

\$27,225,000
CERTIFICATES OF PARTICIPATION
(1993 COMMUNITY CENTER REFINANCING PROJECT)
Evidencing Direct, Undivided Fractional Interests of the Owners
Thereof in Lease Payments to be Made by the
CITY OF MODESTO, CALIFORNIA
As the Rental for Certain Property Pursuant to a
Lease Agreement with the
MODESTO PUBLIC FINANCING AUTHORITY

SCHEDULE OF TRANSCRIPT DOCUMENTS

A. BASE LEGAL DOCUMENTS

1. List of Financing Participants.
2. City of Modesto, California (the "City") Resolution No. 93-233, entitled "Resolution Approving, Authorizing and Directing Execution of Certain Lease Financing Documents Relating to the Refunding of Certain Prior Obligations Relating to Community Center Improvements, Authorizing the Preparation and Distribution of a Preliminary Official Statement in Connection with the Offering and Sale of Certificates of Participation Relating Thereto, Authorizing Execution of a Certificate Purchase Agreement and Authorizing and Directing Certain Actions with Respect Thereto", adopted April 20, 1993, together with Certificate of City Clerk.
3. Modesto Public Financing Authority (the "Authority") Resolution No. 93-2, entitled "Resolution Approving, Authorizing and Directing Execution of Certain Lease Financing Documents and Authorizing and Directing Certain Actions with Respect Thereto", adopted April 20, 1993, together with Certificate of Authority Secretary.
4. Redevelopment Agency of the City of Modesto (the "Agency") Resolution No. 9-93, entitled "Resolution Approving, Authorizing and Directing Execution of a Reimbursement Agreement and Authorizing and Directing Certain Actions with Respect Thereto", adopted April 20, 1993, together with Certificate of Agency Secretary.
5. Preliminary Official Statement, dated April 30, 1993.
6. Certificate Purchase Agreement, dated May 11, 1993 (the "Purchase Agreement"), between the City and Smith Barney, Harris Upham & Co. Incorporated and Grigsby Brandford & Co., Inc., as underwriters (the "Underwriters").
7. Site and Facility Lease, dated as of May 1, 1993, by and between the City, as lessor, and the Authority, as lessee. *(recorded with the Stanislaus County Recorder)*
8. Lease Agreement, dated as of May 1, 1993 (the "Lease Agreement"), by and between the Authority, as lessor, and the City, as lessee, together with Certificate of Acceptance by the City. *(recorded with the Stanislaus County Recorder)*
9. Assignment Agreement, dated as of May 1, 1993, by and between the Authority and First Trust of California, National Association, as trustee (the "Trustee"). *(recorded with the Stanislaus County Recorder)*

10. Trust Agreement, dated as of May 1, 1993 (the "Trust Agreement"), by and among the Trustee, the Authority and the City.
11. Reimbursement Agreement, dated as of May 1, 1993, by and between the Agency and the City.
12. Escrow Deposit and Trust Agreement, dated May 27, 1993, by and between the City and First Interstate Bank of California, as escrow bank (the "Escrow Bank").
13. Letter Agreement with Respect to Master Repurchase Agreement, together with Master Repurchase Agreement, each dated as of May 27, 1993 (the "Repurchase Agreement"), by and between the Trustee, as buyer, and Lehman Government Securities Inc., as seller (the "Seller"), together with Opinion of Counsel to the Seller.
14. Acknowledgment of Receipt of Report of Proposed Debt Issuance by the California Debt Advisory Commission ("CDAC"), and Certificate of Mailing Report of Final Sale and Report of Negotiated Refunding to CDAC, together with Reports. CDAC No. 93-0302.
15. Final Official Statement, dated May 11, 1993.
16. Letter of Representations to The Depository Trust Company ("DTC"), by the City and the Trustee, as acknowledged by DTC.

B. CITY DOCUMENTS

1. Incumbency and Signature Certificate of City.
2. Certificate as to Arbitrage.
3. Officer's Certificate of City pertaining to (a) effectiveness of resolution and documents, (b) representations, warranties and covenants, (c) disclosure and (d) related matters, pursuant to Section 5(d)(9) of the Purchase Agreement and in the form attached thereto as Exhibit F.
4. Certificate Regarding Preliminary Official Statement, together with Rule 15c2-12 Certificate of the City, pursuant to Section 2 of the City's Resolution No. 93-233 and Rule 15c2-12 of the Securities and Exchange Commission.
5. Certificate Regarding Use of Proceeds.
6. Certificate of Mailing Information Return for Tax-Exempt Governmental Obligations Form 8038-G, together with Form 8038-G.
7. Requisition No. 1 for Disbursement from Delivery Costs Fund, pursuant to Section 3.02 of the Trust Agreement.
8. Written Request Regarding Investments, pursuant to Section 8.02 of the Trust Agreement, as acknowledged by the Trustee.
9. Letter of the City Risk Manager regarding the insurance (public liability and property damage insurance, fire and extended coverage insurance and rental interruption insurance) required pursuant to Sections 5.3, 5.4 and 5.5, in the form required by Section 5.7, of the Lease Agreement.

10. CLTA Title Insurance Policy insuring the City's leasehold estate in the Project issued by Stewart Title Company, pursuant to Section 5.6 of the Lease Agreement.
11. Opinion of Michael D. Milich, Esq., City Attorney, pursuant to Section 5(d)(5) of the Purchase Agreement and in the form attached thereto as Exhibit D.

C. AUTHORITY DOCUMENTS

1. Notice of Joint Powers Agreement, together with any and all amendments thereto, as certified by the California Secretary of State.
2. Statement of Facts Roster of Public Agencies Filing, as certified by the California Secretary of State and stamped to indicate filing with the Stanislaus County Clerk.
3. Certificate Regarding Effectiveness of Joint Exercise of Powers Agreement, together with Joint Exercise of Powers Agreement.
4. Incumbency and Signature Certificate of Authority.
5. Officer's Certificate of Authority regarding (a) effectiveness of resolution and documents, (b) representations, warranties and covenants, (c) no litigation and (d) related matters, pursuant to Section 5(d)(8) of the Purchase Agreement and in the form attached thereto as Exhibit E.
6. Written Request to Trustee, pursuant to Section 2.01 of the Trust Agreement.
7. Opinion of Michael D. Milich, Esq., Counsel to the Authority, pursuant to Section 5(d)(4) of the Purchase Agreement and in the form attached thereto as Exhibit C.

D. AGENCY DOCUMENTS

1. Incumbency and Signature Certificate of Agency.
2. Officer's Certificate of Agency regarding (a) effectiveness of resolution and documents and (b) representations, warranties and covenants.

E. TRUSTEE DOCUMENTS

1. Incumbency Certificate of the Trustee, together with general signing resolution, pursuant to Section 5(d)(10) of the Purchase Agreement.
2. Certificate of Trustee, pursuant to Section 5(d)(10) of the Purchase Agreement.
3. Trustee's Receipt of Proceeds and Acknowledgment of Transfer of Funds.
4. Opinion of Brobeck, Phleger & Harrison, Counsel to the Trustee, pursuant to Section 5(d)(6) of the Purchase Agreement.

F. ESCROW BANK DOCUMENTS

1. Incumbency Certificate of the Escrow Bank, together with general signing resolution, pursuant to Section 5(d)(11) of the Purchase Agreement.
2. Certificate of Escrow Bank, pursuant to Section 5(d)(11) of the Purchase Agreement.

3. Escrow Bank's Certificate of Receipt and Application of Funds.

G. FINANCIAL ADVISOR and UNDERWRITERS DOCUMENTS

1. Certificate of Rauscher Pierce Refsnes, Inc. (the "Financial Advisor"), pertaining to (a) criteria for establishment of the Reserve Fund and (b) bids on Repurchase Agreement, together with bid solicitation letter and bid forms.
2. Certificate of Underwriters regarding (a) reoffering price of the Certificates to the public, (b) purchase of the Federal Securities for the Community Center Certificates Escrow Fund (the "Escrow Fund") and (c) present value of the Policy.
3. Receipt for Certificates of Participation.
4. Specimen Certificate of Participation. (*one per maturity*)
5. Escrow Verification Report of Ernst & Young, Certified Public Accountants, pertaining to the sufficiency of the Escrow Fund, pursuant to Section 5(d)(17) of the Purchase Agreement and Section 10 of the Commitment.
6. Blue Sky Memoranda, prepared by Kutak Rock ("Counsel to the Underwriters"), pursuant to Section 5(d)(15) of the Purchase Agreement.
7. Opinion of Counsel to the Underwriters, pursuant to Section 5(d)(7) of the Purchase Agreement.

H. AMBAC DOCUMENTS

1. Rating Letters of Moody's Investors Service and Standard & Poor's Corporation (evidencing "Aaa" and "AAA" ratings, respectively), pursuant to Section 5(d)(14) of the Purchase Agreement.
2. Commitment No. 8533 to provide municipal bond insurance (the "Commitment"), issued by AMBAC Indemnity Corporation ("AMBAC").
3. Specimen Municipal Bond Insurance Policy No. 8454BE (the "Policy") issued by AMBAC, pursuant to Section 5(d)(18) of the Purchase Agreement.
4. Tax Certificate of AMBAC pertaining to the premium charged in connection with the issuance of the Policy.
5. Opinion of Counsel to AMBAC pertaining to Official Statement disclosure and validity and enforceability of the Policy.

I. SPECIAL COUNSEL DOCUMENTS

1. Final Approving Legal Opinion of Jones Hall Hill & White, A Professional Law Corporation, pursuant to Section 5(d)(2) of the Purchase Agreement.
2. Supplemental Opinion of Jones Hall Hill & White, A Professional Law Corporation, pursuant to Section 5(d)(3) of the Purchase Agreement.
3. Reliance Letter to Underwriters Regarding Final Approving Legal Opinion of Jones Hall Hill & White, A Professional Law Corporation, pursuant to Section 5(d)(2) of the Purchase Agreement.

4. Reliance Letter to Trustee Regarding Final Approving Legal Opinion of Jones Hill & White, A Professional Law Corporation.
5. Reliance Letter to AMBAC Regarding Final Approving Legal Opinion of Jones Hill & White, A Professional Law Corporation, pursuant to Section 5(a) of the Commitment.
6. Recordation Instructions to Stewart Title Company.
7. Financial Analyst Reports, prepared by Jones Hill and White, A Professional Law Corporation.

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FINANCING PARTICIPANTS

CITY

Mr. J. Edward Tewes
 City Manager
 Mr. Paul Baxter
 Deputy City Manager
 Ms. Andrea Daroca (†)
 Interim Finance Director
 Michael D. Milich, Esq. (†)
 City Attorney
 Mr. John Enero
 Financial Analyst
 Ms. Norrine Coyle (•)
 City Clerk
CITY OF MODESTO
 801 Eleventh Street, 2nd Floor
 P.O. Box 642 (95353)
 Modesto, CA 95354
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 (209) 577-5404 (Baxter)
 (209) 577-5371 (Daroca)
 (209) 577-5284 (Milich)
 (209) 577-5412 (Enero)
 (209) 571-5128 (Tewes-Telecopier)
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FINANCIAL ADVISOR

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 Senior Vice President
 Mr. Jonathan D. White
 Vice President
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 Vice President
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UNDERWRITERS' COUNSEL

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• Original Transcript Recipient
 † Copy Transcript Recipient

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Trust Officer
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TRUSTEE'S COUNSEL

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(415) 442-1010 (Telecopier)

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Closing Coordinator
Ms. Jennifer Lerch
Analyst
AMBAC INDEMNITY CORPORATION
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(212) 208-3501 (Pfeil)
(212) 785-1178 (Pfeil Telecopier)

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National Marketing Division
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(415) 986-5973 (Telecopier)

SPECIAL COUNSEL

Brian D. Quint, Esq. (•, †)
David A. Walton, Esq. (Tax Matters)
Ms. Judith Jach, Project Coordinator
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CERTIFICATE OF CITY CLERK

The undersigned hereby states and certifies:

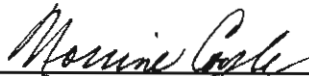
(i) that she is the duly elected or appointed, qualified and acting City Clerk of the City of Modesto, California, a municipal corporation and chartered city, duly organized and existing under the laws of the State of California (the "City"), and as such, is familiar with the facts herein certified and is authorized and qualified to certify the same; and

(ii) that attached hereto is a true, correct and complete copy of Resolution No. 93-233, entitled "Resolution Approving, Authorizing and Directing Execution of Certain Lease Financing Documents Relating to the Refunding of Certain Prior Obligations Relating to Community Center Improvements, Authorizing the Preparation and Distribution of a Preliminary Official Statement in Connection with the Offering and Sale of Certificates of Participation Relating Thereto, Authorizing Execution of a Certificate Purchase Agreement and Authorizing and Directing Certain Actions with Respect Thereto", duly adopted by the City Council of the City on April 20, 1993, which resolution has not been amended, supplemented, modified, rescinded or repealed and remains in full force and effect as of the date hereof.

Dated: May 27, 1993

CITY OF MODESTO, CALIFORNIA

By



Norine Coyle,
City Clerk

03/08/93
03/22/93
04/12/93
04/13/93

CITY OF MODESTO, CALIFORNIA

RESOLUTION NO. ~~93-233~~

**RESOLUTION APPROVING, AUTHORIZING AND DIRECTING
EXECUTION OF CERTAIN LEASE FINANCING DOCUMENTS
RELATING TO THE REFUNDING OF CERTAIN PRIOR OBLIGATIONS
RELATING TO COMMUNITY CENTER IMPROVEMENTS, AUTHORIZING
THE PREPARATION AND DISTRIBUTION OF A PRELIMINARY
OFFICIAL STATEMENT IN CONNECTION WITH THE OFFERING AND
SALE OF CERTIFICATES OF PARTICIPATION RELATING THERETO,
AUTHORIZING EXECUTION OF A CERTIFICATE PURCHASE
AGREEMENT AND AUTHORIZING AND DIRECTING CERTAIN
ACTIONS WITH RESPECT THERETO**

RESOLVED, by the City of Modesto, California (the "City"), as follows:

WHEREAS, the City, working together with the Modesto Public Financing Authority (the "Authority"), is proposing to proceed with a lease financing;

WHEREAS, in connection therewith, the City proposes to refinance the construction of certain community center improvements (the "Project") by providing for an advance deposit of lease payments due by the City to the Redevelopment Agency of the City of Modesto (the "Agency"), under a lease agreement, dated as of May 15, 1991, by and between the Agency and the City, and providing for the defeasance of certain certificates of participation executed and delivered by First Interstate Bank of California, as trustee, under a trust agreement, dated as of May 15, 1991, by and among the City, the Agency and such trustee, in the principal amount of \$24,945,000, of which \$24,280,000 aggregate principal amount is currently outstanding (the "Community Center Certificates");

WHEREAS, it is in the public interest and for the public benefit that the City authorize and direct execution of the Lease Agreement and certain other financing documents in connection therewith;

WHEREAS, the City also currently proposes to refinance the construction of certain golf course improvements by providing for an advance deposit of lease payments due by the City to the Authority under a lease agreement, dated as of February 1, 1990, by and between the Authority and the City and providing for the defeasance of certain certificates of participation executed and delivered by Bank of America National Trust and Savings Association, as trustee, under a trust agreement, dated as of February 1, 1990, by and among the City, the Authority and such trustee, in the principal amount of \$6,570,000, of which \$6,430,000 aggregate principal amount is currently outstanding (the "Golf Course Certificates" and, with the Community Center Certificates, the "Prior Obligations");

WHEREAS, Smith Barney, Harris Upham & Co. Incorporated and Grigsby Brandford & Co., Inc. (the "Underwriters"), have been directed to prepare a preliminary official statement (the "Preliminary Official Statement") containing information material to the offering and sale of the Certificates of Participation described below; and

WHEREAS, the documents described in this resolution are either on file in the office of the City Clerk or have been presented to each member of the City Council;

NOW, THEREFORE, it is hereby ORDERED and DETERMINED, as follows:

Section 1. The below-enumerated documents be and are hereby approved, and the Mayor, the City Manager or the Finance Director is hereby authorized and directed to execute said documents, with such changes, insertions and omissions as may be approved by such official, and the City Clerk is hereby authorized and directed to attest to such official's signature:

(a) a site and facility lease, between the City, as lessor, and the Authority, as lessee;

(b) a lease agreement, between the Authority, as lessor, and the City, as lessee (the "Lease Agreement"), so long as the stated term of the Lease Agreement does not exceed thirty-five (35) years, so long as the principal amount of the Lease Agreement does not exceed \$31,000,000, and so long as the maximum annual lease payments payable by the City under the Lease Agreement does not exceed \$2,500,000;

(c) a trust agreement, by and among the Authority, the City and First Trust of California, National Association, as trustee (the "Trust Agreement"), relating to the financing, and the execution and delivery of certificates of participation evidencing the direct, undivided fractional interests of the owners thereof in lease payments to be made by the City under the Lease Agreement (the "Certificates of Participation");

(d) an escrow deposit and trust agreement, by and between the City and the trustee for the Community Center Certificates, relating to the defeasance of the City's obligations with respect to the Community Center Certificates;

(e) a purchase agreement by and between the Underwriters and the City relating to the purchase by the Underwriters of the Certificates of Participation, so long as the Underwriters' discount with respect to the Certificates of Participation (exclusive of any original issue discount, which is not compensation to the Underwriters) does not exceed 1.5% and so long as the City realizes net present value savings as a result of the refunding of any Prior Obligations that are determined to be refunded; and

(f) a reimbursement agreement, between the City and the Redevelopment Agency of the City of Modesto, relating to the application of a portion of the tax increment revenues accruing to the Agency's Modesto Redevelopment Project (the "Project Area") to the payment of lease payments under the Lease Agreement (the "Reimbursement Agreement").

Section 2. The City Council hereby approves the Preliminary Official Statement, together with any changes therein or additions thereto deemed advisable by the Mayor, the City Manager or the Finance Director. The City Council authorizes and directs the Mayor, the City Manager or the Finance Director, on behalf of the City, to deem "final" pursuant to Rule 15c2-12 under the Securities Exchange Act of 1934 (the "Rule") the Preliminary Official Statement prior to its distribution by the financial advisor.

Section 3. The Mayor, the City Manager or the Finance Director is authorized and directed to cause the Preliminary Official Statement to be brought into the form of a final official statement (the "Final Official Statement") and to execute said Final Official Statement, dated as of the date of the sale of the Certificates of Participation, and a statement that the facts contained in the Final Official Statement, and any supplement or amendment thereto (which shall be deemed an original part thereof for the purpose of such statement) were, at the time of sale of the Certificates of Participation, true and correct in all material respects and that the Final Official Statement did not,

on the date of sale of the Certificates of Participation, and does not, as of the date of delivery of the Certificates of Participation, contain any untrue statement of a material fact with respect to the City or omit to state material facts with respect to the City required to be stated where necessary to make any statement made therein not misleading in the light of the circumstances under which it was made. The Mayor, the City Manager or the Finance Director shall take such further actions prior to the signing of the Final Official Statement as are deemed necessary or appropriate to verify the accuracy thereof. The execution of the final Official Statement, which shall include such changes and additions thereto deemed advisable by the Mayor, the City Manager or the Finance Director and such information permitted to be excluded from the Preliminary Official Statement pursuant to the Rule, shall be conclusive evidence of the approval of the final Official Statement by the City.

Section 4. The Final Official Statement, when prepared, is approved for distribution in connection with the offering and sale of the Certificates of Participation.

Section 5. The Mayor, the City Manager, the Finance Director, the City Clerk and all other appropriate officials of the City are hereby authorized and directed to execute such other agreements, documents and certificates as may be necessary to effect the purposes of this resolution and the financing herein authorized.

Section 6. In accordance with the provisions of section 33445 of the California Health and Safety Code and in furtherance of the delivery of the Certificates of Participation, the City hereby determines that (a) the buildings, facilities, structures and other improvements to be financed to be financed through the Reimbursement Agreement are of benefit to the Project Area or the immediate neighborhood in which the Project Area is located, and (ii) no other reasonable means of financing such buildings, facilities, structures and other improvements is available to the community.

Section 7. This Resolution shall take effect upon its adoption by this City Council.


I, the undersigned City Clerk of the City of Modesto, hereby certify that the foregoing is a full, true and correct copy of a resolution duly adopted by the City Council of the City at a meeting thereof on the 20th day of April, 1993, by the following vote of the members thereof:

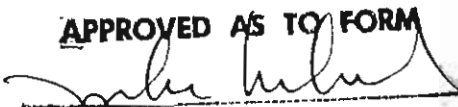
AYES: Bird, Dobbs, Friedman, Acting Mayor Cogdill

NOES: None

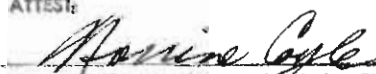
ABSTAIN:

ABSENT: Muratore, Patterson, Mayor Lang


Acting City Clerk JUDY C. HALL

APPROVED AS TO FORM

Michael D. Milich, City Attorney

The foregoing is a correct copy of the original on file in this office which has not been recalled and is now in full force and effect.

ATTEST:

NORRINE COYLE, City Clerk of the City of Modesto, County of Stanislaus, State of California.

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CERTIFICATE OF AUTHORITY SECRETARY

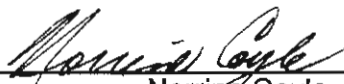
The undersigned hereby states and certifies:

(i) that she is the duly appointed, qualified and acting Secretary of the Modesto Public Financing Authority, a joint exercise of powers authority, duly organized and existing under the laws of the State of California (the "Authority"), and as such, is familiar with the facts herein certified and is authorized and qualified to certify the same; and

(ii) that attached hereto is a true, correct and complete copy of Resolution No. 93-2, entitled "Resolution Approving, Authorizing and Directing Execution of Certain Lease Financing Documents and Authorizing and Directing Certain Actions with Respect Thereto", adopted by the Board of Directors of the Authority on April 20, 1993, which resolution has not been amended, supplemented, modified, rescinded or repealed and remains in full force and effect as of the date hereof.

Dated: May 27, 1993

MODESTO PUBLIC FINANCING
AUTHORITY

By 
Norrine Coyle,
Secretary

MODESTO PUBLIC FINANCING AUTHORITY

RESOLUTION NO. 93-2

**RESOLUTION APPROVING, AUTHORIZING AND
DIRECTING EXECUTION OF CERTAIN LEASE FINANCING
DOCUMENTS AND AUTHORIZING AND DIRECTING
CERTAIN ACTIONS WITH RESPECT THERETO**

RESOLVED, by the Modesto Public Financing Authority (the "Authority"), as follows:

WHEREAS, the City of Modesto, California (the "City"), working together with the Authority, is proposing to proceed with a lease financing; and

WHEREAS, in connection therewith, the City proposes to refinance the construction of certain community center improvements by providing for an advance deposit of lease payments due by the City to the Authority under a lease agreement, dated as of May 15, 1991, by and between the Redevelopment Agency of the City of Modesto (the "Agency"), and the City and providing for the defeasance of certain certificates of participation executed and delivered by First Interstate Bank of California, as trustee, under a trust agreement, dated as of May 15, 1991, by and among the City, the Agency and such trustee, in the principal amount of \$24,945,000, of which \$24,280,000 aggregate principal amount is currently outstanding;

WHEREAS, it is in the public interest and for the public benefit that the Authority authorize and direct execution of the Lease Agreement (as hereinafter defined) and certain other financing documents in connection therewith; and

WHEREAS, the documents below specified have been filed with the Authority, and the members of the Authority, with the aid of its staff, have reviewed said documents;

NOW, THEREFORE, it is hereby ORDERED and DETERMINED, as follows:

Section 1. The below-enumerated documents be and are hereby approved, and the President, Treasurer or Executive Director is hereby authorized and directed to execute said documents, with such changes, insertions and omissions as may be approved by such official, and the Secretary of the Authority is hereby authorized and directed to attest to such official's signature:

(a) a site and facility lease, between the City, as lessor, and the Authority, as lessee;

(b) a lease agreement between the Authority, as lessor, and the City, as lessee (the "Lease Agreement");

(c) an assignment agreement, by and between the Authority and First Trust of California, National Association, as trustee (the "Trustee"), pursuant to which the Authority will assign certain of its rights under the Lease Agreement, including its right to receive lease payments thereunder, to the Trustee; and

(d) a trust agreement, by and among the Authority, the City and the Trustee relating to the financing and the execution and delivery of certificates of participation evidencing the direct,

undivided fractional interests of the owners thereof in lease payments to be made by the City under the Lease Agreement.

Section 2. The President, Treasurer, Executive Director, Secretary and other officials of the Authority are hereby authorized and directed to execute such other agreements, documents and certificates as may be necessary to effect the purposes of this resolution and the lease financing herein authorized.

I, the undersigned Secretary of the Modesto Public Financing Authority, hereby certify that the foregoing is a full, true and correct copy of a resolution duly adopted by the Board of Directors of the Authority at a meeting thereof on the 20th day of April, 1993, by the following vote of the members thereof:

AYES: Bird, Dobbs, Friedman, Acting Mayor Cogdill

NOES: None

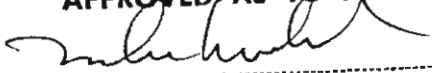
ABSTAIN:

ABSENT: Muratore, Patterson, Mayor Lang



Acting Secretary JUDY C. HALL

APPROVED AS TO FORM



Michael D. Milich, City Attorney

SECRETARY'S CERTIFICATE

I, Norrine Coyle, Secretary of the Modesto Public Financing Authority, do hereby certify as follows:

The foregoing is a full, true and correct copy of a resolution duly adopted by the members of the Modesto Public Financing Authority at a special meeting of said Authority held on April 20, 1993.

I have carefully compared the same with the original minutes of said meeting on file and of record in my office and the foregoing is a full, true and correct copy of the original resolution adopted at said meeting and entered in said minutes; and

Said resolution has not been amended, modified or rescinded since the date of its adoption and the same is now in full force and effect.

Dated: May 19, 1993

ATTEST: Norrine Coyle
NORRINE COYLE, Secretary
Modesto Public Financing Authority

44

\$27,225,000
CERTIFICATES OF PARTICIPATION
(1993 COMMUNITY CENTER REFINANCING PROJECT)
Evidencing Direct, Undivided Fractional Interests of the Owners
Thereof in Lease Payments to be Made by the
CITY OF MODESTO, CALIFORNIA
As the Rental for Certain Property Pursuant to a
Lease Agreement with the
MODESTO PUBLIC FINANCING AUTHORITY

CERTIFICATE OF AGENCY SECRETARY

The undersigned hereby states and certifies:

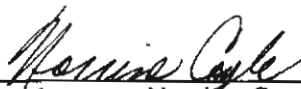
(i) that she is the duly appointed, qualified and acting Secretary of the Redevelopment Agency of the City of Modesto, a public body, corporate and politic, duly organized and existing under the laws of the State of California (the "Agency"), and as such, is familiar with the facts herein certified and is authorized and qualified to certify the same; and

(ii) that attached hereto is a true, correct and complete copy of Resolution No. 9-93, entitled "Resolution Approving, Authorizing and Directing Execution of Reimbursement Agreement and Authorizing and Directing Certain Actions with Respect Thereto", adopted by the members of the Agency on April 20, 1993, which resolution has not been amended, supplemented, modified, rescinded or repealed and remains in full force and effect as of the date hereof.

Dated: May 27, 1993

REDEVELOPMENT AGENCY OF THE
CITY OF MODESTO

By _____



Norrine Coyle,
Secretary

REDEVELOPMENT AGENCY OF THE CITY OF MODESTO

RESOLUTION NO. 9-93

**RESOLUTION APPROVING, AUTHORIZING AND DIRECTING EXECUTION
OF A REIMBURSEMENT AGREEMENT AND AUTHORIZING AND
DIRECTING CERTAIN ACTIONS WITH RESPECT THERETO**

RESOLVED, by the Redevelopment Agency of the City of Modesto (the "Agency"), as follows:

WHEREAS, the City of Modesto, California (the "City"), working together with the Modesto Public Financing Authority (the "Authority"), is proposing to proceed with a lease financing; and

WHEREAS, in connection therewith, the City proposes to refinance the construction of certain community center improvements by providing for an advance deposit of lease payments due by the City to the Redevelopment Agency of the City of Modesto (the "Agency"), under a lease agreement, dated as of May 15, 1991, by and between the Agency and the City, and providing for the defeasance of certain certificates of participation executed and delivered by First Interstate Bank of California, as trustee, under a trust agreement, dated as of May 15, 1991, by and among the City, the Agency and such trustee, in the principal amount of \$24,945,000, of which \$24,280,000 aggregate principal amount is currently outstanding;

WHEREAS, the document below specified has been filed with the Agency, and the members of the Agency, with the aid of its staff, have reviewed said document;

NOW, THEREFORE, it is hereby ORDERED and DETERMINED, as follows:

Section 1. A reimbursement agreement, between the City and the Redevelopment Agency of the City of Modesto (the "Reimbursement Agreement"), relating to the application of a portion of the tax increment revenues accruing to the Agency's Modesto Redevelopment Project (the "Project Area") to the payment of lease payments under the Lease Agreement, dated as of May 1, 1993, by and between the Authority and the City (the "Lease Agreement"), be and is hereby approved, and the Chairman, Vice Chairman, Executive Director or Treasurer is hereby authorized and directed to execute the Reimbursement Agreement, with such changes, insertions and omissions as may be approved by such official, and the Secretary of the Agency is hereby authorized and directed to attest to such official's signature.

Section 2. The Chairman, Vice Chairman, Executive Director, Treasurer, Secretary and other officials of the Agency are hereby authorized and directed to execute such other agreements, documents and certificates as may be necessary to effect the purposes of this resolution and the lease financing herein authorized.

Section 3. In accordance with the provisions of section 33445 of the California Health and Safety Code and in furtherance of the delivery of the Certificates of Participation (as defined in the Lease Agreement), the City hereby determines that (a) the buildings, facilities, structures and other improvements to be financed to be financed through the Reimbursement Agreement are of benefit to the Project Area or the immediate neighborhood in which the Project Area is located, and (ii) no other reasonable means of financing such buildings, facilities, structures and other improvements is available to the community.

Section 4. This Resolution shall take effect upon its adoption by this board.


I, the undersigned Secretary of the Redevelopment Agency of the City of Modesto, hereby certify that the foregoing is a full, true and correct copy of a resolution duly adopted by the Agency at a meeting thereof on the 20th day of April, 1993, by the following vote of the members thereof:

AYES: Bird, Dobbs, Friedman, Acting Mayor Cogdill

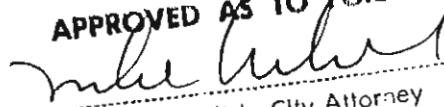
NOES: None

ABSTAIN:

ABSENT: Muratore, Patterson, Mayor Lang



Acting Secretary JUDY C. HALL

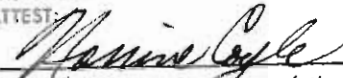
APPROVED AS TO FORM


Michael D. Milich, City Attorney



The foregoing is a correct copy of the original on file in this office which has not been revoked and is now in full force and effect.

ATTEST:



NORRINE COYLE, Secretary of the Redevelopment Agency of the City of Modesto, County of Stanislaus, State of California.

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CERTIFICATE PURCHASE

AGREEMENT

Between

City of Modesto, California

And

**Smith Barney, Harris Upham & Co.
Incorporated,
and
Grigsby Brandford & Co., Inc.
as Underwriters**

Relating to:

\$27,225,000
Certificates of Participation
(1993 Community Center Refinancing Project)
Series A
Evidencing Direct, Undivided Fractional
Interests of the
Owners Thereof in Lease Payments to be Made
by the
CITY OF MODESTO, CALIFORNIA
As the Rental for Certain Property Pursuant
to a Lease Agreement with the
Modesto Public Financing Authority

\$8,130,000
Certificates of Participation
(1993 Golf Course Refinancing Project)
Series B
Evidencing Direct, Undivided Fractional
Interests of the
Owners Thereof in Lease Payments to be
Made by the
CITY OF MODESTO, CALIFORNIA
As the Rental for Certain Property Pursuant
to a Lease Agreement with the
Modesto Public Financing Authority

\$27,225,000
Certificates of Participation
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\$8,130,000
Certificates of Participation
(1993 Golf Course Refinancing Project)
Series B
Evidencing Direct, Undivided Fractional
Interests of the
Owners Thereof in Lease Payments to be
Made by the
CITY OF MODESTO, CALIFORNIA
As the Rental for Certain Property Pursuant
to a Lease Agreement with the
Modesto Public Financing Authority

May 11, 1993

City of Modesto
801 Eleventh Street
Modesto, California 95354

Ladies and Gentlemen:

The undersigned, Smith Barney, Harris Upham & Co., Incorporated, as representative of itself and Grigsby Brandford & Co., Inc. (the "Underwriters"), hereby offer to enter into this Certificate Purchase Agreement (the "Purchase Agreement") with the City of Modesto, California (the "City"), for the purchase by the Underwriters and the sale by the City of both series of Certificates of Participation referenced above (collectively, the "Certificates"). Upon acceptance of this offer by the City, this Purchase Agreement will be binding upon the City and the Underwriters. The offer made hereby is made subject to acceptance by the City (by delivery to the Underwriters of an executed counterpart hereof) at or before 5:30 p.m., California time, on the date hereof or at such later time and date as the parties hereto mutually agree upon and, if not so accepted, will be subject to withdrawal by the Underwriters upon written notice delivered to the City at any time prior to the acceptance hereof by the City.

The Certificates of Participation (1993 Community Center Refinancing Project) Series A (the "Series A Certificates") are being executed and delivered in the aggregate principal amount of \$27,225,000 pursuant to a Trust Agreement dated as of May 1, 1993 (the "Series A Trust Agreement"), among the City, the Modesto Public Financing Authority (the "Authority") and First Trust of California, National Association, as trustee (the "Trustee"). The Certificates of Participation (1993 Golf Course Refinancing Project) Series B (the "Series B Certificates") are being executed and delivered in the aggregate principal amount of \$8,130,000 pursuant to a Trust Agreement dated as of May 1, 1993 (the "Series B Trust Agreement"), among the City,

the Authority and the Trustee. The Series A Trust Agreement and the Series B Trust Agreement are collectively referred to herein as the "Trust Agreements." All terms used herein and not otherwise defined herein shall have the respective meanings assigned thereto in the respective Trust Agreements.

1. ***Purchase and Purchase Price; Terms of Certificates.*** Upon the terms and conditions and in reliance upon the representations, warranties and agreements set forth herein, the City agrees to cause the sale and delivery to the Underwriters, and the Underwriters agree to purchase, all (but not less than all) of the \$27,225,000 aggregate principal amount of the Series A Certificates at an aggregate purchase price of \$25,735,357.40 (representing \$27,225,000 aggregate principal amount of the Series A Certificates less \$1,244,034.10 original issue discount and less \$245,608.50 Underwriters' discount), plus accrued interest with respect to the Series A Certificates from the date of the Series A Certificates to the date of delivery of the Series A Certificates to the Underwriters. Upon the terms and conditions and in reliance upon the representations, warranties and agreements set forth herein, the City agrees to cause the sale and delivery to the Underwriters, and the Underwriters agree to purchase, all (but not less than all) of the \$8,130,000 aggregate principal amount of the Series B Certificates at an aggregate purchase price of \$7,696,742.99 (representing \$8,130,000 aggregate principal amount of the Series B Certificates less \$360,206.50 original issue discount and less \$73,050.51 Underwriters' discount), plus accrued interest with respect to the Series B Certificates from the date of the Series B Certificates to the date of delivery of the Series B Certificates to the Underwriters.

The proceeds of the Series A Certificates will be used to (a) refinance the construction of certain community center improvements (the "Community Center Improvements" and together with the site thereof, the "Series A Project") by providing for an advance deposit of lease payments due by the City to the Redevelopment Agency of the City of Modesto (the "Agency"), under a lease agreement, dated as of May 15, 1991, by and between the Agency and the City and providing for the defeasance of certain certificates of participation executed and delivered by First Interstate Bank of California, as trustee, under a trust agreement, dated as of May 15, 1991, by and among the City, the Agency and such trustee, in the principal amount of \$24,945,000, of which \$24,280,000 aggregate principal amount is currently outstanding (the "Community Center Certificates"); (b) fund a reserve fund for the Series A Certificates; and (c) pay delivery costs incurred in connection with the execution, delivery and sale of the Series A Certificates. Pursuant to an Escrow Deposit and Trust Agreement dated May 27, 1993 (the "Community Center Escrow Agreement"), by and between the City and First Interstate Bank of California (the "Community Center Escrow Bank"), a portion of the net proceeds of the Series A Certificates will be deposited into an escrow fund and together with certain moneys held under the trust agreement relating to the Community Center Certificates, applied to the payment of principal, premium, if any, and interest when due with respect to the Community Center Certificates through November 1, 2001, and to provide for the redemption of all then outstanding Community Center Certificates at a price equal to 102% of the par amount thereof, plus accrued interest. The Authority will lease the Series A Project to the City pursuant to the Lease Agreement dated as of May 1, 1993 (the "Series A Lease Agreement") by and between

the City and the Authority. The Authority will assign certain of its rights under the Series A Lease Agreement, including its right to receive lease payments with respect to the Series A Certificates (the "Lease Payments"), to the Trustee pursuant to an Assignment Agreement, dated as of May 1, 1993 (the "Series A Assignment Agreement") by and between the Authority and the Trustee. The Authority and the City have entered into a Site and Facility Lease, dated as of May 1, 1993 (the "Series A Site and Facility Lease") pursuant to which the Authority will lease the Project from the City. The Series A Lease Agreement, the Series A Trust Agreement, the Series A Site and Facility Lease, the Series A Assignment Agreement and the Community Center Escrow Agreement are collectively referred to herein as the "Series A Certificate Documents."

The proceeds of the Series B Certificates will be used to (a) refinance the construction of certain golf course improvements (the "Golf Course Improvements" and, together with the site thereof, the "Series B Project") by providing for an advance deposit of lease payments due by the City to the Authority under a lease agreement, dated as of February 1, 1990, by and between the Authority and the City and providing for the defeasance of certain certificates of participation executed and delivered by Bank of America National Trust and Savings Association, as trustee, under a trust agreement, dated as of February 1, 1990, by and among the City, the Authority and such trustee, in the principal amount of \$6,570,000, of which \$6,430,000 aggregate principal amount is currently outstanding (the "Golf Course Certificates"), (b) pay the costs of certain improvements for the City, (c) fund a reserve fund for the Series B Certificates and (d) pay delivery costs incurred in connection with the execution, delivery and sale of the Series B Certificates. Pursuant to an Escrow Deposit and Trust Agreement, dated May 27, 1993 (the "Golf Course Escrow Agreement" and with the Community Center Escrow Agreement, the "Escrow Agreements") by and between the City and Bank of America National Trust and Savings Association (the "Golf Course Escrow Bank"), a portion of the net proceeds of the Certificates will be deposited into an escrow fund and together with certain moneys held under the trust agreement relating to the Golf Course Certificates, applied to the payment of principal, premium, if any, and interest when due with respect to the Golf Course Certificates through November 1, 1998, and to provide for the redemption of all then outstanding Golf Course Certificates at a price equal to 102% of the par amount thereof, plus accrued interest. The Authority will lease the Series B Project to the City pursuant to the Lease Agreement dated as of May 1, 1993 (the "Series B Lease Agreement") by and between the City and the Authority. The Authority will assign certain of its rights under the Series B Lease Agreement, including its right to receive lease payments with respect to the Series B Certificates (the "Lease Payments"), to the Trustee pursuant to an Assignment Agreement, dated as of May 1, 1993 (the "Series B Assignment Agreement") by and between the Authority and the Trustee. The Authority and the City have entered into a Site and Facility Lease, dated as of May 1, 1993 (the "Series B Site and Facility Lease") pursuant to which the Authority will lease the Series B Project from the City. The Series B Lease Agreement, the Series B Trust Agreement, the Series B Site and Facility Lease, the Series B Assignment Agreement, and the Golf Course Escrow Agreement are collectively referred to herein as the "Series B Certificate Documents."

Payment of the principal and interest with respect to the Series A Certificates when due will be insured by a municipal bond insurance policy (the "Series A Insurance Policy") to be issued by AMBAC Indemnity Corporation (the "Series A Insurer") simultaneously with the delivery of the Series A Certificates.

Payment of the principal and interest with respect to the Series B Certificates when due will be insured by a municipal bond insurance policy (the "Series B Insurance Policy") to be issued by Financial Guaranty Insurance Company (the "Series B Insurer") simultaneously with delivery of the Series B Certificates.

Each series of the Certificates shall be payable as to interest at the rates, mature on the dates and in the aggregate principal amounts and be subject to mandatory and optional redemption on the dates, terms and conditions and at the redemption prices, all as set forth in Exhibit A attached hereto and in the Official Statement described in Section 2 below.

It shall be a condition to the City's obligations to cause the sale and delivery of the Certificates to the Underwriters and to the Underwriters' obligations to purchase, accept delivery of and pay for each series of Certificates that the entire aggregate principal amount of each such series of Certificates shall be executed, sold and delivered by the Trustee and purchased, accepted and paid for by the Underwriters. The Underwriters agree to make a bona fide public offering of the Certificates at the initial offering prices set forth in the Official Statement (as hereafter defined) plus interest represented thereby from the date of the Certificates; provided, however, the Underwriters reserve the right to make concessions to dealers and to change such initial offering prices as the Underwriters shall deem necessary in connection with the marketing of the Certificates. The Underwriters agree that, in connection with the public offering and initial delivery of the Certificates to the purchasers thereof from the Underwriters, the Underwriters will deliver or cause to be delivered to each purchaser a copy of the Official Statement.

2. **Official Statement.** The City hereby ratifies, confirms and approves the use by the Underwriters prior to the date hereof of the Preliminary Official Statement of the City dated April 30, 1993 relating to the Certificates (which, together with all appendices thereto, is referred to herein as the "Preliminary Official Statement"). Within seven business days following the execution and delivery of this Purchase Agreement, the City shall deliver or cause to be delivered to the Underwriters, promptly after acceptance hereof, such number of copies of a final official statement (including all information permitted to be omitted by the Rule (as defined herein) and any amendments or supplements thereto which have been approved by the City and the Underwriters) (the "Official Statement") in a form satisfactory to the Underwriters as may be required by the Underwriters in order to comply with paragraph (b)(4) of Rule 15c2-12 of the Securities Exchange Act of 1934 (the "Rule") and with Rule G-32 and all other applicable rules of the Municipal Securities Rulemaking Board. The City hereby approves of the use and distribution by the Underwriters of the Official Statement in connection with the offer and sale of the Certificates.

The City hereby authorizes the Underwriters to use, in connection with the offer and sale of the Certificates, the following: the Official Statement; the Series A Certificate Documents; the Series B Certificate Documents; and all information contained herein and therein and all other documents, agreements, certificates or statements furnished by the City to the Underwriters or entered into in connection with the transactions contemplated by this Purchase Agreement.

3. ***Closing; Certificates.*** At 8:00 a.m. California Time, on May 27, 1993, or at such other time or on such earlier or later date as the Underwriters and the City mutually agree upon (the "Closing Date"), the City will, subject to the terms and conditions hereof, deliver or cause each series of Certificates to be delivered to the Underwriters, duly executed in accordance with the provisions of the respective Trust Agreement, together with the other documents hereinafter mentioned, and, subject to the terms and conditions hereof, the Underwriters will accept such delivery and pay the purchase price of each series of Certificates as set forth in Section I hereof in federal or other immediately available funds. Sale, delivery and payment as aforesaid shall be made at the offices of Jones Hall Hill & White, A Professional Law Corporation, in San Francisco, California, or such other place as shall have been mutually agreed upon by the City and the Underwriters, except that the Certificates shall be delivered as aforesaid through the book-entry system of The Depository Trust Company in New York, New York, or at such other place as the Underwriters and the City mutually agree upon.

