
TRUST AGREEMENT

By and among

**U.S. BANK NATIONAL ASSOCIATION,
as Trustee**

and

**MANHATTAN BEACH CAPITAL IMPROVEMENTS CORPORATION,
as Corporation**

and

**CITY OF MANHATTAN BEACH,
as City**

Dated as of December 1, 2021

**Entered into in Connection with the Sale and Delivery of
\$ _____
City of Manhattan Beach
Refunding Certificates of Participation
Series 2021**

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TRUST AGREEMENT

THIS TRUST AGREEMENT, dated as of December 1, 2021, by and among U.S. BANK NATIONAL ASSOCIATION, a national banking association duly organized under the laws of the United States of America, as trustee (the "Trustee"), MANHATTAN BEACH CAPITAL IMPROVEMENTS CORPORATION, a nonprofit public benefit corporation duly organized and existing under the laws of the State of California, as lessor under the Lease hereinafter described (the "Corporation"), and CITY OF MANHATTAN BEACH, a general law city duly organized and existing under and by virtue of the Constitution and laws of the State of California, as lessee under said Lease (the "City");

WITNESSETH:

WHEREAS, concurrently herewith, the City has leased to the Corporation its fee interest in City Hall and the real property on which it is located (the "Leased Premises"), pursuant to a Site and Facilities Lease, dated as of December 1, 2021 (the "Site Lease"), by and between the City and the Corporation, and the Corporation, concurrently with the execution of the Site Lease, will lease the Leased Premises back to the City pursuant to a Lease, dated as of December 1, 2021 (the "Lease"), by and between the City and the Corporation, in consideration for lease payments equal to the principal and interest components coming due with respect to the Certificates (as defined herein); and

WHEREAS, pursuant to an Assignment Agreement by and between the Corporation and the Trustee, dated as of the date hereof (the "Assignment Agreement"), the Corporation will assign to the Trustee its right to receive all Lease Payments due under the Lease and pursuant to this Trust Agreement, the Corporation and City will grant a security interest in moneys held by the Trustee hereunder, all to the Trustee for the benefit of the owners of the Certificates and as security therefor; and

WHEREAS, in consideration of such assignment and the execution of this Trust Agreement, the Trustee has agreed to execute and deliver the Certificates, each evidencing and representing undivided and proportionate interests of the owners thereof in the Lease Payments and Prepayments (as defined herein) made by the City under the Lease, which will provide the moneys required to be deposited hereunder;

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

ARTICLE I

DEFINITIONS

Section 1.1. Definitions and Rules of Construction. Unless the context otherwise requires, the terms defined in this Section shall, for all purposes of this Trust Agreement, have the meanings specified herein or in the Lease. Unless the context otherwise indicates, words importing the singular number shall include the plural number and vice versa. The terms "hereby," "hereof," "hereto," "herein," "hereunder" and any similar terms as used in this Trust Agreement, refer to this Trust Agreement as a whole.

“Additional Certificates” means all Certificates authorized by a Supplemental Trust Agreement and executed and delivered by the Trustee under and pursuant to Sections 2.12 and 2.13 of this Trust Agreement.

“Additional Payments” means those payments due as provided in Section 4.6 of the Lease.

“Assignment Agreement” means the Assignment Agreement, dated as of December 1, 2021, by and between the Trustee and the Corporation, and any duly authorized and executed amendments or supplements thereto.

“Business Day” means any day (other than a Saturday or Sunday) on which banks in Los Angeles, California, or New York, New York, are not authorized or obligated by law or executive order to remain closed.

“Certificates” means the \$_____ aggregate principal amount of City of Manhattan Beach Refunding Certificates of Participation Series 2021, executed and delivered pursuant to this Trust Agreement, and if the context requires, Additional Certificates.

“Certificate Year” means the annual period commencing on July 2 of a calendar year and ending on July 1 of the following calendar year, in any year during which Certificates are or will be Outstanding; provided, however, that the first and the final Certificate Years may be of a duration of less than one year.

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

“Closing Date” means respect to any Series of Certificates, the date upon which there is a physical delivery of such Series of Certificates in exchange for the amount representing the purchase price of such Certificates by the Original Purchaser.

“Code” means the Internal Revenue Code of 1986, as amended, and United States Treasury final regulations promulgated thereunder.

“Corporation Representative” means the Chief Administrative Officer 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 the Lease, as evidenced by a certificate of the Corporation.

“Delivery Costs” means, with respect to any Series, all items of expense directly or indirectly payable by or reimbursable to the City or the Corporation relating to the execution and delivery of the Certificates of such Series, including but not limited to filing and recording costs, printing costs, reproduction and binding costs, financing discounts, initial fees and charges of the Trustee (including its first annual fee), legal fees and charges, financing and other professional consultant fees, title insurance premiums, rating agency fees for credit ratings, the fees for the Trustee’s execution, transportation and safekeeping of Certificates of such Series and other charges and fees in connection with the foregoing.

“Delivery Costs Fund” means the Delivery Costs Fund established pursuant to Section 3.1.

“Depository Trust Company” or “DTC” means The Depository Trust Company, New York, New York, as initial securities depository for the Certificates.

“Event of Default” means an event of default under the Lease, as defined in Section 9.1 thereof; provided, however, that it shall not be an Event of Default hereunder for the City to fail to make Lease Payments when due unless and until such failure also results in the failure by the Trustee to pay to the Owners of the Certificates their proportionate shares of Interest Component and Principal Component as and when due pursuant to the Trust Agreement.

“Federal Securities” means any of the following (which solely for purposes of Section 14.1(c) hereof are noncallable and nonprepayable) and which at the time of investment are legal investments under the laws of the State of California for the moneys proposed to be invested therein: direct obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury of the United States of America), or obligations the principal of and interest on which are unconditionally guaranteed by the United States of America.

“Fiscal Year” means the fiscal year of the City, presently commencing July 1 of each calendar year and ending June 30 of the following calendar year.

“Governing Body” means the City Council of the City.

“Interest Component” means the portion of the Lease Payments designated as interest with respect to the Certificates, which shall be determined by the rate of interest applicable to the respective Certificates.

“Interest Payment Date” means, with respect to any Series of Certificates, January 1 and July 1 of each year, commencing July 1, 2022.

“Lease” means the Lease Agreement, dated as of December 1, 2021, by and between the City and the Corporation, and any duly authorized and executed amendments or supplements thereto.

“Lease Payment” means any payment required to be paid by the City to the Corporation pursuant to Section 4.3 of the Lease.

“Lease Payment Date,” with respect to any Series of Certificates, has the meaning set forth in Section 4.3(a) of the Lease.

“Lease Payment Fund” means the fund by that name established and held by the Trustee pursuant to Section 5.1(d).

“Leased Premises” shall mean that certain real property and improvements thereon comprising those parcels and the interests therein from time to time as described on Exhibit B to the Lease.

“Net Insurance Proceeds” means any net proceeds of insurance or condemnation proceeds paid with respect to the affected portion of the Leased Premises remaining after payment therefrom of any expenses (including attorneys’ fees) incurred in the collection thereof.

“Net Insurance Proceeds Fund” means the fund by that name established and held by the Trustee pursuant to Section 7.1.

“2012 Certificates” means the City of Manhattan Beach Certificates of Participation (Metlox and Water/Wastewater Refunding) Series 2012.

“2012 Escrow Agent” means U.S. Bank National Association, as escrow agent pursuant to the 2012 Escrow Agreement.

“2012 Escrow Agreement” means the Escrow Agreement, dated as of December 1, 2021, between the City and the 2012 Escrow Agent.

“Nonpurpose Investments” has the meaning ascribed to such term in the Tax Certificate.

“Original Purchaser” means, with respect to any Series of Certificates, the first purchaser of such Certificates, and with respect to the Certificates further designated Series 2021, means BofA Securities, Inc.

“Outstanding,” when used as of any particular time with respect to Certificates, means (subject to the provisions of Section 10.3 and 14.1) all Certificates theretofore executed and delivered by the Trustee under this Trust Agreement except:

- (i) Certificates theretofore cancelled by the Trustee or surrendered to the Trustee for cancellation;
- (ii) Certificates for the payment or prepayment of which funds or Federal Securities in the necessary amount shall have theretofore been deposited with the Trustee (whether upon or prior to the maturity or prepayment date of such Certificates) in accordance with Section 14.1 hereof; provided that, if such Certificates are to be prepaid prior to maturity, notice of such prepayment shall have been given as provided in Section 4.6 hereof or provision satisfactory to the Trustee shall have been made for the giving of such notice; and
- (iii) Certificates in lieu of or in exchange for which other Certificates shall have been executed and delivered by the Trustee pursuant to Sections 2.8 and 2.9 hereof.

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

“Payment Date” means any Interest Payment Date or Principal Payment Date.

“Permitted Encumbrances” means, with respect to the Leased Premises, as of any particular time: (i) liens for general ad valorem taxes and assessments, if any, not then delinquent, or which the City may, pursuant to the provisions of Article V of the Lease, permit to remain unpaid; (ii) this Trust Agreement; (iii) the Site Lease; (iv) the Assignment Agreement; (v) the Lease, and (vi) and such other encumbrances in the normal course as do not materially interfere with the City’s beneficial use and occupancy of the Leased Premises or materially impair the fair rental value of the Leased Premises.

“Permitted Investments” means the following to the extent permitted by law:

- (1) Cash deposits (insured at all times by the Federal Deposit Insurance Corporation);
- (2) Obligations of, or obligations guaranteed as to principal and interest by, the United States of America or any agency or instrumentality thereof, when such obligations are backed by the full faith and credit of the of the United States of America, including: (i) United States of America treasury obligations; (ii) all direct or fully guaranteed obligations of the United States of America; (iii) Farmers Home Administration; (iv) General Services Administration; (v) Guaranteed Title XI financing; (vi) Government National Mortgage Association (“GNMA”); and (vii) State and Local Government Series;
- (3) For all purposes other than defeasance investments in refunding escrow accounts, obligations of any of the following federal agencies which obligations represent the full faith and credit of the United States of America, including: (i) Export-Import Bank; (ii) Rural Economic Community Development Administration; (iii) U.S. Maritime Administration; (iv) Small Business Administration; (v) U.S. Department of Housing and Urban Development; (vi) Federal Housing Administration; and (vii) Federal Financing Bank;
- (4) 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: (i) Senior debt obligations issued by the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation; (ii) Obligations of the Resolution Funding Corporation; and (iii) Senior debt obligations of the Federal Home Loan Bank System;
- (5) Commercial paper which is rated at the time of purchase in the single highest classification, “P-1” by Moody’s and “A-1” by S&P, and which mature not more than 270 calendar days after the date of purchase;
- (6) U.S. dollar denominated deposit accounts, federal funds and bankers’ acceptances with domestic commercial banks which have a rating on their short-term certificates of deposit on the date of purchase of “P-1” by Moody’s and “A-1” by S&P and maturing not more than 360 calendar days after the date of purchase (ratings on holding companies are not considered as the ratings of the banks);
- (7) Investments in a money market fund rated “AAAm” or “AAAm-G” or better by S&P;
- (8) 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 on an irrevocable escrow account or fund (the “escrow”), in the highest long-term rating category of Moody’s or S&P; or (ii)(A) which are fully secured as to principal and interest and prepayment premium, if any, by an escrow consisting of cash or securities as described in paragraph (2) above, which escrow may be applied only to the payment of such principal of and interest and prepayment premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the prepayment date or dates specified pursuant to such irrevocable instructions, as appropriate, and (B) which escrow is sufficient, as verified by an

Accountant's Certificate, to pay principal of and interest and prepayment premium, if any, on the bonds or other obligations described in this paragraph on the maturity date or dates thereof or the prepayment date or dates specified pursuant to such irrevocable instructions, as appropriate;

(9) Municipal obligations rated "Aaa/AAA" or general obligations of States with a rating of "A2/A" or higher by both Moody's and S&P;

(10) Investment agreements, including guaranteed investment contracts, of institutions or guarantors or such institutions, whose long-term debt or claims paying ability is at all times rated equal to or better than the then existing rating of the Certificates by S&P and Fitch, if S&P and Fitch have rated the Certificates, or is collateralized by: cash at 100%; Federal Securities or other obligations of any agency or instrumentality of the United States of America at 104% of the amount invested; senior debt and/or mortgage-backed obligations of Federal National Mortgage Association or Federal Home Loan Mortgage Corporation at 105% of the amount invested; and

(11) the Local Agency Investment Fund of the State, created pursuant to Section 16429.1 of the California Government Code, to the extent the Trustee is authorized to register such investment in its name.

