of the State of California, without giving effect to principles of conflicts of law of the State of California.

Section 13.08. Binding Effect; Successors. This Trust Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and assigns. Whenever in this Trust Agreement either the Corporation, the County or the Trustee is named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all the covenants and agreements in this Trust Agreement contained by or on behalf of the Corporation, the County, the Trustee shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

Section 13.09. Corporation and County Representatives. Whenever under the provisions of this Trust Agreement the Corporation or the County is required or permitted to take some action, including but not limited to the giving of any approval or the execution of some request, direction or other instrument, such action shall be made on behalf of the Corporation by a Corporation Representative and on behalf of the County by a County Representative, and any party hereto shall be fully authorized to rely upon any such action by an Corporation Representative or a County Representative.

Section 13.10. Execution in Counterparts. This Trust Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same agreement.

Section 13.11. Delivery of Cancelled Certificates. Whenever in this Trust Agreement provision is made for the surrender to or cancellation by the Trustee of any Certificates, the Trustee shall cancel and, unless otherwise directed in writing by the County Representative, destroy such Certificates in accordance with its retention policy then in effect.

Section 13.12. Headings. The headings or titles of the several Articles and Sections hereof, and any table of contents appended to copies hereof, shall be solely for convenience of reference and shall not affect the meaning, construction or effect of this Trust Agreement. All references herein to "Articles", "Sections", and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Trust Agreement; and the words "herein", "hereof", "hereunder" and other words of similar import refer to this Trust Agreement as a whole and not to any particular Article, Section or subdivision hereof.

Section 13.13. Waiver of Notice. Whenever in this Trust Agreement the giving of notice by mail or otherwise is required, the giving of such notice may be waived in writing by the person entitled to receive such notice and in any case the giving or receipt of such notice shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

Section 13.14. Separability of Invalid Provisions. In case any one or more of the provisions contained in this Trust Agreement or in the Certificates shall for any reason be held to be invalid, illegal or unenforceable in any respect, then such invalidity, illegality or unenforceability shall not affect any other provision of this Trust Agreement, and this Trust Agreement shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein. The parties hereto hereby declare that they would have entered into this Trust Agreement and each and every other section, paragraph, sentence, clause or phrase hereof and authorized the delivery of the Certificates pursuant thereto irrespective of the fact that any one or more sections, paragraphs, sentences, clauses or phrases of this Trust Agreement may be held illegal, invalid or unenforceable.

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

U.S. BANK NATIONAL ASSOCIATION, as Trustee

By _____
Authorized Officer

NAPA COUNTY PUBLIC IMPROVEMENT CORPORATION

By _____
President

Attest:

_____
Secretary

COUNTY OF NAPA

By _____
County Executive Officer

[S E A L]

Attest:

_____
Clerk of the Board of Supervisors

EXHIBIT A

FORM OF CERTIFICATE OF PARTICIPATION

No. R-____ ***$_____***

2005 REFUNDING CERTIFICATE OF PARTICIPATION
(1996 Capital Improvements Project)
Evidencing the Direct, Undivided Fractional Interest of the Owner Hereof in Lease Payments to be Made by the
COUNTY OF NAPA
As the Rental for Certain Leased Property Pursuant to a Lease Agreement with the
NAPA COUNTY PUBLIC IMPROVEMENT CORPORATION

RATE OF INTEREST:	MATURITY DATE:	DATED DATE:	CUSIP:
	December 1, ____	_____, 2005	

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT:

THIS IS TO CERTIFY THAT the Registered Owner identified above, or registered assigns, as the registered owner (the "Registered Owner") of this Certificate of Participation (the "Certificate") is the owner of a direct, undivided fractional interest in lease payments (the "Lease Payments") payable under the Lease Agreement dated as of February 1, 2005 (the "Lease") by and between the NAPA COUNTY PUBLIC IMPROVEMENT CORPORATION, a nonprofit public benefit corporation duly organized and existing under the laws of the State of California (the "Corporation"), as sublessor, and the COUNTY OF NAPA, a county duly organized and existing under the laws of the State of California (the "County"), as sublessee, with respect to certain land and existing improvements which are used for the governmental purposes of the County (the "Leased Property"). The Lease Payments and certain other rights and interests under the Lease have been assigned to U.S. Bank National Association, as trustee (the "Trustee"), having a corporate trust office in the locations described in the Trust Agreement referred to below.

The Registered Owner of this Certificate is entitled to receive, subject to the terms of the Lease, on the Maturity Date identified above, or any earlier prepayment date, the Principal Amount identified above representing a direct, undivided fractional share of the portion of the Lease Payments designated as principal, and to receive on _____ 1, 2005, and semiannually thereafter on June 1 and December 1 of each year (the "Interest Payment Dates") until payment in full of said principal, the Registered Owner's direct, undivided fractional share of the Lease

Payments designated as interest coming due during the interest period immediately preceding each of the Interest Payment Dates. Interest represented hereby shall be payable from the Interest Payment Date next preceding the date of execution of this Certificate unless (a) this Certificate is executed after the close of business on the fifteenth (15th) day of the month immediately preceding an Interest Payment Date (a "Record Date") and on or before such Interest Payment Date, in which event interest shall be payable from such Interest Payment Date, or (b) unless this Certificate is executed on or before _____ 15, 2005 in which event interest shall be payable from the Dated Date identified above. The Registered Owner's share of the portion of the Lease Payments designated as interest is the result of the multiplication of the aforesaid share of the portion of the Lease Payments designated as principal by the Rate of Interest per annum identified above, calculated on the basis of a 360-day year comprised of twelve 30-day months. Principal represented hereby is payable in lawful money of the United States of America upon surrender hereof at the Office of the Trustee, and interest represented hereby is payable by check mailed by first class mail by the Trustee on each Interest Payment Date to the Registered Owner at such Owner's address as it appears on the registration books of the Trustee as of the preceding Record Date; *provided, however,* that at the written request of the Registered Owner of Certificates in an aggregate principal amount of at least $1,000,000, which written request is on file with the Trustee as of any Record Date, interest represented by such Certificates shall be paid on each succeeding Interest Payment Date by wire transfer in immediately available funds to such account within the United States of America as shall be specified in such written request.