4. ***Covenants, Representations and Warranties of the City.*** The City hereby covenants, represents and warrants to the Underwriters that:

(a) The City is, and will be on the Closing Date, a charter city and municipal corporation of the State of California organized and validly existing under the Constitution and laws of the State of California with the full power and authority to execute and deliver the Official Statement and to enter into this Purchase Agreement and the Series A Certificate Documents and Series B Certificate Documents (collectively, the Certificate Documents") to which it is a party;

(b) The City now has and on the Closing Date will have full legal right, power and authority to (i) enter into this Purchase Agreement and the Certificate Documents to which it is a party, (ii) cause the sale, execution and delivery of the Certificates to the Underwriters as provided herein, (iii) carry out and consummate the transactions contemplated by this Purchase Agreement, the Certificate Documents and the Official Statement, and (iv) execute and deliver the Official Statement;

(c) By all necessary official action of the City prior to or concurrently with the acceptance hereof, the City has duly authorized, approved, ratified and confirmed the preparation and distribution of the Preliminary Official Statement and the execution, delivery and distribution of the Official Statement, and has duly authorized and approved the execution and delivery, and the performance by the City, of the obligations in connection with the execution and delivery of the Certificates on its part contained in this Purchase Agreement and the Certificate Documents, and the consummation by it of all

other transactions contemplated by this Purchase Agreement and the Certificate Documents in connection with the execution and delivery of the Certificates; the City has complied, or will on the Closing Date be in compliance in all material respects, with the obligations in connection with the execution and delivery of the Certificates on its part contained in this Purchase Agreement and the Certificate Documents;

(d) To the best knowledge of the City, after reasonable investigation, the City is not in any material respect in breach of or default under any applicable constitutional provision, law or administrative regulation to which it is subject or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the City is a party or to which the City or any of its property or assets is otherwise subject, and no event has occurred and is continuing which with the passage of time or the giving of notice, or both, would constitute such a default or event of default under any such instrument; and the execution and delivery of this Purchase Agreement and the Certificate Documents, and compliance with the provisions on the City's part contained therein, will not conflict with or constitute a breach of or a default under any constitutional provision, law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the City is a party or to which the City or any of its property or assets is otherwise subject, nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the City or under the terms of any such constitutional provision, law, regulation or instrument, except as provided in the Lease Agreements, the Site and Facility Leases and the Trust Agreements;

(e) To the best knowledge of the City, after reasonable investigation, all authorizations, approvals, licenses, permits, consents and orders of any governmental authority, legislative body, board, agency or commission having jurisdiction of the matter which are required for the due authorization by, or which would constitute a condition precedent to or the absence of which would materially adversely affect the due performance by, the City of its obligations in connection with the execution and delivery of the Certificates have been duly obtained, except for such approvals, consents and orders as may be required under the Blue Sky or securities laws of any state in connection with the offering and sale of the Certificates; and, except as described in or contemplated by the Official Statement, all authorizations, approvals, licenses, permits, consents and orders of any governmental authority, board, agency or commission having jurisdiction of the matter which are required for the due authorization by, or which would constitute a condition precedent to or the absence of which would materially adversely affect the due performance by, the City of its obligations under the Certificate Documents or this Purchase Agreement have been duly obtained;

(f) Between the date of this Purchase Agreement and the Closing Date, the City will not, without the prior written consent of the Underwriters, offer or issue any

bonds, notes or other obligations for borrowed money on behalf of the City except for such borrowings as may be described in or contemplated by the Official Statement, nor does the City reasonably anticipate that there will be any adverse change of a material nature in the financial position, results of operations or condition, financial or otherwise, of the City;

(g) As of the date hereof, except as otherwise disclosed in the Official Statement, no action, suit, proceeding, or investigation, at law or in equity, before or by any court, government agency, public board or body is pending against the City, affecting the existence of the City or the titles of its officers to their respective offices, or affecting or seeking to prohibit, restrain or enjoin the sale, execution or delivery of the Certificates or contesting or affecting, as to the City, the validity or enforceability of the Certificates, this Purchase Agreement or the Certificate Documents or contesting the tax-exempt status of interest represented by the Certificates, or contesting the completeness or accuracy of the Preliminary Official Statement or the Official Statement, or contesting the powers of the City or any authority for the execution and delivery of the Certificates, or in any way contesting or challenging the consummation of the transactions contemplated hereby, or which might result in a material adverse change in the financial condition of the City; nor is there any known basis for any such action, suit, proceeding or investigation, wherein an unfavorable decision, ruling or finding would materially adversely affect the authorization, execution, delivery or performance by the City of the Certificate Documents to which it is a party or this Purchase Agreement or the execution by the Trustee of the Certificates;

(h) The City will furnish such information, execute such instruments and take such other action in cooperation with the Underwriters as the Underwriters may reasonably request in order to qualify the Certificates for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions of the United States as the Underwriters may designate; provided, however, that the City shall not be required to qualify to do business or consent to service of process in connection with any such qualification or determination in any jurisdiction;

(i) To the best knowledge of the City, after reasonable investigation, as of the date thereof, the Preliminary Official Statement did not, except as revised by the Official Statement, contain any untrue statement of a material fact, provided, however, that the City does not make any representation regarding the information contained under the caption "TAX MATTERS";

(j) As of the date thereof and at all times subsequent thereto to and including the date which is 25 days following the End of the Underwriting Period (as such term is hereinafter defined) for the Certificates, the Official Statement did not and will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading;

(k) If between the date hereof and the date which is 25 days after the End of the Underwriting Period for the Certificates, an event occurs which would cause the information contained in the Official Statement, as then supplemented or amended, to contain an untrue statement of a material fact or to omit to state a material fact required to be stated therein or necessary to make such information therein, in the light of the circumstances under which it was presented, not misleading, the City will notify the Underwriters, and, if in the opinion of the Underwriters, or their counsel, such event requires the preparation and publication of a supplement or amendment to the Official Statement, the City will cooperate in the preparation of an amendment or supplement to the Official Statement in a form and manner approved by the Underwriters, and shall pay all expenses thereby incurred. For the purposes of this subsection, between the date hereof and the date which is 25 days after the End of the Underwriting Period for the Certificates, the City will furnish such information with respect to itself as the Underwriters may from time to time reasonably request;

(l) If the information contained in the Official Statement is amended or supplemented pursuant to paragraph (k) hereof, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such subparagraph) at all times subsequent thereto up to and including the date which is 25 days after the End of the Underwriting Period for the Certificates, the portions of the Official Statement so supplemented or amended (including any financial and statistical data contained therein) will not contain any untrue statement of a material fact required to be stated therein or necessary to make such information therein in the light of the circumstances under which it was presented, not misleading;

(m) After the Closing Date, the City will not participate in the issuance of any amendment of or supplement to the Official Statement to which, after being furnished with a copy, the Underwriters shall reasonably object in writing or which shall be disapproved by counsel for the Underwriters;

(n) As used herein and for the purposes of the foregoing, the term "End of the Underwriting Period" for the Certificates shall mean the earlier of (i) the Closing Date unless the City shall have been notified in writing to the contrary by the Underwriters on or prior to the Closing Date, or (ii) the date on which the End of the Underwriting Period for the Certificates has occurred under Rule 15c2-12; provided, however, that the City may treat as the End of the Underwriting Period for the Certificates the date specified as such in a notice from the Underwriters stating the date which is the End of the Underwriting Period; and

(o) The City will apply the proceeds from the sale of the Certificates for the purposes specified in the Official Statement.

5. *Conditions to the Obligations of the Underwriters.* The obligation of the Underwriters to accept delivery of and pay for each series of Certificates on the Closing Date

shall be subject, at the option of the Underwriters, to the accuracy in all material respects of the representations, warranties and agreements on the part of the City contained herein as of the date hereof and as of the Closing Date, to the accuracy in all material respects of the statements of the officers and other officials of the City made in any certificates or other documents furnished pursuant to the provisions hereof or the Certificate Documents, and to the performance by the City of its obligations to be performed hereunder and under the Certificate Documents at or prior to the Closing Date, and to the following additional conditions:

(a) At the Closing Date, the Certificates, the Certificate Documents and the Official Statement shall have been duly authorized, executed and delivered by the respective parties thereto, in substantially the forms heretofore submitted to the Underwriters with only such changes as shall have been agreed to by the Underwriters, and said agreements shall not have been amended, modified or supplemented, except as may have been agreed to by the Underwriters, and there shall have been taken in connection therewith, with the execution of the Certificates and with the transactions contemplated thereby and by this Purchase Agreement, all such actions as Jones Hall Hill & White, A Professional Law Corporation, Special Counsel, or Kutak Rock, Underwriters' Counsel, shall deem to be necessary and appropriate;

(b) The representations and warranties of the City contained in this Purchase Agreement shall be true, correct and complete in all material respects on the date hereof and on the Closing Date, as if made again on the Closing Date, and the Official Statement (as the same may be supplemented or amended with the written approval of the Underwriters) shall be true, correct and complete in all material respects and shall not contain any untrue statement of fact or omit to state any fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which such statements were made, not misleading;

(c) Between the date hereof and the Closing Date, neither the market price or marketability, at the initial offering prices set forth in the Official Statement, of the applicable series of Certificates shall have been materially adversely affected, in the judgment of the Underwriters (evidenced by a written notice to the City terminating the obligation of the Underwriters to accept delivery of and make any payment for such series of Certificates), by reason of any of the following:

(1) legislation enacted or introduced in the Congress or in the State of California or recommended for passage by the President of the United States, or a decision rendered by a court established under Article III of the Constitution of the United States or by the Tax Court of the United States or any court of the State of California, or an order, ruling, regulation (final, temporary or proposed) or official statement issued or made by or on behalf of the Treasury Department of the United States or the Internal Revenue Service or by or on behalf of the Securities and Exchange Commission, or any other governmental entity having jurisdiction of the subject matter:

(i) with the purpose or effect, directly or indirectly (except as described in the Official Statement), of imposing federal or State of California income taxation upon such interest as would be received by the owners of the Certificates; or

(ii) to the effect that obligations of the general character of the Certificates, including any or all underlying arrangements, are not exempt from registration under the Securities Act of 1933, as amended, or that the applicable Trust Agreement is not exempt from qualification under the Trust Indenture Act of 1939, as amended;

(2) the declaration of war or the escalation of, or engagement in, major military hostilities by the United States or the occurrence of any other national emergency or calamity relating to the effective operation of the government of, or of the financial community in, the United States;

(3) the declaration of a general banking moratorium by federal, New York or California authorities, or the general suspension of trading on any national securities exchange;

(4) the imposition by the New York Stock Exchange or other national securities exchange, or any governmental entity, of any material restrictions not now in force with respect to the Certificates or obligations of the general character of the Certificates or securities generally, or the material increase of any such restrictions now in force, including those relating to the extension of credit by, or the charge to the net capital requirements of, the Underwriters;

(5) an order, decree or injunction of any court of competent jurisdiction, or order, filing, regulation or official statement by the Securities and Exchange Commission, or any other governmental entity having jurisdiction of the subject matter, issued or made to the effect that the issuance, offering or sale of obligations of the general character of the Certificates, or the execution, offering or sale of the Certificates, including any or all underlying obligations, as contemplated hereby or by the Official Statement, is or would be in violation of the federal securities laws as amended and then in effect;

(6) the occurrence of any adverse change of a material nature of the financial condition, results of operation or properties of the City; or

(7) any event occurring, or information becoming known which, in the reasonable judgment of the Underwriters, makes untrue in any material respect any statement or information contained in the Official Statement, or has the effect that the Official Statement contains any untrue statement of material fact or omits to state a material fact required to be stated therein or necessary to make the

statements therein, in the light of the circumstances under which they were made, not misleading.

(d) At or prior to the Closing Date, the Underwriters shall have received the following documents, in each case satisfactory in form and substance to the Underwriters:

(1) the Official Statement and each Certificate Document, each duly executed and delivered by the respective parties thereto, with such amendments, modifications or supplements as may have been agreed to by the Underwriters;

(2) the approving opinions, dated the Closing Date and addressed to the City, of Jones Hall Hill & White, A Professional Law Corporation, Special Counsel, in substantially the forms attached to the Official Statement as Appendix C thereto, and a letter of such counsel, dated the Closing Date and addressed to the Underwriters, to the effect that such opinions may be relied upon by the Underwriters to the same extent as if such opinions were addressed to them;

(3) the supplemental opinions of Special Counsel, dated the Closing Date and addressed to the Underwriters, in substantially the form attached hereto as Exhibit B;

(4) the opinions, dated the Closing Date and addressed to the City and the Underwriters, of counsel to the Authority, in substantially the form attached hereto as Exhibit C;

(5) the opinions, dated the Closing Date and addressed to the Underwriters, of the City Attorney of the City, in substantially the form attached hereto as Exhibit D;

(6) an opinion, dated the Closing Date and addressed to the City and the Underwriters, of counsel to the Trustee, to the effect that:

(i) the Trustee is a national banking association duly organized, validly existing and in good standing under the laws of the United States of America and has full power and authority to execute and deliver the Trust Agreements and the Assignment Agreements and to perform its obligations thereunder and, acting in its capacity as trustee, to execute and deliver the Certificates and to perform its obligations thereunder; and

(ii) the Trust Agreements and the Assignment Agreements have been duly authorized, executed and delivered by the Trustee and constitute the valid and binding obligations of the Trustee in accordance with their terms, except insofar as the validity, binding nature and enforceability of

the Trustee's obligations under the Trust Agreements and the Assignment Agreements may be limited by the effect of (i) insolvency, reorganization, arrangement, moratorium, fraudulent transfer and other similar laws, and (ii) the discretion of any court of competent jurisdiction in awarding equitable remedies, including, without limitation, specific performance or injunctive relief, and the effect of general principles of equity embodied in California statutes and common law;

(7) an opinion of Underwriters' Counsel, dated the Closing Date and addressed to the Underwriters, to the effect that (i) the Certificates are exempt from registration under the Securities Act of 1933, as amended, and the Trust Agreement is exempt from qualification under the Trust Indenture Act of 1939, as amended; and (ii) without passing upon or assuming any responsibility for the accuracy, completeness or fairness of the statements contained in the Official Statement and making no representation that they have independently verified the accuracy, completeness or fairness of any such statements, based upon the information made available to them in the course of their participation in the preparation of the Official Statement as counsel for the Underwriters, nothing has come to their attention which would lead them to believe that the Official Statement (excluding therefrom financial statements and the statistical data, as to which no opinion need be expressed) contains an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(8) a certificate of the Authority, dated the Closing Date, signed by an authorized officer of the Authority, in substantially the form attached hereto as Exhibit E;

(9) a certificate of the City, dated the Closing Date, signed by an authorized officer of the City, in substantially the form attached hereto as Exhibit F;

(10) A certified copy of the general resolution of the Trustee authorizing the execution and delivery of the Trust Agreements, the Assignment Agreements and the Certificates, together with a certificate to the effect that:

(i) The Trustee is a national banking association duly organized and existing under the laws of the United States of America;

(ii) The Trustee has full corporate trust powers and authority to serve as Trustee under the Trust Agreements; and

(iii) The Trustee's action in executing and delivering the Trust Agreements, the Assignment Agreements and both series of Certificates is in full compliance with, and does not conflict with, any applicable law or governmental regulation currently in effect, and does not conflict with or violate any administrative or judicial decision by which the Trustee is bound;

(11) A certified copy of the general resolution of each Escrow Bank authorizing the execution and delivery of the respective Escrow Agreement, together with a certificate to the effect that:

(i) The Escrow Bank has full power and authority to serve as Escrow Bank under the Escrow Agreement; and

(ii) The Escrow Bank's action in executing and delivering the Escrow Agreement is in full compliance with, and does not conflict with, any applicable law or governmental regulation currently in effect, and does not conflict with or violate any contract to which the Escrow Bank is a party or any administrative or judicial decision by which the Escrow Bank is bound;

(12) Certified copies of the resolution of the Authority authorizing the execution and delivery of the Certificate Documents to which it is a party;

(13) Certified copies of the resolutions of the City authorizing the execution and delivery of the Certificate Documents to which it is a party and this Purchase Agreement;

(14) Evidence that any ratings on the Certificates are in full force and effect as of the Closing Date;

(15) A copy of the Blue Sky Memorandum prepared by Underwriters' Counsel;

(16) Arbitrage certifications by the City in form and substance acceptable to Special Counsel and the Underwriters;

(17) A letter addressed to the City dated the Closing Date from Ernst & Young, certified public accountants, verifying the accuracy of (i) the mathematical computations concerning the adequacy of the maturing principal amounts of and interest earned on the government obligations, together with other escrowed moneys, to be deposited with the Escrow Banks under the Escrow Agreements to pay when due pursuant to stated maturity or call for redemption the principal of and interest and premium with respect to the Community Center

Certificates and the Golf Course Certificates and (ii) the mathematical computations of the yield with respect to the Certificates and the yield on the government obligations purchased with a portion of the proceeds of the sale of the Certificates, and used in part by Special Counsel in concluding that interest evidenced by the Certificates is excludable from gross income for federal income tax purposes under presently existing law, regulations, decisions and official interpretations, including the "arbitrage" regulations promulgated and proposed under Section 148(a) of the Internal Revenue Code of 1986, as amended or any successor thereto;

(18) the Series A and Series B Insurance Policies shall have been duly issued by the Series A and Series B Insurer, respectively, in favor of the Trustee;

(19) such additional legal opinions, certificates, proceedings, instruments and other documents as the Underwriters, Special Counsel or Underwriters' Counsel may reasonably request to evidence compliance by the City with legal requirements, the truth and accuracy, as of the Closing Date, of the representations of the City, and the due performance or satisfaction by the City at or prior to such time of all agreements then to be performed and all conditions then to be satisfied by the City.

If the City shall be unable to satisfy the conditions to the obligations of the Underwriters to purchase, accept delivery of, and pay for, each series of Certificates contained in this Purchase Contract, or if the obligations of the Underwriters to purchase, accept delivery of, and pay for, such series of Certificates shall be terminated for any reason permitted by this Purchase Agreement, this Purchase Agreement and all obligations of the Underwriters hereunder may be terminated by the Underwriters at, or at any time prior to, the Closing Date by written notice to the City, and neither the Underwriters nor the City shall have any further obligations hereunder.

6. [RESERVED]

7. ***Fees and Expenses.*** The Underwriters shall be under no obligation to pay, and the City hereby agrees to pay on the Closing Date, or at such times thereafter as such amount may become due and payable, any reasonable fees and expenses incident to the performance of the City's obligations hereunder including, but not limited to, the following: (a) all fees and expenses of Special Counsel (including the cost of preparation of the Certificate Documents); (b) the costs of preparation and printing the Certificates; (c) the cost of printing and distribution of the Preliminary Official Statement and the Final Official Statement; (d) the fees and expenses of the Trustee and its counsel; (e) the fees of Standard & Poor's Corporation and Moody's Investors Service for rating the Certificates; (f) the fees and expenses of the Series A Insurer and Series B Insurer and their respective counsel; (g) the fees and expenses of the Escrow Agents and their counsel; (h) Closing and recording costs; and (i) the fees and disbursements of any engineers, accountants and other experts, consultants or advisors retained by the City.

The City shall be under no obligation to pay and the Underwriters shall pay: (a) the cost of preparation and printing of this Purchase Agreement and the Blue Sky Memorandum; (b) all advertising expenses and Blue Sky filing fees in connection with the public offering of the Certificates; (c) fees, if any, payable to the California Debt Advisory Commission in connection with the execution and delivery of the Certificates; and (d) all other expenses incurred by them in connection with the public offering of the Certificates including the fees and disbursements of Underwriters' Counsel.

8. ***Survival of Certain Representations and Obligations.*** The agreements, covenants, representations, warranties and other statements of the City and its officials or officers set forth in or made pursuant to this Purchase Agreement shall survive delivery of and payment for the Certificates and shall remain in full force and effect so long, and only so long, as any Certificate remains outstanding under either Trust Agreement, regardless of any investigation, or statement as to the results thereof, made by or on behalf of the Underwriters.

9. ***Notices.*** All notices, certificates or other communications provided for hereunder may be given by delivering the same in writing at the City's address set forth below:

City of Modesto
801 Eleventh Street
Modesto, California 95354
Attention: Finance Director

and if to the Underwriters by delivering the same in writing at the Representative's address set forth below:

Smith Barney, Harris Upham & Co., Incorporated
350 California Street
20th Floor
San Francisco, California 94104
Attention: Managing Director

or such other address as shall be designated by any such party in a written notice to each of the other parties.

10. ***No Assignment; Beneficiaries.*** This Purchase Agreement has been made by the City and the Underwriters (including the successors or assigns of the Underwriters), and no person other than the foregoing shall acquire or have any right under or by virtue of this Purchase Agreement, as third party beneficiary or otherwise, except for rights of indemnified parties pursuant to and to the extent set forth in Section 6 hereof.

11. ***Applicable Law.*** This Purchase Agreement shall be interpreted, governed and enforced in accordance with the laws of the State of California, without giving effect to the principles of conflict of laws of such state.

12. **Effectiveness.** This Purchase Agreement shall become effective upon its execution by duly authorized officers of the representative for the Underwriters and the City and shall be valid and enforceable from and after the time of such execution.

13. **Severability.** In the event any provision of this Purchase Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

14. **Counterparts.** This Purchase 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 instrument.

15. **Headings.** The headings of the sections of this Purchase Agreement are inserted for convenience only and shall not be deemed to be a part hereof.

SMITH BARNEY, HARRIS UPHAM &
CO. INCORPORATED
GRIGSBY BRANDFORD & CO., INC.

By: SMITH BARNEY, HARRIS UPHAM & CO.
INCORPORATED, as Representative

By 
Its: Managing Director

The foregoing shall be effective and is hereby accepted and agreed to this ___ day of May, 1993.

CITY OF MODESTO

By _____
Its: _____

12. **Effectiveness.** This Purchase Agreement shall become effective upon its execution by duly authorized officers of the representative for the Underwriters and the City and shall be valid and enforceable from and after the time of such execution.

13. **Severability.** In the event any provision of this Purchase Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

14. **Counterparts.** This Purchase 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 instrument.

15. **Headings.** The headings of the sections of this Purchase Agreement are inserted for convenience only and shall not be deemed to be a part hereof.

SMITH BARNEY, HARRIS UPHAM &
CO. INCORPORATED
GRIGSBY BRANDFORD & CO., INC.

By: SMITH BARNEY, HARRIS UPHAM & CO.
INCORPORATED, as Representative

By _____
Its: _____

The foregoing shall be effective and is hereby accepted and agreed to this ____ day of May, 1993.

CITY OF MODESTO

By Andrea Darva
Its: Interim Finance Director

EXHIBIT A

CITY OF MODESTO, CALIFORNIA
 1891 Community Center Refinancing Project (COPs)
 Traditional Fixed Rate Refunding

Period Ending	Principal	Coupon	Yield	Price
11/01/93	\$210,000.00	2.500%	2.500%	100.000
11/01/94	40,000.00	3.000%	3.000%	100.000
11/01/95	95,000.00	3.500%	3.500%	100.000
11/01/96	145,000.00	4.000%	4.000%	100.000
11/01/97	185,000.00	4.250%	4.250%	100.000
11/01/98	225,000.00	4.500%	4.500%	100.000
11/01/99	350,000.00	4.800%	4.700%	99.447
11/01/2000	625,000.00	4.800%	4.850%	99.687
11/01/2001	655,000.00	4.900%	4.850%	99.656
11/01/2002	690,000.00	5.000%	5.100%	99.254
11/01/2003	720,000.00	5.100%	5.200%	99.106
11/01/2004	760,000.00	5.200%	5.300%	99.146
11/01/2005	800,000.00	5.300%	5.400%	99.098
11/01/2006	835,000.00	5.400%	5.450%	99.823
11/01/2007	865,000.00	5.400%	5.600%	99.006
11/01/2008	935,000.00	5.500%	5.550%	99.481
11/01/2009	965,000.00	5.500%	5.800%	98.930
11/01/2010	1,040,000.00	5.600%	5.650%	99.445
11/01/2011	1,090,000.00	5.600%	5.650%	99.378
11/01/2012	1,150,000.00	5.600%	5.650%	99.378
11/01/2013	1,215,000.00	5.600%	5.650%	99.378
11/01/2014	1,295,000.00	5.600%	5.650%	99.378
11/01/2015	1,340,000.00	5.000%	5.890%	99.802
11/01/2016	1,135,000.00	5.000%	5.850%	99.802
11/01/2017	1,185,000.00	5.000%	5.850%	99.802
11/01/2018	1,290,000.00	5.000%	5.650%	99.802
11/01/2019	1,320,000.00	5.000%	5.650%	99.802
11/01/2020	1,385,000.00	5.000%	5.650%	99.802
11/01/2021	1,455,000.00	5.000%	5.650%	99.802
11/01/2022	1,535,000.00	5.000%	5.650%	99.802
11/01/2023	1,610,000.00	5.000%	5.650%	99.802

\$27,225,000.00

CITY OF MODESTO, CALIFORNIA
 1990 Golf Course Financing Project (COPs)
 Traditional Fixed Rate Refunding

<u>Period</u> <u>Ending</u>	<u>Principal</u>	<u>Coupon</u>	<u>Yield</u>	<u>Price</u>
11/01/93	\$195,000.00	2.500%	2.500%	100.000
11/01/94	206,000.00	3.000%	3.000%	100.000
11/01/95	206,000.00	3.500%	3.500%	100.000
11/01/96	215,000.00	4.000%	4.000%	100.000
11/01/97	130,000.00	4.250%	4.250%	100.000
11/01/98	140,000.00	4.500%	4.500%	100.000
11/01/99	145,000.00	4.600%	4.700%	99.447
11/01/2000	155,000.00	4.800%	4.850%	99.887
11/01/2001	160,000.00	4.900%	4.950%	99.656
11/01/2002	170,000.00	5.000%	5.100%	99.264
11/01/2003	175,000.00	5.100%	5.200%	99.196
11/01/2004	188,000.00	5.200%	5.300%	99.148
11/01/2005	196,000.00	5.300%	5.400%	99.098
11/01/2006	206,000.00	5.400%	5.450%	99.523
11/01/2007	215,000.00	5.400%	5.500%	99.008
11/01/2008	225,000.00	5.500%	5.580%	99.481
11/01/2009	236,000.00	5.500%	5.600%	98.930
11/01/2010	250,000.00	5.600%	5.650%	99.445
11/01/2011	268,000.00	5.600%	5.650%	99.378
11/01/2012	275,000.00	5.600%	5.650%	99.378
11/01/2013	290,000.00	5.600%	5.650%	99.378
11/01/2014	310,000.00	5.600%	5.650%	99.378
11/01/2015	325,000.00	5.000%	5.650%	99.602
11/01/2016	340,000.00	5.000%	5.650%	99.602
11/01/2017	355,000.00	5.000%	5.650%	99.602
11/01/2018	380,000.00	5.000%	5.650%	99.602
11/01/2019	400,000.00	5.000%	5.650%	99.602
11/01/2020	410,000.00	5.000%	5.650%	99.602
11/01/2021	435,000.00	5.000%	5.650%	99.602
11/01/2022	460,000.00	5.000%	5.650%	99.602
11/01/2023	480,000.00	5.000%	5.650%	99.602

\$8,130,000.00

EXHIBIT B

FORM OF SUPPLEMENTAL OPINION
OF JONES HALL HILL & WHITE, A PROFESSIONAL LAW CORPORATION

_____, 1993

Smith Barney, Harris Upham &
Co. Incorporated
20th Floor
350 California Street
San Francisco, CA 94104

Grigsby Brandford & Co., Inc.
Suite 601
230 California Street
San Francisco, CA 94111

§ _____
CERTIFICATES OF PARTICIPATION
(1993 [Community Center/Golf Course] Refinancing Project)
Series [A/B]
Evidencing Direct, Undivided Fractional Interests on the
Owners Thereof in Lease Payments
to be made by the
CITY OF MODESTO, CALIFORNIA
As Rental For Certain Property Pursuant
to a Lease Agreement with the
Modesto Public Financing Authority
(Supplemental Opinion)

Ladies and Gentlemen:

This opinion is addressed to you, as the Underwriters, pursuant to Section 5(d)(3) of the Certificate Purchase Agreement, dated April ____, 1993 (the "Purchase Agreement"), between yourselves and the City of Modesto (the "City"), providing for the purchase of \$ _____ principal amount of Certificates of Participation (1993 [Community Center/Golf Course] Refinancing Project) Series [A/B] (the "Certificates"). The Certificates are being executed and delivered pursuant to a Trust Agreement, dated as of May 1, 1993 (the "Trust Agreement"), by and among the City, the Modesto Public Financing Authority (the "Authority") and First Trust of California, National Association, as trustee (the "Trustee"). Unless otherwise defined herein, or the context otherwise requires, capitalized terms used herein shall have the respective meanings ascribed thereto in the Trust Agreement or, if not defined in the Trust Agreement, in the Purchase Agreement. We have acted as Special Counsel to the City and delivered to it our

final legal opinion concerning the validity of the Certificates and other matters dated the date hereof. You are hereby entitled to rely upon such final opinion to the same extent as if such opinion were addressed to you.

In connection with so acting, we have reviewed the Trust Agreement, the Site and Facility Lease, dated as of May 1, 1993 (the "Site and Facility Lease") by and between the City and the Authority, the Lease Agreement, dated as of May 1, 1993 (the "Lease Agreement"), by and between the City and the Authority, the Escrow Deposit and Trust Agreement, dated as of May 27, 1993 (the "Escrow Agreement"), by and between the City and [First Interstate Bank of California/Bank of America National Trust and Savings Association], the Assignment Agreement, dated as of May 1, 1993 (the "Assignment Agreement") by and between the Authority and the Trustee, the Purchase Agreement, the Official Statement dated May ____, 1993, relating to the Certificates (the "Official Statement"), certifications of the City, the Trustee and others, opinions of counsel to the City, the Authority and the Trustee with respect to the City, the Trustee, the Certificates and the foregoing documents, and such other documents, opinions and matters to the extent we deem necessary to render the opinions set forth herein.

Certain requirements and procedures contained or referred to in the Trust Agreement and other relevant documents may be changed and certain actions may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents, upon the advice or with the approving opinion of nationally recognized bond counsel. No opinion is expressed herein as to any Certificate or the interest thereon if any such change occurs or action is taken or omitted upon the advice or approval of bond counsel other than ourselves.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or events occur. We have assumed the genuineness of all documents and signatures presented to us. We have not undertaken to verify independently, and have assumed, the accuracy of the factual matters represented, warranted or certified in the documents, and the legal conclusions contained in the opinions, referred to above. Furthermore, we have assumed compliance with all covenants and agreements contained in the Trust Agreement. In addition, we call attention to the fact that the rights and obligations under the Certificates, the Trust Agreement, the Lease Agreement, the Site and Facility Lease, the Assignment Agreement, the Escrow Agreement and the Purchase Agreement are subject to bankruptcy, insolvency, reorganization, arrangement, moratorium and other similar laws affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against public entities in the State of California. We express no opinion with respect to any indemnification, contribution or choice of law provisions contained in the foregoing documents nor do we express any opinion with respect to the quality of title to any of the real or personal property described in the Trust Agreement, the Site and Facility Lease, and the Lease Agreement nor the accuracy of the description of any such property contained therein.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Purchase Agreement, the Trust Agreement, the Lease Agreement, the Site and Facility Lease and the Escrow Agreement have been duly authorized, executed and delivered by the City and, assuming due authorization, execution and delivery by the other parties thereto, are valid and binding agreements of the City.

2. The Certificates are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Trust Agreement is exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended.

3. The statements contained in the Official Statement under the captions "Introduction," "Plan of Refunding," "The Certificates," "Source of Payment for the Certificates," "Tax Matters" and Appendix B--"Summary of Principal Legal Documents" insofar as such statements purport to summarize certain provisions of the Certificates, the Trust Agreement, the Site and Facility Lease, the Escrow Agreement, the Assignment Agreement, the Lease Agreement and our approving opinion with respect to the Certificates are accurate in all material respects.

4. The [Community Center/Golf Course] Certificates have been legally defeased and are no longer deemed to be outstanding, and the lien of the [Community Center/Golf Course] Certificates Trust Agreement and all other rights granted by the Community Center Certificates Trust Agreement have ceased, terminated and become void and been discharged and satisfied, and the holders thereof shall hereafter be entitled only to payment out of the funds deposited with the [Community Center/Golf Course] Certificates Escrow Bank in trust for their payment as set forth in the [Community Center/Golf Course] Escrow Agreement.

This letter is furnished by us as special counsel. No attorney-client relationship has existed or exists between our firm and yourselves in connection with the Certificates or by virtue of this letter. This letter is delivered to you as Underwriters of the Certificates and is solely for your benefit as such Underwriters and is not to be used, circulated, quoted or otherwise referred to or relied upon for any other purpose or by any other person.

Very truly yours,

EXHIBIT C

FORM OF OPINION OF COUNSEL TO THE AUTHORITY

Smith Barney, Harris Upham &
Co. Incorporated
20th Floor
350 California Street
San Francisco, CA 94104

Grigsby Brandford & Co., Inc.
Suite 601
230 California Street
San Francisco, CA 94111

§ _____
CERTIFICATES OF PARTICIPATION
(1993 [Community Center/Golf Course] Refinancing Project)
Series [A/B]
Evidencing Direct, Undivided Fractional Interests on the
Owners Thereof in Lease Payments
to be made by the
CITY OF MODESTO, CALIFORNIA
As Rental For Certain Property Pursuant
to a Lease Agreement with the
Modesto Public Financing Authority

Ladies and Gentlemen:

I have acted as counsel to the Modesto Public Financing Authority, organized and existing under and by virtue of the laws of the State of California (the "Authority"), in connection with the execution and delivery of that certain Site and Facility Lease, dated as of May 1, 1993 (the "Site and Facility Lease"), by and between the City of Modesto (the "City") and the Authority; that certain Assignment Agreement, dated as of May 1, 1993 (the "Assignment Agreement"), by and between the Authority and First Trust of California, National Association, as trustee (the "Trustee"); that certain Lease Agreement, dated as of May 1, 1993 (the "Lease Agreement"), by and between the Authority and the City; and that certain Trust Agreement, dated as of May 1, 1993 (the "Trust Agreement"), by and among the Authority, the City and the Trustee. This opinion is addressed to you, as the Underwriters, pursuant to Section 5(d)(4) of the Certificate Purchase Agreement, dated May __, 1993 (the "Purchase Agreement"), between the City and yourselves, providing for the purchase of \$_____ principal amount of Certificates of Participation (1993 [Community Center/Golf Course] Refinancing Project) Series [A/B] (the "Certificates"). Unless otherwise defined herein, the terms defined in the Trust Agreement have the same meanings when used in this opinion.

In connection with the foregoing, I have examined originals, or copies certified or otherwise identified to our satisfaction, of such documents, corporate records and other instruments as I have deemed necessary or appropriate for the purposes of this opinion, including (a) the Lease Agreement, (b) the Site and Facility Lease, (c) the Assignment Agreement and (d) the Trust Agreement (collectively, the "Agreements").

Based upon such examination, we are of the opinion that:

1. The Authority is a joint powers authority, duly created, organized and existing under the laws of the State of California;

2. The Authority has full power and authority to execute and deliver the Agreements, and the Agreements have each been duly authorized and delivered by the Authority and each constitutes a legally valid and binding obligation of the Authority enforceable against the Authority in accordance with its respective terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or other laws or equitable principles relating to or affecting the enforcement of creditors' rights generally and to the application of equitable principles if equitable remedies are sought;

3. No consent, approval, authorization or order of any court, regulatory authority or governmental body is required for the valid authorization, execution and delivery of the Agreements or the consummation by the Authority of the transactions on its part contemplated therein on its part except such as have been obtained and except such as may be required under the state securities or Blue Sky laws in connection with the purchase and distribution of the Certificates by the Underwriters;

4. The descriptions in the Official Statement as to the Authority and the Authority's obligations under the Agreements are correct and do not contain an untrue statement of a material fact; and

5. The execution and delivery of the Agreements by the Authority and performance by the Authority of its obligations thereunder will not conflict with or result in a breach of any of the terms, conditions or provisions of any agreement or instrument to which the Authority is a party or constitute a default thereunder.

Respectfully submitted,

EXHIBIT D

FORM OF OPINION OF CITY ATTORNEY

Smith Barney, Harris Upham &
Co. Incorporated
20th Floor
350 California Street
San Francisco, CA 94104

Grigsby Brandford & Co., Inc.
Suite 601
230 California Street
San Francisco, CA 94111

§ _____
CERTIFICATES OF PARTICIPATION
(1993 [Community Center/Golf Course] Refinancing Project)
Series [A/B]
Evidencing Direct, Undivided Fractional Interests on the
Owners Thereof in Lease Payments
to be made by the
CITY OF MODESTO, CALIFORNIA
As Rental For Certain Property Pursuant
to a Lease Agreement with the
Modesto Public Financing Authority

Ladies and Gentlemen:

I have served as counsel to the City of Modesto (the "City") in connection with the execution, delivery and sale of the § _____ Certificates of Participation (1993 [Community Center/Golf Course] Refinancing Project) Series [A/B] (the "Certificates"). As such counsel I have examined and am familiar with (i) those documents relating to the existence, organization and operation of the City, (ii) all necessary documentation of the City relating to the authorization, execution and delivery of the Lease Agreement, dated as of May 1, 1993 (the "Lease Agreement"), by and between the Modesto Public Financing Authority (the "Authority") and the City, the Site and Facility Lease, dated as of May 1, 1993 (the "Site and Facility Lease") by and between the City and the Authority, the Trust Agreement, dated as of May 1, 1993 (the "Trust Agreement") by and among the City, the Authority and First Trust of California, National Association, as trustee thereunder (the "Trustee"), the Purchase Agreement, dated May __, 1993 (the "Purchase Agreement") between the City and Smith Barney, Harris Upham & Co. Incorporated and Grigsby Brandford & Co., Inc. (the "Underwriters"), the Escrow Deposit and Trust Agreement, dated May 27, 1993 (the "Escrow Agreement"), by and

between the City and [First Interstate Bank of California/Bank of America National Trust and Savings Association], and an Official Statement, dated May __, 1993 (the "Official Statement"), relating to the Certificates. Terms used herein which are defined in the Official Statement shall have the meanings specified therein.

I am of the opinion that:

1. The City is a charter city and municipal corporation, duly created, organized and existing under the laws of the State of California.

2. The City has the authority and right to execute, deliver and perform the Lease Agreement, the Site and Facility Lease, the Escrow Agreement, the Trust Agreement and the Purchase Agreement, and the City has complied with the provisions of applicable law in all matters relating to the transactions contemplated by the Lease Agreement, the Site and Facility Lease, the Escrow Agreement, the Trust Agreement and the Purchase Agreement.

3. The Lease Agreement, the Site and Facility Lease, the Escrow Agreement, the Trust Agreement and the Purchase Agreement have been duly authorized, executed and delivered by the City, are in full force and effect and, assuming that the Authority has all the requisite power and authority, and has taken all necessary action, to execute and deliver the Lease Agreement, the Site and Facility Lease and the Trust Agreement, assuming that the Trustee has all the requisite power and authority, and has taken all the requisite action, to execute and deliver the Trust Agreement, assuming that the escrow bank has all the requisite power and authority, and has taken all the requisite action, to execute and deliver the Escrow Agreement, and assuming that the Underwriters have all the requisite power and authority, and have taken all the requisite action, to execute and deliver the Purchase Agreement, constitute the legal, valid and binding agreements of the City enforceable against it in accordance with their terms, subject in each case to laws relating to bankruptcy, insolvency or other laws affecting the enforcement of creditors' rights generally and to the application of equitable principles if equitable remedies are sought.

4. No approval, consent or authorization of any governmental or public agency, authority or person is required for the execution and delivery by the City of the Lease Agreement, the Site and Facility Lease, the Escrow Agreement, the Trust Agreement and the Purchase Agreement, or the performance by the City of its obligations thereunder or the execution and delivery of the Certificates.

5. The execution and delivery of the Lease Agreement, the Site and Facility Lease, the Escrow Agreement, the Trust Agreement and the Purchase Agreement by the City and compliance with the provisions thereof will not conflict with or constitute a breach of, or default under, any instrument relating to the organization, existence or operation of the City, or any commitment, agreement or other instrument to which the

City is a party or by which it or its property is bound or affected, or any ruling, regulation, ordinance, judgment, order or decree to which the City (or any of its officers in their respective capacities as such) is subject or any provision of the laws of the State of California relating to the City and its affairs.

6. Based upon my participation in the preparation of the Official Statement and without having undertaken to determine independently the accuracy, completeness or fairness of the statements contained in the Official Statement, nothing has come to my attention which would lead me to believe that the Official Statement (excluding therefrom the information contained under the headings "THE CERTIFICATES," "BOND INSURANCE," "THE AUTHORITY," "UNDERWRITING" AND "TAX MATTERS," financial statements and the statistical data included therein and the appendices thereto, as to which no opinion is expressed) as of its date and the date hereof contained or contains any untrue statement of a material fact.

7. Except as otherwise disclosed in the Official Statement, there is no action, suit, proceeding, inquiry or investigation at law or in equity, or before any court, public board or body, pending or, to the best of my knowledge, threatened against or affecting the City or any entity affiliated with the City or any of its officers in their respective capacities as such (nor to the best of my knowledge, is there any basis therefor), which questions the powers of the City referred to in paragraph 2 above or in connection with the transactions contemplated by the Official Statement, or the validity of the proceedings taken by the City in connection with the authorization, execution or delivery of the Lease Agreement, the Site and Facility Lease, the Escrow Agreement, the Trust Agreement or the Purchase Agreement, or wherein any unfavorable decision, ruling or finding would adversely affect the transactions contemplated thereby or by the Official Statement, or which, in any way, would adversely affect the validity or enforceability of the Lease Agreement, the Site and Facility Lease, the Escrow Agreement, the Trust Agreement or the Purchase Agreement or, in any material respect, the ability of the City to perform its obligations under the Lease Agreement, the Site and Facility Lease, the Escrow Agreement, the Trust Agreement or the Purchase Agreement.

Very truly yours,

EXHIBIT E

FORM OF CERTIFICATE OF THE AUTHORITY

I, _____, the _____ of the Modesto Public Financing Authority (the "Authority"), hereby certify as follows:

1. The Authority has full legal right, power and authority to (i) enter into the Trust Agreements, the Site and Facility Leases, the Assignment Agreements and the Lease Agreements, and (ii) carry out and consummate the transactions contemplated by the Trust Agreements, the Site and Facility Leases, the Assignment Agreements and the Lease Agreements;

2. The representations, warranties and covenants of the Authority contained in the Lease Agreements, the Site and Facility Leases, the Assignment Agreements and the Trust Agreements are true and correct in all material respects on and as of the date hereof as if made on this date;

3. By all necessary corporate action of the Authority prior to or concurrently herewith, the Authority has duly authorized and approved the execution and delivery, and the performance by the Authority, of the obligations in connection with the execution and delivery of both series of Certificates on its part contained in the Lease Agreements, the Site and Facility Leases, the Assignment Agreements and the Trust Agreements, and the consummation by it of all other transactions contemplated by the Lease Agreements, the Site and Facility Leases, the Assignment Agreements and the Trust Agreements in connection with the execution and delivery of both series of Certificates; the Authority has complied in all material respects with the obligations in connection with the execution and delivery of both series of Certificates on its part contained in the Lease Agreements, the Site and Facility Leases, the Assignment Agreements and the Trust Agreements;

4. The Authority is not in any material respect in breach of or default under any applicable law or administrative regulation to which it is subject or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement (including, without limitation, the Trust Agreements) or other instrument to which the Authority is a party or to which the Authority or any of its property or assets is otherwise subject, and no event has occurred and is continuing which with the passage of time or the giving of notice, or both, would constitute such a default or event of default under any such instrument; and the execution and delivery of the Lease Agreements, the Site and Facility Leases, the Assignment Agreements and the Trust Agreements, and compliance with the provisions on the Authority's part contained therein, will not conflict with or constitute a breach of or a default under any constitutional provision, law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Authority is a party or to which the Authority or any of its property or assets is otherwise subject;

5. There is no action, suit, proceeding or investigation, at law or in equity, before or by any court, government agency, public board or body, pending or, to the best knowledge of the Authority after reasonable investigation, threatened against the Authority, affecting the existence of the Authority or the titles of its officers to their respective offices, or contesting or affecting, as to the Authority, the validity or enforceability of the Lease Agreements, the Site and Facility Leases, the Assignment Agreements or the Trust Agreements; nor is there any known basis for any such action, suit, proceeding, inquiry or investigation, wherein an unfavorable decision, ruling or finding would materially adversely affect the authorization, execution, delivery or performance by the Authority of the Trust Agreements, the Site and Facility Leases, the Assignment Agreements or the Lease Agreements;

6. The information contained under the caption "The Authority" in the Official Statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading in any material respect;

7. This Certificate is provided pursuant to Section 5(d)(8) of that certain Certificate Purchase Agreement by and between the City of Modesto, California and Smith Barney, Harris Upham & Co. Incorporated and Grigsby Brandford & Co., Inc. All capitalized terms used herein which are not otherwise defined shall have the same meanings as in such Certificate Purchase Agreement.

Dated: _____, 1993.

MODESTO PUBLIC FINANCING
AUTHORITY

By _____
Title _____

EXHIBIT F

CERTIFICATE OF THE CITY

I, _____, the Finance Director of the City of Modesto, California (the "City"), hereby certify as follows:

1. The representations and warranties of the City contained in the Certificate Purchase Agreement, dated _____, 1993 (the "Purchase Agreement"), between the City and Smith Barney, Harris Upham & Co. Incorporated and Grigsby Brandford & Co., Inc. with respect to the sale by the City of \$_____ aggregate principal amount of Certificates of Participation (1993 Refunding Project) Series A (the "Series A Certificates") and \$_____ aggregate principal amount of Certificates of Participation (1993 Refunding Project) Series B (the "Series B Certificates") (collectively, the "Certificates"), and the representations, warranties and covenants of the City contained in the Trust Agreements, the Lease Agreements, the Site and Facility Leases and the Escrow Agreements, are true and correct in all material respects on and as of the date hereof as if made on this date.

2. To the best of my knowledge, no event affecting the City has occurred since the date of the Official Statement which should be disclosed in the Official Statement so that the Official Statement will not contain any untrue statement of a material fact and which has not been disclosed in a supplement or amendment to the Official Statement.

3. The City has complied with all the agreements and satisfied all the conditions on its part to be performed or satisfied at or prior to the date hereof pursuant to the Purchase Agreement with respect to the execution and delivery of both series of Certificates.

4. Between the date of the Purchase Agreement and the date hereof, the City has not offered or issued any bonds, notes or other obligations for borrowed money, or incurred any material liabilities, direct or contingent, other than with the written consent of Smith Barney, Harris Upham & Co. Incorporated and Grigsby Brandford & Co., Inc., nor has there been any adverse change of a material nature in the financial position, results of operations or condition, financial or otherwise, of the City.

5. All capitalized terms used herein which are not otherwise defined shall have the same meanings as in the Purchase Agreement.

Dated: _____, 1993.

CITY OF MODESTO

By _____
Title _____

7

CITY OF

MODESTO

FAX

FAX # 3: RE-TRY, STARTING
w/PAGE 13

FROM THE DESK OF...
BARRETT R. NEWLIN
ACCOUNTING DIVISION MANAGER
CITY OF MODESTO
P.O. BOX 642
MODESTO, CA 95353

(209) 577-5373
FAX: (209) 544-8821

To: Amy MEYER
MAZE & ASSOC.

Fax #: 925-930-0135

FAX # 2 - 3 PAGES

Date: 11/20/03

Pages: 45, including this cover sheet.

Subject: LEASE AGREEMENT 1993
REFUNDING COMMUNITY CENTER COP'S

COMMENTS: SCHEDULE of LEASE PAYMENTS IS
IN EXHIBIT D, SINCE THAT'S
AT THE END OF THIS BIG FAX,
I'LL ALSO SEND IT UNDER
SEPARATE COVER.

Samy

TRANSMISSION VERIFICATION REPORT

TIME : 11/20/2003 11:05
NAME : CITY OF MODESTO
FAX : 2095715880
TEL : 2095775369
SER.# : BROA3J987948

DATE, TIME	11/20 11:01
FAX NO./NAME	919259300135
DURATION	00:04:15
PAGE(S)	29
RESULT	OK ✓
MODE	STANDARD ECM

CITY OF

MODESTO

FAX

FAX #3: RE-TRY, STARTING
w/PAGE 13

FROM THE DESK OF...
BARRETT R. NEWLIN
ACCOUNTING DIVISION MANAGER
CITY OF MODESTO
P.O. BOX 642
MODESTO, CA 95353

(209) 577-5373
FAX: (209) 544-8821

To: Amy Meyer
MAZE & ASSOC.

Fax #: 925-930-0135

Date: 11/20/03

Pages: 45, including this cover sheet.

Subject: LEASE AGREEMENT 1993

FAX #2 - 3 PAGES

TRANSMISSION VERIFICATION REPORT

TIME : 11/20/2003 10:58
NAME : CITY OF MODESTO
FAX : 2095715880
TEL : 2095775369
SER.# : BROA3J987948

DATE, TIME	11/20 10:58
FAX NO./NAME	919259300135
DURATION	00:00:30
PAGE(S)	03 <i>COPIES SENT.</i>
RESULT	OK
MODE	STANDARD
	ECM

23013-45A

JHHW:BDQ:rhc

03/08/93

03/22/93

04/12/93

05/11/93

THIS IS CERTIFIED TO BE A TRUE AND
CORRECT COPY OF THE ORIGINAL FINAL

STEWART TITLE OF MODESTO

BY [Signature]

DATE 5-27-93

TIME 8:00 A.M.-P.M. FEE: 0

INSTRUMENT NO. 53333
STANISLAUS COUNTY RECORDS

AFTER RECORDATION PLEASE RETURN TO:

Jones Hall Hill & White,
A Professional Law Corporation
Four Embarcadero Center, 19th Floor
San Francisco, CA 94111
Attention: Brian D. Quint, Esq.

THIS TRANSACTION IS EXEMPT FROM CALIFORNIA DOCUMENTARY TRANSFER TAX PURSUANT TO SECTION 11929 OF THE CALIFORNIA REVENUE AND TAXATION CODE. THIS DOCUMENT IS EXEMPT FROM RECORDING FEES PURSUANT TO SECTION 27383 OF THE CALIFORNIA GOVERNMENT CODE.