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

"Prepayment Fund" means the fund by that name established and held by the Trustee pursuant to Section 4.1 hereof

"Principal Component" means the portion of the Lease Payments designated as principal represented by the Certificates.

"Principal Office" means the principal corporate trust office of the Trustee in Los Angeles, California, or the principal corporate trust office of any successor Trustee, provided that for registration, transfer, exchange, surrender and payment of Certificates, means the corporate trust office of the Trustee in St. Paul, Minnesota, or such other office designated by the Trustee.

"Principal Payment Date" means January 1 of each year in which the Certificates mature or mandatory sinking fund payments are scheduled to be made.

"Rating Agency" means S&P, and any successors thereto, or if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, any other nationally recognized securities rating agency designated by City.

"Rating Category" means any generic rating category of S&P or Fitch, without regard to any refinement of such category by plus or minus sign or by numerical or other qualifying designation.

"Rebate Fund" means the fund established and held by the Trustee pursuant to Section 11.8 hereof.

"Rebate Amount" means with respect to the Certificates, the amount computed as described in the Tax Certificate.

“Record Date” means, with respect to any Interest Payment Date with respect to Certificates of any Series, except for a payment of defaulted interest, the fifteenth day of the calendar month preceding any Interest Payment Date, whether or not such fifteenth day is a Business Day. With respect to any payment of defaulted interest, a special record date shall be established in accordance with the provisions of this Trust Agreement.

“Registrar” means the Trustee.

“Regulations” means the applicable regulations of the United States Department of the Treasury proposed or promulgated under section 103 or sections 141 through 148 of the Code or of the Internal Revenue Code of 1954, as amended.

“Requisition” means any requisition executed by the City Representative and filed with the Trustee requesting disbursement of amounts from the Net Insurance Proceeds Fund.

“Responsible Officer” means any Vice President, Assistant Vice President or Officer of the Trustee having regular responsibility for the obligations of the Trustee under this Trust Agreement.

“S&P” means Standard & Poor’s Rating Services, a Standard & Poor’s Financial Services LLC business, its successors and assigns.

“Series,” when used with reference to the Certificates, means all of the Certificates designated as being of the same series, executed and delivered in a simultaneous transaction, regardless of variations in principal payment date, interest rate mode, prepayment and other provisions, and any Certificates thereafter executed and delivered upon transfer or exchange of or in lieu of or in substitution for (but not a refund) such Certificates pursuant to this Trust Agreement.

“Site Lease” means the Site and Facilities Lease, dated as of December 1, 2021, by and between the Corporation, as lessee thereunder, and the City, as lessor thereunder, and any duly authorized and executed amendments or supplements thereto.

“Special Counsel” means an attorney or firm of attorneys of nationally recognized standing in matters pertaining to the tax status of interest on obligations issued by states and their political subdivisions.

“State” means the State of California.

“Supplemental Lease Agreement” means any lease agreement hereafter duly authorized and entered into by and between the City and the Corporation, supplementing, modifying or amending the Lease; but only if and to the extent that such Supplemental Lease Agreement is specifically authorized hereunder.

“Supplemental Trust Agreement” means any trust agreement hereafter duly authorized and entered into among the Corporation, the City and the Trustee, supplementing, modifying or amending this Trust Agreement; but only if and to the extent that such Supplemental Trust Agreement is specifically authorized hereunder.

“Tax Certificate” means with respect to any Series of Certificates, the Tax Certificate dated as of the Closing Date for the Certificates of such Series concerning certain matters pertaining to the

use and investment of proceeds of such Certificates executed by the City on the date of execution and delivery of such Certificates, including any and all exhibits attached thereto.

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

“Trustee” means U.S. Bank National Association, and its successors or assigns hereunder.

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

“Value” when relating to the Permitted Investments, shall be determined as of July 31 and December 31 of each year, and shall mean the value of any Permitted Investments calculated as follows:

- (a) as to Permitted Investments, the bid and asked prices of which are published on a regular basis in The Wall Street Journal (or, if not there, then in The New York Times): the average of the bid and asked prices for such investments so published on or most recently prior to such time of determination;
- (b) as to Permitted Investments, the bid and asked prices of which are not published on a regular basis in The Wall Street Journal or The New York Times: the average bid price at such time of determination for such investments by any two nationally recognized government securities dealers (selected by the Trustee in its absolute discretion) at the time making a market in such investments or the bid price published by a nationally recognized pricing service;
- (c) as to certificates of deposit and bankers acceptances: the face amount thereof, plus accrued interest; and
- (d) as to any Permitted Investment not specified above: the value thereof established by prior agreement between the City and the Trustee.

Section 1.2. Authorization. Each of the parties hereby represents and warrants that it has full legal authority and is duly empowered to enter into this Trust Agreement, and has taken all actions necessary to authorize the execution of this Trust Agreement by the officers and persons signing it.

ARTICLE II

THE CERTIFICATES OF PARTICIPATION

Section 2.1. Authorization. The Trustee is hereby authorized and directed to execute and deliver, to the Original Purchaser, Certificates in an aggregate principal amount of \$_____ in denominations of \$5,000 or any integral multiple thereof, evidencing and representing proportionate and undivided ownership interests of the Owners of the Certificates in the Lease Payments and the Prepayments, if any, to be made by the City under the Lease.

Section 2.2. Date. Each Certificate shall be dated as of the date of its execution, and the Interest Component shall be payable from the Interest Payment Date immediately preceding the date

of execution thereof, unless (i) it is executed as of an Interest Payment Date, in which event the Interest Component shall be payable from the date of execution thereof, (ii) it is executed after a Record Date and before the following Interest Payment Date, in which event the Interest Component shall be payable from such following Interest Payment Date; or (iii) it is executed on or before its first Record Date, in which event the Interest Component shall be payable from their date of delivery; provided, however, that if, as of the original date of execution of any Certificate, the Interest Component has not been paid when due for any Outstanding Certificates, such Interest Component for such Certificate shall be payable from the Payment Date to which the Interest Component has previously been paid or made available for payment with respect to the Outstanding Certificates. There shall be no execution or registration of transfer of Certificates during the period established by the Trustee for selection of Certificates for prepayment or of any Certificate selected for prepayment.

Section 2.3. Maturity; Interest Rates.

(a) Payment of the Principal Component and the Interest Component of the Certificates. The Certificates shall mature on January 1, on the dates set forth below and shall represent interest as shown below:

Maturity (January 1)	Principal Component	Interest Rate	Maturity (January 1)	Principal Component	Interest Rate
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(b) Payment with Respect to Certificates Equal to Total Lease Payments. The total Principal Component and Interest Component due on all Certificates shall not exceed the total Lease Payments due under the Lease.

(c) Method of Payment. The principal, prepayment premium, if any, and interest payable with respect to the Certificates shall be payable in lawful money of the United States of America by check, being any coin or currency of the United States of America which, at the respective dates of payment thereof, is legal tender for the payment of public and private debts. Interest shall be paid by the Trustee on the Interest Payment Date with regard to such Certificate to the Owner thereof at the close of business on the Record Date with respect to such interest payment and shall be paid by check mailed by first class mail to such Owner at his address as it appears on the Certificate registration books or, upon the written request of an Owner of at least \$1,000,000 in principal amount of Certificates received at least fifteen (15) days prior to a Record Date, by wire transfer in immediately available funds to an account designated by such Owner, irrespective of the cancellation of such Certificate upon any transfer or exchange thereof subsequent to such Record Date and prior to such Interest Payment Date, unless the City shall default in the payment of interest

due with respect to such Interest Payment Date. Payment of principal or premium due shall be paid only upon surrender of such Certificate at the Principal Office of the Trustee. In the event of any default in the payment of interest, such defaulted interest shall be payable to the Owner of such Certificate on a special record date for the payment of such defaulted interest, which date shall be established by the Trustee by notice mailed by or on behalf of the City to the Owners of Certificates not less than fifteen (15) days preceding such special record date.

Section 2.4. Registration; Interest. The Certificates shall be delivered in the form of fully registered Certificates without coupons, bearing CUSIP Service Bureau numbers, and in denominations of \$5,000 each or any integral multiple thereof. The Certificates shall be individually numbered as determined by the Trustee. The Certificates shall be registered initially in the name of "Cede & Co.," as nominee of Depository Trust Company and shall be evidenced by one Certificate for each of the maturities of the Certificates. Registered ownership of the Certificates, or any portion thereof, may not thereafter be transferred except as set forth in Section 2.8 hereof.

In the event the City determines that the continuation of the system of book-entry-only transfers through DTC (or a successor securities depository) is not in the best interests of the DTC participants, beneficial owners of the Certificate Owners, or the City, the City will notify the Trustee, whereupon the Trustee will notify DTC of the availability through DTC of certificates for the Certificates. In such event, the Trustee shall execute and deliver and shall transfer and exchange Certificates as requested by DTC of like principal amount, class, series, priority and maturity, in authorized denominations to the identifiable beneficial owners in replacement of the beneficial interests of such beneficial owners with respect to the Certificates.

The Interest Component shall be payable on each Interest Payment Date to the date of maturity or prepayment of the Certificates, whichever is earlier. The Interest Component shall be computed on the basis of a 360-day year, comprised of 12 months of 30 days each. The proportion of the Lease Payments designated as the Interest Component shall be determined by the rate of interest applicable to the respective Certificates.

Section 2.5. Form of Certificates; Temporary Certificates. The Certificates and the form of assignment to appear thereon shall be substantially in the respective forms set forth in Exhibit A attached hereto and incorporated herein. Pending the preparation of definitive Certificates, at the request of the Original Purchaser and the City, the Trustee may deliver the Certificates in temporary form, in lieu of definitive Certificates and subject to the same limitations and conditions, exchangeable for definitive Certificates when ready for delivery. The temporary Certificates may be printed, lithographed or typewritten, shall be of such denominations as may be requested by the Original Purchasers, shall be 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 shall execute and delivered definitive Certificates in an equal aggregate principal amount in authorized denominations, and bearing the same rate or rates of interest and date or dates of maturity as that of the temporary Certificates, when available, without additional charge, and thereupon the temporary Certificates shall be surrendered to the Trustee at its Principal Office, and the Trustee shall cancel the same. Until so exchanged, the temporary Certificates shall be entitled to the same benefits under this Trust Agreement as definitive Certificates.

Section 2.6. Execution. The Certificates shall be executed by and in the name of the Trustee by the manual signature of any authorized signatory of the Trustee. The Trustee shall insert the date of execution of each Certificate in the place provided thereon.

Section 2.7. Application of Proceeds and Other Amounts. The net proceeds received by the Trustee from the sale of the Certificates in the amount of \$_____, and \$_____ in the Lease Payment Fund for the 2012 Certificates previously transferred to the Trustee by the City, shall be set aside by the Trustee in the following respective funds and in the following order of priority:

(a) The Trustee shall deposit an amount equal to \$_____ with the 2012 Escrow Agent for application in accordance with the 2012 Escrow Agreement;

(b) The Trustee shall deposit an amount equal to \$_____ into the Delivery Costs Fund.

The proceeds received by the Trustee from the sale of any Series of Additional Certificates shall be set aside by the Trustee as set forth in the Supplemental Trust Agreement pursuant to which such Additional Certificates are delivered.

The Trustee may establish such temporary funds or accounts on its records as it deems appropriate to facilitate such deposits and transfers.

Section 2.8. Transfer and Exchange.

(a) Transfer of Certificates. Any Certificate may, in accordance with its terms, be transferred upon the books required to be kept pursuant to the provisions of Section 2.11 by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Certificate for cancellation at the Principal Office of the Trustee, accompanied by delivery of a written instrument of transfer in a form acceptable to the Trustee, duly executed; provided, however, that the Trustee shall not effect the transfer of any Certificate during the period established by the Trustee for selection of Certificates for prepayment or of any Certificate selected for prepayment. Whenever any Certificate or Certificates shall be surrendered for transfer, the Trustee shall execute and deliver a new Certificate or Certificates of the same Series, maturity and interest rate, and for a like aggregate principal amount.

(b) Exchange of Certificates. Certificates may be exchanged at the Principal Office of the Trustee for a like aggregate principal amount of Certificates of other authorized denominations of the same Series, maturity and interest rate; provided, however, that there shall be no exchange of Certificates during the period established by the Trustee for selection of Certificates for prepayment or of any Certificate selected for prepayment. The Trustee may require the payment by the Owner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange. All Certificates surrendered pursuant to the provisions of this Section shall be cancelled by the Trustee and shall not be redelivered.