This Certificate has been executed and delivered by the Trustee pursuant to the terms of a Trust Agreement by and among the Trustee, the Corporation and the County, dated as of February 1, 2005 (the "Trust Agreement"). The County has certified that it is authorized to enter into the Lease and the Trust Agreement under the laws of the State of California, for the purpose of paying and reimbursing the payment of the costs of certain public capital improvements. Reference is hereby made to the Lease and the Trust Agreement (copies of which are on file at the Office of the Trustee) for a description of the terms on which the Certificates are delivered, the rights thereunder of the owners of the Certificates, the rights, duties and immunities of the Trustee and the rights and obligations of the County under the Lease, to all of the provisions of the Lease and the Trust Agreement the Registered Owner of this Certificate, by acceptance hereof, assents and agrees.

The County is obligated under the Lease to pay the Lease Payments for the Leased Property from any source of available funds, subject to certain exceptions as set forth in the Lease. As more fully described in the Lease, the Lease Payments are subject to abatement during any period in which by reason of damage or destruction to the Leased Property in whole or in part, or by reason of eminent domain proceedings with respect to the Leased Property in whole or in part, there is substantial interference with the use and occupancy by the County of the Leased Property or any portion thereof; such abatement shall be in an amount agreed upon by the County and the Corporation such that the resulting Lease Payments represent fair consideration for the use and occupancy of the remaining portions of the Leased Property. The obligation of the County to pay the Lease Payments does not constitute an obligation of the County for which the County is obligated to levy or pledge any form of taxation or for which the County has levied or pledged any form of taxation. The obligation of the County to pay the Lease Payments does not constitute a debt of the County, the State of California or any of its

political subdivisions, and does not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction.

The Certificates maturing on or before December 1, ____ are not subject to optional prepayment prior to the respective stated maturities. The Certificates maturing on or after December 1, _____ are subject to optional prepayment in whole, or in part, among maturities in the manner directed by the County, and in the absence of such direction, pro rata among maturities and by lot within a maturity, on any Business Day on or after December 1, _____ from prepayments of the Lease Payments made at the option of the County pursuant to the Lease, at a prepayment price (expressed as a percentage of the principal amount to be prepaid), as set forth in the following table together with accrued interest represented thereby to the date fixed for prepayment.

Prepayment Dates	Prepayment Price
December 1, ____ through November 30, ____	____%
December 1, ____ and thereafter	____

The Certificates are subject to mandatory prepayment on any date, in whole, or in part, among maturities in the manner directed by the County and by lot within a maturity, from the net proceeds of insurance or eminent domain proceedings with respect to the Project, which are credited towards the prepayment of the Lease Payments pursuant to the Lease, at a prepayment price equal to 100% of the principal amount to be prepaid, together with accrued interest represented thereby to the date fixed for prepayment, without premium.

As provided in the Trust Agreement, notice of prepayment shall be mailed by the Trustee by first class mail, postage prepaid, not less than thirty (30) nor more than sixty (60) days before the prepayment date, to the registered owners of the Certificates to be prepaid, but neither failure to receive such notice nor any defect in the notice so mailed shall affect the sufficiency of the proceedings for prepayment or the cessation of accrual of interest represented thereby. If this Certificate is called for prepayment and payment is duly provided herefor as specified in the Trust Agreement, interest represented hereby shall cease to accrue from and after the date fixed for prepayment.

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

To the extent and in the manner permitted by the terms of the Trust Agreement, the provisions of the Trust Agreement may be amended by the parties thereto with the written consent of the owners of a majority in aggregate principal amount of the Certificates then outstanding, and may be amended without such consent under certain circumstances; provided that no such amendment shall extend the fixed maturity of any Certificate or reduce the interest or principal represented thereby, without the express consent of the owner of such Certificate.

The Trustee has no obligation or liability to the registered owners of the Certificates to make payments of principal, premium, if any, or interest with respect to the Certificates except from amounts on deposit for such purposes with the Trustee. The Trustee's sole obligations are to administer for the benefit of the registered owners of the Certificates the various funds and accounts established under the Trust Agreement and to perform the other duties expressly imposed upon it under the Trust Agreement.

Unless this certificate is presented by an authorized representative of The Depository Trust Company to the issuer or its agent 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, recited and declared that all things, conditions and acts required by the laws of the State of California, the Lease and the Trust Agreement to exist, to have happened and to have been performed precedent to and in the delivery of the Certificates, do exist, have happened and have been performed in due time, form and manner as required by law.

IN WITNESS WHEREOF, this Certificate has been executed and delivered by U.S. Bank National Association, as trustee, acting pursuant to the Trust Agreement.

Execution Date: _____

U.S. BANK NATIONAL ASSOCIATION, as Trustee

By _____
Authorized Signatory

STATEMENT OF INSURANCE

[to come]

ASSIGNMENT

For value received the undersigned do(es) hereby sell, assign and transfer unto

_____

_____

_____

(Name, Address and Tax Identification or Social Security Number of Assignee)

the within registered 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:

_____

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

_____

NOTICE: 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.