SITE AND FACILITY LEASE

Dated as of May 1, 1993

by and between the

CITY OF MODESTO, CALIFORNIA, as Lessor

and the

MODESTO PUBLIC FINANCING AUTHORITY, as Lessee

(1993 Community Center Refinancing Project)

SITE AND FACILITY LEASE

This SITE AND FACILITY LEASE, dated as of May 1, 1993, is by and between CITY OF MODESTO, CALIFORNIA, a municipal corporation and chartered city duly organized and existing under and by virtue of the laws of the State of California (the "City"), as lessor, and the MODESTO PUBLIC FINANCING AUTHORITY, a joint exercise of powers authority duly organized and existing under and by virtue of the laws of the State of California (the "Authority"), as lessee;

WITNESSETH:

WHEREAS, the City is the lessee of those certain parcels of real property situated in the City of Modesto, Stanislaus County, State of California, more particularly described in Exhibit A attached hereto and made a part hereof (collectively, the "Site"), and those certain capital improvements situated on the Site, more particularly described in Exhibit B attached hereto and made a part hereof (collectively, the "Facility" and, with the Site, the "Project"), under that certain Lease Agreement, dated November 1, 1985, by and between the Redevelopment Agency of the City of Modesto (the "Agency") and the City (the "1985 Lease Agreement"), and recorded on November 21, 1985, File No. 027969, Image No. 0563 of Reel 080, in the Official Records of Stanislaus County;

WHEREAS, the 1985 Lease Agreement was amended on or about July 1, 1987, in connection with refinancing of the premises, and recorded on June 30, 1987, as File No. 096037 in the Official Records of Stanislaus County;

WHEREAS, a second amendment to the 1985 Lease Agreement, dated June 11, 1991, was recorded on June 13, 1991, as File No. 044189 in the Official Records of Stanislaus County;

WHEREAS, a third amendment to the 1985 Lease Agreement, dated as of July 1, 1991, was recorded on August 8, 1991, as File No. 060312 in the Official Records of Stanislaus County.

WHEREAS, in connection with the refinancing of the Project, the Project was sub-leased by the City to the Agency pursuant to that certain Site and Facility Lease, dated as of May 15, 1991 (the "1991 Site and Facility Lease"), recorded on June 20, 1991, as File No. 45985 in the Official Records of Stanislaus County, and the Project was sub-sub-leased by the Agency to the City pursuant to that certain Lease Agreement, dated as of May 15, 1991, recorded on June 20, 1991 (the "1991 Lease Agreement"), as File No. 45986 in the Official Records of Stanislaus County;

WHEREAS, the City proposes to again refinance the Project;

WHEREAS, in connection therewith, the City and the Agency must execute and record (a) a fourth amendment to the 1985 Lease Agreement, (b) an amendment to the 1991 Site and Facility Lease, and (c) an amendment to the 1991 Lease Agreement, each dated as of May 1, 1993, and recorded concurrently herewith;

WHEREAS, the City proposes to enter into this Site and Facility Lease with the Authority and to sub-sub-sub-lease the Project to the Authority as a material consideration for the Authority's agreement to sub-sub-sub-lease the Project to the City;

NOW, THEREFORE, IT IS HEREBY MUTUALLY AGREED, as follows:

Section 1. Site and Facility Lease. The City hereby sub-sub-sub-subleases to the Authority and the Authority hereby sub-sub-sub-subleases from the City, on the terms and conditions hereinafter set forth, the Project.

Section 2. Term. The term of this Site and Facility Lease shall commence on the date of recordation of this Site and Facility Lease in the Office of the County Recorder of Stanislaus County, State of California, and shall end on November 1, 2023, unless such term is extended or sooner terminated as hereinafter provided. If, on November 1, 2023, the aggregate amount of Lease Payments (as defined in and as payable under that certain Lease Agreement, dated as of May 1, 1993, by and between the Authority and the City (the "Lease Agreement")) shall not have been paid, or provision shall not have been made for their payment, then the term of this Site and Facility Lease shall be extended to coincide with the term of the Lease Agreement until such Lease Payments shall be fully paid or provision made for such payment. If, prior to November 1, 2023, all Lease Payments shall be fully paid or provision made for such payment in accordance with Section 4.2 or 10.1 of the Lease Agreement, the term of this Site and Facility Lease shall end ten (10) days thereafter.

Section 3. Rental. The City acknowledges receipt from the Authority, as and for rental hereunder, the sum of one dollar (\$1.00) on or before the date of delivery of this Site and Facility Lease.

Section 4. Purpose. The Authority shall use the Project solely for the purpose of sub-sub-sub-subleasing the Project back to the City pursuant to that Lease Agreement and for such purposes as may be incidental thereto; *provided, however*, that in the event of default by the City under the Lease Agreement, the Authority and its assigns may exercise the remedies provided in the Lease Agreement.

Section 5. Authority's Interest in the Project. The City covenants that it is the leasehold owner of the Project as described above.

Section 6. Assignments and Subleases. Unless the City shall be in default under the Lease Agreement, the Authority may not assign its rights under this Site and Facility Lease or sublet the Site or the Facility, except as provided in the Lease Agreement.

Section 7. Right of Entry. The City reserves the right, for any of its duly authorized representatives, to enter upon the Project at any reasonable time to inspect the same or to make any repairs, improvements or changes necessary for the preservation thereof.

Section 8. Termination. The Authority agrees, upon the termination of this Site and Facility Lease, to quit and surrender the Project in the same good order and condition as the same were in at the time of commencement of the term hereunder, reasonable wear and tear excepted, and agrees that any permanent improvements and structures existing upon the Site or the Facility at the time of the termination of this Site and Facility Lease shall remain thereon and title thereto shall vest in the City.

Section 9. Default. In the event the Authority shall be in default in the performance of any obligation on its part to be performed under the terms of this Site and Facility Lease, which default continues for thirty (30) days following notice and demand for correction thereof to the Authority, the City may exercise any and all remedies granted by law, except that no merger of this Site and Facility Lease and of the Lease Agreement shall be deemed to occur as a result thereof; *provided, however*, that so long as any Certificates (as defined in the Lease Agreement) are outstanding and unpaid in accordance with the terms thereof, the Lease Payments assigned by the Authority to the trustee under the Assignment Agreement, dated as of May 1, 1993, by and between the Authority

and First Trust of California, National Association, as trustee (the "Trustee"), shall continue to be paid to the Trustee.

Section 10. Quiet Enjoyment. The Authority, at all times during the term of this Site and Facility Lease, shall peaceably and quietly have, hold and enjoy the Project subject to the provisions of the Lease Agreement and the Trust Agreement, dated as of May 1, 1993, by and among the City, the Authority and the Trustee.

Section 11. Waiver of Personal Liability. All liabilities under this Site and Facility Lease on the part of the Authority are solely liabilities of the Authority and the City hereby releases each and every member, director, officer, employee and agent of the Authority of and from any personal or individual liability under this Site and Facility Lease. No member, director, officer, employee or agent of the Authority shall at any time or under any circumstances be individually or personally liable under this Site and Facility Lease for anything done or omitted to be done by the Authority hereunder.

Section 12. Taxes. The City covenants and agrees to pay any and all assessments of any kind or character and also all taxes, including possessory interest taxes, levied or assessed upon the Project (including both land and improvements).

Section 13. Eminent Domain. In the event the whole or any part of the Site, the Facility or the improvements thereon is taken by eminent domain proceedings, the interest of the Authority shall be recognized and is hereby determined to be the amount of the then unpaid Certificates including the unpaid principal and interest with respect to any then outstanding such Certificates and, subject to the provisions of the Lease Agreement, the balance of the award, if any, shall be paid to the City.

Section 14. Partial Invalidity. If any one or more of the terms, provisions, covenants or conditions of this Site and Facility Lease shall, to any extent, be declared invalid, unenforceable, void or voidable for any reason whatsoever by a court of competent jurisdiction, the finding, order or decree of which becomes final, none of the remaining terms, provisions, covenants and conditions of this Site and Facility Lease shall be affected thereby, and each provision of this Site and Facility Lease shall be valid and enforceable to the fullest extent permitted by law.

Section 15. Notices. All notices, statements, demands, consents, approvals, authorizations, offers, designations, requests or other communications hereunder by either party to the other shall be in writing and shall be sufficiently given and served upon the other party if delivered personally or if mailed by United States registered mail, return receipt requested, postage prepaid, and, if to the City, addressed to the City in care of the Finance Director, City of Modesto, 801 Eleventh Street, Modesto, CA 95354, or if to the Authority, addressed to the Authority in care of the Treasurer, Modesto Public Financing Authority, 801 Eleventh Street, Modesto, CA 95354, or to such other addresses as the respective parties may from time to time designate by notice in writing.

Section 16. Section Headings. All section headings contained herein are for convenience of reference only and are not intended to define or limit the scope of any provision of this Site and Facility Lease.

Section 17. Execution in Counterparts. This Site and Facility Lease may be executed in any number of counterparts, each of which shall be deemed to be an original but all together shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the City and the Authority have caused this Site and Facility Lease to be executed by their respective officers thereunto duly authorized, all as of the day and year first above written.

CITY OF MODESTO, CALIFORNIA, as
Lessor

By *Andrea Duran*
Interim Finance Director

Attest:

Maurine Coyle
City Clerk

MODESTO PUBLIC FINANCING
AUTHORITY, as Lessee

By *Andrea Duran*
Interim Treasurer

Attest:

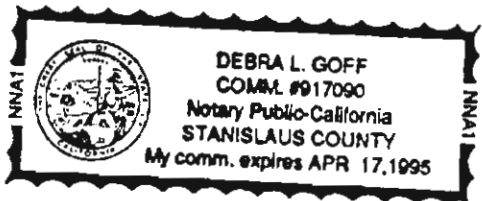
Maurine Coyle
Secretary

STATE OF CALIFORNIA)
) SS.
COUNTY OF STANISLAUS)

On this 21st day of May, in the year 1993, before me, the undersigned notary public, personally appeared Andrea Daroca and Norrine Coyle, personally known to me (or proved to me on the basis of satisfactory evidence), to be the persons whose names are subscribed to the within instrument as Interim Finance Director and City Clerk, respectively, of the CITY OF MODESTO, CALIFORNIA, and acknowledged to me that they executed the same in their authorized capacities, and that by their signatures on the instrument the persons, or the entity upon behalf of which the persons acted, executed the instrument.

WITNESS my hand and official seal.

(Notarial Seal)



Debra L. Goff
Signature of Notary Public
Debra L. Goff
Typed or Printed Name

NOTARY PUBLIC FOR THE
STATE OF CALIFORNIA
My Commission Expires:

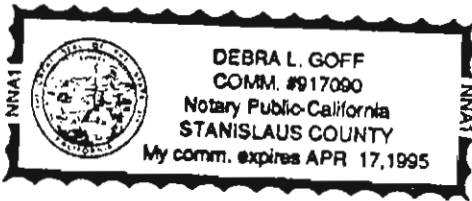
April 17, 1995

STATE OF CALIFORNIA)
) SS.
COUNTY OF STANISLAUS)

On this 24th day of May, in the year 1993, before me, the undersigned notary public, personally appeared Andrea Daroca and Norrine Coyle, personally known to me (or proved to me on the basis of satisfactory evidence), to be the persons whose names are subscribed to the within instrument as Interim Treasurer and Secretary, respectively, of the MODESTO PUBLIC FINANCING AUTHORITY and acknowledged to me that they executed the same in their authorized capacities, and that by their signatures on the instrument the persons, or the entity upon behalf of which the persons acted, executed the instrument.

WITNESS my hand and official seal.

(Notarial Seal)



Debra L. Goff
Signature of Notary Public
Debra L. Goff
Typed or Printed Name

NOTARY PUBLIC FOR THE
STATE OF CALIFORNIA
My Commission Expires:

April 17, 1995

EXHIBIT A

DESCRIPTION OF THE SITE

Those parcels of land in the City of Modesto, Stanislaus County, State of California, described as follows:

PARCEL NO. 1:

ALL THAT CERTAIN REAL PROPERTY SITUATE IN THE SOUTH HALF OF SECTION 29, TOWNSHIP 3 SOUTH, RANGE 9 EAST, MOUNT DIABLO BASE AND MERIDIAN, CITY OF MODESTO, COUNTY OF STANISLAUS, STATE OF CALIFORNIA, BEING A PORTION OF PARCEL "C", AS PER MAP FILED MAY 11, 1988 IN BOOK 40 OF PARCEL MAPS, PAGE 86, STANISLAUS COUNTY RECORDS, DESCRIBED AS FOLLOWS:

BEGINNING AT THE MOST EASTERLY CORNER OF SAID PARCEL "C"; THENCE ALONG THE SOUTHEASTERN LINE OF PARCEL "C" AND THE NORTHWESTERN LINE OF 80.00 FEET "K" STREET, SOUTH 46 DEGREES 27' 30" WEST, 497.28 FEET; THENCE NORTH 43 DEGREES 30' 59" WEST, 140.98 FEET; THENCE NORTH 46 DEGREES 28' 30" EAST, 24.20 FEET; THENCE NORTH 43 DEGREES 30' 59" WEST, 27.75 FEET; THENCE NORTH 46 DEGREES 28' 30" EAST, 42.63 FEET; THENCE NORTH 43 DEGREES 30' 59" WEST, 148.00 FEET; THENCE NORTH 46 DEGREES 28' 30" EAST, 14.00 FEET; THENCE NORTH 43 DEGREES 30' 59" WEST, 83.00 FEET, TO THE MOST WESTERLY CORNER OF PARCEL "C"; THENCE ALONG A NORTHWESTERN LINE OF PARCEL "C" AND THE SOUTHEASTERN LINE OF 80.00 FOOT "L" STREET, NORTH 46 DEGREES 28' 30" EAST, 416.41 FEET, TO THE MOST NORTHERLY CORNER OF PARCEL "C"; THENCE ALONG THE NORTHEASTERN LINE OF PARCEL "C" AND THE SOUTHWESTERN LINE OF 80.00 FOOT ELEVENTH STREET, SOUTH 43 DEGREES 31' 19" EAST, 399.58 FEET, TO THE POINT OF BEGINNING.

CERTIFICATE OF CORRECTION RECORDED OCTOBER 28, 1988 AS INSTRUMENT NO. 074697.

PARCEL NO. 2:

PARCEL "B" AS PER PARCEL MAP THEREOF RECORDED MAY 11, 1988 IN BOOK 40 OF PARCEL MAPS, PAGE 86, STANISLAUS COUNTY RECORDS.

CERTIFICATE OF CORRECTION RECORDED OCTOBER 28, 1988 AS INSTRUMENT NO. 074697.

PARCEL NO. 3:

**PARCEL "D" AS PER PARCEL MAP THEREOF RECORDED OCTOBER 28, 1985
IN BOOK 37 OF PARCEL MAPS, PAGE 34, STANISLAUS COUNTY RECORDS.**

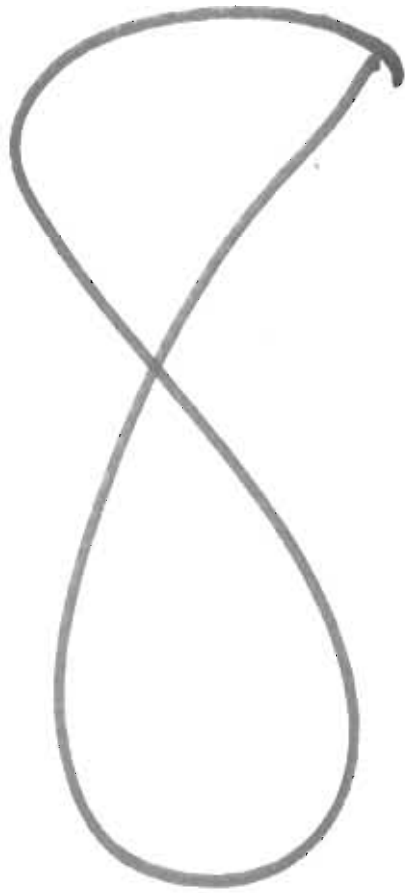
**EXCEPTING THEREFROM THAT PORTION THEREOF LYING BELOW A DEPTH OF
500 FEET, MEASURED VERTICALLY, FROM THE CONTOUR OF THE SURFACE
OF SAID PROPERTY; HOWEVER, GRANTOR, OR ITS SUCCESSORS AND
ASSIGNS, SHALL NOT HAVE THE RIGHT FOR ANY PURPOSE WHATSOEVER TO
ENTER UPON, INTO OR THROUGH THE SURFACE OF SAID PROPERTY OR ANY
PART THEREOF LYING BETWEEN SAID SURFACE AND 500 FEET BELOW SAID
SURFACE, AS EXCEPTED IN THE DEED FROM SOUTHERN PACIFIC
TRANSPORTATION COMPANY TO REDEVELOPMENT AGENCY OF THE CITY OF**

MODESTO, RECORDED OCTOBER 30, 1985, AS INSTRUMENT NO. 23794.

EXHIBIT B

DESCRIPTION OF THE FACILITY

The Facility consists of a public community center. The community center has six components. First is an exhibit hall of 16,000 square feet, with a capacity for 80 exhibit booths or seating of 2,000 for assemblies. The second component is a 4,000 square foot theater with seating capacity of 150 to 200 people. The third component is a series of small meeting rooms totaling 4,000 square feet and can accommodate from 25 to 200 people in any one room. The fourth and fifth components are an exhibition lobby and park plaza which link the entire project together and may also be used for events. The sixth component is a four-story parking garage containing approximately 800 spaces.



FINAL

THIS IS CERTIFIED TO BE A TRUE AND
CORRECT COPY OF THE ORIGINAL

STEWART TITLE OF MODESTO

AFTER RECORDATION RETURN TO:

JONES HALL HILL & WHITE,
A PROFESSIONAL LAW CORPORATION
Four Embarcadero Center, 19th Floor
San Francisco, CA 94111
Attention: Brian D. Quint, Esq.

BY [Signature]
DATE 5-27-93
TIME 8:00 A.M.-P.M. FEE: 0
INSTRUMENT NO. 53334
STANISLAUS COUNTY RECORDS

THIS TRANSACTION IS EXEMPT FROM CALIFORNIA DOCUMENTARY TRANSFER TAX PURSUANT TO SECTION 11929 OF THE CALIFORNIA REVENUE AND TAXATION CODE. THIS DOCUMENT IS EXEMPT FROM RECORDING FEES PURSUANT TO SECTION 27383 OF THE CALIFORNIA GOVERNMENT CODE.

LEASE AGREEMENT

Dated as of May 1, 1993

by and between the

MODESTO PUBLIC FINANCING AUTHORITY, as Lessor

and the

CITY OF MODESTO, CALIFORNIA, as Lessee

(1993 Community Center Refinancing Project)

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LEASE AGREEMENT

THIS LEASE AGREEMENT (the "Lease Agreement"), dated as of May 1, 1993, is by and between the MODESTO PUBLIC FINANCING AUTHORITY, a joint exercise of powers authority organized and existing under the laws of the State of California, as lessor (the "Authority"), and the CITY OF MODESTO, CALIFORNIA, a municipal corporation and chartered city duly organized and existing under the laws of the State of California, as lessee (the "City");

WITNESSETH:

WHEREAS, the City is the lessee of those certain parcels of real property situated in the City of Modesto, Stanislaus County, State of California, more particularly described in Exhibit B attached hereto and made a part hereof (collectively, the "Site"), and those certain capital improvements situated on the Site, more particularly described in Exhibit C attached hereto and made a part hereof (collectively, the "Facility" and, with the Site, the "Project"), under that certain Lease Agreement, dated November 1, 1985, by and between the Redevelopment Agency of the City of Modesto (the "Agency") and the City (the "1985 Lease Agreement"), and recorded on November 21, 1985, File No. 027969, Image No. 0563 of Reel 080, in the Official Records of Stanislaus County;

WHEREAS, the 1985 Lease Agreement was amended on or about July 1, 1987, in connection with refinancing of the premises, and recorded on June 30, 1987, as File No. 096037 in the Official Records of Stanislaus County;

WHEREAS, a second amendment to the 1985 Lease Agreement, dated June 11, 1991, was recorded on June 13, 1991, as File No. 044189 in the Official Records of Stanislaus County;

WHEREAS, a third amendment to the 1985 Lease Agreement, dated as of July 1, 1991, was recorded on August 8, 1991, as File No. 060312 in the Official Records of Stanislaus County.

WHEREAS, in connection with the refinancing of the Project, the Project was sub-leased by the City to the Agency pursuant to that certain Site and Facility Lease, dated as of May 15, 1991 (the "1991 Site and Facility Lease"), recorded on June 20, 1991, as File No. 45985 in the Official Records of Stanislaus County, and the Project was sub-sub-leased by the Agency to the City pursuant to that certain Lease Agreement, dated as of May 15, 1991, recorded on June 20, 1991 (the "1991 Lease Agreement"), as File No. 45986 in the Official Records of Stanislaus County;

WHEREAS, the City proposes to again refinance the Project;

WHEREAS, in connection therewith, the City and the Agency must execute and record (a) a fourth amendment to the 1985 Lease Agreement, (b) an amendment to the 1991 Site and Facility Lease, and (c) an amendment to the 1991 Lease Agreement, each dated as of May 1, 1993, and recorded concurrently herewith;

WHEREAS, the City proposes to sub-sub-sub-lease the Project to the Authority pursuant to that certain Site and Facility Lease, dated as of May 1, 1993, and recorded concurrently herewith;

WHEREAS, the Authority proposes to sub-sub-sub-sub-lease the Project back to the City pursuant to this Lease Agreement and to assign its right to receive lease payments under this

Lease Agreement (the "Lease Payments"), its right to enforce payment of the Lease Payments and otherwise to enforce its interest and rights under this Lease Agreement in the event of a default hereunder by the City, to First Trust of California, National Association, as trustee (the "Trustee"), pursuant to that certain Assignment Agreement, dated as of May 1, 1993, by and between the Authority and the Trustee;

WHEREAS, pursuant to that certain Trust Agreement, dated as of May 1, 1993, by and among the City, the Authority and the Trustee, the Trustee will execute and deliver certificates of participation (the "Certificates") in the Lease Payments; and

WHEREAS, the proceeds of the Certificates, together with other available moneys, will be applied by the City to refinance the Project, to fund a reserve fund and to pay costs incurred in connection with the execution, delivery and sale of the Certificates;

ARTICLE I
DEFINITIONS AND EXHIBITS

Section 1.1. Definitions. The terms defined in Exhibit A attached hereto and by this reference incorporated herein, as used and capitalized herein, shall, for all purposes of this Lease Agreement, have the meanings ascribed to them in said Exhibit A unless the context clearly requires some other meaning.

Section 1.2. Exhibits. The following exhibits are attached to, and by this reference made a part of, this Lease Agreement:

- Exhibit A: Definitions
- Exhibit B: The description of the Site
- Exhibit C: The description of the Facility
- Exhibit D: The schedule of Lease Payments to be paid by the City hereunder with respect to the Project, showing the Lease Payment Date and amount of each such Lease Payment

ARTICLE II

REPRESENTATIONS, COVENANTS AND WARRANTIES

Section 2.1. Representations, Covenants and Warranties of the City. The City represents, covenants and warrants to the Authority as follows:

(a) Due Organization and Existence. The City is a public body, duly organized and existing under the laws of the State.

(b) Authorization. The laws of the State authorize the City to enter into the Site and Facility Lease, this Lease Agreement, the Community Center Certificates Escrow Agreement and the Trust Agreement and to enter into the transactions contemplated by and to carry out its obligations under all of the aforesaid agreements, the City has duly authorized and executed all of the aforesaid agreements and such agreements constitute the legal, valid and binding agreements of the City, enforceable against the City in accordance with their respective terms.

(c) No Violations. Neither the execution and delivery of the Site and Facility Lease, this Lease Agreement, the Community Center Certificates Escrow Agreement or the Trust Agreement, the fulfillment of or compliance with the terms and conditions hereof or thereof, nor the consummation of the transactions contemplated hereby or thereby, conflicts with or results in a breach of the terms, conditions or provisions of any restriction, agreement or instrument to which the City is now a party or by which the City is bound, constitutes a default under any of the foregoing, or results in the creation or imposition of any lien, charge or encumbrances whatsoever upon any of the Project or assets of the City, or upon the Project, except Permitted Encumbrances.

(d) Execution and Delivery. The City has duly authorized and executed this Lease Agreement in accordance with the laws of the State.

Section 2.2. Representations, Covenants and Warranties of Authority. The Authority represents, covenants and warrants to the City as follows:

(a) Due Organization and Existence. The Authority is a joint exercise of powers authority, duly organized and existing under and by virtue of the laws of the State; has power to enter into the Site and Facility Lease, this Lease Agreement, the Assignment Agreement and the Trust Agreement; is possessed of full power to own and hold, improve and equip real and personal property and to lease and sell the same; has duly authorized the execution and delivery of all of the aforesaid agreements and such agreements constitute the legal, valid and binding agreements of the Authority, enforceable against the Authority in accordance with their respective terms.

(b) No Encumbrances. The Authority will not pledge the Lease Payments or other amounts derived from the Project and from its other rights under this Lease Agreement and will not mortgage or encumber the Project, except as provided under the terms of this Lease Agreement and the Trust Agreement.

(c) No Violations. Neither the execution and delivery of the Site and Facility Lease, this Lease Agreement, the Assignment Agreement or the Trust Agreement, the fulfillment of or compliance with the terms and conditions hereof or thereof, nor the consummation of the transactions contemplated hereby or thereby, conflicts with or results in a breach of the terms, conditions or provisions of any restriction or any agreement or instrument to which the Authority is now a party or by which the Authority is bound, constitutes a default under any of the foregoing, or results in the creation or imposition of any lien, charge or encumbrance whatsoever upon any of the Project or assets of the Authority, or upon the Project, except Permitted Encumbrances.

(d) No Assignments. Except as provided herein, the Authority will not assign this Lease Agreement, its right to receive Lease Payments from the City or its duties and obligations hereunder to any other person, firm or corporation so as to impair or violate the representations, covenants and warranties contained in this Section 2.2.

(e) Title to Site and the Facility: Right of Entry. The Authority warrants that it has, pursuant to the Site and Facility Lease, acquired, and is owner of, leasehold title to the Site and the Facility.

(f) Execution and Delivery. The Authority has duly authorized and executed this Lease Agreement in accordance with the laws of the State.

ARTICLE III

DEPOSIT OF MONEYS; PAYMENT OF DELIVERY COSTS

Section 3.1. Deposit of Moneys. On the Closing Date, the Authority shall cause to be deposited with the Trustee the proceeds of sale of the Certificates. Pursuant to Section 2.07 of the Trust Agreement, an amount equal to the Reserve Requirement shall be deposited in the Reserve Fund, a portion of the Lease Payments attributable to interest and payable by the City hereunder from May 1, 1993, to the Closing Date, shall be deposited with the Trustee in the Lease Payment Fund, amounts estimated to be required to pay Delivery Costs shall be deposited in the Delivery Costs Fund, and amounts required (together with other available moneys) for the refunding of the Community Center Certificates will be transferred to the Community Center Certificates Escrow Bank for deposit in the Community Center Certificates Escrow Fund.

Section 3.2. Payment of Delivery Costs. Payment of Delivery Costs shall be made from the moneys deposited in the Delivery Costs Fund, which moneys shall be disbursed for such purpose in accordance and upon compliance with Section 3.02 of the Trust Agreement.

ARTICLE IV

AGREEMENT TO LEASE; TERM OF THIS LEASE AGREEMENT; LEASE PAYMENTS

Section 4.1. Lease. The Authority hereby sub-sub-sub-sub-leases the Project to the City, and the City hereby sub-sub-sub-sub-leases the Project from the Authority, upon the terms and conditions set forth in this Lease Agreement.

Section 4.2. Term of Agreement. The Term of the Lease Agreement shall commence on the date hereof, and shall end on November 1, 2023, unless such term is extended or earlier terminated as hereinafter provided. If, on November 1, 2023, the Trust Agreement shall not be discharged by its terms or if the Lease Payments payable hereunder shall have been abated at any time and for any reason, then the Term of the Lease Agreement shall be extended until there has been deposited with the Trustee an amount sufficient to pay all obligations due under the Lease Agreement, but in no event shall the Term of the Lease Agreement extend beyond November 1, 2033. If, prior to November 1, 2023, the Trust Agreement shall be discharged by its terms, the Term of the Lease Agreement shall thereupon end.

Section 4.3. Possession. The City hereby agrees, however, to accept and take possession of the Project on the Closing Date. The first Lease Payment shall be due on October 15, 1993.

Section 4.4. Lease Payments.

(a) Obligation to Pay. Subject to the provisions of Articles VI and X hereof, the City agrees to pay to the Authority, its successors and assigns, as rental for the use and occupancy of the Project during each Rental Period, the Lease Payments (denominated into components of principal and interest) in the respective amounts specified in Exhibit D hereto, to be due and payable on the respective Lease Payment Dates specified in Exhibit D hereto. Any amount held in the Lease Payment Fund on any Lease Payment Date (other than amounts resulting from the prepayment of the Lease Payments in part but not in whole pursuant to Article X hereof and other than amounts required for payment of Certificates not yet surrendered) shall be credited towards the Lease Payment then due and payable; and no Lease Payment need be made on any Lease Payment Date if the amounts then held in the Lease Payment Fund are at least equal to the Lease Payment then required to be paid. The Lease Payments for the Project payable in any Rental Period shall be for the use of the Project for such Rental Period.

(b) Effect of Prepayment. In the event that the City prepays all remaining Lease Payments in full pursuant to Article X hereof, the City's obligations under this Lease Agreement shall thereupon cease and terminate including, but not limited to, the City's obligation to pay Lease Payments under this Section 4.4; subject however, to the provisions of Section 10.1 hereof in the case of prepayment by application of a security deposit. In the event that the City optionally prepays the Lease Payments in part but not in whole pursuant to Section 10.2 hereof or pursuant to Section 10.3 hereof as a result of any insurance or condemnation award with respect to any portion of the Project, such prepayment shall be credited entirely towards the prepayment of the Lease Payments as follows: (i) the principal component of the remaining Lease Payments shall be reduced in such order of payment date as shall be designated by the City to the Trustee, and if the City shall fail to so designate, pro rata among such payment dates, in integral multiples of \$5,000; and (ii) the interest component of the remaining Lease Payments shall be reduced by the aggregate corresponding amount of interest which would otherwise be payable with respect to the Certificates thereby redeemed pursuant to Sections 4.01(a) or (b), as the case may be, of the Trust Agreement.

(c) Rate on Overdue Payments. In the event the City should fail to make any of the payments required in this Section 4.4, the payment in default shall continue as an obligation of the City until the amount in default shall have been fully paid, and the City agrees to pay the same with interest thereon, to the extent permitted by law, from the date of corresponding Certificate default to the date of payment at the rate of twelve percent (12%) per annum. Such interest, if received, shall be deposited in the Lease Payment Fund.

(d) Fair Rental Value. The Lease Payments for the Project for each Rental Period shall constitute the total rental for the Project for each such Rental Period and shall be paid by the City in each Rental Period for and in consideration of the right of the use and occupancy, and the continued quiet use and enjoyment, of the Project during each Rental Period. The parties hereto have agreed and determined that the total Lease Payments for the Project do not exceed the fair rental value of the Project. In making such determination, consideration has been given to the obligations of the parties under this Lease Agreement, the uses and purposes which may be served by the Project, the total amounts which have been expended on the Project, the value of the Site and the benefits therefrom which will accrue to the City and the general public.

(e) Source of Payments; Budget and Appropriation. Lease Payments shall be payable from any source of available funds of the City, subject to the provisions of Articles VI and X hereof.

The City covenants to take such action as may be necessary to include all Lease Payments due hereunder in each of its budgets during the Term of the Lease Agreement and to make the necessary annual appropriations for all such Lease Payments. The covenants on the part of the City herein contained shall be deemed to be and shall be construed to be duties imposed by law and it shall be the duty of each and every public official of the City to take such action and do such things as are required by law in the performance of the official duty of such officials to enable the City to carry out and perform the covenants and agreements in this Lease Agreement agreed to be carried out and performed by the City.

(f) Assignment. The City understands and agrees that all Lease Payments have been assigned by the Authority to the Trustee in trust, pursuant to the Assignment Agreement, for the benefit of the Owners of the Certificates, and the City hereby assents to such assignment. The Authority hereby directs the City, and the City hereby agrees to pay to the Trustee at the Principal Corporate Trust Office, all payments payable by the City pursuant to this Section 4.4 and all amounts payable by the City pursuant to Article X hereof.

Section 4.5. Quiet Enjoyment. During the Term of the Lease Agreement, the Authority shall provide the City with quiet use and enjoyment of the Project and the City shall, during such Term, peaceably and quietly have and hold and enjoy the Project without suit, trouble or hindrance from the Authority, except as expressly set forth in this Lease Agreement. The Authority will, at the request of the City and at the City's cost, join in any legal action in which the City asserts its right to such possession and enjoyment to the extent the Authority may lawfully do so. Notwithstanding the foregoing, the Authority shall have the right to inspect the Project as provided in Section 7.2 hereof.

Section 4.6. Title. During the Term of the Lease Agreement, the Authority shall hold fee title to any and all additions which comprise fixtures, repairs, replacements or modifications to the Project, except for those fixtures, repairs, replacements or modifications which are added to the Project by the City at its own expense and which may be removed without damaging the Project and except for any items added to the Project by the City pursuant to Section 5.9 hereof.

If the City prepays the Lease Payments in full pursuant to Article X hereof or makes the security deposit permitted by Section 10.1 hereof, or pays all Lease Payments during the Term of the Lease Agreement as the same become due and payable, all right, title and interest of the

Authority in and to the Project shall be transferred to and vested in the City. The Authority agrees to take any and all steps and execute and record any and all documents reasonably required by the City to consummate any such transfer of title.

Section 4.7. Additional Payments. In addition to the Lease Payments, the City shall pay when due all costs and expenses incurred by the City and the Authority to comply with the provisions of the Trust Agreement, or otherwise arising from the leasing of the Project, including without limitation all Delivery Costs (to the extent not paid from amounts on deposit in the Delivery Costs Fund), compensation and indemnification due to the Trustee and all costs and expenses of auditors, engineers, attorneys and accountants.

ARTICLE V

MAINTENANCE; TAXES; INSURANCE; USE LIMITATIONS; AND OTHER MATTERS

Section 5.1. Maintenance, Utilities, Taxes and Assessments. Throughout the Term of the Lease Agreement, as part of the consideration for the rental of the Project, all improvement, repair and maintenance of the Project shall be the responsibility of the City and the City shall pay, or otherwise arrange for the payment of, all utility services supplied to the Project which may include, without limitation, janitor service, security, power, gas, telephone, light, heating, water and all other utility services, and shall pay for or otherwise arrange for the payment of the cost of the repair and replacement of the Project resulting from ordinary wear and tear or want of care on the part of the City or any assignee or sublessee thereof. In exchange for the Lease Payments herein provided, the Authority agrees to provide only the Project, as hereinbefore more specifically set forth. The City waives the benefits of subsections 1 and 2 of section 1932 of the California Civil Code, but such waiver shall not limit any of the rights of the City under the terms of this Lease Agreement.

The City shall also pay or cause to be paid all taxes and assessments of any type or nature, if any, charged to the Authority or the City affecting the Project or the respective interests or estates therein; provided that with respect to special assessments or other governmental charges that may lawfully be paid in installments over a period of years, the City shall be obligated to pay only such installments as are required to be paid during the Term of the Lease Agreement as and when the same become due.

The City may, at the City's expense and in its name, in good faith contest any such taxes, assessments, utility and other charges and, in the event of any such contest, may permit the taxes, assessments or other charges so contested to remain unpaid during the period of such contest and any appeal therefrom unless the Authority shall notify the City that, in the opinion of Independent Counsel, by nonpayment of any such items, the interest of the Authority in the Project will be materially endangered or the Project or any part thereof will be subject to loss or forfeiture, in which event the City shall promptly pay such taxes, assessments or charges or provide the Authority with full security against any loss which may result from nonpayment, in form satisfactory to the Authority and the Trustee.

Section 5.2. Modification of Project. The City shall, at its own expense, have the right to remodel the Project or to make additions, modifications and improvements to the Project. All additions, modifications and improvements to the Project, but not any additional buildings or improvements, shall thereafter comprise part of the Project and be subject to the provisions of this Lease Agreement. Such additions, modifications and improvements shall not in any way damage the Project, substantially alter its nature, cause the interest component of Lease Payments to be subject to federal income taxes or cause the Project to be used for purposes other than those authorized under the provisions of State and federal law; and the Project, upon completion of any additions, modifications and improvements made thereto pursuant to this Section 5.2, shall be of a value which is not, in the opinion of an independent appraiser, substantially less than the value of the Project immediately prior to the making of such additions, modifications and improvements. The City will not permit any mechanic's or other lien to be established or remain against the Project for labor or materials furnished in connection with any remodeling, additions, modifications, improvements, repairs, renewals or replacements made by the City pursuant to this Section 5.2; provided that if any such lien is established and the City shall first notify the Authority of the City's intention to do so, the City may in good faith contest any lien filed or established against the Project, and in such event may permit the items so contested to remain undischarged and unsatisfied during the period of such contest and any appeal therefrom and shall provide the

Authority with full security against any loss or forfeiture which might arise from the nonpayment of any such item, in form satisfactory to the Authority. The Authority will cooperate fully in any such contest, upon the request and at the expense of the City.

Section 5.3. Public Liability and Property Damage Insurance. The City shall maintain or cause to be maintained, throughout the Term of the Lease Agreement, insurance policies, including a standard comprehensive general insurance policy or policies in protection of the City, the Authority and the Trustee, including their respective members, officers, agents and employees. Said policy or policies shall provide for indemnification of said parties against direct or contingent loss or liability for damages for bodily and personal injury, death or property damage occasioned by reason of the operation of the Project. Said policy or policies shall provide coverage in the minimum liability limits of \$1,000,000 for personal injury or death of each person and \$3,000,000 for personal injury or deaths of two or more persons in each accident or event, and in a minimum amount of \$100,000 (subject to a deductible clause of not to exceed \$5,000) for damage to property resulting from each accident or event. Such public liability and property damage insurance may, however, be in the form of a single limit policy in the amount of \$3,000,000 covering all such risks. Such liability insurance may be maintained as part of or in conjunction with any other liability insurance coverage carried by the City, and may be maintained in the form of insurance maintained through a joint exercise of powers authority created for such purpose or in the form of self-insurance by the City. The Net Proceeds of such liability insurance shall be applied toward extinguishment or satisfaction of the liability with respect to which the insurance proceeds shall have been paid.

Section 5.4. Fire and Extended Coverage Insurance. The City shall procure and maintain, or cause to be procured and maintained, throughout the Term of the Lease Agreement, insurance against loss or damage to any structures constituting part of the Project by fire and lightning, with extended coverage and vandalism and malicious mischief insurance. Said extended coverage insurance shall, as nearly as practicable, cover loss or damage by explosion, windstorm, riot, aircraft, vehicle damage, smoke and such other hazards as are normally covered by such insurance. Such insurance shall be in an amount equal to the greater of (a) one hundred percent (100%) of the replacement cost of the Facility, or (b) the aggregate principal amount of the Outstanding Certificates. Such insurance may be subject to deductible clauses of not to exceed \$100,000 for any one loss. Such insurance may be maintained as part of or in conjunction with any other fire and extended coverage insurance carried by the City and may be maintained in whole or in part in the form of insurance maintained through a joint exercise of powers authority created for such purpose or in the form of self-insurance by the City. The Net Proceeds of such insurance shall be applied as provided in Section 6.2(a) hereof.

The City agrees to procure and maintain, or cause to be procured and maintained, throughout the Term of the Lease Agreement, insurance against earthquake loss or damage to the portions of the Project that constitute structures in such amounts as an independent insurance consultant shall annually determine is necessary to protect the City for such risk. Such insurance may be subject to a deductible clause of not to exceed ten percent (10%) for any one loss. Such insurance may be maintained as part of or in conjunction with any other insurance coverage carried by the City. If the City cannot purchase such insurance on the open market from reputable insurers at reasonable cost, the City agrees to self-insure for such coverage. The Net Proceeds of such insurance shall be applied as provided in Sections 5.7 and 6.2(a) hereof.

Section 5.5. Rental Interruption Insurance. The City shall procure and maintain through the Term of the Lease Agreement, rental interruption or use and occupancy insurance to cover loss, total or partial, of the use of any part of the Project during the Term of the Lease Agreement as a result of any of the hazards covered in the insurance required by Section 5.4 hereof, in an amount at least equal to two times maximum annual Lease Payments. The Net Proceeds of such insurance shall be paid to the Trustee and deposited in the Lease Payment Fund, and shall be credited

towards the payment of the Lease Payments in the order in which such Lease Payments would otherwise come due and be payable.

Section 5.6. Title Insurance. The City shall provide, at its own expense, on the Closing Date, a CLTA title insurance policy in the amount of not less than the aggregate original principal amount of the Certificates insuring the City's leasehold estate in the Project, subject only to Permitted Encumbrances. The Net Proceeds of such insurance shall be applied as provided in Section 6.2(c) hereof.

Section 5.7. Insurance Net Proceeds; Form of Policies. Each policy of insurance required by Sections 5.4, 5.5 and 5.6 hereof shall provide that all net proceeds thereunder shall be payable to the Trustee as and to the extent required hereunder. Notice of cancellation of any such policy shall be filed with the Trustee. The City shall pay or cause to be paid when due the premiums for all insurance policies required by this Lease Agreement. The Trustee shall not be responsible for the sufficiency of any insurance herein required, including any forms of self-insurance and shall be fully protected in accepting payment on account of such insurance or any adjustment, compromise or settlement of any loss. The City shall cause to be delivered annually on or before each June 1 to the Trustee evidence of insurance in force. The City shall have the adequacy of any insurance reserves maintained by the City or by a joint exercise of powers authority, if applicable, for purposes of the insurance required by Sections 5.3 and 5.4 hereof reviewed at least annually, on or before each November 1, by an independent insurance consultant and shall maintain reserves in accordance with the recommendations of such consultant to the extent moneys are available for such purpose and not otherwise appropriated.

Section 5.8. Advances. If the City shall fail to perform any of its obligations under this Article V, the Authority may, but shall not be obligated to, take such action as may be necessary to cure such failure, including the advancement of money, and the City shall be obligated to repay all such advances as soon as possible, with interest at the rate of twelve percent (12%) per annum from the date of the advance to the date of repayment.

Section 5.9. Installation of City's Equipment. The City may, at any time and from time to time in its sole discretion and at its own expense, install or permit to be installed items of equipment or other personal property in or upon any portion of the Project. All such items shall remain the sole property of the City in which neither the Authority nor the Trustee shall have any interest and may be modified or removed by the City at any time provided that the City shall repair and restore any and all damage to the Project resulting from the installation, modification or removal of any such items. Nothing in this Lease Agreement shall prevent the City from purchasing or leasing items to be installed pursuant to this Section 5.9 under a lease or conditional sale agreement, or subject to a vendor's lien or security agreement, as security for the unpaid portion of the purchase price thereof, provided that no such lien or security interest shall attach to any part of the Project.

Section 5.10. Liens. The City shall not, directly or indirectly, create, incur, assume or suffer to exist any mortgage, pledge, lien, charge, encumbrance or claim on or with respect to the Project, other than the respective rights of the Authority and the City as provided herein and Permitted Encumbrances. Except as expressly provided in this Article V, the City shall promptly, at its own expense, take such action as may be necessary to duly discharge or remove any such mortgage, pledge, lien, charge, encumbrance or claim, for which it is responsible, if the same shall arise at any time. The City shall reimburse the Authority for any expense incurred by it in order to discharge or remove any such mortgage, pledge, lien, charge, encumbrance or claim.

Section 5.11. Private Activity Bond Limitation. The City shall assure that proceeds of the Certificates are not so used as to cause the Certificates or the Lease Agreement to satisfy the private

business tests of section 141(b) of the Code or the private loan financing test of section 141(b) of the Code.

Section 5.12. Private Loan Financing Limitation. The City shall assure that proceeds of the Certificates are not so used as to cause the Certificates or the Lease Agreement to satisfy the private loan financing test of section 141(c) of the Code.

Section 5.13. Federal Guarantee Prohibition. The City shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause any of the Certificates or the Lease Agreement to be "federally guaranteed" within the meaning of section 149(b) of the Code.

Section 5.14. Maintenance of Tax-Exemption. The City shall take all actions necessary to assure the exclusion of interest with respect to the Certificates from the gross income of the Owners of the Certificates to the same extent as such interest is permitted to be excluded from gross income under the Code as in effect on the Closing Date.

ARTICLE VI

DAMAGE, DESTRUCTION AND EMINENT DOMAIN; USE OF NET PROCEEDS

Section 6.1. Eminent Domain. If all of the Project shall be taken permanently under the power of eminent domain or sold to a government threatening to exercise the power of eminent domain, the Term of this Lease Agreement shall cease as of the day possession shall be so taken. If less than all of the Project shall be taken permanently, or if all of the Project or any part thereof shall be taken temporarily under the power of eminent domain, (1) this Lease Agreement shall continue in full force and effect and shall not be terminated by virtue of such taking and the parties waive the benefit of any law to the contrary, and (2) there shall be a partial abatement of Lease Payments as a result of the application of the Net Proceeds of any eminent domain award to the prepayment of the Lease Payments hereunder, in an amount to be agreed upon by the City and the Authority such that the resulting Lease Payments represent fair consideration for the use and occupancy of the remaining usable portion of the Project.

Section 6.2. Application of Net Proceeds.

(a) From Insurance Award. The Net Proceeds of any insurance award resulting from any damage to or destruction of any portion of the Project by fire or other casualty shall be paid by the City to the Trustee, as assignee of the Authority under the Assignment Agreement, deposited in the Insurance and Condemnation Fund by the Trustee and applied as set forth in Section 7.01 of the Trust Agreement.

(b) From Eminent Domain Award. The Net Proceeds of any eminent domain award resulting from any event described in Section 6.1 hereof shall be paid by the City to the Trustee, as assignee of the Authority under the Assignment Agreement, deposited in the Insurance and Condemnation Fund and applied as set forth in Section 7.02 of the Trust Agreement.

(c) From Title Insurance. The Net Proceeds of any title insurance award shall be paid to the Trustee, as assignee of the Authority under the Assignment Agreement, deposited in the Insurance and Condemnation Fund and applied as set forth in Section 7.03 of the Trust Agreement.

Section 6.3. Abatement of Lease Payments in the Event of Damage or Destruction. Lease Payments shall be abated during any period in which, by reason of damage or destruction, there is substantial interference with the use and occupancy by the City of the Project or any portion thereof (other than any portions of the Project described in Section 5.2 hereof) to the extent to be agreed upon by the City and the Authority. The parties agree that the amounts of the Lease Payments under such circumstances shall not be less than the amounts of the unpaid Lease Payments as are then set forth in Exhibit D, unless such unpaid amounts are determined to be greater than the fair rental value of the portions of the Project not damaged or destroyed (giving due consideration to the factors identified in the last sentence of Section 4.4(d)), based upon the opinion of an MAI appraiser with expertise in valuing such properties or other appropriate method of valuation, in which event the Lease Payments shall be abated such that they represent said fair rental value. Such abatement shall continue for the period commencing with such damage or destruction and ending with the substantial completion of the work of repair or reconstruction. In the event of any such damage or destruction, this Lease Agreement shall continue in full force and effect and the City waives any right to terminate this Lease Agreement by virtue of any such damage and destruction. Notwithstanding the foregoing, there shall be no abatement of Lease Payments under this Section 6.3 to the extent that (a) the proceeds of rental interruption insurance or (b) amounts in the Reserve Fund and/or the Insurance and Condemnation Fund and/or the Lease Payment Fund are available to pay Lease Payments which would otherwise be abated under this Section 6.3, it being hereby

declared that such proceeds and amounts constitute special funds for the payment of the Lease Payments.