Section 2.9. Mutilated, Lost, Destroyed or Stolen Certificates. If any Certificate shall become mutilated, the Trustee shall execute and deliver a new Certificate of like tenor and maturity in exchange and substitution for the Certificate so mutilated, but only upon surrender to the Trustee of the Certificate so mutilated. Every mutilated Certificate so surrendered to the Trustee shall be cancelled by it. If any Certificate shall be lost, destroyed or stolen, evidence of such loss, destruction

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

Section 2.10. Use of Depository Trust Company. Notwithstanding any provision of this Trust Agreement to the contrary:

(a) The Certificates shall be initially delivered and registered as provided in Section 2.4. Registered ownership of the Certificates, or any portion thereof, may not thereafter be transferred except:

(i) To any successor of the DTC or its nominee, or to any substitute depository designated pursuant to clause (ii) of this subsection (a “substitute depository”); provided that any successor of DTC or a substitute depository shall be qualified under any applicable laws to provide the services proposed to be provided by it;

(ii) To any substitute depository designated by the City and not objected to by the Trustee, upon (1) the resignation of DTC or its successor (or any substitute depository or its successor) or (2) a determination by the City that DTC or its successor (or any substitute depository or its successor) is no longer able to carry out its functions as the City’s security depository; provided that any such substitute depository shall be qualified under any applicable laws to provide the services proposed to be provided by it; or

(iii) To any person as provided below, upon (1) the resignation of DTC or its successor (or substitute depository or its successor) from its functions as depository; provided that no substitute depository which is not objected to by the Trustee can be obtained or (2) a determination by the City that it is in the best interests of the City to remove DTC or its successor (or any substitute depository or its successor) from its functions as securities depository hereunder.

(b) In the case of any transfer pursuant to clause (i) or clause (ii) of subsection (a) hereof, upon receipt of the Outstanding Certificates by the Trustee, together with a request from the City to the Trustee, a single new Certificate shall be executed and delivered in the aggregate principal amount of each maturity of the Certificates then Outstanding, registered in the name of such successor or such substitute depository, or their nominees, as the case may be, all as specified in such request from the City. In the case of any transfer pursuant to clause (iii) of subsection (a) hereof, upon receipt of the Outstanding Certificates by the Trustee, new Certificates shall be executed and

delivered in such denominations numbered in consecutive order from R-1 up and registered in the names of such persons as are requested in such a request from the City, subject to the limitations of Section 2.4 hereof, provided that the Trustee shall not be required to deliver such new Certificates within a period less than sixty (60) days from the date of receipt of such a request from the City.

(c) In the case of partial prepayment or an advance refunding of the Certificates evidencing all or a portion of the principal amount thereof Outstanding, DTC shall make an appropriate notation on the Certificates indicating the date and amounts of such reduction in principal. The Trustee shall not be liable for any error or omission by DTC in making such notation and the records of the Trustee as to the outstanding principal amount of the Certificates shall be controlling.

(d) The City and the Trustee shall be entitled to treat the person in whose name any Certificate is registered as the Owner thereof for all purposes of this Trust Agreement and any applicable laws, notwithstanding any notice to the contrary received by the Trustee or the City; and the City and the Trustee shall have no responsibility for transmitting payments to, communication with, notifying or otherwise dealing with any beneficial owners of the Certificates. Neither the City nor the Trustee will have any responsibility or obligations, legal or otherwise, to the beneficial owners or to any other party including DTC or its successors, except for the Owner of any Certificate.

(e) So long as the Outstanding Certificates are registered in the name of DTC or its registered assigns, the City and the Trustee shall cooperate with DTC, as sole registered Owner, and its registered assigns, in effecting payment of the principal of and prepayment premium, if any, and interest with respect to the Certificates by arranging for payment in such manner that funds for such payments are properly identified and are made immediately available on the date they are due.

Section 2.11. Certificate Register. The Trustee will keep or cause to be kept, at its Principal Office, sufficient books for the registration and transfer of the Certificates which shall at all times be open to inspection by the City and the Corporation during regular business hours with reasonable 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 said books, Certificates as hereinbefore provided. The City, the Corporation and the Trustee shall be entitled to treat the registered owner of a Certificate as the absolute owner thereof for all purposes, whether or not a Certificate shall be overdue, and the City, the Corporation and the Trustee shall not be affected by any notice to the contrary.

Section 2.12. Execution and Delivery of Additional Certificates. In addition to the Certificates designated as Series 2021, the City, the Corporation and the Trustee may by execution of a Supplemental Trust Agreement, without the consent of the Owners of any Certificates, provide for the execution and delivery of Additional Certificates in one or more Series. The Trustee may execute and deliver to or upon the request of the Corporation such Additional Certificates, in such principal amounts as shall reflect the additional principal components of the Lease Payments and the proceeds of such Additional Certificates may be applied to pay the costs of any additional project, as specified in the Supplemental Trust Agreement. Such Additional Certificates may only be executed and delivered upon compliance by the City with the provisions of Section 2.13 hereof, and subject to the following specific conditions, which are hereby made conditions precedent to the execution and delivery of any such Additional Certificates:

(a) The City shall not be in default under this Trust Agreement or any Supplemental Trust Agreement or under the Lease;

(b) The aggregate principal amount of Certificates and any Additional Certificates executed and delivered at any time Outstanding hereunder or under any Supplemental Trust Agreement shall not exceed any limit imposed by law, by this Trust Agreement or by any Supplemental Trust Agreement;

(c) The Lease shall have been amended so as to increase the Lease Payments payable by the City thereunder by an aggregate amount equal to the principal and interest represented by such Additional Certificates, payable at such times and in such manner as may be necessary to provide for the payment of the principal and interest represented by such Certificates; provided, however, that no such amendment shall be made such that the sum of Lease Payments, including any additional Lease Payments required by such amendment, shall be in excess of the fair rental value of the Leased Premises after taking into account any amendment of the description of the Leased Premises in connection with the execution and delivery of Additional Certificates;

(d) If the City holds fee title to any property proposed to be added as Leased Premises, the Site Lease and the Lease Agreement shall have been amended to take into account any amendment of the description of such property as Leased Premises in connection with the execution and delivery of Additional Certificates;

(e) The Supplemental Trust Agreement shall provide payment dates and/or mandatory prepayments of Additional Certificates in amounts sufficient to provide for payment of the Additional Certificates when principal and interest components of Lease Payments are due and shall provide for the creation of accounts and subaccounts, if any, within existing funds and accounts established hereunder which relate to the Series of Additional Certificates; and

(f) The issuance of such Additional Certificates may not result in a reduction in the credit rating of any Certificates then Outstanding.

Any Additional Certificates shall be on a parity with, and each Owner thereof shall have the same rights upon an event of default as the Owner of, any other Certificates executed and delivered under this Trust Agreement, except as otherwise provided in the Supplemental Trust Agreement under which Additional Certificates are executed and delivered.

Section 2.13. Proceedings for Authorization of Additional Certificates. Whenever the City shall determine to authorize the execution and delivery of any Additional Certificates pursuant to Section 2.12 hereof and Section 4.7 of the Lease, the City and the Trustee shall enter into a Supplemental Trust Agreement without the consent of the Owners of any Certificates, providing for the execution and delivery of such Additional Certificates, specifying the maximum principal amount of such Additional Certificates and prescribing the terms and conditions of such Additional Certificates.

Such Supplemental Trust Agreement shall prescribe the form or forms of such Additional Certificates and, subject to the provisions of Section 2.12, shall provide for the distinctive designation, denominations, dates, principal payment dates, interest rates, interest payment dates, provisions for prepayment and places of payment of principal and interest.

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

(a) An opinion of Special Counsel, addressed to the Trustee, setting forth (1) that such counsel has examined the Supplemental Trust Agreement and the amendment to the Lease required by Section 2.12(c) hereof; (2) that the execution and delivery of the Additional Certificates have been sufficiently and duly authorized by the City; (3) that the amendments to the Site Lease, the Lease and the Supplemental Trust Agreement, when duly executed and delivered by the City, will be valid and binding obligations of the City; (4) that this Trust Agreement creates a valid pledge to secure the payment Lease Payments with respect to the Additional Certificates; (5) that the amendment to the Lease has been duly authorized, executed and delivered; and (6) that the amendment to the Lease does not adversely affect the exclusion from gross income of interest with respect to the Outstanding Certificates for Federal income tax purposes.

(b) A certification of the City that the requirements of Section 2.12 hereof have been met, which shall include a Certification by the City as to the fair rental value of the Leased Premises, sufficient to support payment of Lease Payments with respect to all Outstanding Certificates after giving effect to the execution and delivery of the Additional Certificates and to the use of proceeds received therefrom.

(c) An executed counterpart or duly authenticated copy of the Supplemental Trust Agreement and the amendment to the Lease and to the Site Lease required by Section 2.12 hereof.

(d) Evidence of compliance with Section 2.12.

(e) A certificate of insurance verifying coverage under the policies of insurance required by the Lease.

Upon the delivery to the Trustee of the foregoing instruments, the Trustee shall execute and deliver said Additional Certificates, in the aggregate principal amount specified in such Supplemental Trust Agreement, to, or upon the request of the City.

ARTICLE III

DELIVERY COSTS FUND

Section 3.1. Establishment of Delivery Costs Fund. There is hereby established a Delivery Costs Fund designated as the “City of Manhattan Beach 2021 Delivery Costs Fund” (the “Delivery Costs Fund”), which shall be maintained by the Trustee as a separate trust account and shall be administered in accordance with the provisions of this Article. Amounts on deposit in the Delivery Costs Fund shall be applied by the Trustee to the payment of Delivery Costs upon receipt of a Requisition from the City, substantially in the form set forth in Exhibit B hereto, stating the amount of each such payment, the payee and the purpose for which such payment will be applied. On the date which is 120 days following the Closing Date, the Trustee shall transfer any remaining moneys in the Delivery Costs Fund into the Lease Payment Fund to be applied to the payment of the Principal Component and the Interest Component of the Certificates in the manner described in Section 5.3 hereof and the Trustee shall close the Delivery Costs Fund.

ARTICLE IV

PREPAYMENT OF CERTIFICATES

Section 4.1. Establishment of Prepayment Fund. The Certificates shall be subject to prepayment as provided in this Article IV and, with respect to Additional Certificates, as may be additionally set forth in the Supplemental Trust Agreement if any, pursuant to which such Additional Certificates are delivered. The Trustee shall establish a special fund designated as the “City of Manhattan Beach 2021 Prepayment Fund” (the “Prepayment Fund”); shall keep such fund separate and apart from all other funds and moneys held by it; and shall administer such fund as herein provided. Prior to any Prepayment, sufficient moneys to be used for prepayment of the Certificates shall be transferred by the City to the Trustee, for deposit into the Prepayment Fund and be used solely for the purpose of prepaying all or a portion of the Certificates in advance of their maturity on the date designated for prepayment and upon presentation and surrender of such Certificates.

Section 4.2. Prepayment From Net Insurance Proceeds. The Certificates are subject to prepayment on any Payment Date, in whole or in part (in integral multiples of \$5,000), from Net Insurance Proceeds deposited in the Prepayment Fund at least 60 days prior to a Payment Date and credited towards the Prepayment made by the City pursuant to Section 10.2 of the Lease, at a prepayment price equal to the Principal Component thereof, together with accrued Interest Component to the date fixed for prepayment, without premium. To the extent that Net Insurance Proceeds are not sufficient to provide for the prepayment price of the Certificates, the City shall make a deposit in the amount of the deficiency from lawfully available moneys of the City.

Whenever Net Insurance Proceeds are set aside for prepayment of Certificates under this Section, they shall, promptly upon receipt and upon the Trustee’s receipt of written instructions from the City, be invested in securities in the State and Local Government Series of the United States Department of Treasury or in obligations described in section 103(a) of the Code, in each case, maturing in time and amount to provide payment in full of the Interest Component and Principal Component of the affected Certificates; provided however, that the City shall not be in violation of this Section if it applies its best efforts in obtaining such investments but is nonetheless unsuccessful.

Section 4.3. Mandatory Sinking Fund Prepayment. The Certificates maturing on January 1, 20__, are subject to mandatory sinking fund prepayment prior to maturity at a prepayment price equal to the Principal Component of the Certificates to be prepaid each year, plus accrued interest with respect thereto to the prepayment date, on January 1 of each year, commencing January 1, 2025, in the Principal Components and on the prepayment dates as follows:

Mandatory Sinking Fund Prepayment Date (January 1)	Principal Component
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Section 4.4. Optional Prepayment. The Certificates maturing on or after January 1, 20__ are subject to prepayment in whole or in part (in integral multiples of \$5,000) on any date on or after January 1, 20__ from moneys deposited into the Prepayment Fund as a result of the exercise by the City of its option to prepay its Lease Payments, at a prepayment price equal to the Principal Component of Certificates to be prepaid plus accrued interest to the date fixed for prepayment, without premium.