ARTICLE VII

DISCLAIMER OF WARRANTIES; ACCESS; INDEMNIFICATION

Section 7.1. Disclaimer of Warranties. THE AUTHORITY MAKES NO WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE VALUE, DESIGN, CONDITION, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OR FITNESS FOR THE USE CONTEMPLATED BY THE CITY OF THE PROJECT OR ANY OTHER REPRESENTATION OR WARRANTY WITH RESPECT TO THE PROJECT. IN NO EVENT SHALL THE AUTHORITY BE LIABLE FOR INCIDENTAL, INDIRECT, SPECIAL OR CONSEQUENTIAL DAMAGES IN CONNECTION WITH OR ARISING OUT OF THE SITE AND FACILITY LEASE, THIS LEASE AGREEMENT OR THE TRUST AGREEMENT FOR THE EXISTENCE, FURNISHING, FUNCTIONING OR THE CITY'S USE OF THE PROJECT.

Section 7.2. Access to the Project. The City agrees that the Authority and any Authority Representative, and the Authority's successors or assigns, shall have the right at all reasonable times to enter upon and to examine and inspect the Project. The City further agrees that the Authority, any Authority Representative, and the Authority's successors or assigns shall have such rights of access to the Project as may be reasonably necessary to cause the proper maintenance of the Project in the event of failure by the City to perform its obligations hereunder.

Section 7.3. Release and Indemnification Covenants. The City shall and hereby agrees to indemnify and save the Authority and its officers, agents, successors and assigns harmless from and against all claims, losses 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 by the City, (ii) any breach or default on the part of the City in the performance of any of its obligations under this Lease Agreement, (iii) any act or omission of the City or of any of its agents, contractors, servants, employees or licensees with respect to the Project, (iv) any act or omission of any sublessee of the City with respect to the Project, or (v) the payment of Delivery Costs. No indemnification is made under this Section 7.3 or elsewhere in this Lease Agreement for willful misconduct, negligence or breach of duty under this Lease Agreement by the Authority, its officers, agents, employees, successors or assigns.

ARTICLE VIII

ASSIGNMENT, SUBLEASING AND AMENDMENT

Section 8.1. Assignment by the Authority. The Authority's rights under this Lease Agreement, including the right to receive and enforce payment of the Lease Payments to be made by the City under this Lease Agreement, have been assigned to the Trustee pursuant to the Assignment Agreement.

Section 8.2. Assignment and Subleasing by the City. This Lease Agreement may not be assigned by the City. The City may sublease the Project or any portion thereof, but only with the written consent of the Authority and subject to all of the following conditions:

(i) This Lease Agreement and the obligation of the City to make Lease Payments hereunder shall remain obligations of the City;

(ii) The City shall, within thirty (30) days after the delivery thereof, furnish or cause to be furnished to the Authority and the Trustee a true and complete copy of such sublease;

(iii) No such sublease shall cause the Project to be used for a purpose other than as may be authorized under the provisions of the Constitution and laws of the State; and

(iv) The City shall furnish the Authority and the Trustee with a written opinion of nationally-recognized bond counsel, which shall be an Independent Counsel, stating that such sublease does not cause the interest components of the Lease Payments to become subject to federal income taxes or State personal income taxes.

Section 8.3. Amendment of this Lease Agreement.

(a) Substitution of Site or Facility. The City shall have, and is hereby granted, the option at any time and from time to time during the Term of the Lease Agreement to substitute other land (a "Substitute Site") and/or a substitute facility or substitute facilities (a "Substitute Facility") for the Site (the "Former Site"), or a portion thereof, and/or the Facility (the "Former Facility"), or a portion thereof, provided that the City shall satisfy all of the following requirements which are hereby declared to be conditions precedent to such substitution:

(i) The City shall file with the Authority and the Trustee an amended Exhibit A to the Site and Facility Lease which adds thereto a description of such Substitute Site and deletes therefrom the description of the Former Site;

(ii) The City shall file with the Authority and the Trustee an amended Exhibit B to this Lease Agreement which adds thereto a description of such Substitute Site and deletes therefrom the description of the Former Site;

(iii) The City shall file with the Authority and the Trustee an amended Exhibit B to the Site and Facility Lease which adds thereto a description of such Substitute Facility and deletes therefrom the description of the Former Facility;

(iv) The City shall file with the Authority and the Trustee an amended Exhibit C to this Lease Agreement which adds thereto a description of such Substitute Facility and deletes therefrom the description of the Former Facility;

(v) The City shall certify in writing to the Authority and the Trustee that such Substitute Site and/or Substitute Facility serve the purposes of the City, constitutes property that is unencumbered, subject to Permitted Encumbrances, and constitutes property which the City is permitted to lease under the laws of the State;

(vi) The City delivers to the Trustee and the Authority evidence that the Substitute Site and/or Substitute Facility are, in the opinion of an independent appraiser, of equal or greater value than the Former Site and Former Facility;

(vii) The City delivers to the Trustee and the Authority evidence that the Substitute Site and/or Substitute Facility have an equivalent or longer useful life than the Former Site and Former Facility;

(viii) The Substitute Site and/or Substitute Facility shall not cause the City to violate any of its covenants, representations and warranties made herein and in the Trust Agreement;

(ix) The City shall obtain an amendment to the title insurance policy required pursuant to Section 5.6 hereof which adds thereto a description of the Substitute Site and deletes therefrom the description of the Former Site;

(x) The City shall certify that the Substitute Site and/or the Substitute Facility is of the same or greater essentiality to the City as was the Former Site and/or the Former Facility; and

(xi) The City shall have received the prior written consent of AMBAC Indemnity to such substitution.

(b) Release of Site. The City shall have, and is hereby granted, the option at any time and from time to time during the Term of the Lease Agreement to release any portion of the Site, provided that the City shall satisfy all of the following requirements which are hereby declared to be conditions precedent to such release:

(i) The City shall file with the Authority and the Trustee an amended Exhibit A to the Site and Facility Lease which describes the Site, as revised by such release;

(ii) The City shall file with the Authority and the Trustee an amended Exhibit B to this Lease Agreement which describes the Site, as revised by such release;

(iii) The City delivers to the Trustee and the Authority evidence that the Site, as revised by such release, is, in the opinion of an independent appraiser, of a value at least equal to the value of the Site as of the Closing Date;

(iv) The City shall obtain an amendment to the title insurance policy required pursuant to Section 5.6 hereof which describes the Site, as revised by such release; and

(v) The City shall have received the prior written consent of AMBAC Indemnity to such release.

(c) Generally. Neither the City nor the Authority will alter, modify or cancel, or agree or consent to alter, modify or cancel this Lease Agreement, except in connection with a substitution or release permitted by this Section 8.3 and as may be permitted by Article X of the Trust Agreement .

ARTICLE IX

EVENTS OF DEFAULT AND REMEDIES

Section 9.1. Events of Default Defined. The following shall be "Events of Default" under this Lease Agreement and the terms "Events of Default" and "Default" shall mean, whenever they are used in this Lease Agreement, any one or more of the following events:

(a) Failure by the City to pay any Lease Payment or other payment required to be paid hereunder at the time specified herein.

(b) Failure by the City to observe and perform any covenant, condition or agreement on its part to be observed or performed under this Lease Agreement or under the Trust Agreement, other than as referred to in clause (a) of this Section 9.1, for a period of thirty (30) days after written notice specifying such failure and requesting that it be remedied has been given to the City by the Authority, the Trustee or the Owners of not less than five percent (5%) in aggregate principal amount of Certificates then outstanding; *provided, however*, if the failure stated in the notice can be corrected, but not within the applicable period, the Authority, the Trustee and such Owners shall not unreasonably withhold their consent to an extension of such time if corrective action is instituted by the City within the applicable period and diligently pursued until the Default is corrected.

(c) The filing by the City of a voluntary petition in bankruptcy, or failure by the City promptly to lift any execution, garnishment or attachment, or adjudication of the City as a bankrupt, or assignment by the City for the benefit of creditors, or the entry by the City into an agreement of composition with creditors, or the approval by a court of competent jurisdiction of a petition applicable to the City in any proceedings instituted under the provisions of the Federal Bankruptcy Act, as amended, or under any similar acts which may hereafter be enacted.

Section 9.2. Remedies on Default. Whenever any Event of Default referred to in Section 9.1 hereof shall have happened and be continuing, it shall be lawful for the Authority to exercise any and all remedies available pursuant to law or granted pursuant to this Lease Agreement; *provided, however*, that notwithstanding anything herein or in the Trust Agreement to the contrary, there shall be no right under any circumstances to accelerate the Lease Payments or otherwise declare any Lease Payments not then in default to be immediately due and payable. Each and every covenant hereof to be kept and performed by the City is expressly made a condition and upon the breach thereof the Authority may exercise any and all rights of entry and re-entry upon the Project, and also, at its option, with or without such entry, may terminate this Lease Agreement; *provided*, that no such termination shall be effected either by operation of law or acts of the parties hereto, except only in the manner herein expressly provided. In the event of such Default and notwithstanding any re-entry by the Authority, the City shall, as herein expressly provided, continue to remain liable for the payment of the Lease Payments and/or damages for breach of this Lease Agreement and the performance of all conditions herein contained and, in any event such rent and/or damages shall be payable to the Authority at the time and in the manner as herein provided, to wit:

(a) In the event the Authority does not elect to terminate this Lease Agreement in the manner hereinafter provided for in subparagraph (b) hereof, the City agrees to and shall remain liable for the payment of all Lease Payments and the performance of all conditions herein contained and shall reimburse the Authority for any deficiency arising out of the re-leasing of the Project, or, in the event the Authority is unable to re-lease the Project, then for the full amount of all Lease Payments to the end of the Term of the Lease Agreement, but said Lease Payments and/or deficiency shall be payable only at the same time and in the same manner as hereinabove provided for the payment of

Lease Payments hereunder, notwithstanding such entry or re-entry by the Authority or any suit in unlawful detainer, or otherwise, brought by the Authority for the purpose of effecting such re-entry or obtaining possession of the Project or the exercise of any other remedy by the Authority. The City hereby irrevocably appoints the Authority as the agent and attorney-in-fact of the City to enter upon and re-lease the Project in the Event of Default by the City in the performance of any covenants herein contained to be performed by the City and to remove all personal property whatsoever situated upon the Project, to place such property in storage or other suitable place in Stanislaus County, California, for the account of and at the expense of the City, and the City hereby exempts and agrees to save harmless the Authority from any costs, loss or damage whatsoever arising or occasioned by any such entry upon and re-leasing of the Project and the removal and storage of such property by the Authority or its duly authorized agents in accordance with the provisions herein contained. The City hereby waives any and all claims for damages caused or which may be caused by the Authority in re-entering and taking possession of the Project as herein provided and all claims for damages that may result from the destruction of or injury to the Project and all claims for damages to or loss of any property belonging to the City that may be in or upon the Project. The City agrees that the terms of this Lease Agreement constitute full and sufficient notice of the right of the Authority to re-lease the Project in the event of such re-entry without effecting a surrender of this Lease Agreement, and further agrees that no acts of the Authority in effecting such re-leasing shall constitute a surrender or termination of this Lease Agreement irrespective of the term for which such re-leasing is made or the terms and conditions of such re-leasing, or otherwise, but that, on the contrary, in the event of such Default by the City the right to terminate this Lease Agreement shall vest in the Authority to be effected in the sole and exclusive manner hereinafter provided for in paragraph (b) hereof. The City further waives the right to any rental obtained by the Authority in excess of the Lease Payments and payments due pursuant to Section 4.7 hereof and hereby conveys and releases such excess to the Authority as compensation to the Authority for its services in re-leasing the Project.

(b) In an Event of Default hereunder, the Authority at its option may terminate this Lease Agreement and re-lease all or any portion of the Project. In the event of the termination of this Lease Agreement by the Authority at its option and in the manner hereinafter provided on account of Default by the City (and notwithstanding any re-entry upon the Project by the Authority in any manner whatsoever or the re-leasing of the Project), the City nevertheless agrees to pay to the Authority all costs, loss or damages howsoever arising or occurring payable at the same time and in the same manner as is herein provided in the case of payment of Lease Payments. Any surplus received by the Authority from such re-leasing shall be credited towards the Lease Payments next coming due and payable. Neither notice to pay rent or to deliver up possession of the premises given pursuant to law nor any proceeding in unlawful detainer taken by the Authority shall of itself operate to terminate this Lease Agreement, and no termination of this Lease Agreement on account of Default by the City shall be or become effective by operation of law, or otherwise, unless and until the Authority shall have given written notice to the City of the election on the part of the Authority to terminate this Lease Agreement. The City covenants and agrees that no surrender of the Project and/or of the remainder of the Term of the Lease Agreement or any termination of this Lease Agreement shall be valid in any manner or for any purpose whatsoever unless stated or accepted by the Authority by such written notice.

Section 9.3. No Remedy Exclusive. No remedy herein conferred upon or reserved to the Authority is intended to be exclusive and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Lease Agreement now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any Default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Authority to exercise any remedy reserved to it in this Article IX it shall not be necessary to give any notice, other than such notice as may be required in this Article IX or by law.

Section 9.4. Agreement to Pay Attorneys' Fees and Expenses. In the event either party to this Lease Agreement should Default under any of the provisions hereof and the non-defaulting party should employ attorneys or incur other expenses for the collection of moneys or the enforcement or performance or observance of any obligation or agreement on the part of the defaulting party herein contained, the defaulting party agrees that it will on demand therefor pay to the non-defaulting party the reasonable fees of such attorneys and such other expenses so incurred by the non-defaulting party.

Section 9.5. No Additional Waiver Implied by One Waiver. In the event any agreement contained in this Lease Agreement should be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

Section 9.6. Application of Proceeds. All net proceeds received from the re-lease or other disposition of the Project under this Article IX, and all other amounts derived by the Authority or the Trustee as a result of an Event of Default hereunder, shall be transferred to the Trustee promptly upon receipt thereof and after payment of all fees and expenses of the Trustee, including attorneys fees, shall be deposited by the Trustee in the Lease Payment Fund to be applied as specified in Section 13.03 of the Trust Agreement.

Section 9.7. Trustee and Certificate Owners to Exercise Rights. Such rights and remedies as are given to the Authority under this Article IX have been assigned by the Authority to the Trustee under the Trust Agreement, to which assignment the City hereby consents. Such rights and remedies shall be exercised by the Trustee pursuant to the Trust Agreement, and the Owners of the Certificates as provided in the Trust Agreement and herein.

ARTICLE X

PREPAYMENT OF LEASE PAYMENTS

Section 10.1. Security Deposit. Notwithstanding any other provision of this Lease Agreement, the City may, on any date, secure the payment of all or a portion of the Lease Payments remaining due by an irrevocable deposit with the Trustee or an escrow holder under an escrow deposit and trust agreement as referenced in Section 14.01(b) of the Trust Agreement, of: (a) in the case of a security deposit relating to all Lease Payments, either (i) cash in an amount which, together with amounts on deposit in the Lease Payment Fund, the Insurance and Condemnation Fund and the Reserve Fund, is sufficient to pay all unpaid Lease Payments, including the principal and interest components thereof, in accordance with the Lease Payment schedule set forth in Exhibit D, or (ii) Defeasance Obligations in such amount as will, in the written opinion of an independent certified public accountant or other firm of recognized experts in such matters, together with interest to accrue thereon and, if required, all or a portion of moneys or Federal Securities or cash then on deposit and interest earnings thereon in the Lease Payment Fund, the Insurance and Condemnation Fund and the Reserve Fund, be fully sufficient to pay all unpaid Lease Payments on their respective Lease Payment Dates; or (b) in the case of a security deposit relating to a portion of the Lease Payments, a certificate executed by a City Representative designating the portion of the Lease Payments to which the deposit pertains, and either (i) cash in an amount which is sufficient to pay the portion of the Lease Payments designated in such City Representative's certificate, including the principal and interest components thereof, or (ii) Defeasance Obligations in such amount as will, together with interest to be received thereon, if any, in the written opinion of an independent certified public accountant or other firm of recognized experts in such matters, be fully sufficient to pay the portion of the Lease Payments designated in the aforesaid City Representative's certificate.

In the event of a deposit pursuant to this Section 10.1 as to all Lease Payments and the payment of all fees, expenses and indemnifications owed to the Trustee, all obligations of the City under this Lease Agreement shall cease and terminate, excepting only the obligation of the City to make, or cause to be made, all payments from the deposit made by the City pursuant to this Section 10.1, and title to the Project shall vest in the City on the date of said deposit automatically and without further action by the City or the Authority. Said deposit and interest earnings thereon shall be deemed to be and shall constitute a special fund for the payments provided for by this Section 10.1 and said obligation shall thereafter be deemed to be and shall constitute the installment purchase obligation of the City for the Project. Upon said deposit, the Authority will execute or cause to be executed any and all documents as may be necessary to confirm title to the Project in accordance with the provisions hereof. In addition, the Authority hereby appoints the City as its agent to prepare, execute and file or record, in appropriate offices, such documents as may be necessary to place record title to the Project in the City.

Section 10.2. No Prepayment Option. The Lease Payments are not subject to optional prepayment by the City.

Section 10.3. Mandatory Prepayment From Net Proceeds of Insurance, Title Insurance or Eminent Domain. The City shall be obligated to prepay the Lease Payments allocable to the Project, in whole on any date or in part on any Lease Payment Date, from and to the extent of any Net Proceeds of an insurance, title insurance or condemnation award with respect to the Project theretofore deposited in the Lease Payment Fund for such purpose pursuant to Article VI hereof and Article VII of the Trust Agreement. The City and the Authority hereby agree that such Net Proceeds shall be applied first to the payment of any delinquent Lease Payments, and thereafter shall be credited towards the City's obligations under this Section 10.3. Lease Payments due after any such partial prepayment shall be in the amounts set forth in a revised Lease Payment schedule

which shall be provided by, or caused to be provided by, the City to the Trustee and which shall represent an adjustment to the schedule set forth in Exhibit D attached hereto taking into account said partial prepayment.

Section 10.4. Credit for Amounts on Deposit. In the event of prepayment of the principal components of the Lease Payments in full under this Article X, such that the Trust Agreement shall be discharged by its terms as a result of such prepayment, remaining amounts on deposit in the Lease Payment Fund, if any, or the Reserve Fund shall be credited towards the amounts then required to be so prepaid.

ARTICLE XI
MISCELLANEOUS

Section 11.1. Notices. All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed to have been received 48 hours after deposit in the United States mail in first-class form with postage fully prepaid:

If to the City: City of Modesto, California
801 Eleventh Street
Modesto, CA 95354
Attention: Finance Director

If to the Authority: Modesto Public Financing Authority
801 Eleventh Street
Modesto, CA 95354
Attention: Treasurer

If to the Trustee: First Trust of California, National Association
101 California Street, Suite 1150
San Francisco, CA 94111
Attention: Corporate Trust Department

The Authority, the City and the Trustee, by notice given hereunder, may designate different addresses to which subsequent notices, certificates or other communications will be sent.

Section 11.2. Binding Effect. This Lease Agreement shall inure to the benefit of and shall be binding upon the Authority and the City and their respective successors and assigns.

Section 11.3. Severability. In the event any provision of this Lease Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 11.4. Net-net-net Lease. This Lease Agreement shall be deemed and construed to be a "net-net-net lease" and the City hereby agrees that the Lease Payments shall be an absolute net return to the Authority, free and clear of any expenses, charges or set-offs whatsoever.

Section 11.5. Further Assurances and Corrective Instruments. The Authority and the City agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may reasonably be required for correcting any inadequate or incorrect description of the Project hereby leased or intended so to be or for carrying out the expressed intentions of this Lease Agreement.

Section 11.6. Execution in Counterparts. This Lease 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 instrument.

Section 11.7. Applicable Law. This Lease Agreement shall be governed by and construed in accordance with the laws of the State.

Section 11.8. Authority and City Representatives. Whenever under the provisions of this Lease Agreement the approval of the Authority or the City is required, or the Authority or the City is required to take some action at the request of the other, such approval or such request shall be

given for the Authority by a Authority Representative and for the City by a City Representative, and each party hereto shall be authorized to rely upon any such approval or request.

Section 11.9. Captions. The captions or headings in this Lease Agreement are for convenience only and in no way define, limit or describe the scope or intent of any provisions or Section of this Lease Agreement.

IN WITNESS WHEREOF, the Authority has caused this Lease Agreement to be executed in its corporate name by its duly authorized officers and sealed with its corporate seal; and the City has caused this Lease Agreement to be executed in its name by its duly authorized officers and sealed with its corporate seal, as of the date first above written.

MODESTO PUBLIC FINANCING
AUTHORITY, as Lessor

By *Andrea Daroca*
Interim Treasurer

(SEAL)

Attest:

Narvine Gyle
Secretary

CITY OF MODESTO, CALIFORNIA,
as Lessee

By *Andrea Daroca*
Interim Finance Director

Attest:

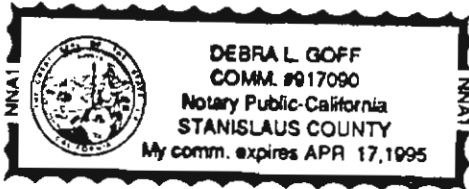
Narvine Gyle
City Clerk

STATE OF CALIFORNIA)
) SS.
COUNTY OF STANISLAUS)

On this 21st day of May, in the year 1993, before me, the undersigned notary public, personally appeared Andrea Daroca and Norrine Coyle, personally known to me (or proved to me on the basis of satisfactory evidence), to be the persons whose names are subscribed to the within instrument as Interim Treasurer and Secretary, respectively, of the MODESTO PUBLIC FINANCING AUTHORITY and acknowledged to me that they executed the same in their authorized capacities, and that by their signatures on the instrument the persons, or the entity upon behalf of which the persons acted, executed the instrument.

WITNESS my hand and official seal.

(Notarial Seal)



Debra L. Goff
Signature of Notary Public

Debra L. Goff
Typed or Printed Name

NOTARY PUBLIC FOR THE
STATE OF CALIFORNIA
My Commission Expires:

April 17, 1995

STATE OF CALIFORNIA)
) SS.
COUNTY OF STANISLAUS)

On this 21st day of May, in the year 1993, before me, the undersigned notary public, personally appeared Andrea Daroca and Norrine Coyle, personally known to me (or proved to me on the basis of satisfactory evidence), to be the persons whose names are subscribed to the within instrument as Interim Finance Director and City Clerk, respectively, of the CITY OF MODESTO, CALIFORNIA, and acknowledged to me that they executed the same in their authorized capacities, and that by their signatures on the instrument the persons, or the entity upon behalf of which the persons acted, executed the instrument.

WITNESS my hand and official seal.

(Notarial Seal)



Debra L. Goff
Signature of Notary Public

Debra L. Goff
Typed or Printed Name

NOTARY PUBLIC FOR THE
STATE OF CALIFORNIA
My Commission Expires:

April 17, 1995

EXHIBIT A

DEFINITIONS

“*AMBAC Indemnity*” shall mean AMBAC Indemnity Corporation, a Wisconsin-domiciled stock insurance company.

“*Assignment Agreement*” means the Assignment Agreement, dated as of May 1, 1993, by and between the Authority and the Trustee, together with any duly authorized and executed amendments thereto.

“*Authority*” means the Modesto Public Financing Authority, a joint exercise of powers authority organized and existing under the laws of the State.

“*Authority Representative*” means the President, the Executive Director, the Treasurer or any other person authorized by resolution of the Board of Directors of the Authority to act on behalf of the Authority under or with respect to the Trust Agreement, the Lease Agreement, the Assignment Agreement and the Site and Facility Lease.

“*City*” means the City of Modesto, California, a municipal corporation and chartered city organized and existing under and by virtue of the constitution and laws of the State.

“*City Representative*” means the Mayor, the City Manager, the Finance Director or any other person authorized by resolution of the City Council of the City to act on behalf of the City under or with respect to the Trust Agreement, the Lease Agreement or the Site and Facility Lease.

“*Bond Counsel*” means (a) Jones Hall Hill & White, A Professional Law Corporation, or (b) any other attorney or firm of attorneys appointed by or acceptable to the City of nationally-recognized experience in the issuance of obligations the interest on which is excludable from gross income for federal income tax purposes under the Code.

“*Business Day*” means a day which is not a Saturday, Sunday or legal holiday on which banking institutions in the state in which the Principal Corporate Trust Office is located are closed or are required to close or a day on which the New York Stock Exchange is closed.

“*Certificates*” means the \$27,225,000 principal amount of certificates of participation to be executed and delivered pursuant to the Trust Agreement.

“*Closing Date*” means May 27, 1993, the date upon which there is a physical delivery of the Certificates in exchange for the amount representing the purchase price of the Certificates by the Original Purchaser.

“*Code*” means the Internal Revenue Code of 1986 as in effect on the Closing Date or (except as otherwise referenced in the Lease Agreement or the Trust Agreement) as it may be amended to apply to obligations issued on the Closing Date, together with applicable temporary and final regulations promulgated under the Code.

“*Community Center Certificates*” means those certain certificates of participation executed and delivered by the Community Center Certificates Trustee, as trustee, under the Community

Center Certificates Trust Agreement, in the principal amount of \$24,945,000, of which \$24,280,000 aggregate principal amount is outstanding on the Closing Date.

"Community Center Certificates Escrow Agreement" means that certain Escrow Deposit and Trust Agreement, dated the Closing Date, by and between the City and the Community Center Certificates Escrow Bank.

"Community Center Certificates Escrow Bank" means First Interstate Bank of California, as the Community Center Certificates Trustee.

"Community Center Certificates Escrow Fund" means the escrow fund established under the Community Center Certificates Escrow Agreement and held by the Community Center Certificates Escrow Bank for the payment of the lease payments due under the Community Center Certificates Lease Agreement and for the payment of principal and interest due with respect the Community Center Certificates.

"Community Center Certificates Lease Agreement" means that certain lease agreement, dated as of May 15, 1991, by and between the Redevelopment Agency of the City of Modesto and the City, relating to the refinancing of certain community center improvements.

"Community Center Certificates Trust Agreement" means that certain trust agreement, dated as of May 15, 1991, by and among the City, the Authority and the Community Center Certificates Trustee, providing, among other things, for the execution and delivery of the Community Center Certificates.

"Community Center Certificates Trustee" means First Interstate Bank of California.

"Defeasance Obligations" means:

(a) Cash (insured at all times by the Federal Deposit Insurance Corporation or otherwise collateralized with obligations described in paragraph (b) below), or

(b) Direct obligations of (including obligations issued or held in book entry form on the books of) the Department of the Treasury of the United States of America.

"Delivery Costs" means all items of expense directly or indirectly payable by or reimbursable to the City or the Authority relating to the execution and delivery of the Lease Agreement, the Trust Agreement and the Assignment Agreement or the execution, sale and delivery of the Certificates, including but not limited to filing and recording costs, settlement costs, printing costs, reproduction and binding costs, initial fees and charges of the Trustee (including fees of its counsel), financing discounts, legal fees and charges, insurance fees and charges, financial and other professional consultant fees, costs of rating agencies for credit ratings, fees for execution, transportation and safekeeping of the Certificates and charges and fees in connection with the foregoing.

"Delivery Costs Fund" means the fund by that name established and held by the Trustee pursuant to Article III of the Trust Agreement.

"Event of Default" means an event of default under the Lease Agreement, as defined in Section 9.1 thereof.

"Facility" means, collectively, those certain facilities located on the Site, all as more particularly described in Exhibit B attached to the Site and Facility Lease and in Exhibit C attached to the Lease Agreement.

"Federal Securities" means direct general obligations of (including obligations issued or held in book entry form on the books of the Department of the Treasury) 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 twelve-month period beginning on July 1 of any year and ending on June 30 of the next succeeding year, or any other twelve-month period selected by the City as its fiscal year.

"Independent Counsel" means an attorney duly admitted to the practice of law before the highest court of the state in which such attorney maintains an office and who is not an employee of the Authority, the Trustee or the City.

"Information Services" means Financial Information, Inc.'s "Daily Called Bond Service," 30 Montgomery Street, 10th Floor, Jersey City, NJ 07302, Attention: Editor; Kenny Information Services' "Called Bond Service," 65 Broadway, 16th Floor, New York, NY 10006; Moody's "Municipal and Government," 99 Church Street, 8th Floor, New York, NY 10007, Attention: Municipal News Reports; and S&P's "Called Bond Record," 25 Broadway, 3rd Floor, New York, NY 10004; or to such other addresses and/or such other national information services providing information or disseminating notices of redemption of obligations similar to the Certificates.

"Insurance and Condemnation Fund" means the fund by that name established and held by the Trustee pursuant to Section 7.01 of the Trust Agreement.

"Interest Payment Date" means the first (1st) day of each May and November, commencing November 1, 1993, so long as any Certificates are Outstanding.

"Lease Agreement" means the Lease Agreement, dated as of May 1, 1993, by and between the Authority and the City, together with any duly authorized and executed amendments thereto.

"Lease Payment Date" means the fifteenth (15th) day of April and October in each year during the Term of the Lease Agreement, commencing October 15, 1993.

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

"Lease Payments" means all payments required to be paid by the City pursuant to Section 4.4 of the Lease Agreement, including any prepayment thereof pursuant to Article X of the Lease Agreement, which payments consist of an interest component and a principal component.

"Moody's" means Moody's Investors Service, Inc., a Delaware corporation, and its successors and assigns, and if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "Moody's" shall be deemed to refer to any other nationally recognized securities rating agency designated by the City by notice to the Trustee.

"Municipal Bond Insurance Policy" shall mean the municipal bond insurance policy issued by AMBAC Indemnity insuring the payment when due of the principal and interest with respect to the Certificates as provided therein.

"Net Proceeds," when used with respect to insurance or condemnation proceeds, means any insurance proceeds or condemnation award paid with respect to the Project, to the extent remaining after payment therefrom of all expenses incurred in the collection thereof.

“*Original Purchaser*” means the first purchaser of the Certificates upon their delivery by the Trustee on the Closing Date.

“*Outstanding*”, when used as of any particular time with respect to Certificates, means (subject to the provisions of Section 10.03 of the Trust Agreement) all Certificates theretofore executed and delivered by the Trustee under the Trust Agreement except -

(a) Certificates theretofore canceled by the Trustee or surrendered to the Trustee for cancellation;

(b) Certificates for the payment or redemption of which funds or Defeasance Obligations in the necessary amount shall have theretofore been deposited with the Trustee (whether upon or prior to the maturity or redemption date of such Certificates), provided that, if such Certificates are to be redeemed prior to maturity, notice of such redemption shall have been given as provided in Section 4.03 of the Trust Agreement or provision satisfactory to the Trustee shall have been made for the giving of such notice; and

(c) Certificates in lieu of or in exchange for which other Certificates shall have been executed and delivered by the Trustee pursuant to Sections 2.08 or 2.09 of the Trust Agreement.

“*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 shall be registered on the Registration Books.

“*Permitted Encumbrances*” means, as of any particular time: (a) liens for general ad valorem taxes and assessments, if any, not then delinquent, or which the City may, pursuant to provisions of Article V of the Lease Agreement, permit to remain unpaid; (b) the Assignment Agreement; (c) the Site and Facility Lease, (d) the Lease Agreement; (e) any right or claim of any mechanic, laborer, materialman, supplier or vendor not filed or perfected in the manner prescribed by law; (f) easements, rights of way, mineral rights, drilling rights and other rights, reservations, covenants, conditions or restrictions which exist of record as of the Closing Date and which the City certifies in writing will not materially impair the use of the Project; and (g) easements, rights of way, mineral rights, drilling rights and other rights, reservations, covenants, conditions or restrictions established following the Closing Date and which the City certifies in writing will not materially impair the use of the Project.

“*Permitted Investments*” means:

(a) Defeasance Obligations;

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

(c) bonds, notes or other evidences of indebtedness rated “AAA” by S&P and “Aaa” by Moody's issued by the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation with remaining maturities not exceeding three years;

(d) U.S. dollar denominated deposit accounts, federal funds and banker's acceptances with domestic commercial banks which have a rating on their short term certificates of deposit on the

date of purchase of "A-1" or "A" by S&P and "P-1" by Moody's and maturing no more than 360 days after the date of purchase (ratings on holding companies are not considered as the rating of the bank);

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

(f) investments in a money market fund rated "AAAm" or "AAAm-G" or better by S&P;

(g) pre-refunded municipal obligations defined as follows: any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice; and

(i) which are rated, based on an irrevocable escrow account or fund (the "escrow"), in the highest rating category of S&P and Moody's; or

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

(h) investment agreements approved in writing by AMBAC Indemnity, supported by appropriate opinions of counsel, with notice to S&P; and

(i) other forms of investments approved in writing by AMBAC Indemnity with notice to S&P.

"Principal Corporate Trust Office" means the corporate trust office of the Trustee at 101 California Street, Suite 1150, San Francisco, California (except with respect to payments, exchanges and surrenders of the Certificates, in which case means the corporate trust office of the Trustee located in St. Paul, Minnesota), or at such other address designated by the Trustee in a written notice filed with the City and the Authority and such other office designated by the Trustee for transfer, exchange, registration and payment of Certificates.

"Proceeds," when used with reference to the Certificates, means the face amount of the Certificates, plus accrued interest and original issue premium, if any, less original issue discount, if any.

"Project" means, collectively, the Site and the Facility.

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

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

"Regulations" means temporary and permanent regulations promulgated under the Code.

"Rental Period" means each twelve-month period during the Term of the Lease Agreement commencing on May 2 in any year and ending on May 1 in the next succeeding year; *provided, however,* that the first Rental Period shall begin on the Closing Date and shall end on May 1, 1994.

"Reserve Fund" means the fund by that name established and held by the Trustee pursuant to Section 6.01 of the Trust Agreement.

"Reserve Requirement" means an amount equal to \$1,977,050.00; *provided, however,* that if the Certificates are partially refunded, such amount shall be reduced to an amount equal to the maximum annual Lease Payments relating to the Certificates not so refunded.

"S&P" means Standard & Poor's Corporation, a New York corporation, and its successors and assigns, and if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "S&P" shall be deemed to refer to any other nationally recognized securities rating agency designated by the City by notice to the Trustee.

"Securities Depositories" means The Depository Trust Company, 711 Stewart Avenue, Garden City, NY 11530, Fax (516) 227-4039 or 4190; Midwest Securities Trust Company, Capital Structures-Call Notification, 440 South LaSalle Street, Chicago, IL 60605, Fax (312) 663-2343; Philadelphia Depository Trust Company, Reorganization Division, 1900 Market Street, Philadelphia, PA 19103, Attention: Bond Department, Fax (215) 496-5058; or to such other addresses and/or such other registered securities depositories holding substantial amounts of obligations of types similar to the Certificates.

"Site" means, collectively, those certain parcels of real property situated in the City of Modesto, Stanislaus County, State of California, more particularly described in Exhibit A to the Site and Facility Lease and Exhibit B to the Lease Agreement.

"Site and Facility Lease" means the Site and Facility Lease, dated as of May 1, 1993, by and between the City and the Authority, together with any duly authorized and executed amendments thereto.

"State" means the State of California.

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

"Trust Agreement" means the Trust Agreement, dated as of May 1, 1993, by and among the City, the Authority and the Trustee, together with any duly authorized amendments thereto.

"Trustee" means First Trust of California, National Association, or any successor thereto, acting as Trustee pursuant to this Trust Agreement.

EXHIBIT B

DESCRIPTION OF THE SITE

Those parcels of land in the City of Modesto, Stanislaus County, State of California, described as follows:

PARCEL NO. 1:

ALL THAT CERTAIN REAL PROPERTY SITUATE IN THE SOUTH HALF OF SECTION 29, TOWNSHIP 3 SOUTH, RANGE 9 EAST, MOUNT DIABLO BASE AND MERIDIAN, CITY OF MODESTO, COUNTY OF STANISLAUS, STATE OF CALIFORNIA, BEING A PORTION OF PARCEL "C", AS PER MAP FILED MAY 11, 1988 IN BOOK 40 OF PARCEL MAPS, PAGE 86, STANISLAUS COUNTY RECORDS, DESCRIBED AS FOLLOWS:

BEGINNING AT THE MOST EASTERLY CORNER OF SAID PARCEL "C"; THENCE ALONG THE SOUTHEASTERN LINE OF PARCEL "C" AND THE NORTHWESTERN LINE OF 80.00 FEET "K" STREET, SOUTH 46 DEGREES 27' 30" WEST, 497.28 FEET; THENCE NORTH 43 DEGREES 30' 59" WEST, 140.98 FEET; THENCE NORTH 46 DEGREES 28' 30" EAST, 24.20 FEET; THENCE NORTH 43 DEGREES 30' 59" WEST, 27.75 FEET; THENCE NORTH 46 DEGREES 28' 30" EAST, 42.63 FEET; THENCE NORTH 43 DEGREES 30' 59" WEST, 148.00 FEET; THENCE NORTH 46 DEGREES 28' 30" EAST, 14.00 FEET; THENCE NORTH 43 DEGREES 30' 59" WEST, 83.00 FEET, TO THE MOST WESTERLY CORNER OF PARCEL "C"; THENCE ALONG A NORTHWESTERN LINE OF PARCEL "C" AND THE SOUTHEASTERN LINE OF 80.00 FOOT "L" STREET, NORTH 46 DEGREES 28' 30" EAST, 416.41 FEET, TO THE MOST NORTHERLY CORNER OF PARCEL "C"; THENCE ALONG THE NORTHEASTERN LINE OF PARCEL "C" AND THE SOUTHWESTERN LINE OF 80.00 FOOT ELEVENTH STREET, SOUTH 43 DEGREES 31' 19" EAST, 399.58 FEET, TO THE POINT OF BEGINNING.

CERTIFICATE OF CORRECTION RECORDED OCTOBER 28, 1988 AS INSTRUMENT NO. 074697.

PARCEL NO. 2:

PARCEL "B" AS PER PARCEL MAP THEREOF RECORDED MAY 11, 1988 IN BOOK 40 OF PARCEL MAPS, PAGE 86, STANISLAUS COUNTY RECORDS.

CERTIFICATE OF CORRECTION RECORDED OCTOBER 28, 1988 AS INSTRUMENT NO. 074697.

PARCEL NO. 3:

PARCEL "D" AS PER PARCEL MAP THEREOF RECORDED OCTOBER 28, 1985
IN BOOK 37 OF PARCEL MAPS, PAGE 34, STANISLAUS COUNTY RECORDS.

EXCEPTING THEREFROM THAT PORTION THEREOF LYING BELOW A DEPTH OF
500 FEET, MEASURED VERTICALLY, FROM THE CONTOUR OF THE SURFACE
OF SAID PROPERTY; HOWEVER, GRANTOR, OR ITS SUCCESSORS AND
ASSIGNS, SHALL NOT HAVE THE RIGHT FOR ANY PURPOSE WHATSOEVER TO
ENTER UPON, INTO OR THROUGH THE SURFACE OF SAID PROPERTY OR ANY
PART THEREOF LYING BETWEEN SAID SURFACE AND 500 FEET BELOW SAID
SURFACE, AS EXCEPTED IN THE DEED FROM SOUTHERN PACIFIC
TRANSPORTATION COMPANY TO REDEVELOPMENT AGENCY OF THE CITY OF

MODESTO, RECORDED OCTOBER 30, 1985, AS INSTRUMENT NO. 23794.

EXHIBIT C

DESCRIPTION OF THE FACILITY

The Facility consists of a public community center. The community center has six components. First is an exhibit hall of 16,000 square feet, with a capacity for 80 exhibit booths or seating of 2,000 for assemblies. The second component is a 4,000 square foot theater with seating capacity of 150 to 200 people. The third component is a series of small meeting rooms totaling 4,000 square feet and can accommodate from 25 to 200 people in any one room. The fourth and fifth components are an exhibition lobby and park plaza which link the entire project together and may also be used for events. The sixth component is a four-story parking garage containing approximately 800 spaces.

EXHIBIT D

SCHEDULE OF LEASE PAYMENTS

<u>Lease Payment Date</u>	<u>Principal Component</u>	<u>Interest Component</u>	<u>Total Lease Payment</u>
10/15/93	\$ 210,000.00	\$700,966.25	\$ 910,966.25
04/15/94	-	698,341.25	698,341.25
10/15/94	40,000.00	698,341.25	738,341.25
04/15/95	-	697,741.25	697,741.25
10/15/95	95,000.00	697,741.25	792,741.25
04/15/96	-	696,078.75	696,078.75
10/15/96	145,000.00	696,078.75	841,078.75
04/15/97	-	693,178.75	693,178.75
10/15/97	195,000.00	693,178.75	888,178.75
04/15/98	-	689,035.00	689,035.00
10/15/98	285,000.00	689,035.00	974,035.00
04/15/99	-	682,622.50	682,622.50
10/15/99	350,000.00	682,622.50	1,032,622.50
04/15/00	-	674,572.50	674,572.50
10/15/00	625,000.00	674,572.50	1,299,572.50
04/15/01	-	659,572.50	659,572.50
10/15/01	655,000.00	659,572.50	1,314,572.50
04/15/02	-	643,525.00	643,525.00
10/15/02	690,000.00	643,525.00	1,333,525.00
04/15/03	-	626,275.00	626,275.00
10/15/03	720,000.00	626,275.00	1,346,275.00
04/15/04	-	607,915.00	607,915.00
10/15/04	760,000.00	607,915.00	1,367,915.00
04/15/05	-	588,155.00	588,155.00
10/15/05	800,000.00	588,155.00	1,388,155.00
04/15/06	-	566,955.00	566,955.00
10/15/06	835,000.00	566,955.00	1,401,955.00
04/15/07	-	544,410.00	544,410.00
10/15/07	885,000.00	544,410.00	1,429,410.00
04/15/08	-	520,515.00	520,515.00
10/15/08	935,000.00	520,515.00	1,455,515.00
04/15/09	-	494,802.50	494,802.50
10/15/09	985,000.00	494,802.50	1,479,802.50
04/15/10	-	467,715.00	467,715.00
10/15/10	1,040,000.00	467,715.00	1,507,715.00
04/15/11	-	438,595.00	438,595.00
10/15/11	1,090,000.00	438,595.00	1,528,595.00
04/15/12	-	408,075.00	408,075.00
10/15/12	1,150,000.00	408,075.00	1,558,075.00
04/15/13	-	375,875.00	375,875.00
10/15/13	1,215,000.00	375,875.00	1,590,875.00
04/15/14	-	341,855.00	341,855.00
10/15/14	1,285,000.00	341,855.00	1,626,855.00
04/15/15	-	305,875.00	305,875.00
10/15/15	1,340,000.00	305,875.00	1,645,875.00
04/15/16	-	272,375.00	272,375.00
10/15/16	1,135,000.00	272,375.00	1,407,375.00

Continued on the Following Page

<u>Lease Payment Date</u>	<u>Principal Component</u>	<u>Interest Component</u>	<u>Total Lease Payment</u>
04/15/17	-	\$244,000.00	\$ 244,000.00
10/15/17	\$1,195,000.00	244,000.00	1,439,000.00
04/15/18	-	214,125.00	214,125.00
10/15/18	1,260,000.00	214,125.00	1,474,125.00
04/15/19	-	182,625.00	182,625.00
10/15/19	1,320,000.00	182,625.00	1,502,625.00
04/15/20	-	149,625.00	149,625.00
10/15/20	1,385,000.00	149,625.00	1,534,625.00
04/15/21	-	115,000.00	115,000.00
10/15/21	1,455,000.00	115,000.00	1,570,000.00
04/15/22	-	78,625.00	78,625.00
10/15/22	1,535,000.00	78,625.00	1,613,625.00
04/15/23	-	40,250.00	40,250.00
10/15/23	1,610,000.00	40,250.00	1,650,250.00

CERTIFICATE OF ACCEPTANCE

This is to certify that the interest in real property conveyed by the Lease Agreement, dated as of May 1, 1993, from the Modesto Public Financing Authority, as lessor, to the City of Modesto, California (the "City"), a municipal corporation organized and existing under the laws of the State of California, as lessee, is hereby accepted by the undersigned officer on behalf of the City pursuant to authority conferred by resolution of the governing board of the City adopted on April 20, 1993, and the lessee consents to recordation thereof by its duly authorized officer.

Dated: May 1, 1993

CITY OF MODESTO, CALIFORNIA

By *Maria Pyle*
City Clerk

9

THIS IS CERTIFIED TO BE A TRUE AND
CORRECT COPY OF THE ORIGINAL

STEWART TITLE OF MODESTO

BY [Signature]

DATE 5-27-93

TIME 8:00 A.M.-P.M. FEE: 0

INSTRUMENT NO. 53335
STANISLAUS COUNTY RECORDS

AFTER RECORDATION RETURN TO:

JONES HALL HILL & WHITE,
A PROFESSIONAL LAW CORPORATION
Four Embarcadero Center, 19th Floor
San Francisco, CA 94111
Attention: Brian D. Quint, Esq.

THIS DOCUMENT IS EXEMPT FROM RECORDING FEES PURSUANT TO SECTION 27383 OF THE CALIFORNIA GOVERNMENT CODE.

ASSIGNMENT AGREEMENT

Dated as of May 1, 1993

by and between the

MODESTO PUBLIC FINANCING AUTHORITY

and

**FIRST TRUST OF CALIFORNIA, NATIONAL ASSOCIATION,
as Trustee**

(1993 Community Center Refinancing Project)

ASSIGNMENT AGREEMENT

THIS ASSIGNMENT AGREEMENT, made and entered into as of May 1, 1993, is by and between the MODESTO PUBLIC FINANCING AUTHORITY, a joint exercise of powers authority duly organized and existing under the laws of the State of California (the "Authority"), and FIRST TRUST OF CALIFORNIA, NATIONAL ASSOCIATION, a national banking association duly organized and existing under the laws of the United States of America, as trustee (the "Trustee");

WITNESSETH:

In consideration of the mutual covenants herein contained and for other valuable consideration, the parties hereto recite and agree as follows:

Section 1. Recitals.

(a) The Authority and the City of Modesto, California (the "City"), have entered into a lease agreement, dated as of May 1, 1993, recorded concurrently herewith (the "Lease Agreement"), whereby the Authority has agreed to lease to the City, and the City has agreed to lease from the Authority, those certain parcels of real property situated in the City of Modesto, Stanislaus County, State of California, more particularly described in Exhibit A attached hereto and made a part hereof (collectively, the "Site"), and those certain improvements situated on the Site, more particularly described in Exhibit B attached hereto and made a part hereof (collectively, the "Facility" and with the Site, the "Project"), in the manner and on the terms set forth in the Lease Agreement, which terms include, without limitation, the obligation of the City to pay Lease Payments (as defined in the Lease Agreement) to the Authority in consideration of the City's use and enjoyment of the Project.

(b) Under the Lease Agreement, the Authority is required to cause to be deposited with the Trustee certain sums of money to be credited, held and applied in accordance with the Lease Agreement and with a trust agreement, dated as of May 1, 1993 (the "Trust Agreement"), by and among the Authority, the City and the Trustee.

(c) Upon delivery of the Lease Agreement, the Authority is required to deposit with the Trustee, in addition to other moneys to be deposited with the Trustee, moneys for the refinancing of the Project. For the purpose of obtaining such moneys, the Authority is willing to convey to certain persons (the "Owners") direct, undivided fractional interests in the Lease Payments, such direct, undivided fractional interests to be evidenced by certificates of participation therein (the "Certificates"). In order to make such fractional interests marketable on terms acceptable to the Authority, the Authority is willing to assign and transfer its rights under the Lease Agreement to the Trustee for the benefit of the Owners. Concurrently with the delivery of this Assignment Agreement, the Trustee is executing and delivering Certificates in an aggregate principal amount of twenty seven million two hundred twenty-five thousand dollars (\$27,225,000). The proceeds of such sale (together with certain other moneys) are anticipated to be sufficient to permit the Authority to make the deposits required under the Lease Agreement and the Trust Agreement and to permit the Authority to refinance the Project.