Section 4.5. Selection of Certificates for Prepayment; Partial Prepayment. (a) Except as otherwise provided herein, whenever provision is made in this Trust Agreement for the prepayment of Certificates and fewer than all Outstanding Certificates are called for prepayment, the Trustee shall select Certificates for prepayment from the Outstanding Certificates not previously called for prepayment among maturities as directed in writing by the City, and by lot of within any maturity, or if not so directed by City, in any manner which the Trustee shall in its sole discretion deem appropriate and fair, which decision shall be final and binding upon the City, the Corporation and the Owners. The Trustee shall promptly notify the City and the Corporation in writing of the Certificates so selected for prepayment.

(b) All or a portion of any Certificate may be prepaid, but only in a Principal Component equal to an integral multiple of \$5,000. Upon surrender by the Owner of a Certificate for partial prepayment, such partial prepayment of the Principal Component will be made by check mailed by first class mail to the Owner at his or her address as it appears on the registration books of the Trustee. Partial prepayments of Certificates shall be made in accordance with Section 4.7.

Section 4.6. Notice of Prepayment. When prepayment is authorized or required pursuant to Sections 4.2, 4.3 or 4.4, the Trustee shall give notice of the prepayment of the affected Certificates. Such notice shall specify: (a) that the Certificates or a designated portion thereof are to be prepaid, (b) the CUSIP numbers, the numbers and dates of maturity of the Certificates to be prepaid, (c) the date of prepayment, and (d) the place or places where the prepayment will be made. Such notice shall further state that on the specified date there shall become due and payable upon each Certificate to be prepaid, the portion of the Principal Component to be prepaid, together with the Interest Component accrued to said date, and that from and after such date the Interest Component shall cease to accrue and be payable.

Notice of such prepayment shall be mailed by first class mail, postage prepaid, to the City, the Corporation and the respective Owners of any Certificates designated for prepayment at their addresses appearing on the Certificate registration books, not less than 20 days, but not more than 60 days, prior to the prepayment date; provided, that neither failure to receive such notice nor any defect in any notice so mailed shall affect the sufficiency of the proceedings for the prepayment of such Certificates. Failure by an Owner, securities depository or information service to receive notice as provided in this Trust Agreement shall not affect the validity of the prepayment.

Any such notice of prepayment (other than a notice of prepayment given in connection with a prepayment of Certificates pursuant to Section 4.3) may be (a) cancelled and annulled by a subsequent request of the City given to the Trustee at least five (5) days prior to the date fixed for

prepayment and/or (b) made conditional upon the receipt of money or securities by the Trustee or the City or upon any other event, and, in each case, the Trustee shall thereupon forthwith give appropriate notice of such cancellation and annulment or the non-occurrence of such condition.

Each check or other transfer of funds issued or made by the Trustee for the purpose of prepaying the Certificates shall to the extent practicable identify by designation and maturity the Certificates being prepaid with the proceeds of such check or other transfer.

Failure by an Owner, listed above to receive notice as provided herein shall not affect the validity of the prepayment.

Section 4.7. Partial Prepayment of Certificates. Upon surrender by the Owner of a Certificate for partial prepayment, payment of such partial prepayment of the Principal Component will be made by check mailed by first class mail to the Owner at his address as it appears on the registration books of the Trustee. Upon surrender of any Certificate prepaid in part only, the Trustee shall execute and deliver to the Owner thereof, at the expense of the City, a new Certificate or Certificates which shall be of authorized denominations equal in aggregate principal amount to the unprepaid Principal Component of the Certificate surrendered and of the same interest rate and the same maturity. Such partial prepayment shall be valid upon payment of the amount thereby required to be paid to such Owner, and the City, the Corporation and the Trustee shall be released and discharged from all liability to the extent of such payment; provided that, so long as the Certificates are held in book-entry form by DTC, Certificates need not be surrendered for partial prepayment.

Section 4.8. Effect of Notice of Prepayment. Notice having been given as aforesaid, and the moneys for the prepayment (including the Interest Component accruing through the applicable date of prepayment) having been set aside in the Lease Payment Fund or the Prepayment Fund, the Principal Component and Interest Component of any Certificates so called shall become due and payable on said date of prepayment, and upon presentation and surrender thereof at the office or offices specified in said notice, said Certificates shall be paid in the amount of the unpaid Principal Component, plus the Interest Component 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, and premium, if any, together with the Interest Component accrued to said date of prepayment, shall be held by the Trustee so as to be available therefor on such date of prepayment, and, if notice of prepayment thereof shall have been given as aforesaid, then, from and after said date of prepayment, the Interest Component with respect to such Certificates shall cease to accrue and become payable. All moneys held by or on behalf of the Trustee for the prepayment of Certificates shall be held in trust for the account of the Owners of the Certificates so to be prepaid.

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

ARTICLE V

LEASE PAYMENTS; LEASE PAYMENT FUND

Section 5.1. Security Provisions.

(a) Assignment of Rights in Lease. The Corporation has, pursuant to the Assignment Agreement, assigned and set over to the Trustee all of its rights in the Lease, including but not limited to all of the Corporation's rights to receive and collect the Lease Payments, Prepayments, Additional Payments and any other amounts required to be paid pursuant to the Lease or pursuant hereto, excepting only its right to indemnification. All Lease Payments, Prepayments, Additional 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 and Prepayments 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 if received by the Corporation at any time shall be deposited by the Corporation with the Trustee within one Business Day after the receipt thereof; and all such Lease Payments, Prepayments and such other amounts shall be forthwith deposited by the Trustee upon the receipt thereof in the Lease Payment Fund or the Prepayment Fund, as appropriate.

(b) Security Interest in Moneys and Funds. The Corporation and the City, as their interests may appear, hereby grant to the Trustee for the benefit of the Owners a lien on and a security interest in all moneys in the funds and accounts held by the Trustee under this Trust Agreement (except the Rebate Fund), including without limitation, the Lease Payment Fund, the Prepayment Fund and the Net Insurance Proceeds Fund, and all such moneys shall be held by the Trustee in trust and applied to the respective purposes specified herein and in the Lease.

(c) Pledge of Lease Payments. The Lease Payments are hereby irrevocably pledged to and shall be used for the punctual payment of the Interest Component and the Principal Component, and the Lease Payments shall not be used for any other purpose while any of the Certificates remain Outstanding. This pledge shall constitute a first and exclusive lien on the Lease Payments in accordance with the terms hereof.

(d) Establishment of Lease Payment Fund. The Trustee shall also establish a special fund designated as the "City of Manhattan Beach 2021 Lease Payment Fund" (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 Owners of the Certificates. So long as any Certificates are Outstanding, neither the City 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 5.2. Deposits. There shall be deposited into the Lease Payment Fund certain deposits received by the Trustee, including any moneys received by the Trustee for deposit therein pursuant to Section 4.3 (regarding Lease Payments) of the Lease and any other moneys required to be deposited therein pursuant to the Lease or pursuant to this Trust Agreement. On or prior to each June 1 and December 1, the Trustee shall notify the City of the amounts on deposit in the Lease Payment Fund to be credited toward the Lease Payments due on the next succeeding Lease Payment Date.

Section 5.3. Application of Moneys. Except as provided in Section 13.3, all amounts in the Lease Payment Fund, shall be used and withdrawn by the Trustee solely for the purpose of paying the Principal Component and the Interest Component as the same shall become due and payable, in accordance with the provisions of Article II and Article IV.

The Trustee shall apply moneys on deposit in the Lease Payment Fund in the following order of priority:

(a) On or before each Payment Date, an amount sufficient to pay the Interest Component due and payable on such date shall be set aside by the Trustee and shall be applied to the payment of such Interest Component;

(b) On or before each Principal Payment Date, an amount sufficient to pay the Principal Component coming due and payable on the Certificates on such date shall be set aside by the Trustee and applied to the payment of such Principal Component; and

(c) To the extent that Prepayments are made on each date set for prepayment of Certificates pursuant to Sections 4.2, 4.3 and 4.4, the amount prepaid shall be deposited into the Prepayment Fund to be applied for the prepayment of Certificates in accordance with the applicable Section.

Section 5.4. Investment Earnings. The Trustee shall deposit all earnings resulting from the investment of moneys deposited in any fund or account held under this Trust Agreement to the Lease Payment Fund.

Section 5.5. Surplus. Any funds remaining in the Lease Payment Fund, after prepayment and payment of all Certificates Outstanding, or provision having been made therefor satisfactory to the Trustee, including accrued interest and payment of any applicable fees and expenses to the Trustee, shall be withdrawn by the Trustee and remitted to the City.

ARTICLE VI

[NOT USED]

ARTICLE VII

NET INSURANCE PROCEEDS FUND

Section 7.1. Establishment of Net Insurance Proceeds Fund; Application of Net Insurance Proceeds.

(a) Any Net Insurance Proceeds collected by the City shall be transferred to the Trustee pursuant to Section 6.2(a) of the Lease and deposited by the Trustee in a special fund to be then established and designated as the “City of Manhattan Beach 2021 Net Insurance Proceeds Fund” (the “Net Insurance Proceeds Fund”) to be held in trust and applied and disbursed by the Trustee as provided in Section 6.2 of the Lease.

(b) If the Leased Premises are taken by condemnation proceedings, the Net Insurance Proceeds therefrom shall be deposited in the Net Insurance Proceeds Fund promptly upon receipt thereof within ninety (90) days after such Net Insurance Proceeds are delivered to the Trustee and the City shall certify to the Trustee (a) as to whether the Leased Premises have been taken in whole or in part pursuant to such proceedings, (b) as to whether the remaining portion of the Leased Premises is still useful for the purposes originally intended and (c) as to whether it desires that any available Net Insurance Proceeds from such condemnation proceedings be applied for replacement of the Leased Premises and, if so, that sufficient funds, together with such Net Insurance Proceeds, have been appropriated to pay the total cost of such replacement. If such certification is to the effect that the Leased Premises have been taken in whole pursuant to such condemnation proceedings or has

been taken in part to such extent that the remaining portion of Leased Premises is no longer useful for the purposes originally intended, the Trustee shall transfer all of such Net Insurance Proceeds to the Prepayment Fund to be applied to the prepayment of the Certificates. If such certification is to the effect that the Leased Premises has been taken in part pursuant to such condemnation proceedings and that the remaining portion of the Leased Premises is still useful for the purposes originally intended, the Trustee shall transfer such Net Insurance Proceeds to the Prepayment Fund to be applied to the prepayment of Certificates pursuant to Section 4.2 hereof; provided that, if such certification is also to the effect that the City desires that any available Net Insurance Proceeds be applied for replacement of the Leased Premises and if the City further certifies that sufficient funds, together with such Net Insurance Proceeds, have been appropriated or are otherwise available to pay the total cost of such replacement, the Trustee will disburse such Net Insurance Proceeds to the City upon receipt of its requisitions therefor in order for the City to cause the Leased Premises to be replaced or improved to at least the same good order, repair and condition as it was in prior to the condemnation proceedings, insofar as the same may be accomplished with said funds, and the Trustee shall transfer any excess Net Insurance Proceeds to the Lease Payment Fund to be credited against the next Lease Payment.

Section 7.2. Excess Net Insurance Proceeds. After all of the Certificates have been retired and discharged and the entire amount of the Principal Component and Interest Component have been paid in full, or provision having been made therefor satisfactory to the Trustee, including payment of the Trustee's fees and expenses, the Trustee shall then pay any remaining moneys in the Net Insurance Proceeds Fund to the City.

Section 7.3. Cooperation. The Corporation and the Trustee shall cooperate fully with the City, at the expense of the City, in filing any proof of loss with respect to any insurance policy maintained pursuant to Article V of the Lease and in the prosecution or defense of any prospective or pending condemnation proceeding with respect to any part of the Leased Premises; provided the Trustee shall not be obligated to provide such cooperation unless it has been indemnified to its satisfaction from any liability or expense related to or arising therefrom.

ARTICLE VIII

MONEYS IN FUNDS; INVESTMENT

Section 8.1. Held in Trust. The moneys and investments held by the Trustee under this Trust Agreement are irrevocably held in trust for the benefit of the Owners of the Certificates with the exception of the moneys in the Rebate Fund, and for the purposes herein specified, and such moneys, and any income or interest earned thereon, shall be expended only as provided in this Trust Agreement, and shall not be subject to levy or attachment or lien by or for the benefit of any creditor of the Corporation, the Trustee or the City or any Owner of Certificates, or any of them other than the lien in favor of Trustee permitted pursuant to Section 9.5 hereof.