(d) Each of the parties has authority to enter into this Assignment Agreement and has taken all actions necessary to authorize its officers to execute it.

Section 2. Assignment. The Authority hereby transfers, assigns and sets over to the Trustee, for the benefit of the Owners of the Certificates, all of the Authority's rights, but none of its obligations, under the Lease Agreement (excepting only the Authority's rights under Sections

5.8, 7.3 and 9.4 of the Lease Agreement), including without limitation (i) the right to receive and collect all of the Lease Payments from the City under the Lease Agreement, (ii) the right to receive and collect any proceeds of any insurance maintained thereunder and of any condemnation award rendered with respect to the Project, and (iii) the right to exercise such rights and remedies conferred on the Authority pursuant to the Lease Agreement as may be necessary or convenient (A) to enforce payment of the Lease Payments and any other amounts required to be deposited in the Lease Payment Fund or the Insurance and Condemnation Fund established under the Trust Agreement, or (B) otherwise to protect the interests of the Owners in the event of a default by the City under the Lease Agreement. All rights assigned by the Authority shall be administered by the Trustee in accordance with the provisions of the Trust Agreement for the equal and fractional benefit of the Owners of the Certificates.

Section 3. Acceptance. The Trustee hereby accepts the assignments made herein for the purpose of securing, equally and fractionally, the payments due pursuant to the Lease Agreement and the Trust Agreement to, and the rights under the Lease Agreement and Trust Agreement of, the Owners of the Certificates delivered pursuant to the Trust Agreement, all subject to the provisions of the Trust Agreement.

Section 4. Conditions. This Assignment Agreement shall neither confer rights nor impose duties upon the Trustee beyond those expressly provided in the Lease Agreement and the Trust Agreement. The Trustee assumes no responsibility for the accuracy of the recitals herein.

Section 5. Capacity of Trustee. The Trustee is entering into this Assignment Agreement solely in its capacity as Trustee under the Trust Agreement and the duties, powers and liabilities of the Trustee in acting hereunder shall be subject to the provisions of the Trust Agreement including, without limitation, the provisions of Articles IX, XII and XII thereof.

Section 6. Execution in Counterparts. This Assignment Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original but all together shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties have executed this Assignment Agreement by their duly authorized officers as of the day and year first written above.

MODESTO PUBLIC FINANCING
AUTHORITY

By *Andres Daroca*
Interim Treasurer

(S E A L)

Attest:

Marlene Gyle
Secretary

FIRST TRUST OF CALIFORNIA, NATIONAL
ASSOCIATION, as Trustee

By *Andres Daroca*
Authorized Officer

IN WITNESS WHEREOF, the parties have executed this Assignment Agreement by their duly authorized officers as of the day and year first written above.

MODESTO PUBLIC FINANCING
AUTHORITY

By _____
Interim Treasurer

(SEAL)

Attest:

Secretary

FIRST TRUST OF CALIFORNIA, NATIONAL
ASSOCIATION, as Trustee

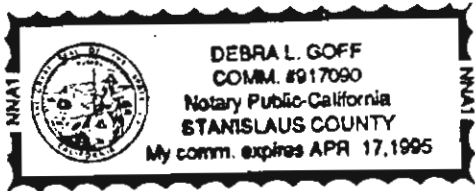
By Susan Vargas
Authorized Officer

STATE OF CALIFORNIA)
) SS.
COUNTY OF STANISLAUS)

On this 21st day of May, in the year 1993, before me, the undersigned notary public, personally appeared Andrea Daroca and Norrine Coyle, personally known to me (or proved to me on the basis of satisfactory evidence), to be the persons whose names are subscribed to the within instrument as Interim Treasurer and Secretary, respectively, of the MODESTO PUBLIC FINANCING AUTHORITY and acknowledged to me that they executed the same in their authorized capacities, and that by their signatures on the instrument the persons, or the entity upon behalf of which the persons acted, executed the instrument.

WITNESS my hand and official seal.

(Notarial Seal)



Debra L. Goff
Signature of Notary Public

Debra L. Goff
Typed or Printed Name

NOTARY PUBLIC FOR THE
STATE OF CALIFORNIA
My Commission Expires:

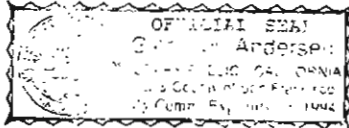
April 17, 1995

STATE OF CALIFORNIA)
COUNTY OF SAN FRANCISCO) SS.

On this 24th day of May, in the year 1993, before me, the undersigned notary public, personally appeared Susan Vargas personally known to me (~~or proved to me on the basis of satisfactory evidence~~), to be the person whose name is subscribed to the within instrument as FIRST TRUST OF CALIFORNIA, NATIONAL ASSOCIATION of the Trustee identified therein and acknowledged to me that she executed the same in her authorized capacity, and that by her signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.

(Notarial Seal)



Glenn W. Andersen
Signature of Notary Public

Glenn W. Andersen
Typed or Printed Name

NOTARY PUBLIC FOR THE
STATE OF CALIFORNIA
My Commission Expires:

7-15-94

EXHIBIT A
DESCRIPTION OF THE SITE

Those parcels of land in the City of Modesto, Stanislaus County, State of California, described as follows:

PARCEL NO. 1:

ALL THAT CERTAIN REAL PROPERTY SITUATE IN THE SOUTH HALF OF SECTION 29, TOWNSHIP 3 SOUTH, RANGE 9 EAST, MOUNT DIABLO BASE AND MERIDIAN, CITY OF MODESTO, COUNTY OF STANISLAUS, STATE OF CALIFORNIA, BEING A PORTION OF PARCEL "C", AS PER MAP FILED MAY 11, 1988 IN BOOK 40 OF PARCEL MAPS, PAGE 86, STANISLAUS COUNTY RECORDS, DESCRIBED AS FOLLOWS:

BEGINNING AT THE MOST EASTERLY CORNER OF SAID PARCEL "C"; THENCE ALONG THE SOUTHEASTERN LINE OF PARCEL "C" AND THE NORTHWESTERN LINE OF 80.00 FEET "K" STREET, SOUTH 46 DEGREES 27' 30" WEST, 497.28 FEET; THENCE NORTH 43 DEGREES 30' 59" WEST, 140.98 FEET; THENCE NORTH 46 DEGREES 28' 30" EAST, 24.20 FEET; THENCE NORTH 43 DEGREES 30' 59" WEST, 27.75 FEET; THENCE NORTH 46 DEGREES 28' 30" EAST, 42.63 FEET; THENCE NORTH 43 DEGREES 30' 59" WEST, 148.00 FEET; THENCE NORTH 46 DEGREES 28' 30" EAST, 14.00 FEET; THENCE NORTH 43 DEGREES 30' 59" WEST, 83.00 FEET, TO THE MOST WESTERLY CORNER OF PARCEL "C"; THENCE ALONG A NORTHWESTERN LINE OF PARCEL "C" AND THE SOUTHEASTERN LINE OF 80.00 FOOT "L" STREET, NORTH 46 DEGREES 28' 30" EAST, 416.41 FEET, TO THE MOST NORTHERLY CORNER OF PARCEL "C"; THENCE ALONG THE NORTHEASTERN LINE OF PARCEL "C" AND THE SOUTHWESTERN LINE OF 80.00 FOOT ELEVENTH STREET, SOUTH 43 DEGREES 31' 19" EAST, 399.58 FEET, TO THE POINT OF BEGINNING.

CERTIFICATE OF CORRECTION RECORDED OCTOBER 28, 1988 AS INSTRUMENT NO. 074697.

PARCEL NO. 2:

PARCEL "B" AS PER PARCEL MAP THEREOF RECORDED MAY 11, 1988 IN BOOK 40 OF PARCEL MAPS, PAGE 86, STANISLAUS COUNTY RECORDS.

CERTIFICATE OF CORRECTION RECORDED OCTOBER 28, 1988 AS INSTRUMENT NO. 074697.

PARCEL NO. 3:

PARCEL "D" AS PER PARCEL MAP THEREOF RECORDED OCTOBER 28, 1985
IN BOOK 37 OF PARCEL MAPS, PAGE 34, STANISLAUS COUNTY RECORDS.

EXCEPTING THEREFROM THAT PORTION THEREOF LYING BELOW A DEPTH OF
500 FEET, MEASURED VERTICALLY, FROM THE CONTOUR OF THE SURFACE
OF SAID PROPERTY; HOWEVER, GRANTOR, OR ITS SUCCESSORS AND
ASSIGNS, SHALL NOT HAVE THE RIGHT FOR ANY PURPOSE WHATSOEVER TO
ENTER UPON, INTO OR THROUGH THE SURFACE OF SAID PROPERTY OR ANY
PART THEREOF LYING BETWEEN SAID SURFACE AND 500 FEET BELOW SAID
SURFACE, AS EXCEPTED IN THE DEED FROM SOUTHERN PACIFIC
TRANSPORTATION COMPANY TO REDEVELOPMENT AGENCY OF THE CITY OF

MODESTO, RECORDED OCTOBER 30, 1985, AS INSTRUMENT NO. 23794.

EXHIBIT B

DESCRIPTION OF THE FACILITY

The Facility consists of a public community center. The community center has six components. First is an exhibit hall of 16,000 square feet, with a capacity for 80 exhibit booths or seating of 2,000 for assemblies. The second component is a 4,000 square foot theater with seating capacity of 150 to 200 people. The third component is a series of small meeting rooms totaling 4,000 square feet and can accommodate from 25 to 200 people in any one room. The fourth and fifth components are an exhibition lobby and park plaza which link the entire project together and may also be used for events. The sixth component is a four-story parking garage containing approximately 800 spaces.

10

TRUST AGREEMENT

Dated as of May 1, 1993

by and among

**FIRST TRUST OF CALIFORNIA, NATIONAL ASSOCIATION,
as Trustee,**

the

MODESTO PUBLIC FINANCING AUTHORITY

and the

CITY OF MODESTO, CALIFORNIA

(1993 Community Center Refinancing Project)

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- EXHIBIT A: Definitions
EXHIBIT B: Form of Certificates of Participation
EXHIBIT C: Form of Letter of Representations to DTC

TRUST AGREEMENT

THIS TRUST AGREEMENT (the "Trust Agreement), dated as of May 1, 1993, is by and among FIRST TRUST OF CALIFORNIA, NATIONAL ASSOCIATION, a national banking association duly organized and existing under the laws of the United States of America, as trustee (the "Trustee"), the MODESTO PUBLIC FINANCING AUTHORITY, a joint exercise of powers authority duly organized and existing under the laws of the State of California (the "Authority"), and the CITY OF MODESTO, CALIFORNIA, a municipal corporation and chartered city duly organized and existing under the laws of the State of California (the "City");

WITNESSETH:

WHEREAS, pursuant to that certain Site and Facility Lease, dated as of May 1, 1993, by and between the City and the Authority (the "Site and Facility Lease"), the City has leased to the Authority those certain parcels of real property situated in the City of Modesto, Stanislaus County, State of California (collectively, the "Site"), and those certain capital improvements situated on the Site (the "Facility" and, with the Site, the "Project");

WHEREAS, the Authority proposes to lease the Project back to the City pursuant to that certain Lease Agreement, dated as of May 1, 1993, by and between the Authority and the City (the "Lease Agreement"), and to assign its right to receive lease payments under the Lease Agreement (the "Lease Payments"), its right to enforce payment of the Lease Payments and otherwise to enforce its interest and rights under the Lease Agreement in the event of a default thereunder by the City, to the Trustee pursuant to that certain Assignment Agreement, dated as of May 1, 1993, by and between the Authority and the Trustee;

WHEREAS, pursuant to this Trust Agreement, the Trustee will execute and deliver certificates of participation (the "Certificates") in the Lease Payments; and

WHEREAS, the proceeds of the Certificates will be applied to provide for the refinancing of the Project, to fund a reserve fund and to pay costs incurred in connection with the execution, delivery and sale of the Certificates;

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

ARTICLE I
DEFINITIONS

Section 1.01. Definitions. The terms defined in Exhibit A attached hereto and by this reference incorporated herein, as used and capitalized herein, shall, for all purposes of this Trust Agreement, have the meanings ascribed to them in said Exhibit A unless the context clearly requires some other meaning.

Section 1.02. 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.

Section 1.03. Exhibits. The following exhibits are attached to, and by reference made a part of, this Trust Agreement:

Exhibit A: Definitions

Exhibit B: Form of Certificates of Participation

Exhibit C: Form of Letter of Representations to DTC

ARTICLE II

THE CERTIFICATES OF PARTICIPATION

Section 2.01. Authorization. The Trustee is hereby authorized and directed, upon written request from the Authority, to execute and deliver, to the Original Purchaser identified in such written request, Certificates in an aggregate original principal amount of twenty seven million two hundred twenty-five thousand dollars (\$27,225,000) evidencing direct, undivided fractional interests of the Owners thereof in the Lease Payments.

Section 2.02. Date: Payment of Interest. Each Certificate shall be dated as of May 1, 1993. Interest with respect to a Certificate shall be payable on each Interest Payment Date and accrue from the Interest Payment Date next preceding the date of execution thereof, unless: (i) it is executed as of an Interest Payment Date, in which event interest with respect thereto shall be payable from such Interest Payment Date; or (ii) it is executed after a Regular Record Date and before the following Interest Payment Date, in which event interest with respect thereto shall be payable from such Interest Payment Date; or (iii) it is executed on or before October 15, 1993, in which event interest with respect thereto shall be payable from May 1, 1993; *provided, however*, that if, as of the date of execution of any Certificate, interest is in default with respect to any Outstanding Certificates, interest represented by such Certificate shall be payable from the Interest Payment Date to which interest has previously been paid or made available for payment with respect to the Outstanding Certificates.

Section 2.03. Maturity; Interest Rates. The Certificates shall mature on November 1 in each of the respective years, and in the respective amounts, except that no Certificate may have principal maturing in more than one year, and interest represented thereby shall be computed at the respective rates, as follows:

<u>Maturity Date</u> <u>(November 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Maturity Date</u> <u>(November 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>
1993	\$210,000	2.50%	2003	\$ 720,000	5.10%
1994	40,000	3.00	2004	760,000	5.20
1995	95,000	3.50	2005	800,000	5.30
1996	145,000	4.00	2006	835,000	5.40
1997	195,000	4.25	2007	885,000	5.40
1998	285,000	4.50	2008	935,000	5.50
1999	350,000	4.60	2009	985,000	5.50
2000	625,000	4.80	2010	1,040,000	5.60
2001	655,000	4.90	2014	4,740,000	5.60
2002	690,000	5.00	2023	12,235,000	5.00

Section 2.04. Interest. Interest with respect to the Certificates shall be payable on each Interest Payment Date to and including the date of maturity or redemption, whichever is earlier, as provided in Section 2.10 hereof. Said interest shall represent the portion of Lease Payments designated as interest and coming due during the six-month period preceding each Interest Payment Date with respect to the Certificates. The fractional share of the portion of Lease Payments designated as interest with respect to any Certificate shall be computed by multiplying the portion of Lease Payments designated as principal with respect to such Certificate by the rate of interest applicable to such Certificate (on the basis of a 360-day year of twelve 30-day months).

Section 2.05. Form. The Certificates shall be delivered in the form of fully registered Certificates without coupons in the denomination of \$5,000 or any integral multiple thereof. The Certificates shall be assigned such alphabetical and/or numerical designation as shall be deemed

appropriate by the Trustee. The Certificates shall be substantially in the form set forth in Exhibit B attached hereto and by this reference incorporated herein.

Section 2.06. Execution. The Certificates shall be executed by and in the name of the Trustee by the manual signature of an authorized officer or signatory of the Trustee. If any officer or signatory whose signature appears on any Certificate ceases to be such officer or signatory before the date of delivery of said Certificate, such signature shall nevertheless be as effective as if the officer or signatory had remained in office until such date.

Section 2.07. Application of Proceeds. The proceeds received by the Trustee from the sale of the Certificates in the aggregate amount of \$25,836,608.08, including accrued interest with respect to the Certificates, shall forthwith be set aside by the Trustee in the following respective funds and accounts:

(a) The Trustee shall deposit in the Lease Payment Fund an amount equal to \$101,250.68, representing accrued interest with respect to the Certificates from May 1, 1993, to the Closing Date;

(b) The Trustee shall deposit in the Delivery Costs Fund an amount equal to \$587,096.43;

(c) The Trustee shall deposit in the Reserve Fund an amount equal to \$1,977,050.00 (the "Reserve Requirement");

(d) The Trustee shall transfer the remainder of said proceeds (\$23,171,210.97) to the Community Center Certificates Escrow Bank, for deposit in the Community Center Certificates Escrow Fund.

Section 2.08. Transfer and Exchange.

(a) Transfer of Certificates. The registration of any Certificate may, in accordance with its terms, be transferred upon the Registration Books by the person in whose name it is registered, in person or by his attorney duly authorized in writing upon surrender of such Certificate for cancellation at the Principal Corporate Trust Office accompanied by delivery of a written instrument of transfer in a form approved by the Trustee, duly executed. Whenever any Certificate or Certificates shall be surrendered for registration of transfer, the Trustee shall execute and deliver a new Certificate or Certificates for like aggregate principal amount in authorized denominations. The Trustee may require the payment by the Certificate Owner requesting such transfer of any tax or other governmental charge required to be paid with respect to such transfer.

No transfer of Certificates shall be required to be made during the fifteen (15) days prior to the date of selection of Certificates for redemption and between a Regular Record Date and the next succeeding Interest Payment Date, and no transfer of any Certificate selected for redemption shall be required to be made.

(b) Exchange of Certificates. Certificates may, at the expense of the Certificate Owner requesting such exchange, be exchanged upon surrender thereof at the Principal Corporate Trust Office for a like aggregate principal amount of Certificates of other authorized denominations of the same maturity. The Trustee may require the payment by the Certificate Owner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange.

No exchange of Certificates shall be required to be made during the fifteen (15) days prior to the date of selection of Certificates for redemption and between a Regular Record Date and the

next succeeding Interest Payment Date, and no exchange of any Certificate selected for redemption shall be required to be made.

Section 2.09. Certificates Mutilated, Lost, Destroyed or Stolen. If any Certificate shall become mutilated, the Trustee, at the expense of the Owner of said Certificate, shall execute and deliver a new Certificate of like tenor, maturity and amount in exchange and substitution for the Certificate so mutilated, but only upon surrender to the Trustee of the Certificate so mutilated. Every mutilated Certificate so surrendered to the Trustee shall be canceled by it and destroyed with a certificate of destruction furnished to the City. If any Certificate shall be lost, destroyed or stolen, evidence of such loss, destruction or theft shall be submitted to the Trustee, and, if such evidence is satisfactory to the Trustee and if an indemnity satisfactory to the Trustee shall be given, the Trustee, at the expense of the Certificate Owner, shall execute and deliver a new Certificate of like tenor, maturity and amount 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 by the Owner of the expenses which may be incurred by the Trustee in carrying out the duties under this Section 2.09. Any Certificate executed and delivered under the provisions of this Section 2.09 in lieu of any Certificate alleged to be lost, destroyed or stolen shall be equally and fractionally entitled to the benefits of this Trust Agreement with all other Certificates secured by this Trust Agreement. The Trustee shall not be required to treat both the original Certificate and any replacement Certificate as being Outstanding for the purpose of determining the principal amount of Certificates which may be executed and delivered hereunder or for the purpose of determining any percentage of Certificates Outstanding hereunder, but both the original and replacement Certificate shall be treated as one and the same. Notwithstanding any other provision of this Section 2.09, in lieu of delivering a new Certificate which has been mutilated, lost, destroyed or stolen, and which has matured or has been called for redemption, the Trustee may make payment with respect to such Certificate upon receipt of the aforementioned indemnity.

Section 2.10. Payment. Payment of interest due with respect to any Certificate on any Interest Payment Date shall be made to the person appearing on the Registration Books as the Owner thereof as of the Regular Record Date immediately preceding such Interest Payment Date, such interest to be paid by check mailed on such Interest Payment Date by first class mail to such Owner at his address as it appears on the Registration Books or, upon written request filed with the Trustee prior to the Regular Record Date by an Owner of at least \$1,000,000 in aggregate principal amount of Certificates, by wire transfer in immediately available funds to an account in the United States designated by such Owner in such written request. Such written request shall remain in effect until rescinded by such Owner. The principal and redemption premium (if any) payable with respect to any Certificate shall be paid by check upon presentation and surrender thereof at the Principal Corporate Trust Office. Both the principal and interest and premium (if any) with respect to the Certificates shall be payable in lawful money of the United States of America.

Section 2.11. Execution of Documents and Proof of Ownership. Any request, direction, consent, revocation of consent, or other instrument in writing required or permitted by this Trust Agreement to be signed or executed by Certificate Owners may be in any number of concurrent instruments of similar tenor, and may be signed or executed by such Owners in person or by their attorneys or agents appointed by an instrument in writing for that purpose, or by any bank, trust company or other depository for such Certificates. Proof of the execution of any such instrument, or of any instrument appointing any such attorney or agent, and of the ownership of Certificates shall be sufficient for any purpose of this Trust Agreement (except as otherwise herein provided), if made in the following manner:

(a) The fact and date of the execution by any Owner or his attorney or agent of any such instrument and of any instrument appointing any such attorney or agent, may be proved by a certificate, which need not be acknowledged or verified, of an officer of any bank or trust company located within the United States of America, or of any notary public, or other officer authorized to

take acknowledgments of deeds to be recorded in such jurisdictions, that the persons signing such instruments acknowledged before him the execution thereof. Where any such instrument is executed by an officer of a corporation or association or a member of a partnership on behalf of such corporation, association or partnership, such certificate shall also constitute sufficient proof of his authority.

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

Any request or consent of the Owner of any Certificate shall bind every future Owner of the same Certificate in respect of anything done or suffered to be done by the Trustee pursuant to such request or consent.

Section 2.12. Registration Books. The Trustee shall keep or cause to be kept, at its Principal Corporate Trust Office, sufficient records for the registration and registration of transfer of the Certificates, which shall at all reasonable times be open to inspection by the City and the Authority 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 the Registration Books, Certificates as hereinbefore provided.

Section 2.13. CUSIP Numbers. The Trustee, the City and the Authority shall not be liable for any defect or inaccuracy in the CUSIP number that appears on any Certificate or in any redemption notice. The Trustee may, in its discretion, include in any redemption notice a statement to the effect that the CUSIP numbers on the Certificates have been assigned by an independent service and are included in such notice solely for the convenience of the Owners and that neither the Trustee, the City nor the Authority shall be liable for any inaccuracies in such numbers.

Section 2.14. Use of Depository for Certificates. Notwithstanding any provision of this Trust Agreement to the contrary:

(a) At the request of the Original Purchaser, the Certificates shall be initially issued registered in the name of "Cede & Co.," as nominee of The Depository Trust Company, the depository designated by the Original Purchaser, and shall be evidenced by one Certificate maturing on each of the maturity dates set forth in Section 2.03 hereof to be in a denomination corresponding to the total principal therein designated to mature on such date. Registered ownership of such Certificates, or any portions thereof, may not thereafter be transferred except:

(i) to any successor of The Depository Trust Company or its nominee, or of any substitute depository designated pursuant to paragraph (ii) of this subsection (a) ("substitute depository"); provided that any successor of The Depository Trust Company or substitute depository shall be qualified under any applicable laws to provide the service proposed to be provided by it;

(ii) to any substitute depository designated in a written request of the City, upon (A) the resignation of The Depository Trust Company or its successor (or any substitute depository or its successor) from its functions as depository or (B) a determination by the City that The Depository Trust Company or its successor is no longer able to carry out its functions as 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 (A) the resignation of The Depository Trust Company or its successor (or any substitute depository or its successor) from its

functions as depository or (B) a determination by the City that The Depository Trust Company or its successor is no longer able to carry out its functions as depository; provided that no substitute depository which is not objected to by the City and the Trustee can be obtained.

(b) In the case of any transfer pursuant to paragraph (i) or paragraph (ii) of subsection (a) of this Section 2.14, upon receipt of all Outstanding Certificates by the Trustee, together with a written request of the City to the Trustee, a single new Certificate shall be executed and delivered for each maturity of such Certificate 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 written request of the City. In the case of any transfer pursuant to paragraph (iii) of subsection (a) of this Section 2.14, upon receipt of all Outstanding Certificates by the Trustee together with a written request of the City, new Certificates shall be executed and delivered in such denominations and registered in the names of such persons as are requested in a written request of the City provided 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 written request of the City.

(c) In the case of partial redemption of any Certificates evidencing all of the principal maturing in a particular year, The Depository Trust Company shall deliver the Certificates to the Trustee for cancellation and re-registration to reflect the amounts of such reduction in principal.

(d) The City and the Trustee shall be entitled to treat the person in whose name any Certificate is registered as the absolute 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 The Depository Trust Company or its successor (or substitute depository or its successor), except for the registered owner of any Certificate.

(e) So long as all outstanding Certificates are registered in the name of Cede & Co. or its registered assign, the City and the Trustee shall reasonably cooperate with Cede & Co., as sole registered Owner, or its registered assign in effecting payment of the principal and prepayment premium, if any, and interest due 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. Upon any such payment to Cede & Co., or its registered assign, of principal or redemption premium, if any, or interest due with respect to an Outstanding Certificate, all liability with respect to the amount so paid shall be satisfied.

(f) So long as all Outstanding Certificates are registered in the name of Cede & Co. or its registered assign (hereinafter, for purposes of this paragraph (f), the "Owner"):

(i) All notices and payments addressed to the Owners shall contain the Certificates' CUSIP number.

(ii) Notices to the Owner shall be forwarded in the manner and to the telephone numbers (in the case of notice by telecopy) and addresses as set forth in paragraphs 6 through 11 of the Letter of Representations directed to The Depository Trust Company and executed by the City and the Trustee in form hereto attached as Exhibit C and incorporated herein by reference (the "Letter of Representations").

(iii) The Owner shall in writing provide the Trustee with examples of signatures of those authorized to act on its behalf, which shall be subject to change and the Trustee shall

accept direction in writing from such persons or their designated successors on behalf of the registered Certificate.

(g) Reference is hereby made to the Letter of Representations for certain actions by the City and the Trustee under specified circumstances.

Section 2.15. Payment Procedure Pursuant to the Municipal Bond Insurance Policy. As long as the bond insurance shall be in full force and effect, the City and the Trustee agree to comply with the following provisions:

(a) At least one (1) day prior to each Interest Payment Date, the Trustee will determine whether there will be sufficient funds in the funds and accounts maintained under this Trust Agreement to pay the principal or interest due with respect to the Certificates on such Interest Payment Date. If the Trustee determines that there will be insufficient funds in such funds or accounts, the Trustee shall so notify AMBAC Indemnity. Such notice shall specify the amount of the anticipated deficiency, the Certificates to which such deficiency is applicable and whether such Certificates will be deficient as to principal or interest, or both. If the Trustee has not so notified AMBAC Indemnity at least one (1) day prior to an Interest Payment Date, AMBAC Indemnity will make payments of principal or interest due with respect to the Certificates on or before the first (1st) day next following the date on which AMBAC Indemnity shall have received notice of nonpayment from the Trustee.

(b) The Trustee shall, after giving notice to AMBAC Indemnity as provided in (a) above, make available to AMBAC Indemnity and, at AMBAC Indemnity's direction, to the United States Trust Company of New York, as insurance trustee for AMBAC Indemnity or any successor insurance trustee (the "Insurance Trustee"), the Registration Books and all records relating to the funds and accounts maintained under this Trust Agreement.

(c) The Trustee shall provide AMBAC Indemnity and the Insurance Trustee with a list of Owners entitled to receive principal or interest payments from AMBAC Indemnity under the terms of the Municipal Bond Insurance Policy, and shall make arrangements with the Insurance Trustee (i) to mail checks or drafts to the Owners entitled to receive full or partial interest payments from AMBAC Indemnity and (ii) to pay principal upon Certificates surrendered to the Insurance Trustee by the Owners entitled to receive full or partial principal payments from AMBAC Indemnity.

(d) The Trustee shall, at the time it provides notice to AMBAC Indemnity pursuant to (a) above, notify Owners entitled to receive the payment of principal or interest with respect thereto from AMBAC Indemnity (i) as to the fact of such entitlement, (ii) that AMBAC Indemnity will remit to them all or a part of the interest payments next coming due upon proof of such Owner's entitlement to interest payments and delivery to the Insurance Trustee, in form satisfactory to the Insurance Trustee, of an appropriate assignment of the Owner's right to payment, (iii) that should they be entitled to receive full payment of principal from AMBAC Indemnity, they must surrender their Certificates (along with an appropriate instrument of assignment in form satisfactory to the Insurance Trustee to permit ownership of such Certificates to be registered in the name of AMBAC Indemnity) for payment to the Insurance Trustee, and not the Trustee and (iv) that should they be entitled to receive partial payment of principal from AMBAC Indemnity, they must surrender their Certificates for payment thereon first to the Trustee who shall note on such Certificates the portion of the principal paid by the Trustee and then, along with an appropriate instrument of assignment in form satisfactory to the Insurance Trustee, to the Insurance Trustee, which will then pay the unpaid portion of principal.

(e) In the event that a Responsible Officer of the Trustee (as hereinafter defined) has notice that any payment of principal or interest with respect to a Certificate which has become Due for Payment (as such term is defined in the Municipal Bond Insurance Policy) and which is made to an

Owner by or on behalf of the City has been deemed a preferential transfer and theretofore recovered from its Owner pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with the final, nonappealable order of a court having competent jurisdiction, the Trustee shall, at the time AMBAC Indemnity is notified pursuant to (a) above, notify all Owners that in the event that any Owner's payment is so recovered, such Owner will be entitled to payment from AMBAC Indemnity to the extent of such recovery if sufficient funds are not otherwise available, and the Trustee shall furnish to AMBAC Indemnity its records evidencing the payments of principal and interest with respect to the Certificates which have been made by the Trustee and subsequently recovered from Owners and the dates on which such payments were made. "Responsible Officer of the Trustee" means the President, any Vice President, any Assistant Vice President or any Trust Officer of the Trustee.

(f) In addition to those rights granted AMBAC Indemnity under this Trust Agreement, AMBAC Indemnity shall, to the extent it makes payment of principal or interest with respect to Certificates, become subrogated to the rights of the recipients of such payments in accordance with the terms of the Municipal Bond Insurance Policy, and to evidence such subrogation (i) in the case of subrogation as to claims for past due interest, the Trustee shall note AMBAC Indemnity's rights as subrogee on the Registration Books upon receipt from AMBAC Indemnity of proof of the payment of interest with respect thereto to the Owners, and (ii) in the case of subrogation as to claims for past due principal, the Trustee shall note AMBAC Indemnity's rights as subrogee on the Registration Books upon surrender of the Certificates by the Owners thereof together with proof of the payment of principal with respect thereto.

ARTICLE III

DELIVERY COSTS FUND

Section 3.01. Delivery Costs Fund. The Trustee shall establish a special fund designated as the "Delivery Costs Fund"; shall keep such fund separate and apart from all other funds and moneys held by it; and shall administer such fund as provided herein. There shall be deposited in the Delivery Costs Fund the proceeds of sale of the Certificates required to be deposited therein pursuant to Section 2.07(b) hereof and any other funds from time to time deposited with the Trustee for such purpose and identified in writing to the Trustee.

Section 3.02. Payment of Delivery Costs.

(a) The moneys in the Delivery Costs Fund shall be disbursed by the Trustee to pay the Delivery Costs.

(b) The Trustee shall disburse moneys in the Delivery Costs Fund only upon a receipt of a sequentially numbered requisition, signed by a City Representative, setting forth the amounts to be disbursed for payment or reimbursement of Delivery Costs and the name and address of the person or persons to whom said amounts are to be disbursed, stating that the amounts to be disbursed are for Delivery Costs properly chargeable to the Delivery Costs Fund.

(c) The Trustee shall be responsible for the safekeeping and investment (in accordance with Section 8.02 hereof) of the moneys held in the Delivery Costs Fund and the payment thereof in accordance with this Section 3.04, but the Trustee shall not be responsible for such requisitions and shall be under no duty to investigate or verify any statements made therein.

Section 3.03. Transfers of Unexpended Proceeds. On November 1, 1993, all unexpended moneys remaining in the Delivery Costs Fund and not identified in writing by a City Representative to be required for payment of Delivery Costs shall be transferred to the Lease Payment Fund and applied to pay the Lease Payments as the same become due and payable.

ARTICLE IV
REDEMPTION OF CERTIFICATES

Section 4.01. Redemption.

(a) No Optional Redemption. The Certificates are not subject to optional redemption prior to maturity.

(b) Redemption From Net Proceeds of Insurance, Title Insurance and Condemnation. The Certificates are subject to mandatory redemption in whole at any time or in part on any Interest Payment Date (but not in a total redemption amount of less than \$20,000 in principal at any one time) from the Net Proceeds of an insurance, title insurance or condemnation award to the extent credited towards the prepayment of the Lease Payments by the City pursuant to Section 10.3 of the Lease Agreement, at a redemption price equal to the principal amount thereof to be redeemed together with accrued interest to the date fixed for redemption, without premium.

(c) Mandatory Redemption.

(i) *Certificates Maturing on November 1, 2014.* Certificates maturing on November 1, 2014, are subject to mandatory redemption in part on November 1 in each year on and after November 1, 2011, from the principal components of scheduled Lease Payments required to be paid by the City pursuant to Section 4.4 of the Lease Agreement with respect to each such redemption date, at a redemption price equal to the principal amount thereof to be redeemed, together with accrued interest to the date fixed for redemption, without premium, as follows:

Year (November 1)	Principal Amount of Certificates to be Redeemed	Year (November 1)	Principal Amount of Certificates to be Redeemed
2011	\$1,090,000	2013	\$1,215,000
2012	1,150,000	2014†	1,285,000

† Maturity.

In the event that the Trustee shall redeem Certificates maturing on November 1, 2014, in part but not in whole pursuant to subsection (b) of this Section 4.01, the amount of the Certificates to be redeemed in each subsequent year pursuant to this subsection (c) shall be reduced to correspond to the principal components of the Lease Payments prevailing following such redemption as determined pursuant to Section 4.4(b) of the Lease Agreement.

(ii) *Certificates Maturing on November 1, 2023.* Certificates maturing on November 1, 2023, are subject to mandatory redemption in part on November 1 in each year on and after November 1, 2015, from the principal components of scheduled Lease Payments required to be paid by the City pursuant to Section 4.4 of the Lease Agreement with respect to each such redemption date, at a redemption price equal to the principal amount thereof to be redeemed, together with accrued interest to the date fixed for redemption, without premium, as follows:

Year (November 1)	Principal Amount of Certificates to be Redeemed	Year (November 1)	Principal Amount of Certificates to be Redeemed
2015	\$1,340,000	2020	\$1,385,000
2016	1,135,000	2021	1,455,000
2017	1,195,000	2022	1,535,000
2018	1,260,000	2023†	1,610,000
2019	1,320,000		

† Maturity.

In the event that the Trustee shall redeem Certificates maturing on November 1, 2023, in part but not in whole pursuant to subsection (b) of this Section 4.01, the amount of the Certificates to be redeemed in each subsequent year pursuant to this subsection (c) shall be reduced to correspond to the principal components of the Lease Payments prevailing following such redemption as determined pursuant to Section 4.4(b) of the Lease Agreement.

Section 4.02. Selection of Certificates for Redemption. Whenever provision is made in this Trust Agreement for the redemption of Certificates and less than all Outstanding Certificates are to be redeemed, the Trustee shall select Certificates for redemption from the Outstanding Certificates not previously called for redemption, except redemptions pursuant to Section 4.01(c), in such order of maturity as shall be designated by the City to the Trustee in writing and, if the City shall not so designate, pro rata among maturities. The Trustee shall select Certificates for redemption within a maturity by lot or in any other manner which the Trustee shall, in its sole discretion, deem appropriate and fair. For the purposes of such selection, Certificates shall be deemed to be composed of \$5,000 portions and any such portion may be separately redeemed. The Trustee shall promptly notify the City and the Authority in writing of the Certificates so selected for redemption. Selection by the Trustee of Certificates for redemption shall be final and conclusive.

Section 4.03. Notice of Redemption.

(a) Official Notice. Unless waived by any Owner of Certificates to be redeemed, official notice of any such redemption shall be given by the Trustee on behalf of the City by mailing a copy thereof by first class mail at least thirty (30) days and not more than sixty (60) days prior to the date fixed for redemption to the Owner of the Certificate or Certificates to be redeemed at the address shown on the Registration Books.

All official notices of redemption shall be dated and shall state: (i) the redemption date, (ii) the redemption price, (iii) if fewer than all Outstanding Certificates are to be redeemed, the Certificate numbers (and, in the case of partial redemption, the respective principal amounts) of the Certificates to be redeemed, (iv) that on the redemption date the redemption price will become due and payable upon each such Certificate or portion thereof called for redemption, and that interest with respect thereto shall cease to accrue from and after said date, (v) the CUSIP numbers of the Certificates to be redeemed, and (vi) the place where such Certificates are to be surrendered for payment of the redemption price, which place for payment shall be the Principal Corporate Trust Office.

Prior to any redemption date, the City shall deposit, or cause to be deposited, with the Trustee an amount of money sufficient to pay the redemption price of all the Certificates or portions of Certificates which are to be redeemed on that date.

Official notice of redemption having been given as aforesaid, the Certificates or portions of Certificates so to be redeemed shall, on the redemption date, become due and payable at the

redemption price therein specified, and from and after such date (unless the City shall default in the payment of the redemption price) interest with respect to such Certificates or portions of Certificates shall cease to be payable. Upon surrender of such Certificates for redemption in accordance with said notice, such Certificates shall be paid by the Trustee at the redemption price. Installments of interest due on or prior to the redemption date shall be payable as herein provided for payment of interest. All Certificates which have been redeemed shall be canceled and destroyed by the Trustee and shall not be reissued.

Failure by any Owner to receive notice as hereinabove provided shall not affect the validity of any such redemption.

(b) Further Notice. In addition to the foregoing notice, further notice shall be given by the Trustee as set forth in this subsection (b), but no defect in said further notice nor any failure to give all or any portion of such further notice shall in any manner defeat the effectiveness of a call for redemption if notice thereof is given as prescribed in subsection (a) above. Each further notice of redemption given hereunder shall contain the information required above for an official notice of redemption plus (A) the rate of interest payable with respect to each Certificate being redeemed; (B) the maturity date of each Certificate being redeemed; and (C) any other descriptive information needed to identify accurately the Certificates being redeemed. Each further notice of redemption shall be sent, at least thirty-five (35) days before the redemption date, by telecopy, registered, certified or overnight mail to all Securities Depositories and to the Information Services. Upon the payment of the redemption price of Certificates being redeemed, each check or other transfer of funds issued for such purpose shall, to the extent practicable, bear or indicate the CUSIP number identifying, by issue and maturity, the Certificates being redeemed with the proceeds of such check or other transfer.

Section 4.04. Partial Redemption of Certificate. Upon surrender of any Certificate redeemed in part only, the Trustee shall execute and deliver to the Owner thereof, at the expense of the City, a new Certificate or Certificates of authorized denominations equal in aggregate principal amount to the unredeemed portion of the Certificate surrendered and of the same interest rate and the same maturity.

Section 4.05. Purchase of Certificates. In lieu of redemption of Certificates as provided in this Article IV, amounts held by the Trustee for such redemption may also be used at any time, upon the written request of a City Representative at least 75 days prior to such anticipated redemption date, for the purchase of Certificates at public or private sale as and when and at such prices (including brokerage, accrued interest and other charges) as the City may in its discretion direct, but not to exceed the redemption price which would be payable if such Certificates were redeemed at that time rather than purchased. The aggregate principal amount of Certificates of the same maturity purchased in lieu of redemption pursuant to this Section 4.05 shall not exceed the aggregate principal amount of Certificates of such maturity which would otherwise be subject to such redemption. Remaining moneys, if any, shall be deposited in the Lease Payment Fund.

ARTICLE V

LEASE PAYMENTS; LEASE PAYMENT FUND

Section 5.01. Assignment of Rights in Lease Agreement. The Authority has, in the Assignment Agreement, transferred, assigned and set over to the Trustee certain of its rights, but none of its obligations, set forth in the Lease Agreement, including but not limited to all of the Authority's rights to receive and collect all of the Lease Payments and all other amounts required to be deposited in the Lease Payment Fund pursuant to the Lease Agreement or pursuant hereto. All Lease Payments and such other amounts to which the Authority may at any time be entitled shall be paid directly to the Trustee and all of the Lease Payments collected or received by the Authority shall be deemed to be held and to have been collected or received by the Authority as the agent of the Trustee, and if received by the Authority at any time shall be deposited by the Authority with the Trustee within one Business Day after the receipt thereof, and all such Lease Payments and such other amounts shall be forthwith deposited by the Trustee upon the receipt thereof in the Lease Payment Fund (except as provided in Section 6.04 hereof).

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

Section 5.03. Deposits. There shall be deposited in the Lease Payment Fund all Lease Payments received by the Trustee (except as provided in Section 6.04 hereof), including any moneys received by the Trustee for deposit therein pursuant to Sections 2.07(a), 4.01, 5.01 or Article VII hereof, or Article X of the Lease Agreement, and any other moneys required to be deposited therein pursuant to the Lease Agreement or pursuant to this Trust Agreement.

Section 5.04. Application of Moneys. All amounts in the Lease Payment Fund shall be used and withdrawn by the Trustee solely for the purpose of paying the principal, interest and redemption premiums (if any), with respect to the Certificates as the same shall become due and payable, in accordance with the provisions of Articles II, IV and XIV hereof. The moneys deposited in the Lease Payment Fund pursuant to Section 2.07(a) shall be applied by the Trustee as a credit against a portion of the obligation of the City to make Lease Payments on October 15, 1993.

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

ARTICLE VI
RESERVE FUND

Section 6.01. Establishment of Reserve Fund. The Trustee shall establish a special fund designated as the "Reserve Fund." All moneys at any time on deposit in the Reserve Fund shall be held by the Trustee in trust for the benefit of the Owners of the Certificates, and applied solely as provided herein.

Section 6.02. Deposits. There shall be deposited and maintained in the Reserve Fund from the proceeds of the sale of the Certificates an amount equal to the Reserve Requirement, in accordance with Section 2.07(c). Moneys in the Reserve Fund shall be held in trust as a reserve for the payment when due of the Lease Payments.

Section 6.03. Transfers of Excess. The Trustee shall, on or before each April 1 and October 1, transfer any moneys in the Reserve Fund then in excess of the Reserve Requirement to the Lease Payment Fund, to be credited to the Lease Payments next coming due and payable.

Section 6.04. Application in Event of Deficiency in Lease Payment Fund. If, on any Interest Payment Date, the moneys available in the Lease Payment Fund do not equal the amount of the principal, interest and redemption premium (if any) with respect to the Certificates then coming due and payable, the Trustee shall apply the moneys available in the Reserve Fund to make delinquent Lease Payments on behalf of the City by transferring the amount necessary for this purpose to the Lease Payment Fund.

Upon receipt of any delinquent Lease Payment or portion thereof or other funds with respect to which moneys have been advanced from the Reserve Fund, such Lease Payment or portion thereof or other funds shall be deposited by the Trustee in the Reserve Fund.

Section 6.05. Transfer To Make All Lease Payments. If, on any Interest Payment Date, the moneys on deposit in the Reserve Fund and the Lease Payment Fund (excluding amounts required for payment of principal, interest and redemption premium (if any) with respect to Certificates not presented for payment) are sufficient to pay all Outstanding Certificates, including all principal, interest and redemption premiums (if any), the Trustee shall, upon the written direction of a City Representative, transfer all amounts then on deposit in the Reserve Fund to the Lease Payment Fund to be applied to the payment of the Lease Payments on behalf of the City, and such moneys shall be distributed to the Owners of Certificates in accordance with Articles II and IV of this Trust Agreement. Any amounts remaining in the Reserve Fund upon payment in full of all Outstanding Certificates and all amounts due the Trustee hereunder, or upon provision for such payment as provided in Section 14.01, shall be withdrawn by the Trustee and paid to the City.

ARTICLE VII

INSURANCE AND CONDEMNATION FUND; INSURANCE; EMINENT DOMAIN; TITLE INSURANCE

Section 7.01. Establishment of Insurance and Condemnation Fund: Application of Net Proceeds of Insurance Award.

(a) Any Net Proceeds of insurance against accident to or destruction of any part of the Project collected by the City in the event of any such accident or destruction shall be paid to the Trustee by the City pursuant to Section 6.2(a) of the Lease Agreement and deposited by the Trustee promptly upon receipt thereof in a special fund which the Trustee shall establish designated as the "Insurance and Condemnation Fund."

(b) If the City determines and notifies the Trustee in writing of its determination, within ninety (90) days following the date of such deposit, that the replacement, repair, restoration, modification or improvement of the Project is not economically feasible or in the best interest of the City, then such Net Proceeds shall be promptly transferred by the Trustee to the Lease Payment Fund and applied to the prepayment of Lease Payments pursuant to Section 10.3 of the Lease Agreement.

(c) In the event of damage or destruction of the Project in full, such Net Proceeds may be transferred to the Lease Payment Fund only if sufficient, together with other moneys available therefor, to cause the prepayment of the principal components of all unpaid Lease Payments pursuant to Section 10.3 of the Lease Agreement and Section 4.01(b) hereof.

(d) In the event of damage or destruction of the Project in part, such Net Proceeds may be transferred to the Lease Payment Fund and applied to the prepayment of Lease Payments only if the principal component of the resulting Lease Payments are equal to or less than the value of the remaining portions of the Project.

(e) All Net Proceeds deposited in the Insurance and Condemnation Fund and not so transferred to the Lease Payment Fund shall be applied by the City to the prompt replacement, repair, restoration, modification or improvement of the damaged or destroyed portions of the Project. Net Proceeds deposited in the Insurance and Condemnation Fund shall be applied for such purpose by the City, upon submission to the Trustee of requisitions signed by a City Representative, stating with respect to each payment to be made (i) the requisition number, (ii) the name and address of the person, firm or corporation to whom payment is due, (iii) the amount to be paid and (iv) that each obligation mentioned therein has been properly incurred, is a proper charge against the Insurance and Condemnation Fund, has not been the basis of any previous withdrawal, and specifying in reasonable detail the nature of the obligation, accompanied by a bill or a statement of account for such obligation. Any balance of the Net Proceeds remaining after such work has been completed shall be paid to the City upon written request of the City.

Section 7.02. Application of Net Proceeds of Eminent Domain Award. If all or any part of the Project shall be taken by eminent domain proceedings (or sold to a government threatening to exercise the power of eminent domain) the Net Proceeds therefrom shall be deposited with the Trustee in the Insurance and Condemnation Fund pursuant to Section 6.2(b) of the Lease Agreement and shall be applied and disbursed by the Trustee as follows:

(a) If the City has given written notice to the Trustee of its determination that (i) such eminent domain proceedings have not materially affected the operation of the Project or the ability of the City to meet any of its obligations with respect to the Project under the Lease Agreement,

and (ii) such proceeds are not needed for repair or rehabilitation of the Project, the City shall so certify to the Trustee and the Trustee, at the written request of a City Representative, shall transfer such proceeds to the Lease Payment Fund to be credited towards the prepayment of the Lease Payments pursuant to Section 10.3 of the Lease Agreement and applied to the redemption of Certificates in the manner provided in Section 4.01(b) hereof.

(b) If the City has given written notice to the Trustee of its determination that (i) such eminent domain proceedings have not materially affected the operation of the Project or the ability of the City to meet any of its obligations with respect to the Project under the Lease Agreement, and (ii) such proceeds are needed for repair, rehabilitation or replacement of the Project, the City shall so certify to the Trustee and the Trustee, at the City's written request, shall pay to the City, or to its order, from said proceeds such amounts as the City may expend for such repair or rehabilitation, upon the filing with the Trustee of requisitions of a City Representative, in the form and containing the provisions set forth in Section 7.01.

(c) If (i) less than all of the Project shall have been taken in such eminent domain proceedings or sold to a government threatening the use of eminent domain powers, and if the City has given written notice to the Trustee of its determination that such eminent domain proceedings have materially affected the operation of the Project or the ability of the City to meet any of its obligations with respect to the Project under the Lease Agreement or (ii) all of the Project shall have been taken in such eminent domain proceedings, then the Trustee shall transfer such proceeds to the Lease Payment Fund to be credited toward the prepayment of the Lease Payments pursuant to Section 10.3 of the Lease Agreement and applied to the redemption of Certificates in the manner provided in Section 4.01(b) hereof.

(d) In making any determination under this Section 7.02, the City may, but shall not be required to, obtain at its expense, the report of an independent engineer or other independent professional consultant, a copy of which shall be filed with the Trustee. Any such determination by the City shall be final.

Section 7.03. Application of Net Proceeds of Title Insurance Award. The Net Proceeds from a title insurance award shall be deposited with the Trustee in the Insurance and Condemnation Fund pursuant to Section 6.2(c) of the Lease Agreement and shall be transferred to the Lease Payment Fund to be credited towards the prepayment of Lease Payments required to be paid pursuant to Section 10.3 of the Lease Agreement and applied to the redemption of Certificates in the manner provided in Section 4.01(b).

Section 7.04. Cooperation. The Authority 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 Agreement and in the prosecution or defense of any prospective or pending condemnation proceeding with respect to the Project or any portion thereof. The Trustee shall not be obligated to join in such action if it believes it will be exposed to liability or has not been indemnified to its satisfaction from any loss, liability or expense including, but not limited to, attorneys fees.

ARTICLE VIII

MONEYS IN FUNDS; INVESTMENT

Section 8.01. 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 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 (except as set forth in Section 9.03 hereof) be subject to levy, attachment or lien by or for the benefit of any creditor of the Authority, the Trustee, the City or any Owner of Certificates.

Section 8.02. Investments Authorized. Moneys held by the Trustee hereunder shall, upon written order of a City Representative, be invested and reinvested by the Trustee in Permitted Investments. If the City Representative shall fail to so direct investments, the Trustee shall invest the affected moneys in Permitted Investments described in paragraph (f) of the definition thereof. The City Representative may, by written order filed with the Trustee, direct such investment of moneys held by the Trustee in specific Permitted Investments. Such investments, if registrable, shall be registered in the name of and held by the Trustee or its nominee, as trustee. The Trustee may purchase from or sell to itself or any affiliate, as principal or agent, investments authorized by this Section 8.02. Such investments and reinvestments shall be made giving full consideration to the time at which funds are required to be available. The Trustee may act as principal or agent in the making or disposing of any investment. Reserve Fund investments may not have maturities extending beyond five (5) years.

Section 8.03. Accounting. The Trustee shall furnish to the City, at least monthly, an accounting which may be in the form of its customary accounting statements 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 Section 8.02 hereof.

Section 8.04. Allocation of Earnings. All interest or income received by the Trustee on investment of the Lease Payment Fund shall as received be retained in the Lease Payment Fund. Amounts retained or deposited in the Lease Payment Fund pursuant to this Section 8.04 shall be applied as a credit against the Lease Payment due by the City pursuant to the Lease Agreement on the Lease Payment Date following the date of deposit. All interest or income received by the Trustee on investment of the Reserve Fund shall be retained in the Reserve Fund in the event that amounts on deposit in the Reserve Fund are less than the Reserve Requirement. In the event that amounts then on deposit in the Reserve Fund equal or exceed the Reserve Requirement, such excess shall be transferred to the Lease Payment Fund. Transfers to the Lease Payment Fund from the Reserve Fund shall be made by the Trustee on or prior to each April 1 and October 1. All interest or income in the Delivery Costs Fund shall be retained in the Delivery Costs Fund until the Delivery Costs Fund is closed pursuant to Section 3.03 hereof.

Section 8.05. Valuation and Disposition of Investments. "Value", which shall be determined as of the end of each month, means that the value of any investments shall be calculated as follows:

(a) as to 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 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 of 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 investment not specified above: the value thereof established by prior agreement between the City, the Trustee and AMBAC Indemnity.

Section 8.06. No Arbitrage. The City shall not take, or permit or suffer to be taken by the Trustee or otherwise, any action with respect to the proceeds of the Certificates which if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the Closing Date would have caused the Certificates or the Lease Agreement to be "arbitrage bonds" within the meaning of section 148(a) of the Code and Regulations.

Section 8.07. Rebate of Excess Investment Earnings to United States. The City covenants that it will assure compliance with requirements for rebate of excess investment earnings to the federal government in accordance with section 148(f) of the Code and applicable Regulations.

ARTICLE IX
THE TRUSTEE

Section 9.01. Appointment of Trustee. The Trustee is hereby appointed trustee, registrar and paying agent by the Authority 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. Every successor Trustee appointed pursuant to Section 9.08 shall be a trust company or bank in good standing located in or incorporated under the laws of the State, duly authorized to exercise trust powers and subject to examination by federal or state authority, having a reported capital and surplus of not less than \$75,000,000 and acceptable to AMBAC Indemnity. If such corporation or association publishes a report of condition at least annually pursuant to law or to the requirements of any supervising or examining authority above referred to then for the purpose of this Section 9.01, the combined capital and surplus of such corporation shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. In case at any time the Trustee shall cease to be eligible in accordance with the provisions of this Section 9.01, the Trustee shall resign immediately in the manner and with the effect specified in Section 9.07.

The Trustee is hereby authorized to pay the Certificates when duly presented for payment at maturity, or on redemption, or on purchase by the Trustee prior to maturity in accordance with Section 4.05 hereof, and to cancel all Certificates upon payment thereof. The Trustee shall keep records in accordance with industry standards 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.

Section 9.02. Acceptance of Trusts. The Trustee hereby accepts the trusts imposed upon it by this Trust Agreement and agrees to perform said trusts, but only upon and subject to the following express terms and conditions:

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

No provision in this Trust Agreement shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder or thereunder, or in the exercise of any of its rights or powers.

The Trustee may execute any of the trusts or powers hereof and perform the duties required of it hereunder either directly or by or through attorneys or agents and shall not be liable for the actions or omissions of such attorneys or agents if appointed by it with ordinary care. The Trustee shall be entitled to advice of counsel concerning all matters of trust and its duty hereunder or thereunder. The Trustee may consult with counsel and the written advice or the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered or omitted by it hereunder in reliance thereon.

The Trustee shall not be responsible for any recital herein, in the Assignment Agreement or in the Certificates, or for any of the supplements thereto or instruments of further assurance, or for

the sufficiency of the security for the Certificates delivered hereunder or intended to be secured hereby and the Trustee shall not be bound to ascertain or inquire as to the observance or performance of any covenants, conditions or agreements on the part of the Authority or the City under the Lease Agreement.

The Trustee shall not be accountable for the use or application by the City or the Authority of the Certificates or the proceeds thereof. The Trustee may become the Owner or pledgee of Certificates secured hereby with the same rights which it would have if it were not the Trustee; may acquire and dispose of other bonds or evidences 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 Owners of Certificates, whether or not such committee shall represent the Owners of the majority in principal amount, of the Certificates then Outstanding.

The Trustee may rely and shall be protected in acting or refraining from acting upon any notice, request, consent, requisition, certificate, order, affidavit, letter, telegram or other paper or document believed by it to be genuine and to have been signed or sent by the proper person or persons. Any action taken or omitted to be taken by the Trustee in good faith pursuant to this Trust Agreement upon the request or authority or consent of any person who at the time of making such request or giving such authority or consent is the Owner of any Certificate, shall be conclusive and binding upon all future Owners of the same Certificate and upon Certificates executed and delivered in exchange therefor or in place thereof.

As to the existence or non-existence of any fact or as to the sufficiency or validity of any instrument, paper or proceeding, the Trustee shall be entitled to rely upon a certificate signed by an Authority Representative or a City Representative as sufficient evidence of the facts therein contained and prior to the occurrence of an Event of Default of which the Trustee has been given notice or is deemed to have notice, shall also be at liberty to accept a similar certificate to the effect that any particular dealing, transaction or action is necessary or expedient. The Trustee may accept a certificate of an Authority Representative or a City Representative to the effect that an authorization in the form therein set forth has been adopted by the Authority or the City, as the case may be, as conclusive evidence that such authorization has been duly adopted, and is in full force and effect.

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

The Trustee shall not be required to take notice or be deemed to have notice of any Event of Default hereunder except failure by the City to make any of the Lease Payments to the Trustee required to be made by the City pursuant to the Lease Agreement, unless the Trustee shall be specifically notified in writing of such default by the Authority, the City or by the Owners of at least five percent (5%) in aggregate principal amount of Certificates then Outstanding and all notices or other instruments required by this Trust Agreement to be delivered to the Trustee must, in order to be effective, be delivered at the Principal Corporate Trust Office, and in the absence of such notice so delivered the Trustee may conclusively assume there is no Event of Default except as aforesaid.

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

Notwithstanding anything elsewhere in this Trust Agreement with respect to the execution of any Certificates, the withdrawal of any cash, the release of any property, or any action

whatsoever within the purview of this Trust Agreement, the Trustee shall have the right, but shall not be required, to demand any showings, certificates, opinions, appraisals or other information, or corporate action or evidence thereof, in addition to that by the terms hereof required as a condition of such action, by the Trustee deemed desirable for the purpose of establishing the right of the City to the withdrawal of any cash, or the taking of any other action by the Trustee.

All moneys received by the Trustee shall, until used or applied or invested as herein provided, be held in trust for the purposes for which they were received but need not be segregated from other funds except to the extent required by law.

The Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Owners of a majority in aggregate principal amount of the Outstanding Certificates relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under this Trust Agreement.

Before being required to take any action, the Trustee may require an opinion of Independent 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 liable for any error of judgment made in good faith by a responsible officer of the Trustee, unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts.

The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Trust Agreement at the request or direction of any of the Owners pursuant to this Trust Agreement, unless such Owners shall have offered to the Trustee reasonable security or indemnity against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction.

The Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond or other paper or document but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Trustee shall determine to make such further inquiry or investigation, it shall be entitled to examine the books, records and premises of the City and the Authority, personally or by agent or attorney.

Under no circumstances shall the Trustee be liable in its individual capacity for the obligations evidenced by the Certificates.

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

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

The Trustee makes no representations as to the validity or sufficiency of the Certificates and shall incur no responsibility in respect thereof, other than in connection with the duties or obligations herein or therein assigned to or imposed upon it. The Trustee shall not be responsible for the validity or sufficiency of the Lease Agreement or the assignment under the Assignment Agreement. The Trustee shall not be liable for the sufficiency or collection of any Lease Payments or other moneys required to be paid to it under the Lease Agreement (except as provided in this Trust Agreement), its right to receive moneys pursuant to the Lease Agreement, or the value of or title to the premises upon which the Project is located or the Project. The Trustee makes no representations and shall have no responsibility for any official statement or other offering material prepared or distributed with respect to the Certificates.

In accepting the trust hereby created, the Trustee acts solely as Trustee for the Owners and not in its individual capacity and all persons, including without limitation the Owners and the City or the Authority having any claim against the Trustee arising from this Trust Agreement shall look only to the funds and accounts held by the Trustee hereunder for payment except as otherwise provided herein.

The Trustee shall not be personally liable, in case of entry by it or the Authority upon the Project, for debts contracted or liabilities or damages incurred in the management or operation of the Project by the Authority or it.

Whether or not therein expressly so provided, every provision of this Trust Agreement, the Lease Agreement and the Assignment Agreement relating to the conduct or affecting the liability of the Trustee shall be subject to the provisions of this Article IX.

Section 9.03. Fees, Charges and Expenses of Trustee. The Trustee shall be entitled to payment and reimbursement for reasonable fees for its services rendered hereunder and all advances, counsel fees (including expenses) and other expenses reasonably and necessarily made or incurred by the Trustee in connection with such services and the Trustee shall have a first and prior lien on the funds held hereunder to secure the same. The Trustee's rights hereunder, including its rights under Section 12.03 hereof, shall survive its resignation or removal and final payment of the Certificates.

Section 9.04. Notice to Certificate Owners of Default. If an Event of Default occurs of which the Trustee has been given or is deemed to have notice, then the Trustee shall, within ninety (90) days of the occurrence thereof, give written notice thereof by first class mail to the Owner of each Certificate, unless such Event of Default shall have been cured before the giving of such notice; *provided, however,* that unless such Event of Default consists of the failure by the City to make any Lease Payment when due, the Trustee may elect not to give such notice if and so long as the Trustee in good faith determines that it is in the best interests of the Certificate Owners not to give such notice.

Section 9.05. Intervention by Trustee. In any judicial proceeding to which the Authority or the City is a party which, in the opinion of the Trustee, has a substantial bearing on the interests of Owners of the Certificates, the Trustee may intervene on behalf of the Certificate Owners, and shall do so if requested in writing by the Owners of at least five percent (5%) of the aggregate principal amount of Certificates then Outstanding; provided that the Trustee shall have no duty to take such action unless it has been indemnified to its satisfaction for any expenses hereunder. The rights and obligations of the Trustee under this Section 9.05 are subject to the approval of a court of competent jurisdiction.

Section 9.06. Removal of Trustee. Upon thirty (30) days' prior written notice, the City (so long as no Event of Default has occurred and is continuing) or the Owners of at least a majority of the aggregate principal amount of Certificates then Outstanding may, with the consent of the

Authority, remove the Trustee initially appointed, and any successor thereto, by an instrument or concurrent instruments in writing delivered to the Trustee and the Authority, and may appoint a successor or successors thereto; provided that any such successor shall be a bank or trust company meeting the requirements set forth in Section 9.01 hereof and the appointment of such successor shall be approved in writing by the City. The Trustee may be removed at any time, at the request of AMBAC Indemnity, for any breach of the trust set forth herein.

Section 9.07. Resignation by Trustee. The Trustee and any successor Trustee may, at any time, resign by giving thirty (30) days' written notice by registered or certified mail to the City and the Authority. AMBAC Indemnity shall receive prior written notice of any Trustee resignation.

Section 9.08. Appointment of Successor Trustee. In the event of the removal or resignation of the Trustee pursuant to Sections 9.06 or 9.07 hereof, the City shall promptly appoint a successor Trustee. In the event the City shall, for any reason whatsoever, fail to appoint a successor Trustee within thirty (30) days following the delivery to the Trustee of the instrument described in Section 9.06 hereof or within thirty (30) days following the receipt of notice by the City pursuant to Section 9.07 hereof, the Trustee may apply to a court of competent jurisdiction at the expense of the City for the appointment of a successor Trustee meeting the requirements of Section 9.01 hereof. Any such successor Trustee appointed by such court shall become the successor Trustee hereunder notwithstanding any action by the City purporting to appoint a successor Trustee following the expiration of such thirty (30) day period.

Section 9.09. Merger or Consolidation. Any company or association into which the Trustee may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company or association to which the Trustee may sell or transfer all or substantially all of its corporate trust business, provided that such company or association shall be eligible under Section 9.01 hereof, shall be the successor to the Trustee and vested with all of the title to the trust estate and all of the trusts, powers, discretions, immunities, privileges and all other matters as was its predecessor, without the execution or filing of any paper or further act, anything herein to the contrary notwithstanding.

Section 9.10. Concerning any Successor Trustee. Every successor Trustee appointed hereunder shall execute, acknowledge and deliver to its predecessor and also the Authority and the City an instrument in writing accepting such appointment hereunder and thereupon such successor, without any further act, deed or conveyance, shall become fully vested with all the estates, properties, rights, powers, trusts, duties and obligations of its predecessors; but such predecessor shall, nevertheless, on the written request of the City, or of its successor, execute and deliver an instrument transferring to such successor all the estates, properties, rights, powers and trusts of such predecessor hereunder; and every predecessor Trustee shall deliver all securities and moneys held by it as the Trustee hereunder to its successor. Upon such acceptance, the City shall mail, or cause the mailing of, notice thereof to the Certificate Owners at their respective addresses set forth on the Registration Books. Should any instrument in writing from the City be required by any successor Trustee for more fully and certainly vesting in such successor the estate, rights, powers and duties hereby vested or intended to be vested in the predecessor, any and all such instruments in writing shall, on request, be executed, acknowledged and delivered by the City. The resignation of any Trustee and the instrument or instruments removing any Trustee and appointing a successor hereunder, together with all other instruments provided for in this Article IX, shall be filed or recorded by the successor Trustee in each recording office where the Assignment Agreement shall have been filed or recorded.

Notwithstanding any other provision of this Trust Agreement, no removal, resignation or termination of the Trustee shall take effect until a successor, reasonably acceptable to AMBAC, shall be appointed.

ARTICLE X

MODIFICATION OR AMENDMENT OF AGREEMENTS

Section 10.01. Amendments Permitted. This Trust Agreement and the rights and obligations of the Owners of the Certificates and the Lease Agreement 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 consents of the Owners of at least fifty-one percent (51%) in aggregate principal amount of the Certificates then Outstanding, exclusive of Certificates disqualified as provided in Section 10.03 hereof, shall have been filed with the Trustee. 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, or reducing the amount of principal thereof, or reducing any premium payable upon the redemption 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 the Lease Agreement, 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 10.02 hereof.

This Trust Agreement and the rights and obligations of the Owners of the Certificates and the Lease Agreement and the rights and obligations of the respective parties thereto, may be modified or amended at any time by a supplemental agreement, without the consent of any such Owners, but only to the extent permitted by law and only (1) to add to the covenants and agreements of any party, other covenants to be observed, or to surrender any right or power herein reserved to the Authority or the City, (2) to cure, correct or supplement any ambiguous or defective provision contained herein or therein and which shall not, in the opinion of nationally recognized bond counsel, materially adversely affect the interests of the Owners of the Certificates, (3) in regard to questions arising hereunder or thereunder, as the parties hereto or thereto may deem necessary or desirable and which shall not, in the opinion of nationally recognized bond counsel, materially adversely affect the interests of the Owners of the Certificates, (4) to modify the legal description of the Site to conform to the requirements of title insurance or otherwise to add or delete property descriptions to reflect accurately the description of the parcels intended to be included therein, (5) in connection with any substitution of the Site or the Facility or the release of any portion of the Site in accordance with Section 8.3 of the Lease Agreement; or (6) to make such additions, deletions or modifications as may be necessary or appropriate to assure compliance with section 148(f) of the Code relating to required rebate of excess investment earnings to the United States or otherwise as may be necessary to assure the exclusion from gross income for federal income tax purposes of the interest component of Lease Payments and the interest payable with respect to the Certificates. Any such supplemental agreement shall become effective upon execution and delivery by the parties hereto or thereto, as the case may be.

The Trustee shall be entitled to conclusively rely on an opinion of counsel as to whether an amendment to the Trust Agreement or the Lease Agreement satisfies the requests of this Article X.

Section 10.02. Procedure for Amendment with Written Consent of Certificate Owners. This Trust Agreement and the Lease Agreement may be amended by supplemental agreement as provided in this Section 10.02 in the event the consent of the Owners of the Certificates is required pursuant to Section 10.01 hereof. A copy of such supplemental agreement, together with a request to the Certificate Owners for their consent thereto, shall be mailed by the Trustee to each Owner of a Certificate at his address as set forth on the Registration Books, but failure to mail copies of such supplemental agreement and request shall not affect the validity of the supplemental agreement when assented to as in this Section 10.02 provided.

Such supplemental agreement shall not become effective unless there shall be filed with the Trustee the written consents of the Owners of at least fifty-one percent (51%) in aggregate principal amount of the Certificates then Outstanding, (exclusive of Certificates disqualified as provided in Section 10.03 hereof), and a notice shall have been mailed as hereinafter in this Section 10.02 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 hereof. 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 10.02 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 Owners of the Certificates in the manner hereinbefore provided in this Section 10.02 for the mailing of such supplemental agreement of the notice of adoption thereof, stating in substance that such supplemental agreement has been consented to by the Owners of the required percentage of Certificates and will be effective as provided in this Section 10.02 (but failure to mail copies of said notice shall not affect the validity of such supplemental agreement or consents thereto). A record, consisting of the papers required by this Section 10.02 to be filed with the Trustee, shall be conclusive proof of the matters therein stated. Such supplemental agreement shall become effective upon the mailing of such last-mentioned notice, and such supplemental agreement shall be deemed conclusively binding upon the parties hereto and the Owners of all Certificates at the expiration of sixty (60) days after such filing, except in the event of a final decree of a court of competent jurisdiction setting aside such consent in a legal action or equitable proceeding for such purpose commenced within such sixty (60) day period.

Each Certificate Owner shall certify to the Trustee whether the Certificates as to which such consent is given are disqualified as provided in Section 10.03 hereof.

Section 10.03. Disqualified Certificates. Certificates owned or held by or for the account of the City or the Authority or by any person directly or indirectly controlled or controlled by, or under direct or indirect common control with the City or the Authority (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 or any calculation of Outstanding Certificates 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 10.04. Effect of Supplemental Agreement. From and after the time any supplemental agreement becomes effective pursuant to this Article X, this Trust Agreement or the Lease Agreement, as the case may be, shall be deemed to be modified and amended in accordance therewith, 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 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 Agreement, as the case may be, for any and all purposes.

Section 10.05. 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 or otherwise, 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 the purpose at the Principal Corporate Trust Office a suitable notation shall be made on such Certificate. The Trustee may

determine that the delivery of substitute Certificates, so modified as in the opinion of the Trustee is necessary to conform to such Certificate Owners' action, which substitute Certificates shall thereupon be prepared by the City to be executed and delivered by the Trustee. In that case, upon demand of the Owner of any Certificate then Outstanding, such substitute Certificate shall be exchanged at the Principal Corporate Trust Office at the expense of the City, for a Certificate of the same tenor then Outstanding, upon surrender of such Outstanding Certificate.

Section 10.06. Amendatory Endorsement of Certificates. The provisions of this Article X shall not prevent any Certificate Owner from accepting any amendment as to the particular Certificates held by him, provided that proper notation thereof is made on such Certificates.

ARTICLE XI
COVENANTS

Section 11.01. Compliance With and Enforcement of Site and Facility Lease and Lease Agreement. The City covenants and agrees with the Owners of the Certificates to perform all obligations and duties imposed on it under the Site and Facility Lease and the Lease Agreement. The Authority covenants and agrees with the Owners of the Certificates to perform all obligations and duties imposed on it under the Site and Facility Lease and the Lease Agreement.

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 of or refraining from action, would or might be a ground for cancellation or termination of the Lease Agreement by the Authority thereunder. The Authority 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 either of them, in the Project, 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 11.02. 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 public entity, 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 11.03. Prosecution and Defense of Suits. The City shall promptly, upon request of the Trustee or any Certificate Owner, from time to time take such action as may be necessary or proper to remedy or cure any defect in or cloud upon the title to the Project, whether now existing or hereafter developing and shall prosecute all such suits, actions and other proceedings as may be appropriate for such purpose and shall indemnify and save the Trustee and every Certificate Owner harmless from all loss, cost, damage and expense, including attorneys' fees, which they or any of them may incur by reason of any such defect, cloud, suit, action or proceeding.

Section 11.04. Recordation and Filing. The City shall record and file, or cause to be recorded and filed, the Site and Facility Lease, the Lease Agreement (or a memorandum thereof), the Assignment Agreement and all such documents as may be required by law (and shall take all further actions which may be necessary or be reasonably required by the Trustee), all in such manner, at such times and in such places as may be required by law in order fully to preserve, protect and perfect the security of the Trustee and the Certificate Owners.

Section 11.05. City Budgets. The City shall supply to the Trustee on or before January 1 of each year a written determination by a City Representative that the City has made adequate provision in its proposed annual budget for the payment of Lease Payments due under the Lease Agreement in the fiscal year covered by such budget. Such determination shall be made as soon as practicable after the first publication of any notice of public hearing upon the proposed budget of the City and shall be made, in any event, not later than the date fixed for any public hearing on the proposed budget. The determination given by the City to the Trustee shall be that the amounts so budgeted are fully adequate for the payment of all Lease Payments due under the Lease Agreement in the annual period covered by such budget.

Section 11.06. Further Assurances. The Authority 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 the Lease Agreement, or as may be requested by the Trustee and for the better assuring and confirming unto the Owners of the Certificates and the Trustee the rights and benefits provided herein.

Section 11.07. Satisfaction of Conditions Precedent. The City hereby certifies, recites and declares that all acts, conditions and things required by the constitution and statutes of the State of California, the Lease Agreement and this Trust Agreement to exist, to have happened and to have been performed precedent to and in the delivery of the Certificates, do exist, have happened and have been performed in due time, form and manner as required by law.

ARTICLE XII

LIMITATION OF LIABILITY

Section 12.01. Limited Liability of City. Except for the payment of Lease Payments when due in accordance with the Lease Agreement and the performance of the other covenants and agreements of the City contained in the Lease Agreement and this Trust Agreement, the City shall have no pecuniary obligation or liability to any of the other parties or to the Owners of the Certificates with respect to this Trust Agreement or the terms, execution, delivery or transfer of the Certificates, or the distribution of Lease Payments to the Owners by the Trustee, except as expressly set forth herein.

Section 12.02. No Liability of City or Corporation for Trustee Performance. Neither the City nor the Authority shall have any obligation or liability to any of the other parties or to the Owners of the Certificates with respect to the performance by the Trustee of any duty imposed upon it under this Trust Agreement.

Section 12.03. Indemnification of Trustee. The City shall to the extent permitted by law indemnify and save the Trustee, its officers, employees, directors and agents 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 by the Authority or the City, (ii) any breach or default on the part of the Authority or the City in the performance of any of their respective obligations under the Lease Agreement, this Trust Agreement and any other agreement made and entered into for purposes of the Project, (iii) any act of the Authority or the City or of any of their respective agents, contractors, servants, employees, licensees with respect to the Project, (iv) any act of any assignee of, or purchaser from the Authority or the City or of any of its or their respective agents, contractors, servants, employees or licensees with respect to the Project, (v) the authorization of payment of Delivery Costs, (vi) the actions of any other party, including but not limited to the ownership, operation or use of the Project by the Authority or the City, (vii) the Trustee's acceptance or administration of this trust, including the exercise and performance of its powers and duties hereunder and under the Lease Agreement, or (viii) the offering and sale of the Certificates. No indemnification will be made under this Section 12.03 or elsewhere in this Trust Agreement for willful misconduct or negligence under this Trust Agreement by the Trustee, its officers or employees. The City's obligations hereunder shall remain valid and binding notwithstanding maturity and payment of the Certificates or resignation or removal of the Trustee.

Section 12.04. Limitation of Rights to Parties and Certificate Owners. Nothing in this Trust Agreement or in the Certificates expressed or implied is intended or shall be construed to give any person other than the City, the Authority, the Trustee and the Owners of the Certificates, any legal or equitable right, remedy or claim under or in respect of this Trust Agreement or any covenant, condition or provision hereof; and all such covenants, conditions and provisions are and shall be for the sole and exclusive benefit of the City, the Authority, the Trustee and said Owners.

ARTICLE XIII

EVENTS OF DEFAULT AND REMEDIES OF CERTIFICATE OWNERS

Section 13.01. Assignment of Rights. Pursuant to the Assignment Agreement, the Authority has transferred, assigned and set over to the Trustee all of the Authority's rights in and to the Lease Agreement (excepting only the Authority's rights under Sections 5.8, 7.3 and 9.4 thereof), including without limitation all of the Authority's rights to exercise such rights and remedies conferred on the Authority pursuant to the Lease Agreement as may be necessary or convenient (i) to enforce payment of the Lease Payments and any other amounts required to be deposited in the Lease Payment Fund or the Insurance and Condemnation Fund, and (ii) otherwise to exercise the Authority's rights and take any action to protect the interests of the Trustee or the Certificate Owners in an Event of Default.

Section 13.02. Remedies. If an Event of Default shall happen, then and in each and every such case during the continuance of such Event of Default, the Trustee may, and upon request of the Owners of a majority in aggregate principal amount of the Certificates then Outstanding, upon being indemnified to its satisfaction therefor, shall, exercise any and all remedies available pursuant to law or granted pursuant to this Trust Agreement or the Lease Agreement; *provided, however*, that notwithstanding anything herein or in the Lease Agreement to the contrary, there shall be no right under any circumstances to accelerate the maturities of the Certificates or otherwise to declare any Lease Payment not then in default to be immediately due and payable.

Section 13.03. Application of Funds. All moneys received by the Trustee pursuant to any right given or action taken under the provisions of this Article XIII or Article IX of the Lease Agreement shall be applied by the Trustee in the following order upon presentation of the several Certificates:

First, to the payment of the costs and expenses of the Trustee and, thereafter, of the Certificate Owners in declaring such Event of Default, including reasonable compensation to its or their agents, attorneys and counsel, including all fees and expenses past due; and

Second, to the payment of the whole amount then owing and unpaid with respect to the Certificates for principal and interest with interest on the overdue principal and installments of interest at the rate of twelve percent (12%) per annum (but such interest on overdue installments of interest shall be paid only to the extent funds are available therefor following payment of principal and interest, and interest on overdue principal, as aforesaid), and in case such moneys shall be insufficient to pay in full the whole amount so owing and unpaid with respect to the Certificates, then to the payment of such principal and interest, without preference or priority of principal over interest, or of interest over principal, or of any installment of interest over any other installment of interest, ratably to the aggregate of such principal and interest.

Section 13.04. Institution of Legal Proceedings. If one or more Events of Default shall happen and be continuing, the Trustee in its discretion may, and upon the written request of the Owners of a majority in principal amount of the Certificates then Outstanding, and upon being indemnified to its satisfaction therefor, shall, proceed to protect or enforce its rights or the rights of the Owners of Certificates by a suit in equity or action at law, either for the specific performance of any covenant or agreement contained herein, or in aid of the execution of any power herein granted, or by mandamus or other appropriate proceeding for the enforcement of any other legal or equitable remedy as the Trustee shall deem most effectual in support of any of its rights or duties hereunder.

Section 13.05. Non-waiver. Nothing in this Article XIII or in any other provision of this Trust Agreement or in the Certificates, shall affect or impair the obligation of the City to pay or prepay the Lease Payments as provided in the Lease Agreement, or affect or impair the right of action, which is absolute and unconditional, of the Certificate Owners to institute suit to enforce and collect such payment. 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 XIII to the Trustee or to the Owners of Certificates may be exercised from time to time and as often as shall be deemed expedient by the Trustee or the Certificate Owners.

Section 13.06. Remedies Not Exclusive. No remedy herein conferred upon or reserved to the Trustee or to the Certificate Owners is intended to be exclusive of any other remedy, and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing, at law or in equity or by statute or otherwise.

Section 13.07. Power of Trustee to Control Proceedings. Subject to the provision of Section 2.14 hereof, in the event that the Trustee, upon the happening of an Event of Default, shall have taken any action, by judicial proceedings or otherwise, pursuant to its duties hereunder, whether upon its own discretion or upon the request of the Owners of a majority in principal amount of the Certificates then Outstanding, it shall have full power, in the exercise of its discretion for the best interests of the Owners of the Certificates, with respect to the continuance, discontinuance, withdrawal, compromise, settlement or other disposal of such action; *provided, however,* that the Trustee shall not discontinue, withdraw, compromise or settle, or otherwise dispose of any litigation pending at law or in equity, without the consent of a majority in aggregate principal amount of the Certificates Outstanding.

Notwithstanding any other provision of this Trust Agreement, in determining whether the rights of the Owners will be adversely affected by any action taken pursuant to the terms and provisions of this Trust Agreement, the Trustee shall consider the effect on the Owners as if there were no Municipal Bond Insurance Policy.

Section 13.08. Limitation on Certificate Owners' Right to Sue. No Owner of any Certificate issued hereunder shall have the right to institute any suit, action or proceeding at law or in equity, for any remedy under or upon this Trust Agreement, unless (a) such Owner shall have previously given to the Trustee written notice of the occurrence of an Event of Default hereunder; (b) the Owners of at least a majority in aggregate principal amount of all the Certificates then Outstanding, shall have made written request upon the Trustee to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name; (c) said Owners shall have tendered to the Trustee reasonable indemnity against the costs, expenses and liabilities to be incurred in compliance with such request; and (d) the Trustee shall have refused or omitted to comply with such request for a period of sixty (60) days after such written request shall have been received by, and said tender of indemnity shall have been made to, the Trustee.

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

The right of any Owner of any Certificate to receive payment of said Owner's fractional 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 13.08 or any other provision of this Trust Agreement.

Section 13.09. Parties Interested Herein.

(a) To the extent that this Trust Agreement confers upon or gives or grants to AMBAC Indemnity any right, remedy or claim under or by reason of this Trust Agreement, AMBAC Indemnity is hereby explicitly recognized as being a third-party beneficiary hereunder and may enforce any such right remedy or claim conferred, given or granted hereunder.

(b) 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 City, the Authority, the Trustee, AMBAC Indemnity, and the Owners, 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 City, the Authority, the Trustee, AMBAC Indemnity and the Owners.

ARTICLE XIV
MISCELLANEOUS

Section 14.01. Defeasance. If and when all Outstanding Certificates shall be paid and discharged in any one or more of the following ways and all other amounts due and owing hereunder have been paid -

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

(b) by depositing with an escrow holder security for the payment of Lease Payments evidenced by such Certificates as more particularly described in Section 10.1 of the Lease Agreement, to be applied to pay the Lease Payments evidenced by such Certificates as the same become due and payable and prepay the Lease Payments evidenced by such Certificates in full on any prepayment date, pursuant to Section 10.1 of the Lease Agreement

then, notwithstanding that any Certificates shall not have been surrendered for payment, all obligations of the Authority, the Trustee and the City with respect to such Outstanding Certificates shall cease and terminate, except only the obligation of the City to pay or cause to be paid, from Lease Payments paid by or on behalf of the City from funds deposited pursuant to paragraph (b) of this Section 14.01, to the Owners of such Certificates not so surrendered and paid all sums due with respect thereto, and in the event of deposits pursuant to paragraph (b), such Certificates shall continue to represent direct and fractional interests of the Owners thereof in Lease Payments under the Lease Agreement.

Any funds held by the Trustee, at the time of the defeasance of all Certificates as described in paragraphs (a) or (b) of this Section 14.01, which are not required for the payment to be made to Owners, shall, after payment of all fees and expenses of the Trustee, including attorneys fees, be paid over to the City.

Notwithstanding anything herein to the contrary, in the event that the principal and/or interest due with respect to the Certificates shall be paid by AMBAC Indemnity pursuant to the Municipal Bond Insurance Policy, the Certificates shall remain Outstanding for all purposes, not be defeased or otherwise satisfied and not be considered paid, and the assignment and pledge of the trust estate and all covenants, agreements and other obligations of the City to the Owners shall continue to exist and shall run to the benefit of AMBAC Indemnity, and AMBAC Indemnity shall be subrogated to the rights of such Owners.

Section 14.02. Records. The Trustee shall keep records in accordance with industry standards of all moneys received and disbursed by it under this Trust Agreement, which shall be available for inspection by the City, the Authority, and any Owner of at least five percent (5%) in aggregate principal amount of Certificates, or the agent of any of them, at any time during regular business hours upon reasonable prior notice.

Section 14.03. Notices. All written notices to be given under this Trust Agreement shall be given by mail 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 parties in writing from time to time. Notice shall be effective upon deposit in the United States mail, postage prepaid or, in the case of personal delivery, upon delivery to the address set forth below:

If to the City:	City of Modesto, California 801 Eleventh Street Modesto, CA 95354 Attention: City Manager
If to the Authority:	Modesto Public Financing Authority 801 Eleventh Street Modesto, CA 95354 Attention: Executive Director
If to the Trustee:	First Trust of California, National Association 101 California Street, Suite 1150 San Francisco, CA 94111 Attention: Municipal Trust Department
If to AMBAC Indemnity:	AMBAC Indemnity Corporation One State Street Plaza, 17th Floor New York, NY 10007 Attention: General Counsel

Section 14.04. Required Notice to AMBAC Indemnity.

(a) While the Municipal Bond Insurance Policy is in effect, the City or the Trustee, as appropriate, shall furnish to AMBAC Indemnity:

- (i) as soon as practicable after the filing thereof, a copy of any financial statement of the City and a copy of any audit and annual report of the City;
- (ii) a copy of any notice to be given to the Owners, including, without limitation, notice of any redemption of or defeasance of Certificates, and any certificate rendered pursuant to this Trust Agreement relating to the security for the Certificates; and
- (iii) such additional information it may reasonably request.

(b) The Trustee or the City, as appropriate, shall notify AMBAC Indemnity of any failure of the City to provide relevant notices, certificates, etc.

(c) The City will permit AMBAC Indemnity to discuss the affairs, finances and accounts of the City or any information AMBAC Indemnity may reasonably request regarding the security for the Certificates with appropriate officers of the City. The Trustee or City, as appropriate, will permit AMBAC Indemnity to have access to the Project and have access to and to make copies of all books and records relating to the Certificates at any reasonable time.

(d) AMBAC Indemnity shall have the right to direct an accounting at the City's expense, and the City's failure to comply with such direction within thirty (30) days after receipt of written notice of the direction from AMBAC Indemnity shall be deemed a default hereunder; provided, however, that if compliance cannot occur within such period, then such period will be extended so long as compliance is begun with such period and diligently pursued, but only if such extension would not materially adversely affect the interests of any Owners.

(e) Notwithstanding any other provision of this Trust Agreement, the Trustee or City, as appropriate, shall immediately notify AMBAC Indemnity if at any time there are insufficient moneys to make any payments of principal and/or interest as required and immediately upon the occurrence of any event of default hereunder.

Section 14.05. Consent of AMBAC Indemnity.

(a) *Provisions Affecting AMBAC Indemnity.* Any provision of this Trust Agreement expressly recognizing or granting rights in or to AMBAC Indemnity may not be amended in any manner which affects the rights of AMBAC Indemnity hereunder without the prior written consent of AMBAC Indemnity.

(b) *In Addition to Owner Consent.* Unless otherwise provided in this Section 14.05, AMBAC Indemnity's consent shall be required in addition to Owner consent, when required, for the following purposes: (i) execution and delivery of any amendment, supplement or change to or modification of the Lease Agreement or this Trust Agreement, (ii) removal of the Trustee and selection and appointment of any successor trustee; and (iii) initiation or approval of any action not described in (i) or (ii) above which requires Owner consent.

(c) *Regarding Reorganization.* Any reorganization or liquidation plan with respect to the City must be acceptable to AMBAC Indemnity. In the event of any reorganization or liquidation, AMBAC Indemnity shall have the right to vote on behalf of all Owners who hold AMBAC Indemnity-insured Certificates absent a default by AMBAC Indemnity under the Municipal Bond Insurance Policy.

(d) *Upon Default.* Anything in this Trust Agreement to the contrary notwithstanding, upon the occurrence and continuance of an Event of Default, AMBAC Indemnity shall be entitled to control and direct the enforcement of all rights and remedies granted to the Owners or the Trustee for the benefit of the Owners under this Trust Agreement.

Section 14.06. Governing Law. This Trust Agreement shall be construed and governed in accordance with the laws of the State.

Section 14.07. Binding Effect: Successors. This Trust Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. Whenever in this Trust Agreement the Authority, the City or the Trustee is named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all the covenants and agreements in this Trust Agreement contained by or on behalf of the Authority, 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 14.08. 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 14.09. Destruction of Canceled Certificates. Whenever in this Trust Agreement provision is made for the surrender to or cancellation by the Trustee and the delivery to the City of any Certificates, the Trustee shall, in lieu of such cancellation and delivery, destroy such Certificates and deliver a certificate of such destruction to the City.

Section 14.10. Headings. The headings or titles of the several Articles and Sections hereof, and any table of contents appended to copies hereof, shall be solely for convenience of reference and shall not affect the meaning, construction or effect of this Trust Agreement. All references herein to "Articles," "Sections," and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Trust Agreement; and the words "herein," "hereof," "hereunder" and other words of similar import refer to this Trust Agreement as a whole and not to any particular Article, Section or subdivision hereof.

Section 14.11. 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 14.12. Payments Due on Other than Business Day. If the date for making any payment as provided in this Trust Agreement is not a Business Day, such payment may be made on the next succeeding Business Day with the same force and effect as if done on the date provided therefor herein.

Section 14.13. Non-Presentation of Certificates. In the event any Certificate shall not be presented for payment when the principal with respect thereto becomes due, either at maturity or at the date fixed for redemption thereof, if moneys sufficient to pay such Certificate shall have been deposited in the Lease Payment Fund all liability of the City to the Owner thereof for the payment of such Certificate shall forthwith cease, terminate and be completely discharged, and thereupon it shall be the duty of the Trustee to hold such moneys in trust, without liability for interest thereon, for the benefit of the Owner of such Certificate who shall thereafter be restricted exclusively to such moneys for any claim of whatever nature on his or her part under this Trust Agreement or on, or with respect to, said Certificate. However, after two (2) years, such moneys shall be paid by the Trustee to the City free from the trusts created by this Trust Agreement, and thereafter Owners shall be entitled to look only to the City for payment and then only to the extent of the amount so repaid by the Trustee. The City shall not be liable for any interest on the sums paid to it pursuant to this Section 14.13 and shall not be regarded as a trustee of such money.

Section 14.14. Separability of Invalid Provisions. In case any one or more of the provisions contained in this Trust Agreement or in the Certificates shall for any reason be held to be invalid, illegal or unenforceable in any respect, then such invalidity, illegality or unenforceability shall not affect any other provision of this Trust Agreement, and this Trust Agreement shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein. The parties hereto hereby declare that they would have entered into this Trust Agreement and each and every other section, paragraph, sentence, clause or phrase hereof and authorized the delivery of the Certificates pursuant thereto irrespective of the fact that any one or more sections, paragraphs, sentences, clauses or phrases of this Trust Agreement may be held illegal, invalid or unenforceable.

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

FIRST TRUST OF CALIFORNIA,
NATIONAL ASSOCIATION, as Trustee

By Susan Vargas
Authorized Officer

Attest:

Constance J. Patton
Authorized Officer

MODESTO PUBLIC FINANCING
AUTHORITY

By _____
Interim Treasurer

(S E A L)

Attest:

Secretary

CITY OF MODESTO, CALIFORNIA

By _____
Interim Finance Director

(S E A L)

Attest:

City Clerk

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

FIRST TRUST OF CALIFORNIA,
NATIONAL ASSOCIATION, as Trustee

By _____
Authorized Officer

Attest:

Authorized Officer

MODESTO PUBLIC FINANCING
AUTHORITY

By Andrea Daroca
Interim Treasurer

(SEAL)

Attest:

Maurice Coyle
Secretary

CITY OF MODESTO, CALIFORNIA

By Andrea Daroca
Interim Finance Director

(SEAL)

Attest:

Maurice Coyle
City Clerk

EXHIBIT A

DEFINITIONS

"*AMBAC Indemnity*" shall mean AMBAC Indemnity Corporation, a Wisconsin-domiciled stock insurance company.

"*Assignment Agreement*" means the Assignment Agreement, dated as of May 1, 1993, by and between the Authority and the Trustee, together with any duly authorized and executed amendments thereto.

"*Authority*" means the Modesto Public Financing Authority, a joint exercise of powers authority organized and existing under the laws of the State.

"*Authority Representative*" means the President, the Executive Director, the Treasurer or any other person authorized by resolution of the Board of Directors of the Authority to act on behalf of the Authority under or with respect to the Trust Agreement, the Lease Agreement, the Assignment Agreement and the Site and Facility Lease.

"*City*" means the City of Modesto, California, a municipal corporation and chartered city organized and existing under and by virtue of the constitution and laws of the State.

"*City Representative*" means the Mayor, the City Manager, the Finance Director or any other person authorized by resolution of the City Council of the City to act on behalf of the City under or with respect to the Trust Agreement, the Lease Agreement or the Site and Facility Lease.

"*Bond Counsel*" means (a) Jones Hall Hill & White, A Professional Law Corporation, or (b) any other attorney or firm of attorneys appointed by or acceptable to the City of nationally-recognized experience in the issuance of obligations the interest on which is excludable from gross income for federal income tax purposes under the Code.

"*Business Day*" means a day which is not a Saturday, Sunday or legal holiday on which banking institutions in the state in which the Principal Corporate Trust Office is located are closed or are required to close or a day on which the New York Stock Exchange is closed.

"*Certificates*" means the \$27,225,000 principal amount of certificates of participation to be executed and delivered pursuant to the Trust Agreement.

"*Closing Date*" means May 27, 1993, the date upon which there is a physical delivery of the Certificates in exchange for the amount representing the purchase price of the Certificates by the Original Purchaser.

"*Code*" means the Internal Revenue Code of 1986 as in effect on the Closing Date or (except as otherwise referenced in the Lease Agreement or the Trust Agreement) as it may be amended to apply to obligations issued on the Closing Date, together with applicable temporary and final regulations promulgated under the Code.

"*Community Center Certificates*" means those certain certificates of participation executed and delivered by the Community Center Certificates Trustee, as trustee, under the Community

Center Certificates Trust Agreement, in the principal amount of \$24,945,000, of which \$24,280,000 aggregate principal amount is outstanding on the Closing Date.

"Community Center Certificates Escrow Agreement" means that certain Escrow Deposit and Trust Agreement, dated the Closing Date, by and between the City and the Community Center Certificates Escrow Bank.

"Community Center Certificates Escrow Bank" means First Interstate Bank of California, as the Community Center Certificates Trustee.

"Community Center Certificates Escrow Fund" means the escrow fund established under the Community Center Certificates Escrow Agreement and held by the Community Center Certificates Escrow Bank for the payment of the lease payments due under the Community Center Certificates Lease Agreement and for the payment of principal and interest due with respect the Community Center Certificates.

"Community Center Certificates Lease Agreement" means that certain lease agreement, dated as of May 15, 1991, by and between the Redevelopment Agency of the City of Modesto and the City, relating to the refinancing of certain community center improvements.

"Community Center Certificates Trust Agreement" means that certain trust agreement, dated as of May 15, 1991, by and among the City, the Authority and the Community Center Certificates Trustee, providing, among other things, for the execution and delivery of the Community Center Certificates.

"Community Center Certificates Trustee" means First Interstate Bank of California.

"Defeasance Obligations" means:

(a) Cash (insured at all times by the Federal Deposit Insurance Corporation or otherwise collateralized with obligations described in paragraph (b) below), or

(b) Direct obligations of (including obligations issued or held in book entry form on the books of) the Department of the Treasury of the United States of America.