Section 8.2. Investments Authorized. Subject to Section 11.8, moneys held by the Trustee hereunder shall be invested and reinvested by the Trustee in Permitted Investments pursuant to the written direction of the City. The City shall, by written order of the City Representative filed with the Trustee, direct such investment in specific Permitted Investments identified in such written order. Such investments, if registerable, shall be registered in the name of the Trustee or its nominee for the benefit of the Owners and held by the Trustee. Such investment direction shall be made giving full consideration for the time at which funds are required to be available based upon, among

other things, scheduled acquisition of the Project. The Trustee and its affiliates may act as sponsor, advisor, principal or agent in the making or disposing of any investment. The Trustee covenants that in the absence of a written order of the City directing investments hereunder, it shall invest such proceeds in instruments described in subsection (7) of the definition of "Permitted Investments" contained herein. The Trustee shall have no duty or obligation to verify the legality of such investments. The Trustee may commingle any of the moneys in funds held by it pursuant to this Trust Agreement and place them into a separate fund or funds for investment purposes only, provided, however, that all funds or accounts held by the Trustee hereunder shall be accounted for separately notwithstanding such commingling by the Trustee.

Section 8.3. Disposition of Investments. Any income, profit or loss on the investment of moneys held by the Trustee hereunder shall be credited to the fund or account from which the investment was made.

Section 8.4. Accounting. The Trustee shall furnish to the City each month an accounting statement of all investments made by the Trustee. 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 this Article. The City and the Corporation acknowledge that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the City or the Corporation the right to receive brokerage confirmations of security transactions as they occur, the City and the Corporation will not receive such confirmations to the extent permitted by law. The Trustee will furnish the City periodic cash transaction statements which include detail for all investment transactions made by the Trustee hereunder.

The Trustee may make any investments hereunder through its own bond or investment department or trust investment department, or those of its parent or any affiliate.

Section 8.5. Valuation of Investments. In computing the amount in any fund or account, Permitted Investments shall be valued at the market price thereof. With respect to all funds and accounts, the Trustee shall, at the expense of the City, determine the market price thereof no less often than semiannually on January 1 and July 1 of each year or the next preceding Business Day if such day is not a Business Day. Any Permitted Investment shall be deemed to mature on the earliest date that the issuer thereof may be required to repay the principal thereof at par without penalty. The Trustee shall sell, or present for prepayment, any Permitted Investment so purchased by the Trustee whenever it shall be necessary in order to provide moneys to meet any required payment, transfer, withdrawal or disbursement from the fund to which such Permitted Investment is credited, and the Trustee shall not be liable or responsible for any loss resulting from such investment.

ARTICLE IX

THE TRUSTEE

Section 9.1. Appointment of Trustee. U.S. Bank National Association, a national banking association organized and existing under and by virtue of the laws of the United States of America, is hereby appointed Trustee by the Corporation and the City 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 City agree that they will maintain either U.S. Bank National Association or a substitute Trustee which substitute Trustee is a commercial bank, national banking association, or trust company having an office in New York, New

York, or Los Angeles, California, which, together with the corporate parent of such Trustee, if any, has a combined capital (exclusive of bon-owed capital) and surplus of at least One Hundred Million Dollars (\$100,000,000), and subject to supervision or examination by Federal or state authority, so long as any Certificates are Outstanding. If such bank, national banking association or trust company publishes a report of condition at least annually pursuant to law or to the requirements of any supervising or examining authority referred to above, then for the purpose of this Section, the combined capital and surplus o f such bank, national banking association or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

The Trustee is hereby authorized to pay the Certificates when duly presented for payment at maturity, or upon prepayment, or on purchase by the Trustee of Certificates prior to maturity 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 pursuant to the provisions of this Trust Agreement.

So long as no Event of Default shall have happened and be continuing, the City may remove the Trustee initially appointed for good cause, and any successor thereto; and may appoint a successor or successors thereto; provided, that any such successor shall be a bank, national banking association or trust company meeting the requirements set forth in this Section.

The Trustee may resign by giving thirty days prior written notice to the City and the Corporation. Upon receiving such notice of resignation, the Corporation 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 Certificate registration books maintained pursuant to Section 2.11. In the event the Corporation does not name a successor Trustee within 30 days of receipt of notice of the Trustee's resignation, then the Trustee, at the expense of the City, may petition a court of proper jurisdiction to seek the immediate appointment of a successor Trustee.

Section 9.2. Liability of Trustee. The recitals of facts herein, in the Assignment Agreement and in the Certificates contained shall be taken as statements of the City, and the Trustee assumes no responsibility for the correctness of the same, and makes no representations as to the validity or sufficiency of this Trust Agreement or the Certificates as to the value or condition of the trust estate or any part thereof, as to the title of the City thereto, as to the security afforded thereby or by this Trust Agreement, as to the tax status of the Interest Component, or as to the technical or financial viability of the City, and shall incur no responsibility in respect thereof. The Trustee shall not be accountable for the use or application by the City of the Certificates or the proceeds thereof or of any moneys paid to the City pursuant to the terms of this Trust Agreement. The Trustee shall, however, be responsible for its representations in relation to the execution of the Certificates. The Trustee shall not be liable in connection with the performance of its duties hereunder except for its own negligence or willful misconduct. The Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or through agents or attorneys, and the Trustee shall not be responsible for any misconduct or negligence on the part of any agent (other than an employee) or attorney appointed with due care. The City shall not be deemed an agent of the Trustee for any purpose, and the Trustee shall not be responsible for the compliance of the City in its duties hereunder in connection with the transactions contemplated herein. The Trustee may become the Owner of the Certificates with the same rights it would have if it were not Trustee, and, to the

extent permitted by law, may act as depository for and permit any of their 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 Certificate Owners, whether or not such committee shall represent the Certificate Owners or a majority thereof. No provision of this Trust Agreement shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of its duties hereunder or thereunder, or in the exercise of its rights or powers, if repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to its satisfaction.

In accepting the trusts hereby created, the Trustee acts solely as Trustee for the Owners and not in its individual capacity and all persons, including without limitation the Owners, Corporation and City having any claim against the Trustee arising from the Trust Agreement shall look only to the funds and accounts held by the Trustee hereunder for payment except as otherwise provided herein. Under no circumstances shall the Trustee be liable in its individual capacity for the obligations evidenced by the Certificates.

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 Corporation and the City of the Project or the Leased Premises. In no event shall the Trustee be liable for incidental, indirect, special or consequential damages in connection with or arising from the Lease or this Trust Agreement for the existence, furnishing or use of the Project or the Leased Premises.

The Trustee shall not be responsible for the sufficiency or enforceability of the Lease or the assignment under the Assignment Agreement of its rights to receive Lease Payments.

The Trustee shall not be accountable for the use or application by the City or any other party of any funds which the Trustee has released in accordance with the provisions of this Trust Agreement.

Section 9.3. Merger or Consolidation. Any company or national banking association into which the Trustee may be merged or converted or with which it may be consolidated or any company or national banking association resulting from any merger, conversion or consolidation to which it shall be a party or any company or national banking association to which the Trustee may sell or transfer all or substantially all of its corporate trust business, provided that such company or national banking association shall meet the requirements set forth in Section 9.1, shall be the successor to the Trustee without the execution or filing of any paper or further act, anything herein to the contrary notwithstanding. Notice of such merger or consolidation shall be given to the City and the Corporation.

Section 9.4. Protection and Rights of the Trustee. The Trustee shall be protected and shall incur no liability in acting or proceeding in good faith upon any affidavit, bond, certificate, consent, notice, request, requisition, resolution, statement, telegram, voucher, waiver or other paper or document which it shall in good faith believe to be genuine and to have been passed or signed by the proper board or person or to have been prepared and furnished pursuant to any of the provisions of this Trust Agreement, and the Trustee shall be under no duty to make any investigation or inquiry as to any statements contained or matters referred to in any such instrument, including, but not limited to, the legality of any investment in which Trustee is instructed to invest, but may, in the absence of bad faith on its part, accept and rely upon the same as conclusive evidence of the truth and

accuracy of such statements. The Trustee may consult with counsel, who may be counsel to the City, with regard to legal questions and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by the Trustee hereunder in good faith in accordance therewith.

Whenever in the administration of its duties under this Trust Agreement, the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed), in the absence of bad faith on its part, shall be deemed to be conclusively proved and established by the certificate of the City Representative or the Corporation Representative and such certificate shall be full warranty to the Trustee, in the absence of bad faith on its part, for any action taken or suffered under the provisions of this Trust Agreement upon the faith thereof, but in its discretion the Trustee may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may seem reasonable to the Trustee.

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

The Trustee shall not be answerable for the exercise of any discretion or power under this Agreement or for anything whatever in connection with the funds and accounts established hereunder, except only for its own negligence or willful misconduct hereunder.

The Trustee shall not be deemed to have knowledge of any Event of Default hereunder unless and until a Responsible Officer shall have actual knowledge thereof, or shall have received written notice thereof, at its Principal Office. Except as otherwise expressly provided herein, the Trustee shall not be bound to ascertain or inquire as to the performance or observance of any of the terms, conditions, covenants or agreements herein or of any of the documents executed in connection with the Certificates, or as to the existence of an Event of Default thereunder.

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

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

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

The Trustee shall not be liable for any action taken or not taken by it in accordance with the direction of the Owners of a majority (or other percentage provided for herein) in aggregate principal amount Certificates outstanding relating to the exercise of any right, power or remedy available to the Trustee.

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

Section 9.5. Compensation of the Trustee. The City or the Corporation shall from time to time on demand, pay to the Trustee reasonable compensation for its services and shall reimburse the Trustee for all its advances (with interest on such advances at the maximum rate allowed by law) and expenditures, including but not limited to advances to and fees and expenses of independent appraisers, accountants, consultants, counsel, agents and attorneys or other experts employed by it in the exercise and performance of its powers and duties hereunder and the Trustee shall have a lien therefor on any and all funds at any time held by it under this Trust Agreement, which lien shall not be prior and superior to the lien of the Certificate Owners unless there has occurred an Event of Default in which event the lien of the Trustee shall be prior and superior to the lien of the Owners. The City's and Corporation's obligations hereunder shall remain valid and binding, notwithstanding the maturity and payment of the Certificates. The compensation of the Trustee hereunder shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust.

Section 9.6. Indemnification of Trustee. To the extent permitted by law, the City shall indemnify and save the Trustee its officers, employees, agents, successors or assigns harmless from and against all claims, losses, costs, expenses, liability and damages, including legal fees and expenses, arising out of (i) the use, maintenance, condition or management of, or from any work or thing done on, the Project or the Leased Premises by the City, (ii) any breach or default on the part of the City in the performance of any of its obligations under this Trust Agreement and any other agreement made and entered into for purposes of the Project, (iii) any act of negligence of the City or of its agents, contractors, servants, employees or licensees with respect to the Project or the Leased Premises, (iv) any act of negligence of any assignee of, or purchaser from, the City or its agents, contractors, servants, employees or licensees with respect to the Project or the Leased Premises, (v) the construction or acquisition of the Project or Project Costs, (vi) the actions of any other party, including but not limited to the ownership, operation or use of the Project or the Leased Premises by the City, or (vii) the Trustee's exercise and performance of its powers and duties hereunder or pursuant to the Lease. No indemnification will be made under this Section or elsewhere in this Trust Agreement for negligence or willful misconduct by the Trustee, its officers or employees. The City's obligations hereunder shall remain valid and binding notwithstanding defeasance, maturity and payment of the Certificates or the resignation or removal of the Trustee.

ARTICLE X

MODIFICATION OR AMENDMENT OF AGREEMENTS

Section 10.1. Amendments Permitted. This Trust Agreement and the rights and obligations of the Owners and the Site Lease, the Lease and the rights and obligations of the parties thereto, may be modified or amended at any time by a supplemental agreement which shall become effective when the written consent of the Owners of at least 51% in aggregate principal amount of the Certificates then Outstanding, exclusive of Certificates disqualified as provided in Section 10.3, shall have been filed with the Trustee; provided, that the Trustee shall enter into a Supplemental Trust Agreement with the Corporation and the City upon the City's entering into a Supplemental Lease Agreement with the Corporation. Without the consent of each Owner of any affected Certificate, no such modification or amendment shall (1) extend or have the effect of extending the fixed maturity of any Certificate or reducing the interest rate with respect thereto or extending the time of payment of the Interest Component, or reducing the amount of Principal Component thereof or reducing any

premium payable upon the prepayment thereof, without the express consent of the Owner of such Certificate, or (2) reduce or have the effect of reducing the percentage of Certificates required for the affirmative vote or written consent to an amendment or modification of this Trust Agreement or the Lease, or (3) 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 10.2.

This Trust Agreement and the rights and obligations of the Owners, the Lease, the Site Lease and the rights and obligations of the parties thereto, may be modified or amended at any time by a supplemental agreement, without notice to or the consent of any such Owners, but only to the extent permitted by law and only (1) to cure, correct or supplement any ambiguous or defective provision contained herein or therein, (2) in regard to matters arising hereunder or thereunder, as the parties hereto or thereto may deem necessary or desirable and which shall not materially adversely affect the interest of the Owners, (3) to satisfy the requirements of the Rating Agency, (4) with respect to the Lease and the Site Lease, as permitted therein to permit the substitution of Project Components or the Leased Premises in accordance with the Lease and to modify the description of the site on which the Project Components are located, or (5) to make any modification or amendment that does not materially adversely affect the interests of the Owners. Any such supplemental agreement with respect to this Trust Agreement and the Lease shall require the unanimous consent of all parties hereto and thereto, as the case may be. Any such supplemental agreement shall become effective upon execution and delivery by the parties hereto or thereto as the case may be.

Section 10.2. Procedure for Amendment with Written Consent of Owners. This Trust Agreement or the Lease may be amended by supplemental agreement as provided in this Section in the event the consent of the Owners is required pursuant to Section 10.1. A copy of such supplemental agreement, together with a request to the Owners for their consent thereto, shall be mailed, by first class mail by the Trustee, at the expense of the City, to each Owner at his address as set forth in the Certificate registration books maintained pursuant to Section 2.11, but failure to receive copies of such supplemental agreement and request so mailed shall not affect the validity of the supplemental agreement when assented to as in this Section provided.

Such supplemental agreement shall not become effective unless there shall be filed with the Trustee the written consent of the Owners of at least 51% in aggregate principal amount of the Certificates then Outstanding (exclusive of Certificates disqualified as provided in Section 10.3) and notices 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 2.11. Any such consent shall be binding upon the Owner of the Certificate giving such consent and on any subsequent Owner (whether or not such subsequent Owner has notice thereof) unless such consent is revoked in writing by the Owner giving such consent or a Subsequent Owner by filing such revocation with the Trustee prior to the date when the notice hereinafter in this Section provided for has been mailed.

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

effective upon the mailing of the notice hereinabove in this Section provided, and such supplemental agreement shall be deemed conclusively binding upon the parties hereto and the Owners of all Certificates at the expiration of 60 days after such mailing, 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 60-day period.

Section 10.3. Disqualified Certificates. Certificates known by the Trustee to be owned or held by or for the account of the City or the Corporation or by any person directly or indirectly controlled by, or under direct or indirect common control of, the City or the Corporation (except any Certificates held in any pension or retirement fund) shall not be deemed Outstanding for the purpose of any vote, consent, waiver or other action provided for in this Trust Agreement, and shall not be entitled to vote upon, consent to, or take any other action provided for in this Trust Agreement.

Section 10.4. Effect of Supplemental Agreement. From and after the time any supplemental agreement becomes effective pursuant to this Article, the Trust Agreement or the Lease, as the case may be, shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations of the parties hereto or thereto and all Owners of Certificates Outstanding, as the case may be, shall thereafter be determined, exercised and enforced hereunder and thereunder subject in all respects to such modification and amendment, and all the terms and conditions of any supplemental agreement shall be deemed to be part of the terms and conditions of this Trust Agreement or the Lease, as the case may be, for any and all purposes.

Section 10.5. Endorsement or Replacement of Certificates Delivered After Amendments. The Trustee may determine that Certificates delivered after the effective date of any action taken as provided in this Article X shall bear a notation, by endorsement, in form approved by the Trustee, as to such action. In that case, upon demand of the Owner of any Certificate Outstanding at such effective date and presentation of his Certificate for that purpose at the office of the Trustee, a suitable notation shall be made on such Certificate. The Trustee may determine that new Certificates, so modified as in the opinion of the Trustee is necessary to conform to such Certificate Owner's action, shall be prepared, executed and delivered. In that case, upon demand of the Owner of any Certificate then Outstanding, such new Certificate shall be exchanged in the Principal Office of the Trustee without cost to such Owner, for a Certificate of the same character then Outstanding, upon surrender of such Certificate.

Section 10.6. Amendatory Endorsement of Certificates. Subject to Section 10.1, the provisions of this Article shall not prevent any Owner from accepting any amendment as to the particular Certificates held by such Owner, provided that due notation thereof is made on such Certificates in accordance with the requirements of Section 10.5 hereof.

ARTICLE XI

COVENANTS; NOTICES

Section 11.1. Compliance with and Enforcement of the Lease. The City covenants and agrees with the Owners to perform all obligations and duties imposed on it hereunder and under the Lease. The Corporation covenants and agrees with the Owners to perform all obligations and duties imposed on it under the Lease.

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

Section 11.2. Payment of Taxes. The City shall pay all taxes and assessments that may be charged with respect to the Project or the Leased Premises as provided in Section 5.1 of the Lease.

Section 11.3. Observance of Laws and Regulations. The City will well and truly keep, observe and perform all valid and lawful obligations or regulations now or hereafter imposed on it by contract, or prescribed by any law of the United States, or of the State or by any officer, board or commission having jurisdiction or control, as a condition of the continued enjoyment of any and every right, privilege or franchise now owned or hereafter acquired by the City, including its right to exist and carry on business as a city to the end that such rights, privileges and franchises shall be maintained and preserved, and shall not become abandoned, forfeited or in any manner impaired.

Section 11.4. Prosecution and Defense of Suits. The City shall promptly, and also upon request of the Trustee or any Owner, from time to time take such action as may be necessary or proper to remedy or cure any defect in or cloud upon the title to the Project and the Leased Premises, 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 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 11.5. City Budgets. The City shall supply to the Trustee, prior to the beginning of each Fiscal Year, a certification that the City has made adequate provision in its proposed annual budget for the payment of Lease Payments due under the Lease in the Fiscal Year covered by such budget. The certification given by the City to the Trustee shall be to the effect that the amounts so budgeted are fully adequate for the payment of all Lease Payments due in the ensuing Fiscal Year. The Trustee shall be protected in relying upon any certification or such notice from the City, and the Trustee shall have no responsibility for the evaluation of such budget data.

Section 11.6. Further Assurances. The Corporation and the City will make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of this Trust Agreement, and for the better assuring and confirming unto the Owners of the rights and benefits provided herein.

Section 11.7. Tax Covenants. Notwithstanding any other provision of this Trust Agreement, absent an opinion of Special Counsel that the exclusion from gross income of interest on the Certificates will not be adversely affected for federal income tax purposes, the Corporation and the City covenant to comply with all applicable requirements of the Code necessary to preserve such exclusion from gross income and specifically covenants, without limiting the generality of the foregoing, as follows:

(a) **Private Activity.** Neither the Corporation nor the City will take or omit to take any action or make any use of the proceeds of the Certificates provided herein or of any other

moneys or property which would cause the Certificates to be “private activity bonds” within the meaning of Section 141 of the Code.

(b) Arbitrage. Neither the Corporation nor the City will make use of the proceeds of the Certificates provided herein or of any other amounts or property, regardless of the source, or take or omit to take any action which would cause the Certificates to be “arbitrage bonds” within the meaning of Section 148 of the Code.

(c) Federal Guarantee. Neither the Corporation nor the City will make use of the proceeds of the Certificates provided herein or take or omit to take any action that would cause the Certificates to be “federally guaranteed” within the meaning of Section 149(b) of the Code.

(d) Information Reporting. The Corporation and the City will take or cause to be taken all necessary actions to comply with the informational reporting requirements of Section 149(e) of the Code.

(e) Compliance with Tax Certificate. Neither the Corporation nor the City will take action inconsistent with its expectations stated in any tax certificate executed with respect to the Certificates and will comply with the covenants and requirements stated therein and incorporated by reference herein. In furtherance of the foregoing tax covenants of this Section, the Corporation and the City will comply with the provisions of the Tax Certificate, which is incorporated herein as if fully set forth herein. These covenants shall survive payment in full or defeasance of the Certificates.

This Section and the covenants set forth herein shall not be applicable to, and nothing contained herein shall be deemed to prevent the Corporation or the City from issuing, bonds the interest on which has been determined by Special Counsel to be subject to federal income taxation.

Section 11.8. Arbitrage Covenant

(a) Establishment. The Trustee shall establish a separate account for the Certificates designated as the “City of Manhattan Beach 2021 Rebate Fund” (the “Rebate Fund”). Within the Rebate Fund, the Trustee shall maintain such other accounts as it is instructed by the City as shall be necessary to comply with the terms and requirements of the Tax Certificate. Absent an opinion of Special Counsel that the exclusion from gross income for federal income tax purposes of interest on the Certificates will not be adversely affected, the City shall cause to be deposited in the Rebate Fund such amounts as are required to be deposited therein pursuant to this Section, Section 3.3 hereof and the Tax Certificate. Subject to the transfer provisions provided in Subsections (c) and (h) hereof, all money at any time deposited in the Rebate Fund shall be held by the Trustee in trust for payment to the United States Treasury, and no other person shall have any rights in or claim to such money. All amounts on deposit in the Rebate Fund for the Certificates shall be governed by this Section and the Tax Certificate for the Certificates, unless and to the extent that the City delivers to the Trustee an opinion of Special Counsel that the exclusion from gross income for federal income tax purposes of interest on the Certificates will not be adversely affected if such requirements are not satisfied. The Trustee shall be deemed conclusively to have complied with such provisions if it follows the directions of the City including supplying all necessary information in the manner provided in the Tax Certificate, shall not be required to take any actions thereunder, in the absence of written directions by the City, and shall have no liability or responsibility to enforce compliance by the City with the terms of the Tax Certificate. The Trustee shall have no responsibility to make any independent calculations or determinations or to review the City’s calculations hereunder.

(b) Computation. Within 45 days of the end of each fifth Certificate Year, the City shall calculate or cause to be calculated the amount of rebatable arbitrage, in accordance with Section 148(f)(2) of the Code and Section 1.148-3 of the Regulations, for this purpose treating the last day of the applicable Certificate Year as a computation date, within the meaning of Section 1.148-1(b) of the Regulations (the “Rebate Amount”). The City shall not be required to calculate the Rebate Amount, and the Trustee shall not be required to deposit any amount to the Rebate Fund in accordance with this Subsection (b), with respect to all or a portion of the proceeds of the Certificates (including amounts treated as proceeds of the Certificates) (i) to the extent such proceeds satisfy the expenditure requirements of Section 148(f)(4)(B) or Section 148(f)(4)(C) of the Code or Section 1.148-7(d) of the Regulations, whichever is applicable, and otherwise qualify for the exception to the Rebate Requirement pursuant to whichever of said Sections is applicable, (ii) to the extent such proceeds are subject to an election by the City under Section 148(1)(4)(C)(vii) of the Code to pay a 11/2% penalty in lieu of arbitrage rebate in the event any of the percentage expenditure requirements of Section 148(f)(4)(C) are not satisfied, or (iii) to the extent such proceeds qualify for the exception to arbitrage rebate under Section 148(f)(4)(A)(ii) of the Code for amounts in a “bona fide debt service fund.” In such event, and with respect to such amounts, the City shall provide written direction to the Trustee that the Trustee shall not be required to deposit any amount to the Rebate Fund in accordance with this Subsection (b). The City shall obtain expert advice as to the Rebate Amount to comply with this Section.

(c) Transfer. Within 55 days of the end of each fifth Certificate Year, upon the written request of the City an amount shall be deposited to the Rebate Fund by the Trustee from deposits by the City from any legally available sources for such purpose (as specified by the City in the aforesaid written Request), if and to the extent required, so that the balance in the Rebate Fund shall equal the Rebate Amount so calculated in accordance with Subsection (b) hereof. In the event that immediately following the transfer required by the previous sentence, the amount then on deposit to the credit of the Rebate Fund exceeds the amount required to be on deposit therein, upon written request of the City, the Trustee shall withdraw the excess from the Rebate Fund and then credit the excess to the Lease Payment Fund.

(d) Payment to the Treasury. The Trustee shall pay, as directed by request of the City to the United States Treasury, out of amounts in the Rebate Fund, subject to the exceptions contained in Subsection (b) hereof,

(i) not later than 60 days after the end of (x) the fifth Certificate Year, and (y) each applicable fifth Certificate Year thereafter, an amount that, together with all previous rebate payments, is equal to at least 90% of the Rebate Amount (calculated as of the end of such Certificate Year) and all previous rebate payments; and

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

(e) Deficiencies. In the event that, prior to the time of any payment required to be made from the Rebate Fund, the amount in the Rebate Fund is not sufficient to make such payment when such payment is due, the City shall calculate or cause to be calculated the amount of such deficiency and deposit an amount received from any legally available source equal to such deficiency prior to the time such payment is due.