"Delivery Costs" means all items of expense directly or indirectly payable by or reimbursable to the City or the Authority relating to the execution and delivery of the Lease Agreement, the Trust Agreement and the Assignment Agreement or the execution, sale and delivery of the Certificates, including but not limited to filing and recording costs, settlement costs, printing costs, reproduction and binding costs, initial fees and charges of the Trustee (including fees of its counsel), financing discounts, legal fees and charges, insurance fees and charges, financial and other professional consultant fees, costs of rating agencies for credit ratings, fees for execution, transportation and safekeeping of the Certificates and charges and fees in connection with the foregoing.

"Delivery Costs Fund" means the fund by that name established and held by the Trustee pursuant to Article III of the Trust Agreement.

"Event of Default" means an event of default under the Lease Agreement, as defined in Section 9.1 thereof.

"Facility" means, collectively, those certain facilities located on the Site, all as more particularly described in Exhibit B attached to the Site and Facility Lease and in Exhibit C attached to the Lease Agreement.

"Federal Securities" means direct general obligations of (including obligations issued or held in book entry form on the books of the Department of the Treasury) 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 twelve-month period beginning on July 1 of any year and ending on June 30 of the next succeeding year, or any other twelve-month period selected by the City as its fiscal year.

"Independent Counsel" means an attorney duly admitted to the practice of law before the highest court of the state in which such attorney maintains an office and who is not an employee of the Authority, the Trustee or the City.

"Information Services" means Financial Information, Inc.'s "Daily Called Bond Service," 30 Montgomery Street, 10th Floor, Jersey City, NJ 07302, Attention: Editor; Kenny Information Services' "Called Bond Service," 65 Broadway, 16th Floor, New York, NY 10006; Moody's "Municipal and Government," 99 Church Street, 8th Floor, New York, NY 10007, Attention: Municipal News Reports; and S&P's "Called Bond Record," 25 Broadway, 3rd Floor, New York, NY 10004; or to such other addresses and/or such other national information services providing information or disseminating notices of redemption of obligations similar to the Certificates.

"Insurance and Condemnation Fund" means the fund by that name established and held by the Trustee pursuant to Section 7.01 of the Trust Agreement.

"Interest Payment Date" means the first (1st) day of each May and November, commencing November 1, 1993, so long as any Certificates are Outstanding.

"Lease Agreement" means the Lease Agreement, dated as of May 1, 1993, by and between the Authority and the City, together with any duly authorized and executed amendments thereto.

"Lease Payment Date" means the fifteenth (15th) day of April and October in each year during the Term of the Lease Agreement, commencing October 15, 1993.

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

"Lease Payments" means all payments required to be paid by the City pursuant to Section 4.4 of the Lease Agreement, including any prepayment thereof pursuant to Article X of the Lease Agreement, which payments consist of an interest component and a principal component.

"Moody's" means Moody's Investors Service, Inc., a Delaware corporation, and its successors and assigns, and if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "Moody's" shall be deemed to refer to any other nationally recognized securities rating agency designated by the City by notice to the Trustee.

"Municipal Bond Insurance Policy" shall mean the municipal bond insurance policy issued by AMBAC Indemnity insuring the payment when due of the principal and interest with respect to the Certificates as provided therein.

"Net Proceeds," when used with respect to insurance or condemnation proceeds, means any insurance proceeds or condemnation award paid with respect to the Project, to the extent remaining after payment therefrom of all expenses incurred in the collection thereof.

"Original Purchaser" means the first purchaser of the Certificates upon their delivery by the Trustee on the Closing Date.

"Outstanding", when used as of any particular time with respect to Certificates, means (subject to the provisions of Section 10.03 of the Trust Agreement) all Certificates theretofore executed and delivered by the Trustee under the Trust Agreement except -

(a) Certificates theretofore canceled by the Trustee or surrendered to the Trustee for cancellation;

(b) Certificates for the payment or redemption of which funds or Defeasance Obligations in the necessary amount shall have theretofore been deposited with the Trustee (whether upon or prior to the maturity or redemption date of such Certificates), provided that, if such Certificates are to be redeemed prior to maturity, notice of such redemption shall have been given as provided in Section 4.03 of the Trust Agreement or provision satisfactory to the Trustee shall have been made for the giving of such notice; and

(c) Certificates in lieu of or in exchange for which other Certificates shall have been executed and delivered by the Trustee pursuant to Sections 2.08 or 2.09 of the Trust Agreement.

"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 shall be registered on the Registration Books.

"Permitted Encumbrances" means, as of any particular time: (a) liens for general ad valorem taxes and assessments, if any, not then delinquent, or which the City may, pursuant to provisions of Article V of the Lease Agreement, permit to remain unpaid; (b) the Assignment Agreement; (c) the Site and Facility Lease, (d) the Lease Agreement; (e) any right or claim of any mechanic, laborer, materialman, supplier or vendor not filed or perfected in the manner prescribed by law; (f) easements, rights of way, mineral rights, drilling rights and other rights, reservations, covenants, conditions or restrictions which exist of record as of the Closing Date and which the City certifies in writing will not materially impair the use of the Project; and (g) easements, rights of way, mineral rights, drilling rights and other rights, reservations, covenants, conditions or restrictions established following the Closing Date and which the City certifies in writing will not materially impair the use of the Project.

"Permitted Investments" means:

(a) Defeasance Obligations;

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

(c) bonds, notes or other evidences of indebtedness rated "AAA" by S&P and "Aaa" by Moody's issued by the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation with remaining maturities not exceeding three years;

(d) U.S. dollar denominated deposit accounts, federal funds and banker's acceptances with domestic commercial banks which have a rating on their short term certificates of deposit on the

date of purchase of "A-1" or "A" by S&P and "P-1" by Moody's and maturing no more than 360 days after the date of purchase (ratings on holding companies are not considered as the rating of the bank);

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

(f) investments in a money market fund rated "AAAm" or "AAAm-G" or better by S&P;

(g) pre-refunded municipal obligations defined as follows: any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice; and

(i) which are rated, based on an irrevocable escrow account or fund (the "escrow"), in the highest rating category of S&P and Moody's; or

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

(h) investment agreements approved in writing by AMBAC Indemnity, supported by appropriate opinions of counsel, with notice to S&P; and

(i) other forms of investments approved in writing by AMBAC Indemnity with notice to S&P.

"Principal Corporate Trust Office" means the corporate trust office of the Trustee at 101 California Street, Suite 1150, San Francisco, California (except with respect to payments, exchanges and surrenders of the Certificates, in which case means the corporate trust office of the Trustee located in St. Paul, Minnesota), or at such other address designated by the Trustee in a written notice filed with the City and the Authority and such other office designated by the Trustee for transfer, exchange, registration and payment of Certificates.

"Proceeds," when used with reference to the Certificates, means the face amount of the Certificates, plus accrued interest and original issue premium, if any, less original issue discount, if any.

"Project" means, collectively, the Site and the Facility.

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

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

"Regulations" means temporary and permanent regulations promulgated under the Code.

"Rental Period" means each twelve-month period during the Term of the Lease Agreement commencing on May 2 in any year and ending on May 1 in the next succeeding year; *provided, however*, that the first Rental Period shall begin on the Closing Date and shall end on May 1, 1994.

"Reserve Fund" means the fund by that name established and held by the Trustee pursuant to Section 6.01 of the Trust Agreement.

"Reserve Requirement" means an amount equal to \$1,977,050.00; *provided, however*, that if the Certificates are partially refunded, such amount shall be reduced to an amount equal to the maximum annual Lease Payments relating to the Certificates not so refunded.

"S&P" means Standard & Poor's Corporation, a New York corporation, and its successors and assigns, and if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "S&P" shall be deemed to refer to any other nationally recognized securities rating agency designated by the City by notice to the Trustee.

"Securities Depositories" means The Depository Trust Company, 711 Stewart Avenue, Garden City, NY 11530, Fax (516) 227-4039 or 4190; Midwest Securities Trust Company, Capital Structures-Call Notification, 440 South LaSalle Street, Chicago, IL 60605, Fax (312) 663-2343; Philadelphia Depository Trust Company, Reorganization Division, 1900 Market Street, Philadelphia, PA 19103, Attention: Bond Department, Fax (215) 496-5058; or to such other addresses and/or such other registered securities depositories holding substantial amounts of obligations of types similar to the Certificates.

"Site" means, collectively, those certain parcels of real property situated in the City of Modesto, Stanislaus County, State of California, more particularly described in Exhibit A to the Site and Facility Lease and Exhibit B to the Lease Agreement.

"Site and Facility Lease" means the Site and Facility Lease, dated as of May 1, 1993, by and between the City and the Authority, together with any duly authorized and executed amendments thereto.

"State" means the State of California.

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

"Trust Agreement" means the Trust Agreement, dated as of May 1, 1993, by and among the City, the Authority and the Trustee, together with any duly authorized amendments thereto.

"Trustee" means First Trust of California, National Association, or any successor thereto, acting as Trustee pursuant to this Trust Agreement.

EXHIBIT B

FORM OF CERTIFICATES OF PARTICIPATION

CERTIFICATE OF PARTICIPATION
(1993 Community Center Refinancing Project)
Evidencing the Direct, Undivided Fractional Interest of the Owner
Hereof in Lease Payments to be Made by the
CITY OF MODESTO, CALIFORNIA
As the Rental for Certain Property Pursuant
to a Lease Agreement With the
Modesto Public Financing Authority

NUMBER _____

\$ _____

RATE OF INTEREST

MATURITY DATE

DATED DATE

CUSIP

May 1, 1993

REGISTERED OWNER:

PRINCIPAL AMOUNT:

DOLLARS

THIS IS TO CERTIFY THAT the registered owner identified above, or registered assigns (the "Owner"), as the registered owner of this Certificate of Participation (the "Certificate"), is the owner of a direct, undivided, fractional interest in lease payments (the "Lease Payments") payable under and defined in the Lease Agreement (the "Lease Agreement"), dated as of May 1, 1993, by and between the Modesto Public Financing Authority, a joint exercise of powers authority duly organized and existing under the laws of the State of California (the "Authority"), and the City of Modesto, California, a municipal corporation and chartered city duly organized and existing under the laws of the State of California (the "City"), which Lease Payments, prepayments and certain other rights and interests under the Lease Agreement have been assigned to First Trust of California, National Association, as trustee (the "Trustee"), having a corporate trust office in San Francisco, California (except with respect to payments, exchanges and surrenders of the Certificates, in which case means the corporate trust office of the Trustee located in St. Paul, Minnesota (the "Trust Office"))).

The Owner is entitled to receive, subject to the terms of the Lease Agreement, on the Maturity Date identified above, the Principal Amount identified above, representing a direct, undivided fractional portion of the Lease Payments designated as principal coming due on such date, and to receive on May 1 and November 1 of each year, commencing November 1, 1993 (each, an "Interest Payment Date"), until payment in full of said Principal Amount, the Owner's direct, undivided fractional share of the Lease Payments designated as interest coming due during the six months immediately preceding each of the Interest Payment Dates; provided that interest represented hereby shall be payable from the Interest Payment Date next preceding the date of

execution of this Certificate unless (i) this Certificate is executed on an Interest Payment Date, in which event interest shall be payable from such Interest Payment Date, or (ii) this Certificate is executed after the close of business on the fifteenth day of the month immediately preceding an Interest Payment Date, and prior to such Interest Payment Date, in which event interest shall be payable from such Interest Payment Date, or (iii) unless this Certificate is executed on or before October 15, 1993, in which event interest shall be payable from May 1, 1993. Said direct, undivided fractional share of the portion of the Lease Payments designated as interest is the result of the multiplication of the Principal Amount by the Rate of Interest per annum identified above. Interest represented hereby is payable in lawful money of the United States of America by check of the Trustee mailed on each Interest Payment Date by first class mail to the Owner at his address as it appears on the registration books of the Trustee, as of the close of business on the fifteenth (15) day of the month immediately preceding each Interest Payment Date. Principal and redemption premium, if any, represented hereby are payable in lawful money of the United States of America by check of the Trustee upon presentation and surrender hereof at the Trust Office.

This Certificate has been executed and delivered by the Trustee pursuant to the terms of a Trust Agreement by and among the Trustee, the Authority and the City, dated as of May 1, 1993 (the "Trust Agreement"). The City is authorized to enter into the Lease Agreement and the Trust Agreement under the laws of the State of California. Reference is hereby made to the Lease Agreement and the Trust Agreement (copies of which are on file at the Trust Office) for a description of the terms on which the Certificates are 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 Agreement, all of the provisions of which the Owner of this Certificate, by acceptance hereof, assents and agrees.

The City is obligated under the Lease Agreement to pay Lease Payments from any source of legally available funds and the City has covenanted in the Lease Agreement to make the necessary annual appropriations therefor. The obligation of the City to pay the Lease Payments does not constitute an obligation 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 obligation of the City to pay Lease Payments does not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction.

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 fifty-one percent (51%) in aggregate principal amount of the Certificates then outstanding, and may be amended without such consent under certain circumstances; provided that no such amendment shall impair the right of any registered owner to receive, in any case, such registered owner's fractional share of any Lease Payment or prepayment thereof in accordance with such registered owner's Certificate, without the consent of such registered owner.

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

The Certificates are not subject to optional redemption prior to maturity.

The Certificates are subject to extraordinary mandatory redemption in whole at any time, or in part on any Interest Payment Date (but not in a total redemption amount of less than \$20,000 at any one time), in such order of maturity as shall be selected by the City and by lot within a maturity, from the net proceeds of an insurance or condemnation award to the extent credited towards the prepayment of the Lease Payments by the City pursuant to the Lease Agreement, at a redemption price equal to the principal amount thereof to be redeemed, together with accrued interest to the date fixed for redemption, without premium.

The Certificates maturing on November 1, 2014, are subject to mandatory redemption in part by lot on November 1 in each year on and after November 1, 2011, from the principal components of scheduled Lease Payments required to be paid by the City pursuant to the Lease Agreement with respect to each such redemption date, at a redemption price equal to the principal amount thereof to be redeemed, together with accrued interest to the date fixed for redemption, without premium, as follows:

Year (November 1)	Principal Amount of Certificates to be Redeemed	Year (November 1)	Principal Amount of Certificates to be Redeemed
2011	\$1,090,000	2013	\$1,215,000
2012	1,150,000	2014†	1,285,000

† Maturity.

In the event that any Certificates maturing on November 1, 2014, are redeemed in part but not in whole pursuant to the extraordinary mandatory redemption provisions, each such redemption shall reduce the amount of Certificates to be redeemed in each subsequent year pursuant to the mandatory redemption provisions *pro rata* to correspond to the principal components of the Lease Payments prevailing following such redemption.

The Certificates maturing on November 1, 2023, are subject to mandatory redemption in part by lot on November 1 in each year on and after November 1, 2015, from the principal components of scheduled Lease Payments required to be paid by the City pursuant to the Lease Agreement with respect to each such redemption date, at a redemption price equal to the principal amount thereof to be redeemed, together with accrued interest to the date fixed for redemption, without premium, as follows:

Year (November 1)	Principal Amount of Certificates to be Redeemed	Year (November 1)	Principal Amount of Certificates to be Redeemed
2015	\$1,340,000	2020	\$1,385,000
2016	1,135,000	2021	1,455,000
2017	1,195,000	2022	1,535,000
2018	1,260,000	2023†	1,610,000
2019	1,320,000		

† Maturity.

In the event that any Certificates maturing on November 1, 2023, are redeemed in part but not in whole pursuant to the extraordinary mandatory redemption provisions, each such redemption shall reduce the amount of Certificates to be redeemed in each subsequent year pursuant to the mandatory redemption provisions *pro rata* to correspond to the principal components of the Lease Payments prevailing following such redemption.

Notice of redemption, unless waived, is to be given by the Trustee by mailing a redemption notice by first class mail at least thirty (30) days and not more than sixty (60) days prior to the date fixed for redemption to the registered owner of the Certificate or Certificates to be redeemed at the address shown on the Certificate registration books maintained by the Trustee. Notice of redemption having been given as aforesaid, the Certificates or portions of Certificates so to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified, and from and after such date (unless the City shall default in the payment of the redemption price) interest with respect to such Certificates or portions of Certificates shall cease to accrue and be payable.

The Trustee has no obligation or liability to the registered owners of the Certificates to make payments of principal or interest with respect to the Certificates. The Trustee's sole obligations are to administer, for the benefit of the registered owners of the Certificates, the various funds and accounts established under the Trust Agreement. The Trustee makes no representation concerning the recitals contained herein.

The City has certified, recited and declared that all acts, conditions and things required by the constitution and statutes of the State of California, the Lease Agreement and the Trust Agreement to exist, to have happened and to have been performed precedent to and in the delivery of this Certificate, do exist, have happened and have been performed in due time, form and manner as required by law.

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

IN WITNESS WHEREOF, this Certificate has been executed by First Trust of California, National Association, as trustee, acting pursuant to the Trust Agreement.

Date of Execution:

FIRST TRUST OF CALIFORNIA, NATIONAL ASSOCIATION, as Trustee

By _____
Authorized Signatory

STATEMENT OF INSURANCE

Municipal Bond Insurance Policy No. 8454BE (the "Policy") with respect to payments due for principal of and interest on this bond has been issued by AMBAC Indemnity Corporation ("AMBAC Indemnity"). The Policy has been delivered to the United States Trust Company of New York, New York, New York, as the Insurance Trustee under said Policy and will be held by such Insurance Trustee or any successor insurance trustee. The Policy is on file and available for inspection at the principal office of the Insurance Trustee and a copy thereof may be secured from AMBAC Indemnity or the Insurance Trustee. All payments required to be made under the Policy shall be made in accordance with the provisions thereof. The owner of this bond acknowledges and consents to the subrogation right of AMBAC Indemnity as more fully set forth in the Policy.

ASSIGNMENT

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

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

the within Certificate and do(es) hereby irrevocably constitute and appoint _____

_____, attorney, to transfer the same on the registration books of the Trustee, with full power of substitution in the premises.

Dated: _____

Signature Guaranteed:

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

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

EXHIBIT C
FORM OF LETTER OF REPRESENTATIONS TO DTC

BOOK-ENTRY-ONLY MUNICIPAL BONDS

Letter of Representations

[To be Completed by Issuer and Agent]

CITY OF MODESTO, CALIFORNIA

[Name of Issuer]

FIRST TRUST OF CALIFORNIA, NATIONAL ASSOCIATION

[Name of Agent]

May 27, 1993

[Date]

Attention: General Counsel's Office
The Depository Trust Company
55 Water Street, 49th Floor
New York, NY 10041-0099

Re: \$27,225,000 City of Modesto, California

Certificates of Participation

(1993 Community Center Refinancing Project)

[Issue Description]

Ladies and Gentlemen:

This letter sets forth our understanding with respect to certain matters relating to the above-referenced issue (the "Bonds"). Agent will act as trustee, paying agent, fiscal agent, or other agent of Issuer with respect to the Bonds. The Bonds will be issued pursuant to a trust indenture, bond resolution, or other such document authorizing the issuance of the Bonds dated May 1, 1993 (the "Document"), Smith Barney, Harris Upham & Co. Incorporated and Grigsby Brandford & Co., Inc. [Underwriter] is distributing the Bonds through The Depository Trust Company ("DTC").

To induce DTC to accept the Bonds as eligible for deposit at DTC, and to act in accordance with its Rules with respect to the Bonds, Issuer and Agent, if any, make the following representations to DTC:

1. Prior to closing on the Bonds on May 27, 1993, there shall be deposited with DTC one Bond certificate registered in the name of DTC's nominee, Cede & Co., for each stated maturity of the Bonds in the face amounts set forth on Schedule A hereto, the total of which represents 100% of the principal amount of such Bonds. If, however, the aggregate principal amount of any maturity exceeds \$150 million, one certificate will be issued with respect to each \$150 million of principal amount and an additional certificate will be issued with respect to any remaining principal amount. Each \$150 million Bond certificate shall bear the following legend:

Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to Issuer or its agent for registration of transfer, exchange, or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

2. In the event of any solicitation of consents from or voting by holders of the Bonds, Issuer or Agent shall establish a record date for such purposes (with no provision for revocation of consents or votes by subsequent holders) and shall, to the extent possible, send notice of such record date to DTC not less than 15 calendar days in advance of such record date.

3. In the event of a full or partial redemption or an advance refunding of part of the outstanding Bonds, Issuer or Agent shall send a notice to DTC specifying: (a) the amount of the redemption or refunding; (b) in the case of a refunding, the maturity date(s) established under the refunding; and (c) the date such notice is to be mailed to beneficial owners or published (the "Publication Date"). Such notice shall be sent to DTC by a secure means (e.g., legible teletype, registered or certified mail, overnight delivery) in a timely manner designed to assure that such notice is in DTC's possession no later than the close of business on the business day before the Publication Date. Issuer or Agent shall forward such notice either in a separate secure transmission for each CUSIP number or in a secure transmission for multiple CUSIP numbers (if applicable) which includes a manifest or list of each CUSIP submitted in that transmission. (The party sending such notice shall have a method to verify subsequently the use of such means and the timeliness of such notice.) The Publication Date shall be not less than 30 days nor more than 60 days prior to the redemption date or, in the case of an advance refunding, the date that the proceeds are deposited in escrow.

4. In the event of an invitation to tender the Bonds, notice by Issuer or Agent to Bondholders specifying the terms of the tender and the Publication Date of such notice shall be sent to DTC by a secure means in the manner set forth in the preceding Paragraph.

5. All notices and payment advices sent to DTC shall contain the CUSIP number of the Bonds.

6. Notices to DTC pursuant to Paragraph 2 by teletype shall be sent to DTC's Reorganization Department at (212) 709-6896 or (212) 709-6897, and receipt of such notices shall be confirmed by telephoning (212) 709-6870. Notices to DTC pursuant to Paragraph 2 by mail or by any other means shall be sent to:

Supervisor: Prow
Reorganization Department
The Depository Trust Company
7 Hanover Square, 23rd Floor
New York, NY 10004-2695

7. Notices to DTC pursuant to Paragraph 3 by telecopy shall be sent to DTC's Call Notification Department at (516) 227-4164 or (516) 227-4190. If the party sending the notice does not receive a telecopy receipt from DTC confirming that the notice has been received, such party shall telephone (516) 227-4070. Notices to DTC pursuant to Paragraph 3 by mail or by any other means shall be sent to:

Call Notification Department
The Depository Trust Company
711 Stewart Avenue
Garden City, NY 11530-4719

8. Notices to DTC pursuant to Paragraph 4 and notices of other actions (including mandatory tenders, exchanges, and capital changes) by telecopy shall be sent to DTC's Reorganization Department at (212) 709-1093 or (212) 709-1094, and receipt of such notices shall be confirmed by telephoning (212) 709-6884. Notices to DTC pursuant to the above by mail or by any other means shall be sent to:

Manager: Reorganization Department
Reorganization Window
The Depository Trust Company
7 Hanover Square; 23rd Floor
New York, NY 10004-2695

9. Transactions in the Bonds shall be eligible for next-day funds settlement in DTC's Next-Day Funds Settlement ("NDFS") system.

A. Interest payments shall be received by Cede & Co., as nominee of DTC, or its registered assigns in next-day funds on each payment date (or the equivalent in accordance with existing arrangements between Issuer or Agent and DTC). Such payments shall be made payable to the order of Cede & Co. Absent any other existing arrangements such payments shall be addressed as follows:

Manager: Cash Receipts
Dividend Department
The Depository Trust Company
7 Hanover Square; 24th Floor
New York, NY 10004-2695

B. Principal payments shall be received by Cede & Co., as nominee of DTC, or its registered assigns in next-day funds on each payment date (or the equivalent in accordance with existing arrangements between Issuer or Agent and DTC). Such payments shall be made payable to the order of Cede & Co., and shall be addressed as follows:

NDFS Redemption Department
The Depository Trust Company
55 Water Street; 50th Floor
New York, NY 10041-0099

10. DTC may direct Issuer or Agent to use any other telephone number or address as the number or address to which notices or payments of interest or principal may be sent.

11. In the event of a redemption, acceleration, or any other similar transaction (e.g., tender made and accepted in response to Issuer's or Agent's invitation) necessitating a reduction in the aggregate principal amount of Bonds outstanding or an advance refunding of part of the Bonds outstanding, DTC, in its discretion: (a) may request Issuer or Agent to issue and authenticate a new Bond certificate, or (b) may make an appropriate notation on the Bond certificate indicating the date and amount of such reduction in principal except in the case of final maturity, in which case the certificate will be presented to Issuer or Agent prior to payment if required.

12. In the event that Issuer determines that beneficial owners of Bonds shall be able to obtain certificated Bonds, Issuer or Agent shall notify DTC of the availability of Bond certificates. In such event, Issuer or Agent shall issue, transfer, and exchange Bond certificates in appropriate amounts, as required by DTC and others.

13. DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to Issuer or Agent (at which time DTC will confirm with Issuer or Agent the aggregate principal amount of Bonds outstanding). Under such circumstances, at DTC's request Issuer and Agent shall cooperate fully with DTC by taking appropriate action to make available one or more separate certificates evidencing Bonds to any DTC Participant having Bonds credited to its DTC accounts.

14. Nothing herein shall be deemed to require Agent to advance funds on behalf of Issuer.

Notes:

A. If there is an Agent (as defined in this Letter of Representations), Agent as well as Issuer must sign this Letter. If there is no Agent, in signing this Letter Issuer itself undertakes to perform all of the obligations set forth herein.

B. Under Rules of the Municipal Securities Rulemaking Board relating to "good delivery", a municipal securities dealer must be able to determine the date that a notice of a partial call or of an advance refunding of a part of an issue is published (the "publication date"). The establishment of such a publication date is addressed in Paragraph 3 of the Letter.

C. Schedule B contains statements that DTC believes accurately describe DTC, the method of effecting book-entry transfers of securities distributed through DTC, and certain related matters.

Received and Accepted:
THE DEPOSITORY TRUST COMPANY

By: _____
(Authorized Officer)

CC: Underwriter
Underwriter's Counsel

Very truly yours,

CITY OF MODESTO, CALIFORNIA
(Issuer)

By: _____
(Authorized Officer's Signature)

FIRST TRUST OF CALIFORNIA, NATIONAL ASSOCIATION
(Agent)

By: _____
(Authorized Officer's Signature)

SCHEDULE A

\$27,225,000
CERTIFICATES OF PARTICIPATION
(1993 COMMUNITY CENTER REFINANCING PROJECT)
Evidencing Direct, Undivided Fractional Interests of the Owners
Thereof in Lease Payments to be Made by the
CITY OF MODESTO, CALIFORNIA
As the Rental for Certain Property Pursuant to a
Lease Agreement with the
MODESTO PUBLIC FINANCING AUTHORITY

<u>Maturity</u> <u>(November 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>CUSIP</u>
1993	\$ 210,000	2.50%	607715 DY2
1994	40,000	3.00	607715 EB1
1995	95,000	3.50	607715 EE5
1996	145,000	4.00	607715 EH8
1997	195,000	4.25	607715 EL9
1998	285,000	4.50	607715 EN5
1999	350,000	4.60	607715 EQ8
2000	625,000	4.80	607715 ES4
2001	655,000	4.90	607715 EU9
2002	690,000	5.00	607715 EW5
2003	720,000	5.10	607715 EY1
2004	760,000	5.20	607715 FA2
2005	800,000	5.30	607715 FG9
2006	835,000	5.40	607715 FJ3
2007	885,000	5.40	607715 FL8
2008	935,000	5.50	607715 FN4
2009	985,000	5.50	607715 FQ7
2010	1,040,000	5.60	607715 FS3
2014	4,740,000	5.60	607715 FC8
2023	12,235,000	5.00	607715 FE4

SCHEDULE B

SAMPLE OFFICIAL STATEMENT LANGUAGE DESCRIBING BOOK-ENTRY-ONLY ISSUANCE

(Prepared by DTC--bracketed material may be applicable only to certain issues)

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the securities (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee). One fully-registered Security certificate will be issued for [each issue of] the Securities, [each] in the aggregate principal amount of such issue, and will be deposited with DTC. [If, however, the aggregate principal amount of [any] issue exceeds \$150 million, one certificate will be issued with respect to each \$150 million of principal amount and an additional certificate will be issued with respect to any remaining principal amount of such issue.]

2. DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds securities that its participants ("Participants") deposit with DTC. DTC also facilitates the settlement among Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc., and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks, and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The Rules applicable to DTC and its Participants are on file with the Securities and Exchange Commission.

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities deposited by Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. The deposit of Securities with DTC and their registration in the name of Cede & Co. effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

[6. Redemption notices shall be sent to Cede & Co. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.]

7. Neither DTC nor Cede & Co. will consent or vote with respect to Securities. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

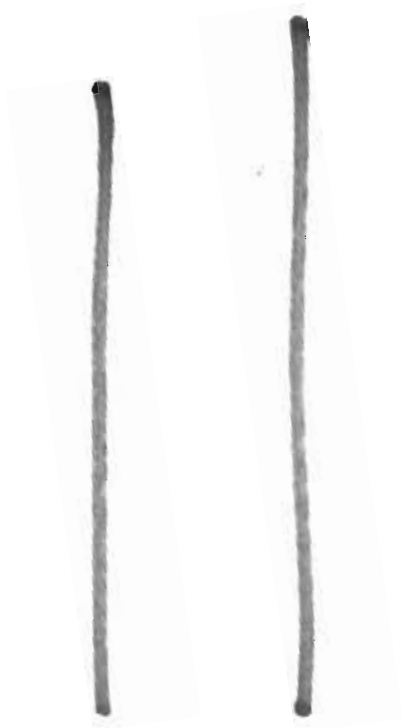
8. Principal and interest payments on the Securities will be made to DTC. DTC's practice is to credit Direct Participants' accounts on payable date in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payment on payable date. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Agent, or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the Issuer or the Agent, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

[9. A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to the [Tender/Remarketing] Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to the [Tender/Remarketing] Agent. The requirement for physical delivery of Securities in connection with a demand for purchase or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records.]

10. DTC may discontinue providing its services as securities depository with respect to the Securities at any time by giving reasonable notice to the Issuer or the Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Security certificates are required to be printed and delivered.

11. The Issuer may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered.

12. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Issuer believes to be reliable, but the Issuer takes no responsibility for the accuracy thereof.



REIMBURSEMENT AGREEMENT

by and between

REDEVELOPMENT AGENCY OF THE CITY OF MODESTO

and the

CITY OF MODESTO, CALIFORNIA

Dated as of May 1, 1993

(1993 Community Center Refinancing Project)

REIMBURSEMENT AGREEMENT

THIS REIMBURSEMENT AGREEMENT, dated as of May 1, 1993, by and between the REDEVELOPMENT AGENCY OF THE CITY OF MODESTO, a public body corporate and politic ("Agency"), and the CITY OF MODESTO, a chartered city and municipal corporation ("City");

WITNESSETH:

WHEREAS, the Agency is a duly constituted redevelopment agency under the laws of the State of California and pursuant to such laws has duly proceeded with redevelopment activities necessary for the implementation of the Modesto Redevelopment Project (the "Redevelopment Project") under the provisions of the California Community Redevelopment Law (the "Law") and pursuant to the Redevelopment Plan for the Project (the "Redevelopment Plan");

WHEREAS, the Redevelopment Plan for the Redevelopment Project provides for tax increment financing in accordance with the provisions of Chapter 6, Part 1 of Division 24 of the California Health and Safety Code and section 16 of Article XVI of the Constitution of the State of California;

WHEREAS, the Agency is authorized, with the consent of the City Council of the City, to pay all or part of the value of the land for and the cost of the installation and construction of any building, facility, structure or other improvements which are publicly owned within the Redevelopment Project, upon a determination by the Agency and said City Council that such buildings, facilities, structures or other improvements are of benefit to the Redevelopment Project;

WHEREAS, when the value of such land or the cost of the installation and construction of such building, facility, structure or other improvement, or both, has been or will be paid or provided for initially by the City, the Agency may enter into a contract with the City under which it agrees to reimburse the City for all or part of the cost of such building, facility, structure or other improvement, or both, by periodic payments over a period of years;

WHEREAS, City proposes to refinance its obligations with respect to the construction of the Modesto Community Center (the "Community Center");

WHEREAS, the Agency has agreed to provide for reimbursement to the City of all or a portion of the moneys paid as lease payments under a lease agreement entered into between the City and the Agency (the "Lease Agreement"), entered into between the City and the Modesto Public Financing Authority (the "Authority"), providing for the lease by the City of the Community Center and certain other improvements, which payments are allocable to the Community Center (the "Allocable Lease Payments"), and, in furtherance thereof, the City and the Agency have made such findings and conducted such public hearings as were necessary to comply with the provisions of sections 33445 and 33679 of the California Health and Safety Code;

WHEREAS, the Agency and the City Council determined at such time and hereby confirm that the Community Center are essential to redevelopment of the areas included within the Redevelopment Project and have a general benefit to City and its residents;

WHEREAS, the parties hereto, in consideration of their mutual undertakings, past and present, herein and otherwise, desire to provide for reimbursement to the City of all or a portion of the Allocable Lease Payments;

NOW, THEREFORE, in consideration of the mutual covenants herein contained it is agreed by and between the parties hereto, as follows:

Section 1. Definitions. Unless the context otherwise requires, the terms defined in this Section 1 shall, for all purposes of this Reimbursement Agreement and of any amendment hereto, and of any certificate, opinion, estimate or other document herein mentioned, have the meanings herein specified. Any capitalized term not defined herein shall have the meaning given to such term in the Lease Agreement.

“Agency” means the Redevelopment Agency of the City of Modesto, a redevelopment agency and public body, corporate and politic, duly organized and existing under and by virtue of the laws of the State of California.

“Allocable Lease Payments” means all amounts paid or to be paid by the City as lease payments pursuant to the Lease Agreement that are allocable to the Community Center.

“Authority” means the Modesto Public Financing Authority, a joint exercise of powers authority organized and existing under the laws of the State of California.

“City” means the City of Modesto, California, a chartered city and municipal corporation duly organized and existing under and by virtue of the Constitution and laws of the State of California.

“Community Center” means the existing Modesto Community Center, together with the site thereof, as described in Exhibits B and C to the Lease Agreement.

“Law” means the Community Redevelopment Law of the State of California, constituting Part 1 of Division 24 of the Health and Safety Code of the State of California and the acts amendatory thereof and in supplement thereto. Whenever reference is made in this Reimbursement Agreement to the Law, reference is made to the Law as in force on the date of the execution of this Reimbursement Agreement, unless the context otherwise requires.

“Lease Agreement” means that certain lease entitled “Lease Agreement” by and between the Authority, as lessor, and the City, as lessee, of the Project, dated as of May 1, 1993.

“Redevelopment Project” means the Modesto Redevelopment Project of the Agency.

“Tax Increment Revenues” means all taxes allocated to, and paid into a special fund of the Agency for the Redevelopment Project pursuant to Article 6 of Chapter 6 of the Law and section 16 of Article XVI of the Constitution of the State of California, and as provided in the redevelopment plan for the Redevelopment Project, including all payments and reimbursements, if any, to the Agency specifically attributable to ad valorem taxes lost by reason of tax exemptions and tax rate limitations, but excluding any amounts required to be used to improve the community’s supply of low or moderate income housing pursuant to section 33334.2 of the Law (or any successor or related section of the Law).

Section 2. Reimbursement. Subject to pledges of Tax Increment Revenues heretofore or hereafter made by the Agency, to the extent necessary but only to the extent available in any fiscal year, the Agency hereby agrees to make payments from Tax Increment Revenues to repay the City for all Allocable Lease Payments required to be made by the City to the Authority under the Lease

Agreement, including the principal and interest components thereof. In the event the Agency does not have sufficient Tax Increment Revenues in a particular year to make such payment or any portion thereof, the City agrees to allow the Agency to carry the balance forward until there is sufficient Tax Increment Revenues available to meet said obligation or the City may, in its discretion, waive such payment(s). The earliest payments carried forward shall be paid first from available Tax Increment Revenues and then the next payments due, until the Agency has come current with the required payment schedule.

Section 3. Term. The term of this Reimbursement Agreement shall commence on the date of recordation of the Lease Agreement in the Office of the County Recorder of Stanislaus County, State of California, and shall end on November 1, 2023, unless the term of the Lease Agreement is extended or sooner terminated as provided therein. If, on November 1, 2023, the aggregate amount of Allocable Lease Payments shall not have been paid, or provision shall not have been made for their payment, then the term of this Reimbursement Agreement shall be extended until such Allocable Lease Payments shall be fully paid or provision made for such payment. If, prior to November 1, 2023, all Allocable Lease Payments shall be fully paid or provision made for such payment in accordance with the Lease Agreement, the term of this Reimbursement Agreement shall end on such earlier date.

IN WITNESS HEREOF, the parties hereto have executed this Reimbursement Agreement as of the day and year first above written.

REDEVELOPMENT AGENCY OF THE CITY OF MODESTO

By *Andrea DeRosa*
Interim Finance Officer

Attest:

Marlene Coyte
Secretary

CITY OF MODESTO, CALIFORNIA

By *Andrea DeRosa*
Interim Finance Director

Attest:

Marlene Coyte
City Clerk

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**ESCROW DEPOSIT AND TRUST AGREEMENT
(1991 Community Center Improvements Certificates)**

by and between the

CITY OF MODESTO, CALIFORNIA

and

**FIRST INTERSTATE BANK OF CALIFORNIA,
as Escrow Bank**

Dated May 27, 1993

ESCROW DEPOSIT AND TRUST AGREEMENT

This ESCROW DEPOSIT AND TRUST AGREEMENT is made and entered into this 27th day of May, 1993, by and between CITY OF MODESTO, a municipal corporation and chartered city duly organized and existing under the laws of the State of California (the "City"), and FIRST INTERSTATE BANK OF CALIFORNIA, a banking corporation duly organized and existing under the laws of the State of California, as escrow bank (the "Escrow Bank");

WITNESSETH:

WHEREAS, the City has heretofore entered into a Lease Agreement, dated as of May 15, 1991, by and between the Redevelopment Agency of the City of Modesto (the "Agency") and the City (the "Community Center Lease Agreement"), pursuant to which the Agency agreed to lease certain real property and Community Center improvements (the "Community Center Project") to the City, and the City agreed to make certain lease payments (the "Community Center Lease Payments") to the Agency;

WHEREAS, the Community Center Lease Agreement provides that in the event that the City deposits, or causes the deposit on its behalf of, moneys or certain Federal Securities (as defined in the Community Center Lease Agreement, and which may include United States Treasury notes, bonds, bills or certificates of indebtedness or obligations for which the full faith and credit of the United States are pledged for the payment of principal and interest, including United States Treasury (book entry) certificates, notes and bonds, state and local government series), in an amount, together with investment earnings, sufficient to make the Community Center Lease Payments when and as due with prepayment thereof in accordance with instructions of the City, then all of the obligations of the City under the Community Center Lease Agreement and all of the security provided by the City for such obligations, excepting only the obligation of the City to make the Community Center Lease Payments from said deposit, shall cease and terminate, and unencumbered title to the Community Center Project shall be vested in the City without further action by the City or the Agency; and

WHEREAS, pursuant to an Assignment Agreement, dated as of May 15, 1991 (the "Community Center Assignment Agreement"), by and between the Agency and First Interstate Bank, Ltd., as trustee (the "Community Center Certificates Trustee"), the Agency assigned to the Community Center Certificates Trustee its rights to receive Community Center Lease Payments from the City under the Community Center Lease Agreement and the right to exercise such rights and remedies conferred on the Agency under the Community Center Lease Agreement to enforce payment of the Community Center Lease Payments; and

WHEREAS, pursuant to a Trust Agreement, dated as of May 15, 1991, by and among the City, the Agency and the Community Center Certificates Trustee (the "Community Center Trust Agreement"), the Community Center Certificates Trustee agreed, among other matters, to execute and deliver certificates of participation (the "Community Center Certificates") representing undivided fractional interests of the owners thereof to receive Community Center Lease Payments made by the City and to apply such Community Center Lease Payments to the payment of principal and interest with respect to the Community Center Certificates, and to administer certain funds and accounts, created pursuant to the Community Center Trust Agreement; and

WHEREAS, the City has determined that, as a result of favorable financial market conditions and for other reasons, it is in the best interests of the City at this time to refinance the

City's obligation to make the Community Center Lease Payments under the Community Center Lease Agreement and, as a result thereof, to provide for the payment of the Community Center Certificates through November 1, 2001, and to redeem the outstanding Community Center Certificates maturing on and after November 1, 2002, in full on November 1, 2001, at the redemption price of 102% of the principal amount thereof, plus accrued interest, and to that end, the City proposes to lease the Community Center Project to the Modesto Public Financing Authority (the "Authority") and to lease-back the Community Center Project from the Authority pursuant to that certain Lease Agreement, dated as of May 1, 1993 (the "Lease Agreement"); and

WHEREAS, the City proposes to make the deposit of moneys and Federal Securities referenced in Section 10.1 of the Community Center Lease Agreement and to appoint the Escrow Bank as its agent for the purpose of applying said deposit to provide for the payment of the Community Center Lease Payments to be refinanced in accordance with the instructions provided by this Escrow Deposit and Trust Agreement and of applying said Community Center Lease Payments to the payment and redemption of the Community Center Certificates in accordance with the Community Center Trust Agreement, and the Escrow Bank desires to accept said appointment; and

WHEREAS, to obtain moneys to make such deposit, the Authority proposes to assign and transfer certain of its rights under the Lease Agreement to First Trust of California, National Association, as trustee (the "Trustee"), pursuant to that certain Assignment Agreement, dated as of May 1, 1993, by and between the Authority and the Trustee, and to enter into that certain Trust Agreement, dated as of May 1, 1993 (the "Trust Agreement"), by and among the Authority, the City and the Trustee, whereby the Trustee agrees to execute and deliver certificates of participation in the principal amount of \$27,225,000 (the "Certificates"), each evidencing a direct, undivided fractional interest in the lease payments made by the City under the Lease Agreement; and

WHEREAS, the City wishes to make such a deposit with the Escrow Bank and to enter into this Escrow Deposit and Trust Agreement for the purpose of providing the terms and conditions for the deposit and application of amounts so deposited; and

WHEREAS, the Escrow Bank has full powers to act with respect to the irrevocable escrow and trust created herein and to perform the duties and obligations to be undertaken pursuant to this Escrow Deposit and Trust Agreement.

NOW, THEREFORE, in consideration of the above premises and of the mutual promises and covenants herein contained and for other valuable consideration, the parties hereto do hereby agree as follows:

Section 1. Definition of Federal Securities. As used herein, the term "Federal Securities" shall mean solely non-callable, direct general obligations of the United States of America (including obligations issued or held in book entry form on the books of the Department of the Treasury of the United States of America).

Section 2. Appointment of Escrow Bank. The City hereby appoints the Escrow Bank as escrow bank for all purposes of this Escrow Deposit and Trust Agreement and in accordance with the terms and provisions of this Escrow Deposit and Trust Agreement, and the Escrow Bank hereby accepts such appointment. The parties acknowledge that the Escrow Bank has succeeded First Interstate Bank, Ltd., as the trustee with respect to the Community Center Certificates (the "Community Center Certificates Trustee").

Section 3. Establishment of Escrow Fund. There is hereby created by the City with, and to be held by, the Escrow Bank, as security for the payment of the Community Center Lease Payments as hereinafter set forth, an irrevocable escrow to be maintained in trust by the Escrow

Bank on behalf of the City and for the benefit of the owners of the Community Center Certificates, said escrow to be designated the "Escrow Fund." All moneys and Federal Securities deposited in the Escrow Fund shall be held as a special fund for the payment of the principal and interest with respect to the Community Center Certificates in accordance with the provisions of the Community Center Trust Agreement. If at any time the Escrow Bank shall receive actual knowledge that the moneys and Federal Securities in the Escrow Fund will not be sufficient to make any payment required by Section 5 hereof, the Escrow Bank shall notify the City of such fact and the City shall immediately cure such deficiency.

The Escrow Bank may rely upon the conclusion of Ernst & Young, independent certified public accountants, that the Federal Securities listed on Exhibit A mature and bear interest payable in such amounts and at such times as, together with cash on deposit in the Escrow Fund, will be sufficient to pay when due the principal and interest with respect to the Community Center Certificates through November 1, 2001, to redeem the outstanding Community Center Certificates maturing on and after November 1, 2002, in full on November 1, 2001, at the redemption price of 102% of the principal amount thereof, plus accrued interest.

Section 4. Deposit into Escrow Fund; Investment of Amounts. Concurrently with delivery of the Certificates, the City shall cause to be transferred to the Escrow Bank for deposit into the Escrow Fund the amount of \$25,292,403.97 in immediately available funds, (i) \$23,171,210.97 of which shall be derived from the proceeds of sale of the Certificates, (ii) \$110,000 of which shall be derived from an equity contribution made by the City (derived from an upfront payment received by the City from the provider of an investment agreement relating to the reserve fund created under the Trust Agreement) and (iii) \$2,011,193.00 of which shall be derived from the reserve fund established under the Community Center Trust Agreement for the Community Center Certificates (the "Community Center Certificates Reserve Fund").

The Escrow Bank shall invest \$25,291,732.72 of the moneys deposited into the Escrow Fund pursuant to the preceding paragraph in the Federal Securities set forth in Exhibit A attached hereto and by this reference incorporated herein (the "Escrowed Federal Securities") and shall hold the remaining \$671.25 in cash, uninvested. The Escrowed Federal Securities shall be deposited with and held by the Escrow Bank in the Escrow Fund solely for the uses and purposes set forth herein.

The Escrow Bank shall not be liable or responsible for any loss resulting from its full compliance with the provisions of this Escrow Deposit and Trust Agreement.

Section 5. Instructions as to Application of Deposit. The total amount of Escrowed Federal Securities and uninvested moneys deposited in the Escrow Fund pursuant to Section 4 shall be applied by the Escrow Bank for the sole purpose of paying the principal, redemption premium and interest with respect to the Community Center Certificates as the same shall become due and payable, all at the times and in the amounts set forth in Exhibit B attached hereto and by this reference incorporated herein. The City hereby instructs the Escrow Bank, in its capacity as Community Center Certificates Trustee and the Escrow Bank, as Community Center Certificates Trustee, hereby agrees to give notice of redemption of the Community Center Certificates, such notice of redemption to be given timely for redemption of the Community Center Certificates on November 1, 2001, in accordance with the applicable provisions of the Community Center Trust Agreement.

Section 6. Investment of Any Remaining Moneys. The Escrow Bank shall, at the written direction of the City, invest and reinvest the proceeds received from any of the Escrowed Federal Securities, and the cash originally deposited into the Escrow Fund, for a period ending not later than the next succeeding interest payment date relating to the Community Center Certificates, in Federal Securities; *provided, however,* that (i) such written directions of the City shall be

accompanied by (A) a certification of an independent certified public accountant or firm of certified public accountants of favorable national reputation experienced in the refunding of obligations of political subdivisions that the Federal Securities then to be so deposited in the Escrow Fund, together with the Federal Securities then on deposit in the Escrow Fund, together with the interest to be derived therefrom, shall be in an amount at all times at least sufficient to make the payments specified in Section 5 hereof, and (B) an opinion of nationally recognized bond counsel ("Bond Counsel") that investment in accordance with such directions will not affect, for Federal income tax purposes, the exclusion from gross income of interest due with respect to the Community Center Certificates, the Community Center Certificates or the Certificates, and (ii) if the City directs such investment or reinvestment to be made in United States Treasury Securities - State and Local Government Series, the City shall, at its cost, cause to be prepared all necessary subscription forms therefor in sufficient time to enable the Escrow Bank to acquire such securities. In the event that the City shall fail to file any such written directions with the Escrow Bank concerning the reinvestment of any such proceeds, such proceeds shall be held uninvested by the Escrow Bank. Any interest income resulting from investment or reinvestment of moneys pursuant to this Section 6 and not required for the purposes set forth in Section 5, as indicated by such verification, shall be paid to the City promptly upon the receipt of such interest income by the Escrow Bank.