(f) Withdrawals of Excess Amounts. In the event that immediately following the calculation required by Subsection (b) hereof, but prior to any deposit made under said Subsection, the amount on deposit in the Rebate Fund exceeds the Rebate Amount calculated in accordance with said Subsection, upon written instructions from the City, the Trustee shall withdraw the excess from the Rebate Fund and credit such excess to the Lease Payment Fund.

(g) Disposition of Unexpended Funds. Any funds remaining in the Rebate Fund after redemption and payment in full of the Certificates and the payments described in Subsection (d) hereof being made may be withdrawn by the Trustee and remitted to the City and utilized in any manner by the City.

(h) Rebate Payments. Each payment required to be made pursuant to Subsection (d) hereof shall be made to the Internal Revenue Service Center, Ogden, Utah, on or before the date on which such payment is due, and shall be accompanied by Internal Revenue Service Form 8038-T, which shall be completed by the City for execution by the City, or shall be made in such other manner as provided under the Code.

(i) Survival of Defeasance. Notwithstanding anything in this Section to the contrary, the obligation the obligation to remit the Rebate Amount to the United States and to comply with the requirements of this Section, Section 11.7 hereof and the Tax Certificate shall survive the defeasance or payment in full of the Certificates.

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

ARTICLE XII

LIMITATION OF LIABILITY

Section 12.1. Limited Liability of the City. Except for the payment of Lease Payments, Additional Payments and Prepayments when due in accordance with the Lease and the performance of the other covenants and agreements of the City contained herein and in the Lease, the City shall have no obligation or liability to any of the other parties or to the Certificate Owners with respect to this Trust Agreement or the terms, execution, delivery or transfer of the Certificates, or the distribution of Lease Payments to the Owners by the Trustee.

Section 12.2. No Liability of the City or Corporation for Trustee Performance. Except as expressly provided herein, neither the City nor the Corporation shall have any obligation or liability to the other parties or to the Certificate Owners with respect to the performance by the Trustee of any duty imposed upon it under this Trust Agreement.

Section 12.3. Limited Liability of Trustee. The Trustee shall have no obligation or responsibility for providing information to the Owners concerning the investment character of the Certificates, for the sufficiency or collection of any Lease Payments or other moneys required to be paid to it under the Lease (except as provided in this Trust Agreement) or for the actions or representations of any other party to this Trust Agreement. The Trustee shall have no obligation or liability to any of the other parties or the Certificate Owners with respect to this Trust Agreement or the failure or refusal of any other party to perform any covenant or agreement made by any of them under this Trust Agreement or the Lease, but shall be responsible solely for the performance of the

duties and obligations expressly imposed upon it hereunder. The recitals of facts, covenants and agreements herein and in the Certificates contained shall be taken as statements, covenants and agreements of the City or the Corporation (as the case may be), and the Trustee assumes no responsibility for the correctness of the same, makes no representations as to the validity or sufficiency of this Trust Agreement or of the Certificates, shall incur no responsibility in respect thereof, other than in connection with the duties or obligations herein or in the Certificates assigned to or imposed upon it. The Trustee shall not be liable in connection with the performance of its duties hereunder, except for its own negligence or willful misconduct.

Section 12.4. Opinion of Counsel. Before being required to take any action, the Trustee may require an opinion of Special Counsel acceptable to the Trustee which opinion shall be made available to the other parties hereto upon request, which counsel may be counsel to any of the parties hereto, or a verified certificate of any party hereto, or both, concerning the proposed action. If it does so in good faith, the Trustee shall be absolutely protected in relying thereon. 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 Premises or the premises upon which the Project is located or the Project itself. The Trustee shall not be responsible or liable for any losses suffered in connection with any investment of funds made by it under the terms of and in accordance with this Trust Agreement.

Section 12.5. Limitation of Rights to Parties and Owners. Nothing in this Trust Agreement or in the Certificates expressed or implied is intended or shall be construed to give any person other than the City, the Corporation, the Trustee and the Owners, any legal or equitable right, remedy or claim under or in respect of this Trust Agreement or any covenant, condition or provision hereof; and all such covenants, conditions and provisions are and shall be for the sole and exclusive benefit of the City, the Corporation, the Trustee and the Owners.

ARTICLE XIII

EVENTS OF DEFAULT AND REMEDIES OF OWNERS

Section 13.1. Assignment of Rights. Pursuant to the Assignment Agreement, the Corporation has transferred, assigned and set over to the Trustee for the benefit of the Owners (1) all of the Corporation's rights to receive Lease Payments and Prepayments without recourse to be paid by the City under and pursuant to the Lease and (2) effective immediately upon the occurrence of an Event of Default under the Lease and without further action on the part of the Corporation, such rights and remedies of the Corporation under the Lease as may be necessary or convenient (i) to enforce payment of the Lease Payments, Prepayments and any other amounts required to be deposited in the Lease Payment Fund, the Net Insurance Proceeds Fund and Prepayment Fund, or (ii) otherwise to protect the interests of the Owners or the Trustee upon the occurrence of an Event of Default.

Section 13.2. Remedies. If an Event of Default shall occur, then, and in each and every such case during the continuance of such Event of Default, the Trustee may exercise any and all remedies available pursuant to law or granted pursuant to the Lease; provided, however, that notwithstanding anything herein or in the Lease to the contrary, there shall be no right under any circumstances to accelerate the maturities of the Certificates or otherwise to declare any Lease Payments not then in default to be immediately due and payable.

Section 13.3. Application of Funds. All moneys received by the Trustee pursuant to any right given or action taken under the provisions of this Article or of Article IX of the Lease, shall be deposited into the Lease Payment Fund and be applied by the Trustee in the following order 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:

(i) First, to the payment of the fees, costs and expenses of the Trustee, for the performance of its duties under this Trust Agreement, and then of the Owners in declaring such Event of Default, including reasonable compensation to its or their agents, attorneys and counsel;

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

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

Section 13.4. Institution of Legal Proceedings. If one or more Events of Default shall occur and be continuing, the Trustee in its discretion may, and upon the written request of the Owners of a majority in principal amount of the Certificates then Outstanding received by the Trustee at its Principal Office, and upon being indemnified to its satisfaction therefor, shall, proceed to protect or enforce its rights or the rights of the Owners by a suit in equity or action at law, either for the specific performance of any covenant or agreement contained herein or in the Lease, or in aid of the execution of any power herein granted, or by mandamus or other appropriate proceeding for the enforcement of any other legal or equitable remedy as the Trustee shall deem most effectual in support of any of its rights or duties hereunder.

Section 13.5. Non-waiver. Nothing in this Article or in any other provision of this Trust Agreement or in the Certificates shall affect or impair the obligations of the City, which obligations are 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 to the Trustee or to the Owners may be exercised from time to time and as often as shall be deemed expedient by the Trustee or the Owners.

Section 13.6. Remedies Not Exclusive. No remedy herein conferred upon or reserved to the Trustee or to the Owners is intended to be exclusive of any other remedy, and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing, at law or in equity or by statute or otherwise.

Section 13.7. Power of Trustee to Control Proceedings. In the event that the Trustee, upon the occurrence 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 principal amount of the Certificates then Outstanding, it shall have full power, in the exercise of its discretion for the best interest of the Certificate Owners with respect to the continuance, discontinuance, withdrawal, compromise, settlement or other disposal of such action; provided, however, that the Trustee shall not, unless there no longer continues an Event of Default, discontinue, withdraw, compromise or settle or otherwise dispose of any litigation pending at law or in equity, if at the time there has been filed with it a written request signed by the Owners of at least a majority in principal amount of the Outstanding Certificates hereunder opposing such discontinuance, withdrawal, compromise, settlement or other disposal of such litigation.

Section 13.8. Limitation on Owners' Right to Sue. No Owner of any Certificate executed and delivered hereunder shall have the right to institute any suit, action or proceeding at law or in equity, for any remedy under or upon this Trust Agreement, unless (a) such Owner shall have previously given to the Trustee written notice of the occurrence of an Event of Default under the Lease; (b) 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 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 shall have any right in any manner whatever by his or their action to enforce any right under this Trust Agreement, except in the manner herein provided and for the equal benefit of all Owners of the Outstanding Certificates.

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

Section 13.9. Agreement to Pay Attorneys' Fees and Expenses. In the event the City or Corporation should default under any of the provisions hereof and the nondefaulting party should employ attorneys or incur other expenses for the collection of moneys or the enforcement or observance of any obligation or agreement on the part of the defaulting party contained herein, the defaulting party agrees that it will on demand therefor pay to the nondefaulting party the reasonable fees of such attorneys and such other expenses so incurred by the nondefaulting party; provided, however, that the Trustee shall not be required to expend its own funds for any payment described in this Section.

ARTICLE XIV

MISCELLANEOUS

Section 14.1. Defeasance. Defeasance shall be deemed to occur if all Outstanding Certificates of a Series are 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 Component and Interest Component and prepayment premiums, if any, with respect to all Certificates Outstanding of a Series, as and when the same become due and payable;

(b) if prior to maturity and having given notice of prepayment by irrevocably depositing with the Trustee, in trust, at or before maturity, an amount of cash which, together with amounts then on deposit in the Lease Payment Fund and the Prepayment Fund, is sufficient to pay all Certificates Outstanding of a Series, including all Principal Components and Interest Components and prepayment premium, if any; or

(c) by irrevocably depositing with the Trustee, under an escrow deposit and trust agreement, as security for the payment of the Lease Payments as more particularly described in Section 10.1 of the Lease, noncallable, nonprepayable Federal Securities in such amount as will, in the opinion of an independent certified public accountant, together with interest to accrue thereon and moneys then on deposit in the Lease Payment Fund relating to such Series, together with the interest to accrue thereon, be fully sufficient to pay and discharge all Certificates of a Series (including all Principal Component and Interest Component represented thereby and prepayment premium, if any) at or before their maturity date, said security to be held by the Trustee as agent for the City to be applied by the Trustee to pay the Lease Payments as the same become due and payable and make a Prepayment in full on any Lease Payment Date, pursuant to Section 10.1 of the Lease, and the fees and expenses of the Trustee have been paid in full.

Notwithstanding that any Certificates of a Series shall not have been surrendered for payment, all obligations of the Corporation, the Trustee and the City with respect to all Outstanding Certificates of such Series shall cease and terminate, except only the obligation of the Trustee pursuant to Section 2.8 hereof and its obligations to pay or cause to be paid, from Lease Payments paid by or on behalf of the City from funds deposited pursuant to paragraphs (ii) through (iii) of this Section, to the Owners of the Certificates not so surrendered and paid all sums due with respect thereto, and in the event of deposits pursuant to such paragraphs, the Certificates of such Series shall continue to evidence and represent direct and proportionate interests of the Owners thereof in Lease Payments.

Any funds held by the Trustee, at the time of one of the events described in paragraphs (i) through (iii) of this Section, which are not required for the payment to be made to Owners, as verified by a certified public accountant, shall be paid over to the City pursuant to City's written request therefor; provided that the fees and expenses of the Trustee have been fully paid.

Section 14.2. Records. The Trustee shall keep complete and accurate records of all moneys received and disbursed by it under this Trust Agreement, which shall be available for inspection by the City, the Corporation and any Owner, or the agent of any of them, at any time during regular business hours with reasonable prior notice.

Section 14.3. Notices. All written notices to be given under this Trust Agreement shall be given by first class mail, postage prepaid, or personal delivery to the party entitled thereto at its address set forth below, or at such address as the party may provide to the other party in writing from time to time. Notice to the Trustee shall be effective upon receipt, and notice to the other parties shall be deemed effective upon receipt and shall be deemed to have been received upon the earlier of actual receipt or five Business Days after deposit in the United States mail, or, in the case of personal delivery, upon delivery to the address set forth below:

If to the City: City of Manhattan Beach
 1400 Highland Avenue
 Manhattan Beach, California 90266
 Attention: Attention: City Manager
 Telephone: (310) 802-5053
 Telecopier: (310) 802-5001

If to the Trustee: U.S. Bank National Association
 633 W. Fifth Street, 24th Floor
 Los Angeles, CA 90071
 Attention: Corporate Trust Services
 Ref: City of Manhattan Beach
 Telephone: (213) 615-6023
 Fax: (213) 615-6199

If to the Corporation: Manhattan Beach Capital Improvements Corporation
 c/o City of Manhattan Beach
 1400 Highland Avenue
 Manhattan Beach, California 90266
 Attention: Chief Administrative Officer
 Telephone: (310) 802-5053
 Fax: (310) 802-5001

Section 14.4. Governing Law. This Trust Agreement shall be construed and governed in accordance with the laws of the State applicable to contracts made and performed therein.

Section 14.5. Interested Parties. Nothing in this Trust Agreement, expressed or implied, is intended or shall be construed to confer upon, or to give or grant to, any person or entity, other than the Corporation, the City, the Trustee and the Owners of the Certificates, any right, remedy or claim under or by reason of this Trust Agreement or any covenant, condition or stipulation hereof, and all covenants, stipulations, promises and agreements in this Trust Agreement contained by and on behalf of the City shall be for the sole and exclusive benefit of the Corporation, the City, the Trustee and the Owners of the Certificates.

Section 14.6. 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 City or the Trustee are 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 City or the Trustee shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

Section 14.7. Execution in Counterparts. This Trust Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same agreement.

Section 14.8. Destruction of Cancelled Certificates. Whenever in this Trust Agreement provision is made for the surrender or cancellation by the Trustee and the delivery to the Corporation of any Certificates, the Trustee shall subject to the record-retention requirements of the Securities Exchange Act of 1934, in lieu of such cancellation and delivery, destroy such Certificates and upon request of the City Representative deliver a certificate of such destruction to the City.

Section 14.9. 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 other subdivisions of this Trust Agreement; and the words “herein,” “hereof,” “hereunder” and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section or other subdivision hereof.

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

Section 14.11. Unclaimed Moneys. If any Certificates shall not be presented for payment when due at maturity or upon prepayment prior to maturity, or if any valid check or draft representing payment on any Certificate shall not be presented for payment, and if funds sufficient for the payment thereof shall have been deposited with the Trustee, all liability of the Corporation and the City to the Certificate Owners thereof for the payment of such Interest Component and Interest Component shall be discharged and it shall be the duty of the Trustee to hold such unclaimed funds for a period of two (2) years, without liability for interest thereon, for the benefit of the Certificate Owners, who shall during such time be restricted exclusively to such unclaimed funds for any claim on their part under this Trust Agreement or on, or with respect to said Certificate. Any unclaimed funds which remain unclaimed for a period of two (2) years shall be returned to the City. After return of such funds to the City, all liability of the Trustee therefor shall cease and the funds intended for the payment of such Certificates shall thereafter be an obligation of the City.

Section 14.12. Severability 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 to this Trust Agreement, 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

MANHATTAN BEACH CAPITAL
IMPROVEMENTS CORPORATION, as
Corporation

By: _____
Chief Administrative Officer

ATTEST:

By: _____
Chief Financial Officer

APPROVED AS TO FORM:

By: _____
Counsel to the Corporation

CITY OF MANHATTAN BEACH, as City

By: _____
City Manager

ATTEST:

By: _____
Senior Deputy City Clerk

APPROVED AS TO FORM:

By: _____
City Attorney

EXHIBIT A

[FORM OF CERTIFICATE OF PARTICIPATION]

**CITY OF MANHATTAN BEACH
REFUNDING CERTIFICATE OF PARTICIPATION
SERIES 2021**

Evidencing the Proportionate Interest of the Owner
Hereof in Lease Payments to Be Made by

CITY OF MANHATTAN BEACH

As Rental for Certain Leased Premises
Pursuant to a Lease Agreement with

MANHATTAN BEACH CAPITAL IMPROVEMENTS CORPORATION

Interest Rate %	Maturity Date	Dated Date	CUSIP NO.
--------------------	---------------	------------	-----------

REGISTERED OWNER: Cede & Co.

PRINCIPAL AMOUNT: _____

THIS IS TO CERTIFY THAT the registered owner named above, or registered assigns (the “Registered Owner”), of this Certificate of Participation (the “Certificate”) is the owner of a proportionate and undivided interest in the right to receive certain Lease Payments and Prepayments (the “Lease Payments”) to be made by the CITY OF MANHATTAN BEACH, a general law city duly organized and existing under and by virtue of the Constitution and laws of the State of California (the “City”), pursuant to the Lease Agreement (the “Lease”), dated as of December 1, 2021, by and between the MANHATTAN BEACH CAPITAL IMPROVEMENTS CORPORATION, a nonprofit public benefit corporation duly organized and existing under the laws of the State of California (the “Corporation”), and the City, which 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 at which it conducts corporate trust business in Los Angeles, California (said office being herein referred to as the “Principal Office”).

The Certificates are being executed and delivered to refund the City of Manhattan Beach outstanding Certificates of Participation (Metlox and Water/Wastewater Refunding) Series 2012 and pay certain costs of issuance.

Unless this Certificate is presented by an authorized representative of The Depository Trust Company to the Trustee or any Certificate executed and delivered 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 OTHER PERSON IS WRONGFUL since the registered owner hereof, Cede & Co., has an interest herein.

The Registered Owner of this Certificate is entitled to receive, subject to the terms of the Lease, on the maturity date specified above, the principal amount specified above, representing a portion of the Lease Payments designated as principal (the "Principal Component") coming due on January 1 of each year (each, a "Principal Payment Date"), for the preceding twelve months, and to receive on July 1, 2022, and semiannually thereafter on January 1 and July 1 of each year (each, an "Interest Payment Date") until payment in full of said Principal Component, the Registered Owner's portion of the Lease Payments designated as interest (the "Interest Component") coming due during the six months immediately preceding each Payment Date (collectively, each Principal Payment Date and Interest Payment Date is hereinafter referred to as a "Payment Date"); provided, that such Interest Component shall be payable from the Interest Payment Date next preceding the date of execution of this Certificate (unless (i) this Certificate is executed as of an Interest Payment Date in which event interest should be payable from the date thereof; or (ii) it is executed after a Record Date and before the following Interest Payment Date, in which event the Interest Component shall be payable from such following Interest Payment Date, or (iii) this Certificate is executed on or before December 15, 2021, in which event interest shall be payable from the original dated date of the Certificates). The "Record Date" is the close of business on the fifteenth day of the month preceding a Payment Date, whether or not such day is a business day. There shall be no execution or registration of transfer of Certificates during the period established by the Trustee for selection of Certificates for prepayment or any Certificate selected for prepayment. The Interest Component is the result of the multiplication of the Principal Component by the rate per annum identified above. Interest with respect to the Certificates shall be calculated on the basis of a 360-day year, comprised of twelve months of 30 days each. Said amounts are payable by check in lawful money of the United States of America. The amount representing Principal Component payable at maturity or upon prepayment in whole is payable to the Registered Owner by check of the Trustee upon presentation and surrender of this Certificate at the Principal Office. The amounts representing the Interest Component are payable by check mailed by first class mail by the Trustee to the Registered Owner hereof at his address as it appears on the registration books of the Trustee or by wire transfer to a bank account in the United States in the case of Registered Owners owning \$1,000,000 or more in aggregate principal amount of Certificates who have furnished instructions in writing to the Trustee at least 15 days prior to the Payment Date.

The total amount of each payment of Principal Component or Interest Component made to the Registered Owner of this Certificate is comprised of interests in the Principal Component of Lease Payments made by the City with respect to Certificates maturing on the maturity date stated above, and with an Interest Component at the rate indicated above.

This Certificate has been executed and delivered by the Trustee pursuant to the terms of that certain Trust Agreement (the "Trust Agreement"), dated as of December 1, 2021, by and among the City, the Corporation and the Trustee. The City is authorized to enter into the Lease and the Trust Agreement under the Constitution and the laws of the State of California. Reference is hereby made to the Lease and the Trust Agreement (copies of which are on file at the Principal Office) for a description of the terms on which the Certificates are executed and delivered, the rights thereunder of the Registered Owners of the Certificates, the rights, duties and immunities of the Trustee and the rights and obligations of the City under the Lease, to all of the provisions of which Lease and Trust Agreement the Registered Owner of this Certificate, by acceptance hereof, assents and agrees. To the extent and in the manner permitted by the terms of the Trust Agreement, Additional Certificates on a parity with the Certificates may be executed and delivered.

The City is obligated to pay Lease Payments from any source of legally available funds, and the City has covenanted in the Lease to make the necessary annual appropriations therefor. The obligations of the City to pay the Lease Payments do not constitute obligations of the City for which the City is obligated to levy or pledge any form of taxation or for which the City has levied or pledged any form of taxation. The obligations of the City to pay Lease Payments do not constitute debts of the City, the State of California or any of its political subdivisions, and do not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction. Under certain circumstances, the City is not obligated to make its payments of Lease Payments due to the loss or destruction of all or a portion of the Leased Premises. To the extent that the City receives net proceeds of property damage and business or rental interruption insurance, such net proceeds will be applied to offset abated Lease Payments.

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 Registered Owners of at least 51% in aggregate principal amount of the Certificates then Outstanding, and may be amended without such consent under certain circumstances but in no event such that the interests of the Registered Owners of the Certificates are materially adversely affected. No such modification or amendment shall (1) extend or have the effect of extending the fixed maturity of any Certificate or reducing the interest rate with respect thereto or extending the time of payment of Interest Component, or reducing the amount of Principal Component thereof or reducing any premium payable upon the prepayment thereof, without the express consent of the Registered Owner of such Certificate, or (2) reduce or have the effect of reducing the percentage of Certificates required for the affirmative vote or written consent to an amendment or modification of the Lease, or (3) modify any of the rights or obligations of the Trustee without its written assent thereto.

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

The Certificates are subject to prepayment as provided in the Trust Agreement.

As provided in the Trust Agreement, notice of prepayment shall be mailed by first class mail, not less than 20 nor more than 60 days before the prepayment date, to the Registered Owners of affected Certificates, but neither failure to receive such notice nor any defect in the notice so mailed shall affect the sufficiency of the proceedings for prepayment.

If this Certificate is called for prepayment and payment is duly provided therefor as specified in the Trust Agreement, the Interest Component shall cease to accrue with respect hereto from and after the date fixed for prepayment.

THIS IS TO FURTHER CERTIFY that all acts, conditions and things required to have been performed by or in relation to the Trustee precedent to and in connection with the execution and

delivery of this Certificate have been performed in regular and due time, form and manner as required by law, and that the Trustee is duly authorized to execute and deliver this Certificate, and that the amount of this Certificate, together with all other Certificates executed and delivered under the Trust Agreement, is not in excess of the amount of Certificates authorized to be executed and delivered thereunder.

THE LESSEE HAS CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required by the Constitution and statutes of the State of California and the provisions of the Trust Agreement to exist, to have happened and to have been performed precedent to and in the execution and delivery of this Certificate, do exist, have happened and have been performed in due time, form and manner as required by law.

The Trustee has no obligation or liability to the Registered Owners to make payments of Principal or Interest Components or Lease Payments pertaining to the Certificates except from Lease Payments paid to the Trustee and from the various funds and accounts established under the Trust Agreement. The Trust Agreement provides that the recitals of facts, covenants and agreements in the Certificate shall be taken as statements, covenants and agreements of the City, and the Trustee assumes no responsibility for the correctness of the same.

IN WITNESS WHEREOF, this Certificate has been executed and delivered by the Trustee,
acting pursuant to the Trust Agreement.

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

By: _____
Authorized Officer

Date of Execution: December __, 2021

ASSIGNMENT

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

(please print or typewrite name, address and social security or other identifying number of Transferee)

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

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

Dated: _____

Signature Guaranteed By:

NOTICE: Signature(s) must be guaranteed by a qualified guarantor institution.

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

EXHIBIT B

FORM OF DELIVERY COSTS FUND REQUISITION

CITY OF MANHATTAN BEACH
REFUNDING CERTIFICATE OF PARTICIPATION
SERIES 2021

REQUISITION NO. _____ (to be numbered sequentially)

1. The City of Manhattan Beach (the "City") hereby requests U.S. Bank National Association, as trustee (the "Trustee") pursuant to that certain Trust Agreement, dated as of December 1, 2021 (the "Trust Agreement") among the City, the Trustee and the Manhattan Beach Improvement Corporation, under the terms of which the City has caused the execution and delivery of its Refunding Certificates of Participation Series 2021, to pay from the moneys in the Delivery Costs Fund established pursuant to the Trust Agreement, the amounts shown on Schedule I attached hereto to the parties indicated in Schedule I.
2. The payees, the purposes for which the costs have been incurred, and the amount of the disbursements requested are itemized on Schedule I hereto.
3. Each obligation mentioned in Schedule I hereto has been properly incurred and is a proper charge against the Delivery Costs Fund. None of the items for which payment is requested has been reimbursed previously from the Delivery Costs Fund.
4. The undersigned is authorized as a City Representative pursuant to the Trust Agreement.

DATED: _____

CITY OF MANHATTAN BEACH

By: _____
Name: _____
Title: _____