Section 7. Substitution or Withdrawal of Federal Securities. The City may, at any time, direct the Escrow Bank in writing to substitute Federal Securities for any or all of the Escrowed Federal Securities then deposited in the Escrow Fund, or to withdraw and transfer to the City any portion of the Federal Securities then deposited in the Escrow Fund, provided that any such direction and substitution or withdrawal shall be simultaneous and shall be accompanied by: (a) a certification of an independent certified public accountant or firm of certified public accountants of favorable national reputation experienced in the refunding of obligations of political subdivisions that the Federal Securities then to be so deposited in the Escrow Fund together with interest to be derived therefrom, or in the case of withdrawal, the Federal Securities to be remaining in the Escrow Fund following such withdrawal together with the interest to be derived therefrom, shall be in an amount at all times at least sufficient to make the payments specified in Section 5 hereof; and (b) an opinion of Bond Counsel that the substitution or withdrawal will not affect, for Federal income tax purposes, the exclusion from gross income of interest due with respect to the Community Center Certificates, the Community Center Certificates or the Certificates. In the event that, following any such substitution of Federal Securities pursuant to this Section 7, there is an amount of moneys or Federal Securities in excess of an amount sufficient to make the payments required by Section 5 hereof, as indicated by such verification, such excess shall be paid to the City.

Section 8. Application of Prior Funds. On the date of original delivery of the Certificates the deposit of a portion of the proceeds thereof in the Escrow Fund pursuant to Section 4 and the deposit of the City's equity contribution pursuant to Section 4, the Escrow Bank, as Community Center Certificates Trustee, is hereby directed to withdraw all amounts on deposit in the Community Center Certificates Reserve Fund (\$2,011,193.00) and transfer such amounts to the Escrow Bank for deposit in the Escrow Fund. Any amounts remaining on deposit in any fund or account established under the Community Center Trust Agreement for the Community Center Certificates, including any investment earnings received after the date of original delivery of the Certificates, shall be transferred by the Escrow Bank to the Trustee for deposit in the lease payment fund established under the Trust Agreement for the Certificates and applied as a credit against Lease Payments to be made by the City.

Section 9. Application of Certain Terms of Community Center Trust Agreement. All of the terms of the Community Center Trust Agreement relating to the making of payments of principal and interest with respect to the Community Center Certificates are incorporated in this Escrow Deposit and Trust Agreement as if set forth in full herein. The provisions of the Community Center Trust Agreement relating to the limitations from liability and protections afforded the Community

Center Certificates Trustee and the resignation and removal of the Community Center Certificates Trustee are also incorporated in this Escrow Deposit and Trust Agreement as if set forth in full herein and shall be the procedure to be followed with respect to any resignation or removal of the Escrow Bank hereunder.

Section 10. Compensation to Escrow Bank. The City shall pay the Escrow Bank full compensation for its duties under this Escrow Deposit and Trust Agreement, including out-of-pocket costs such as publication costs, prepayment or redemption expenses, legal fees and other costs and expenses relating hereto and, in addition, fees, costs and expenses relating to the purchase of any Federal Securities after the date hereof. Under no circumstances shall amounts deposited in the Escrow Fund be deemed to be available for said purposes.

Section 11. Liabilities and Obligations of Escrow Bank. The Escrow Bank shall have no obligation to make any payment or disbursement of any type or incur any financial liability in the performance of its duties under this Escrow Deposit and Trust Agreement unless the City shall have deposited sufficient funds with the Escrow Bank. The Escrow Bank may rely and shall be protected in acting upon the written instructions of the City or its agents relating to any matter or action as Escrow Bank under this Escrow Deposit and Trust Agreement.

The Escrow Bank and its respective successors, assigns, agents and servants shall not be held to any personal liability whatsoever, in tort, contract, or otherwise, in connection with the execution and delivery of this Escrow Deposit and Trust Agreement, the establishment of the Escrow Fund, the acceptance of the moneys or any securities deposited therein, the purchase of the securities to be purchased pursuant hereto, the retention of such securities or the proceeds thereof, the sufficiency of the securities or any uninvested moneys held hereunder to accomplish the defeasance of the Community Center Certificates, or any payment, transfer or other application of moneys or securities by the Escrow Bank in accordance with the provisions of this Escrow Deposit and Trust Agreement or by reason of any non-negligent act, non-negligent omission or non-negligent error of the Escrow Bank made in good faith in the conduct of its duties. The recitals of fact contained in the "whereas" clauses herein shall be taken as the statement of the City, and the Escrow Bank assumes no responsibility for the correctness thereof. The Escrow Bank makes no representations as to the sufficiency of the securities to be purchased pursuant hereto and any uninvested moneys to accomplish the redemption of the Community Center Certificates pursuant to the Community Center Trust Agreement or to the validity of this Escrow Deposit and Trust Agreement as to the City and, except as otherwise provided herein, the Escrow Bank shall incur no liability in respect thereof. The Escrow Bank shall not be liable in connection with the performance of its duties under this Escrow Deposit and Trust Agreement except for its own negligence, willful misconduct or default, and the duties and obligations of the Escrow Bank shall be determined by the express provisions of this Escrow Deposit and Trust Agreement. The Escrow Bank may consult with counsel, who may or may not be counsel to the City, and in reliance upon the written opinion of such counsel shall have full and complete authorization and protection in respect of any action taken, suffered or omitted by it in good faith in accordance therewith. Whenever the Escrow Bank shall deem it necessary or desirable that a matter be proved or established prior to taking, suffering, or omitting any action under this Escrow Deposit and Trust Agreement, such matter (except the matters set forth herein as specifically requiring a certificate of a nationally recognized firm of independent certified public accountants or an opinion of counsel) may be deemed to be conclusively established by a written certification of the City.

The City hereby assumes liability for, and hereby agrees (whether or not any of the transactions contemplated hereby are consummated), to the extent permitted by law, to indemnify, protect, save and hold harmless the Escrow Bank and its respective successors, assigns, agents and servants from and against any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs, expenses and disbursements (including legal fees and disbursements) of whatsoever kind and nature which may be imposed on, incurred by, or asserted against, at any

time, the Escrow Bank (whether or not also indemnified against by any other person under any other agreement or instrument) and in any way relating to or arising out of the execution and delivery of this Escrow Deposit and Trust Agreement, the establishment of the Escrow Fund, the retention of the moneys therein and any payment, transfer or other application of moneys or securities by the Escrow Bank in accordance with the provisions of this Escrow Deposit and Trust Agreement, or as may arise by reason of any act, omission or error of the Escrow Bank made in good faith in the conduct of its duties; provided, however, that the City shall not be required to indemnify the Escrow Bank against its own negligence or willful misconduct. The indemnities contained in this Section 11 shall survive the termination of this Escrow Deposit and Trust Agreement or the resignation or removal of the Trustee.

Section 12. Amendment. This Escrow Deposit and Trust Agreement may be modified or amended at any time by a supplemental agreement which shall become effective when the written consents of the owners of one hundred percent (100%) in aggregate principal amount of the Community Center Certificates then outstanding shall have been filed with the Escrow Bank. This Escrow Deposit and Trust Agreement may be modified or amended at any time by a supplemental agreement, without the consent of any such owners, but only (1) to add to the covenants and agreements of any party, other covenants to be observed, or to surrender any right or power herein or therein reserved to the City, (2) to cure, correct or supplement any ambiguous or defective provision contained herein, (3) in regard to questions arising hereunder or thereunder, as the parties hereto or thereto may deem necessary or desirable and which, in the opinion of counsel, shall not materially adversely affect the interests of the owners of the Community Center Certificates or the Certificates, and that such amendment will not cause interest on the Community Center Certificates or represented by the Certificates to become subject to federal income taxation. In connection with any contemplated amendment or revocation of this Escrow Deposit and Trust Agreement, prior written notice thereof and draft copies of the applicable legal documents shall be provided by the City to each rating agency then rating the Community Center Certificates.

Section 13. Severability. If any section, paragraph, sentence, clause or provision of this Escrow Deposit and Trust Agreement shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, sentence clause or provision shall not affect any of the remaining provisions of this Escrow Deposit and Trust Agreement. Notice of any such invalidity or unenforceability shall be provided to each rating agency then rating the Community Center Certificates.

Section 14. Notice of Escrow Bank, City and Agency. Any notice to or demand upon the Escrow Bank may be served and presented, and such demand may be made, at the Principal Corporate Trust Office of the Escrow Bank as specified by the Escrow Bank as trustee in accordance with the provisions of the Community Center Trust Agreement. Any notice to or demand upon the City and the Agency, respectively, shall be deemed to have been sufficiently given or served for all purposes by being mailed by first class mail, and deposited, postage prepaid, in a post office letter box, addressed to such party as provided in the Community Center Lease Agreement (or such other address as may have been filed in writing by the City or the Agency with the Escrow Bank).

Section 15. Merger or Consolidation of Escrow Bank. Any company into which the Escrow Bank may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the Escrow Bank may sell or transfer all or substantially all of its corporate trust business, provided such company shall be eligible to act as Trustee under the the Community Center Trust Agreement, shall be the successor hereunder to the Escrow Bank without the execution or filing of any paper or any further act.

IN WITNESS WHEREOF, the City and the Escrow Bank have each caused this Escrow Deposit and Trust Agreement to be executed by their duly authorized officers all as of the date first above written.

CITY OF MODESTO, CALIFORNIA

By *Andrea Dawson*
Interim Finance Director

Attest:

Marnie Boyle
City Clerk

FIRST INTERSTATE BANK OF
CALIFORNIA, as Escrow Bank

By *J. Benham*
Assistant Vice President

EXHIBIT A

SCHEDULE OF ESCROWED FEDERAL SECURITIES

Type	Maturity Date	Coupon	Par Amount	Price	Cost	Accrued	Total Cost
T-Note	10/31/93	6.0000%	1,012,000	101.406250%	1,026,231.25	4,455.00	1,030,686.25
T-Note	04/30/94	5.3750%	504,000	102.125000%	514,710.00	1,987.58	516,697.58
T-Note	10/31/94	4.2500%	1,068,000	101.156250%	1,080,348.75	3,330.24	1,083,678.99
T-Note	04/30/95	3.8750%	527,000	100.359375%	528,893.91	1,498.30	530,392.21
T-Note	10/15/95	8.6250%	1,116,000	110.906250%	1,237,713.75	11,045.66	1,248,759.41
T-Note	04/30/96	7.6250%	569,000	109.562500%	623,410.63	3,183.23	626,593.86
T-Note	10/31/96	6.8750%	1,200,000	107.781250%	1,293,375.00	6,052.99	1,299,427.99
T-Note	04/30/97	6.8750%	615,000	108.078125%	664,680.47	3,102.16	667,782.63
T-Note	10/31/97	5.7500%	1,276,000	103.718750%	1,323,451.25	5,383.12	1,328,834.37
REFCO	04/15/98	0.0000%	654,000	78.246000%	511,728.84	0.00	511,728.84
REFCO	10/15/98	0.0000%	1,335,000	75.708000%	1,010,701.80	0.00	1,010,701.80
REFCO	04/15/99	0.0000%	634,000	72.727000%	461,089.18	0.00	461,089.18
REFCO	10/15/99	0.0000%	1,360,000	70.435000%	957,916.00	0.00	957,916.00
REFCO	04/15/00	0.0000%	613,000	67.752000%	415,319.76	0.00	415,319.76
REFCO	10/15/00	0.0000%	1,379,000	65.486000%	903,051.94	0.00	903,051.94
REFCO	04/15/01	0.0000%	590,000	63.054000%	372,018.60	0.00	372,018.60
REFCO	10/15/01	0.0000%	20,163,000	61.137000%	12,327,053.31	0.00	12,327,053.31
			<u>34,615,000</u>		<u>25,251,694.44</u>	<u>40,038.28</u>	<u>25,291,732.72</u>

EXHIBIT B**PAYMENT AND REDEMPTION SCHEDULE
OF PRIOR CERTIFICATES**

<u>Interest Payment Date</u>	<u>Maturing Principal</u>	<u>Interest</u>	<u>Called Principal</u>	<u>Redemption Premium</u>	<u>Total Payment</u>
11/01/93	\$525,000	\$732,830.00	-	-	\$1,257,830.00
05/01/94	-	719,705.00	-	-	719,705.00
11/01/94	550,000	719,705.00	-	-	1,269,705.00
05/01/95	-	705,267.50	-	-	705,267.50
11/01/95	580,000	705,267.50	-	-	1,285,267.50
05/01/96	-	689,462.50	-	-	689,462.50
11/01/96	610,000	689,462.50	-	-	1,299,462.50
05/01/97	-	672,687.50	-	-	672,687.50
11/01/97	640,000	672,687.50	-	-	1,312,687.50
05/01/98	-	654,447.50	-	-	654,447.50
11/01/98	680,000	654,447.50	-	-	1,334,447.50
05/01/99	-	634,727.50	-	-	634,727.50
11/01/99	725,000	634,727.50	-	-	1,359,727.50
05/01/00	-	613,340.00	-	-	613,340.00
11/01/00	765,000	613,340.00	-	-	1,378,340.00
05/01/01	-	590,390.00	-	-	590,390.00
11/01/01	810,000	590,390.00	\$18,395,000	\$367,900	20,163,290.00

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**LETTER AGREEMENT
WITH RESPECT
TO
MASTER REPURCHASE AGREEMENT**

THIS LETTER AGREEMENT is made and entered into as of the date written below by and between First Trust of California, National Association, as Trustee (the "Buyer") pursuant to the Trust Agreement (as defined below), and Lehman Government Securities Inc. (the "Seller"). Reference is made to:

(i) The Trust Agreement, dated as of May 1, 1993 (the "Trust Agreement") by and among the Modesto Public Financing Authority (the "Authority"), the City of Modesto, California (the "City"), and the Buyer pursuant to which the Buyer executed and delivered \$27,225,000 Certificates of Participation (1993 Community Center Refinancing Project), Series A (the "Certificates"), Evidencing Direct, Undivided Fractional Interests of the Owners Thereof in Lease Payments to be Made by the City of Modesto, California as Rental For Certain Property Pursuant to a Lease Agreement With the Modesto Public Financing Authority; and

(ii) The Master Repurchase Agreement and all Annexes thereto dated as of May 27, 1993 by and between the Buyer and the Seller (the "Repurchase Agreement") governing specific repurchase transactions which may be entered into from time to time by the Buyer and the Seller for the sale and subsequent repurchase of securities (the "Transactions").

The Transactions described hereunder shall be deemed Transactions under the Repurchase Agreement. All capitalized terms used and not defined herein will have the respective meanings ascribed to them in the Repurchase Agreement, or the Trust Agreement, as applicable. The terms of this Letter Agreement (the "Letter") are hereby incorporated into the Repurchase Agreement as if set forth in full therein. Notwithstanding the provisions of Paragraph 3(b) and Paragraph 14 of the Repurchase Agreement, if there is any conflict between any provision set forth in the Repurchase Agreement and any provision set forth hereunder, then the terms of this Letter shall prevail.

The term "Business Day" shall mean any day on which commercial banks in the State of New York, the State of California, or the State of Minnesota are not required or permitted to be closed.

INITIAL PURCHASE OF SECURITIES:

1. The parties hereto agree to enter into a Transaction whereby on May 27, 1993 the Buyer shall purchase from the Seller and the Seller shall sell to the Buyer

certain securities which are of the type set forth in Schedule A annexed hereto and incorporated herein (the "Purchased Securities") equal in Market Value to \$1,977,050 multiplied by the agreed upon Margin Percentage set forth in Paragraph 6 of this Letter. In connection with such Transaction, on May 27, 1993 the Buyer shall transfer to the Seller \$1,977,050 in immediately available funds as payment of the Purchase Price for such Purchased Securities (pursuant to the applicable provisions of the Repurchase Agreement), and the Seller shall, in accordance with the applicable provisions of such Agreement, transfer the Purchased Securities to the Buyer. The \$1,977,050 transferred by Buyer to Seller pursuant to this Paragraph 1 represents monies credited to the Reserve Fund (the "Reserve Fund") created pursuant to Section 6.01 of the Trust Agreement.

REPURCHASE DATES:

2. The Buyer and Seller agree that the Buyer, in its sole discretion, shall have the right to demand until the Maturity Date (as defined in Paragraph 4 of this Letter), that the Seller (i) repurchase on the second Business Day following receipt of notice from the Buyer certain of the Purchased Securities in an amount equal to the then current Purchase Price for such Purchased Securities (each such Transaction referred to herein as a "Transaction Reduction"); and (ii) on the Business Day following receipt of notice from Buyer deliver to Buyer Securities equal in Market Value to amounts transferred by Buyer to Seller multiplied by the agreed upon Margin Percentage (a "Transaction Increase").

Transaction Reductions and Transaction Increases are collectively referred to herein as "Transaction Events". All Transaction Events are subject to the notice provisions set forth in this Paragraph 2 and Paragraph 5 of this Letter.

Transaction Reductions shall be effected by the Buyer only in accordance with the purposes specified under the Trust Agreement with respect to application of moneys to make delinquent Lease Payments on behalf of the City. Transaction Increases may be effected by Buyer with funds from any Transaction Reduction effected to make delinquent Lease Payments, provided, however, that such Transaction Increases shall not cause the then current Purchase Price to exceed \$1,977,050.

In the event that the Certificates are called or refunded prior to May 27, 2013, Buyer can effect a Transaction Reduction to cause Seller to repurchase all Purchased Securities outstanding at any time provided that notice is given thirty days in advance under the following terms (the "Agreement Termination"):

- a) On the date that notice of Agreement Termination is received by the Seller, the Seller, as calculation agent, shall determine the current fixed rate, based upon current market conditions (the "Current Fixed Rate") for a transaction with the same terms as those described in this Letter, however with an initial Purchase Date being the date of the Agreement Termination contemplated under this subparagraph.

- b) If the Current Fixed Rate is less than the Fixed Rate, as defined below, the Seller will repurchase all Purchased Securities at a Repurchase Price equal to the then outstanding Purchase Price plus Price Differential less the present value of 47 basis points on the current Purchase Price discounted at 5.712% for the remaining term of the Agreement.
- c) If the Current Fixed Rate is greater than or equal to the Fixed Rate, the Seller will repurchase all of the Purchased Securities at a Repurchase Price, equal to the Early Repurchase Price, as calculated by the Seller and confirmed by the Buyer in Schedule C, plus the Price Differential less the present value of 47 basis points on the current Purchase Price discounted at 5.712% for the remaining term of the Agreement.

In any case, the Buyer shall at the written direction of AMBAC Indemnity Corporation ("AMBAC") effect a Transaction Reduction equal to the then current Purchase Price, which direction may be given at any time if the Seller's parent's long-term unsecured debt rating is below (i) A- by Standard and Poor's Corporation or (ii) A3 by Moody's Investors Service, Inc.

The Buyer and the Seller agree that the first Transaction Reduction shall be the "Initial Repurchase Date" for the Transaction. Commencing on the Initial Repurchase Date and provided that no Event of Default (as such is defined in Paragraph 17 of this Letter) by the other party hereto has occurred in connection with the then current Transaction, the Buyer and the Seller agree that they shall be deemed to have automatically entered into successive subsequent Transactions, having Purchase Dates and Repurchase Dates as determined herein at a Purchase Price equal to the initial Purchase Price (i) decreased by any amounts paid to the Buyer with respect to Transaction Reductions or (ii) increased by any amounts paid to the Seller with respect to Transaction Increases. The Purchase Date for each subsequent Transaction shall be the Repurchase Date for the immediately preceding Transaction. The Repurchase Date for each successive subsequent Transaction shall be the earlier of (i) the date on which the Buyer effects the next Transaction Event in accordance with this Paragraph 2, or (ii) the next succeeding Price Differential Payment Date (as defined below). Except for the transfer and delivery of Securities and funds necessary to effect a Transaction Reduction or Price Differential payment, the parties shall not be required to deliver and redeliver Securities and funds to effect any such successive subsequent Transactions. The Seller shall, upon the Purchase Date resulting from each Transaction Event, deliver to the Buyer the Confirmation required by Paragraph 3(b) of the Repurchase Agreement.

The Seller agrees that, notwithstanding any provision of the Repurchase Agreement permitting the Seller to retain custody of the Purchased Securities, the Seller shall cause all Purchased Securities to be transferred to the Buyer pursuant to the provisions of the Repurchase Agreement.

The Buyer and Seller agree that, notwithstanding any provision of the Repurchase Agreement, except in an Event of Default by the Seller, Buyer may not engage in repurchase transactions with the Purchased Securities or otherwise pledge or hypothecate the Purchased Securities.

The Buyer agrees that funds received in connection with a Transaction Reduction may not be used for investment with or through any other entity, and that funds received in connection with a Transaction Reduction may not be reinvested with the Seller except under the terms of this Letter.

PRICE DIFFERENTIAL:

3. The Buyer and the Seller agree that the Pricing Rate used to determine the Price Differential for any Transaction hereunder shall be 5.712% per annum (the "Fixed Rate"). The Price Differential shall be calculated on the basis of twelve (12) thirty (30) day months in a 360-day year. The Price Differential shall be payable by the Seller on each May 1 and November 1, and if such day is not a Business Day then on the Business Day preceding such date (the "Price Differential Payment Date"), commencing on November 1, 1993 and on the Maturity Date. Notwithstanding any provision of the Repurchase Agreement, for purposes of calculating the Price Differential with respect to Transactions effected in accordance with the terms hereunder, the then current Purchase Price shall not include any cash paid to Buyer with respect to a Margin Deficit or any cash paid to Seller with respect to a Margin Excess.

Furthermore, a fee of \$110,000 (the "Up-Front Fee", which is equal to the present value of 47 basis points on the current Purchase Price discounted at 5.712% for 20 years) shall be paid by the Seller to the Buyer on behalf of the City by wire transfer of immediately available funds on May 27, 1993.

MATURITY DATE:

4. The Buyer and the Seller agree that the final Transaction shall terminate on the earlier to occur of (i) the date on which a Transaction Reduction occurs which reduces the then current Purchase Price to zero in accordance with Paragraph 2 of this Letter or (ii) May 27, 2013 (either of the foregoing dates herein referred to as the "Maturity Date"). On the Maturity Date, the Buyer shall transfer the remaining Purchased Securities to the Seller, and the Seller shall pay to the Buyer the Repurchase Price applicable to such Transaction and any accrued, but unpaid Price Differential; and, upon such transfer and payment, the obligations of the Buyer and Seller under this Letter shall be satisfied.

NOTICES AND CONFIRMATION:

5. The Seller agrees that, provided it has received notice of a Transaction Event from the Buyer by 11:00 a.m. New York time on any Business Day, it shall, on or before 2:00 p.m., New York time, on the second Business Day following receipt of such notice, in accordance with this Paragraph 5 and Paragraph 2 of this Letter, (i) in the event of a Transaction Reduction, against the delivery of the Purchased Securities then being released, pay to the Buyer in immediately available funds the Transaction Reduction amount as specified in such notice and (ii) in the event of a Transaction Increase, against the delivery of immediately available funds as set forth in the notice of a Transaction Increase (the "Increase Amount"), transfer to the Buyer, Securities equal in Market Value to the Increase Amount multiplied by the agreed upon Margin Percentage. A notice of a Transaction Event may only be delivered on a Business Day and shall specify the Market Value of the Purchased Securities to be purchased or repurchased which amount shall be equal to said Transaction Event.

Once given, any notice of a Transaction Event delivered pursuant to this Paragraph 5 shall be absolute and unconditional and shall not be subject to modification, termination, or revocation. Any notice of a Transaction Event may be in the form of oral instructions from the Buyer immediately confirmed in writing.

MARGIN:

6. The parties hereto agree that with respect to each of the Transactions covered hereunder the Margin Percentage shall be as set forth in Schedule A attached hereto. The Market Value of the Purchased Securities will be determined by Buyer and Seller on the first Business Day of each week, and the Buyer shall timely notify Seller of a Margin Deficit or Margin Excess, as the case may be. If such notice is received on or before 11 a. m., New York time, remedy to cure such Margin Excess or Margin Deficit shall be made on the same day. If such notice is received subsequent to 11 a.m., New York time, remedy to cure such Margin Excess or Margin Deficit shall be made on the next immediately succeeding Business Day. All actions taken with respect to the Market Value of the Purchased Securities, including whether there is a Margin Deficit or Margin Excess, shall be in accordance with the applicable provisions of the Repurchase Agreement.

MISCELLANEOUS:

7. The Buyer and the Seller agree that, if for any reason any Transaction hereunder shall be deemed to be other than a sale or purchase, Seller hereby grants a security interest in and pledges, assigns and transfers to the Buyer any and all right, title, and interest of the Seller in and to the Purchased Securities or cash delivered or to be delivered to Buyer pursuant to the terms of the Transactions, together with all rights with respect to such Transactions, to secure the prompt performance of all obligations of

the Seller under the Repurchase Agreement and this Letter, including, without limitation, the payment to the Buyer of the liabilities, indebtedness and obligations of the Seller to the Buyer, and all claims of the Buyer against the Seller arising out of or by reason of any or all Transactions hereunder.

It is the intention of the Seller and Buyer that, if for any reason the Transaction shall be deemed other than a sale and purchase, the Buyer's rights in and to the Purchased Securities and cash shall be those of a secured party holding collateral under the provisions of the Uniform Commercial Code as in effect in the State of New York (the "U.C.C.").

8. The amounts that are paid to the Seller hereunder are accepted by the Seller as principal, and the Seller will not accept such funds on behalf of any entity (including the Buyer, the Authority, the City, or the owners of the Certificates) and is not restricted in its use, investment, or disposition of the funds so paid. The Seller may use, hold, invest, or dispose of the Purchase Price in any manner and with or to any person it deems appropriate and shall not be liable with respect to such Purchase Price to any person other than the Buyer and its permitted assigns for anything other than the repayment of the Purchase Price and Price Differential as required by this Letter and the Repurchase Agreement. The Seller is not acting as a fiduciary, agent, or depository, and nothing herein shall be construed to constitute the Seller as a fiduciary, agent, or depository for the Buyer, the Authority, the City, or the owners of the Certificates, or any entity, and the Seller shall have no obligation, responsibility, or liability with respect to (i) the source of funds received hereunder, (ii) the application or misapplication of funds by the Buyer or of any other entity upon repayment hereunder, (iii) the insolvency, bankruptcy, dissolution or reorganization of the Buyer, the Authority, the City, or any other entity, or (iv) any adverse tax consequences that occur with respect to the Certificates resulting from transactions hereunder or otherwise. The Seller or any of its affiliates may commingle any amounts received hereunder with the general assets of the Seller or any of its affiliates and shall not be required to segregate or otherwise separately identify or fund for such amounts.

9. The Buyer will not adopt any amendment to, nor waive any provision of the Trust Agreement which has the effect (i) of making the Transaction contemplated hereunder no longer permissible under the Trust Agreement or (ii) of modifying their obligations under the Letter Agreement, without the prior written consent of Seller.

10. The Buyer agrees that if any successor Trustee succeeds to the duties of Buyer as Trustee pursuant to the applicable provisions of the Trust Agreement, it will promptly notify the Seller in writing of such succession, which notice shall identify the successor Trustee, set out its address, telephone and facsimile numbers and identify the officer or officers authorized to transact business with the Seller under the Repurchase Agreement. Such successor Trustee shall, upon delivery to the Seller of such additional information as may reasonably be requested by the Seller, and upon execution of an assumption of the Buyer's obligations under the Repurchase Agreement and this Letter,

if required by the Seller, automatically succeed to the rights, and duties of the Buyer pursuant to Paragraph 15 of Repurchase Agreement.

11. Prior to the Maturity Date each of the Seller and the Buyer agrees not to exercise its right to terminate the Repurchase Agreement pursuant to Paragraph 15 thereof.

12. The Seller represents that it is a primary government securities dealer as such term is defined by the Federal Reserve Board.

13. Any written notice authorized or required by this Letter shall be sufficiently given if addressed to the receiving party and hand delivered or sent by overnight courier, telecopy or other facsimile machine to the individuals at the addresses specified in this Paragraph 13 or to such other person or persons as the receiving party may from time to time designate to the other parties in writing pursuant to this Paragraph 13.

NOTICES TO BUYER: First Trust of California, National Association
101 California Street, Suite 1150
San Francisco, CA 94111
Attn: Stephen Ruffin
Phone: (415)274-2532
FAX: (415)274-2577

NOTICES TO SELLER: Lehman Government Securities Inc.
World Financial Center
American Express Tower, 8th Floor
New York, NY 10285-0800
Attn: Finance Desk-Support Group
Phone: (212) 640-6286
FAX: (212) 640-7372

14. The Seller and Buyer agree and recognize with respect to Paragraph 10(ii) of the Repurchase Agreement that the Buyer is acting not as a principal but in its capacity as Trustee under the Trust Agreement.

15. The Buyer represents that the Transaction contemplated herein and under the Repurchase Agreement are permitted investment under the Trust Agreement.

16. The Seller and the Buyer recognize that each Transaction entered into hereunder and under the terms of the Trust Agreement is a "repurchase agreement" as that term is defined in Section 101 of Title 11 of the United States Code, as amended (the "U.S.C."), and a "securities contract" as that term is defined in Section 741 of Title 11 of the U.S.C.

17. It is agreed by the Buyer and the Seller that, in addition to the Events of Default specified in Paragraph 11 of the Repurchase Agreement, the failure of either party to observe any material obligation under the terms of this letter shall also constitute an "Event of Default" under Paragraph 11 of the Repurchase Agreement and the non-defaulting party shall have the right to exercise all remedies available under said Paragraph 11.

18. Seller will provide a written report to the Buyer and AMBAC by the tenth (10th) Business Day of each calendar month during the term of this agreement. The Monthly Report shall set forth (i) the then current Purchase Price; (ii) the accrued but unpaid Price Differential with respect to such Purchase Price; (iii) the date(s) of the most recent Transaction Reduction(s) with respect to the Transactions hereunder, together with the Purchase Price(s) therefor.

19. Notwithstanding any provision to the contrary in paragraph 5 of the Repurchase Agreement, when the term of this Letter extends over an income or principal payment date on Purchased Securities subject to this Letter, the Buyer shall, on the date such principal or income is paid, transfer to the Seller's account an amount equal to such payment.

20. This Letter shall be governed by and construed in accordance with the substantive laws (and not choice of law rules) of the State of New York. The parties hereto irrevocably consent to the non-exclusive jurisdiction and venue of any federal and State court in the Borough of Manhattan, in the State of New York, in connection with any action or proceeding arising out of or in connection with this Letter, and the parties hereto irrevocably waive the right to object to the venue of any such court on the ground of inconvenient forum.

21. The terms of this Letter may be waived, modified or amended only by an instrument in writing duly executed by the Seller and Buyer.

21. This Letter may be executed in counterparts by the parties hereto, and each such counterpart shall be considered an original and all such counterparts shall constitute one and the same instrument.

The undersigned hereby execute this Letter Agreement for the purpose of being bound by its terms.

Dated: As of May 27, 1993

LEHMAN GOVERNMENT SECURITIES INC.
(Seller)

FIRST TRUST OF CALIFORNIA,
NATIONAL ASSOCIATION, as Trustee (Buyer)

By: Gary M. Killian

By: Christine L. Barton

Name: Gary M. Killian

Name: CHRISTINE L. BARTON

Title: Senior Vice President

Title: AVP

**SCHEDULE A
TO
LETTER AGREEMENT**

Set out below is a description of the Purchased Securities eligible for sale by the Seller to the Buyer pursuant to Paragraph 1 of the Letter Agreement:

SECURITIES:

- (1) Direct obligations of, or obligations the full and timely payment of the principal of and interest on which is unconditionally guaranteed by, the United States of America ("Treasuries").

Margin Percentage = 103%

- (2) Any bond, debenture, note, participation certificate or other similar instrument or obligation issued or guaranteed by the Government National Mortgage Association ("GNMA").

Margin Percentage = 103%

- (3) Obligations issued or guaranteed by the Federal National Mortgage Association ("FNMA") or the Federal Home Loan Mortgage Corporation ("FHLMC").

Margin Percentage = 103%

- (4) Cash (in immediately available funds).

Margin Percentage = 100%

**SCHEDULE B
TO
LETTER AGREEMENT**

Set out below are the Accounts to which all (i) Purchased Securities and (ii) cash shall be transferred from Seller to Buyer under the terms of this Letter.

From Seller to Buyer:

For Funds:

ABA: 091000022
FIRST BANK, MINNEAPOLIS
Acct: 180121167365
Re: FIRST TRUST, SAN FRANCISCO

For U.S. Treasury and Federal Agency Securities:

ABA: 091000022
FIRST MPLS/TRUST
Re: City of Modesto

For GNMA Securities:

PTC: BTRST/CUST/FIRST TRUST
COMPANY #92574

For Mortgage Backed Securities:

ABA:
Name:
Acct:
Ref:

ISSUER'S TAX ID#:

From Buyer to Seller:

For Funds:

ABA: 021000128
CHEMICAL BANK NYC
Acct: 066206677
Lehman Government Securities Inc.

For U.S. Treasury and Federal Agency Securities:

ABA: 021000128
CHEMICAL BANK NYC/LEHMAN

For GNMA Securities:

PTC: LEHM

For Mortgage Backed Securities:

ABA: 021000128
CHEMICAL BANK NYC/LMBS

**SCHEDULE C
TO
LETTER AGREEMENT**

CALCULATION OF EARLY REPURCHASE PRICE

- ERP** = Early Repurchase Price
- A** = Number of interest payments per annum.
- n** = Number of interest payments between the Transaction Reduction date and the Final Maturity Date (does not include the payment at maturity).
- C** = Fixed Rate.
- R** = Current Fixed Rate
- Di** = Number of days in full Price Differential payment period on a 30/360 day count basis with no adjustment period of end dates.
- di** = Number of days between the Transaction Reduction date and the next Price Differential payment date (on a 30/360 day count basis).
- P** = Transaction Reduction Amount

$$ERP = P + \left[\frac{P * (C - R) * (di / 360)}{[1 + (di / 360 * R)]} + \sum_{i=1}^n \frac{P * (C - R) * (Di / 360)}{\frac{[1 + (R / A)]^n}{[1 + (di / 360 * R)]}} \right]$$

LEHMAN BROTHERS

MASTER REPURCHASE AGREEMENT

Dated as of May 27, 1993

Between:

Lehman Government Securities Inc.

and

First Trust of California, National Association, as Trustee

1. Applicability

From time to time the parties hereto may enter into transactions in which one party ("Seller") agrees to transfer to the other ("Buyer") securities or financial instruments ("Securities") against the transfer of funds by Buyer, with a simultaneous agreement by Buyer to transfer to Seller such Securities at a date certain or on demand, against the transfer of funds by Seller. Each such transaction shall be referred to herein as a "Transaction" and shall be governed by this Agreement, including any supplemental terms or conditions contained in Annex I hereto, unless otherwise agreed in writing.

2. Definitions

(a) "Act of Insolvency", with respect to any party, (i) the commencement by such party as debtor of any case or proceeding under any bankruptcy, insolvency, reorganization, liquidation, dissolution or similar law, or such party seeking the appointment of a receiver, trustee, custodian or similar official for such party or any substantial part of its property, or (ii) the commencement of any such case or proceeding against such party, or another seeking such an appointment, or the filing against a party of an application for a protective decree under the provisions of the Securities Investor Protection Act of 1970, which (A) is consented to or not timely contested by such party, (B) results in the entry of an order for relief, such an appointment, the issuance of such a protective decree or the entry of an order having a similar effect, or (C) is not dismissed within 15 days, (iii) the making by a party of a general assignment for the benefit of creditors, or (iv) the admission in writing by a party of such party's inability to pay such party's debts as they become due;

(b) "Additional Purchased Securities", Securities provided by Seller to Buyer pursuant to Paragraph 4(a) hereof;

(c) "Buyer's Margin Amount", with respect to any Transaction as of any date, the amount obtained by application of a percentage (which may be equal to the percentage that is agreed to as the Seller's Margin Amount under subparagraph (q) of this Paragraph), agreed to by Buyer and Seller prior to entering into the Transaction, to the Repurchase Price for such Transaction as of such date;

(d) "Confirmation", the meaning specified in Paragraph 3(b) hereof;

(e) "Income", with respect to any Security at any time, any principal thereof then payable and all interest, dividends or other distributions thereon;

(f) "Margin Deficit", the meaning specified in Paragraph 4(a) hereof;

(g) "Margin Excess", the meaning specified in Paragraph 4(b) hereof;

(h) "Market Value", with respect to any Securities as of any date, the price for such Securities on such date obtained from a generally recognized source agreed to by the parties or the most recent closing bid quotation from such a source, plus accrued income to the extent not included therein (other than any income credited or transferred to, or applied to the obligations of, Seller pursuant to Paragraph 5 hereof) as of such date (unless contrary to market practice for such Securities);

(i) "Price Differential", with respect to any Transaction hereunder as of any date, the aggregate amount obtained by daily application of the Pricing Rate for such Transaction to the Purchase Price for such Transaction on a 360 day per year basis for the actual number of days during the period commencing on (and including) the Purchase Date for such Transaction and ending on (but excluding) the date of determination (reduced by any amount of such Price Differential previously paid by Seller to Buyer with respect to such Transaction);

(j) "Pricing Rate", the per annum percentage rate for determination of the Price Differential;

(k) "Prime Rate", the prime rate of U.S. money center commercial banks as published in *The Wall Street Journal*;

(l) "Purchase Date", the date on which Purchased Securities are transferred by Seller to Buyer;

(m) "Purchase Price", (i) on the Purchase Date, the price at which Purchased Securities are transferred by Seller to Buyer, and (ii) thereafter, such price increased by the amount of any cash transferred by Buyer to Seller pursuant to Paragraph 4(b) hereof and decreased by the amount of cash transferred by Seller to Buyer pursuant to Paragraph 4(a) hereof or applied to reduce Seller's obligations under clause (ii) of Paragraph 5 hereof;

(n) "Purchased Securities", the Securities transferred by Seller to Buyer in a Transaction hereunder, and any Securities substituted therefor in accordance with Paragraph 9 hereof. The term "Purchased Securities" with respect to any Transaction at any time also shall include Additional Purchased Securities delivered pursuant to Paragraph 4(a) and shall exclude Securities returned pursuant to Paragraph 4(b);

(o) "Repurchase Date", the date on which Seller is to repurchase the Purchased Securities from Buyer, including any date determined by application of the provisions of Paragraphs 3(c) or 11 hereof;

(p) "Repurchase Price", the price at which Purchased Securities are to be transferred from Buyer to Seller upon termination of a Transaction, which will be determined in each case (including Transactions terminable upon demand) as the sum of the Purchase Price and the Price Differential as of the date of such determination, increased by any amount determined by the application of the provisions of Paragraph 11 hereof;

(q) "Seller's Margin Amount", with respect to any Transaction as of any date, the amount obtained by application of a percentage (which may be equal to the percentage that is agreed to as the Buyer's Margin Amount under subparagraph (c) of this Paragraph), agreed to by Buyer and Seller prior to entering into the Transaction, to the Repurchase Price for such Transaction as of such date.

3. Initiation; Confirmation; Termination

(a) An agreement to enter into a Transaction may be made orally or in writing at the initiation of either Buyer or Seller. On the Purchase Date for the Transaction, the Purchased Securities shall be transferred to Buyer or its agent against the transfer of the Purchase Price to an account of Seller.

(b) Upon agreeing to enter into a Transaction hereunder, Buyer or Seller (or both), as shall be agreed, shall promptly deliver to the other party a written confirmation of each Transaction (a "Confirmation"). The Confirmation shall describe the Purchased Securities (including CUSIP number, if any), identify Buyer and Seller and set forth (i) the Purchase Date, (ii) the Purchase Price, (iii) the Repurchase Date, unless the Transaction is to be terminable on demand, (iv) the Pricing Rate or Repurchase Price applicable to the Transaction, and (v) any additional terms or conditions of the Transaction not inconsistent with this Agreement. The Confirmation, together with this Agreement, shall constitute conclusive evidence of the terms agreed between Buyer and Seller with respect to the Transaction to which the Confirmation relates, unless with respect to the Confirmation specific objection is made promptly after receipt thereof. In the event of any conflict between the terms of such Confirmation and this Agreement, this Agreement shall prevail.

(c) In the case of Transactions terminable upon demand, such demand shall be made by Buyer or Seller, no later than such time as is customary in accordance with market practice, by telephone or otherwise on or prior to the business day on which such termination will be effective. On the date specified in such demand, or on the date fixed for termination in the case of Transactions having a fixed term, termination of the Transaction will be effected by transfer to Seller or its agent of the Purchased Securities and any income in respect thereof received by Buyer (and not previously credited or transferred to, or applied to the obligations of, Seller pursuant to Paragraph 5 hereof) against the transfer of the Repurchase Price to an account of Buyer.

4. Margin Maintenance

(a) If at any time the aggregate Market Value of all Purchased Securities subject to all Transactions in which a particular party hereto is acting as Buyer is less than the aggregate Buyer's Margin Amount for all such Transactions (a "Margin Deficit"), then Buyer may by notice to Seller require Seller in such Transactions, at Seller's option, to transfer to Buyer cash or additional Securities reasonably acceptable to Buyer ("Additional Purchased Securities"), so that the cash and aggregate Market Value of the Purchased Securities, including any such Additional Purchased Securities, will thereupon equal or exceed such aggregate Buyer's Margin Amount (decreased by the amount of any Margin Deficit as of such date arising from any Transactions in which such Buyer is acting as Seller).

(b) If at any time the aggregate Market Value of all Purchased Securities subject to all Transactions in which a particular party hereto is acting as Seller exceeds the aggregate Seller's Margin Amount for all such Transactions at such time (a "Margin Excess"), then Seller may by notice to Buyer require Buyer in such Transactions, at Buyer's option, to transfer cash or Purchased Securities to Seller, so that the aggregate Market Value of the Purchased Securities, after deduction of any such cash or any Purchased Securities so transferred, will thereupon not exceed such aggregate Seller's Margin Amount (increased by the amount of any Margin Excess as of such date arising from any Transactions in which such Seller is acting as Buyer).

(c) Any cash transferred pursuant to this Paragraph shall be attributed to such Transactions as shall be agreed upon by Buyer and Seller.

(d) Seller and Buyer may agree, with respect to any or all Transactions hereunder, that the respective rights of Buyer or Seller (or both) under subparagraphs (a) and (b) of this Paragraph may be exercised only where a Margin Deficit or Margin Excess exceeds a specified dollar amount or a specified percentage of the Repurchase Prices for such Transactions (which amount or percentage shall be agreed to by Buyer and Seller prior to entering into any such Transactions).

(e) Seller and Buyer may agree, with respect to any or all Transactions hereunder, that the respective rights of Buyer and Seller under subparagraphs (a) and (b) of this Paragraph to require the elimination of a Margin Deficit or a Margin Excess, as the case may be, may be exercised whenever such a Margin Deficit or Margin Excess exists with respect to any single Transaction hereunder (calculated without regard to any other Transaction outstanding under this Agreement).

5. Income Payments

Where a particular Transaction's term extends over an income payment date on the Securities subject to that Transaction, Buyer shall, as the parties may agree with respect to such Transaction (or, in the absence of any agreement, as Buyer shall reasonably determine in its discretion), on the date such income is payable either (i) transfer to or credit to the account of Seller an amount equal to such income payment or payments with respect to any Purchased Securities subject to such Transaction or (ii) apply the income payment or payments to reduce the amount to be transferred to Buyer by Seller upon termination of the Transaction. Buyer shall not be obligated to take any action pursuant to the preceding sentence to the extent that such action would result in the creation of a Margin Deficit, unless prior thereto or simultaneously therewith Seller transfers to Buyer cash or Additional Purchased Securities sufficient to eliminate such Margin Deficit.

6. Security Interest

Although the parties intend that all Transactions hereunder be sales and purchases and not loans, in the event any such Transactions are deemed to be loans, Seller shall be deemed to have pledged to Buyer as security for the performance by Seller of its obligations under each such Transaction, and shall be deemed to have granted to Buyer a security interest in, all of the Purchased Securities with respect to all Transactions hereunder and all proceeds thereof.

7. Payment and Transfer

Unless otherwise mutually agreed, all transfers of funds hereunder shall be in immediately available funds. All Securities transferred by one party hereto to the other party (i) shall be in suitable form for transfer or shall be accompanied by duly executed instruments of transfer or assignment in blank and such other documentation as the party receiving possession may reasonably request, (ii) shall be transferred on the book-entry system of a Federal Reserve Bank, or (iii) shall be transferred by any other method mutually acceptable to Seller and Buyer. As used herein with respect to Securities, "transfer" is intended to have the same meaning as when used in Section 8-313 of the New York Uniform Commercial Code or, where applicable, in any federal regulation governing transfers of the Securities.

8. Segregation of Purchased Securities

To the extent required by applicable law, all Purchased Securities in the possession of Seller shall be segregated from other securities in its possession and shall be identified as subject to this Agreement. Segregation may be accomplished by appropriate identification on the books and records of the holder, including a financial intermediary or a clearing corporation. Title to all Purchased Securities shall pass to Buyer and, unless otherwise agreed by Buyer and Seller, nothing in this Agreement shall preclude Buyer from engaging in repurchase transactions with the Purchased Securities or otherwise pledging or hypothecating the Purchased Securities, but no such transaction shall relieve Buyer of its obligations to transfer Purchased Securities to Seller pursuant to Paragraphs 3, 4 or 11 hereof, or of Buyer's obligation to credit or pay income to, or apply income to the obligations of, Seller pursuant to Paragraph 5 hereof.

Required Disclosure for Transactions in Which the Seller Retains Custody of the Purchased Securities

Seller is not permitted to substitute other securities for those subject to this Agreement and therefore must keep Buyer's securities segregated at all times, unless in this Agreement Buyer grants Seller the right to substitute other securities. If Buyer grants the right to substitute, this means that Buyer's securities will likely be commingled with Seller's own securities during the trading day. Buyer is advised that, during any trading day that Buyer's securities are commingled with Seller's securities, they [will]* [may]** be subject to liens granted by Seller to [its clearing bank]* [third parties]** and may be used by Seller for deliveries on other securities transactions. Whenever the securities are commingled, Seller's ability to resegment substitute securities for Buyer will be subject to Seller's ability to satisfy [the clearing]** [any]** lien or to obtain substitute securities.

*Language to be used under 17 C.F.R. §403.4(e) if Seller is a government securities broker or dealer other than a financial institution.

**Language to be used under 17 C.F.R. §403.5(d) if Seller is a financial institution.

9. Substitution

(a) Seller may, subject to agreement with and acceptance by Buyer, substitute other Securities for any Purchased Securities. Such substitution shall be made by transfer to Buyer of such other Securities and transfer to Seller of such Purchased Securities. After substitution, the substituted Securities shall be deemed to be Purchased Securities.

(b) In Transactions in which the Seller retains custody of Purchased Securities, the parties expressly agree that Buyer shall be deemed, for purposes of subparagraph (a) of this Paragraph, to have agreed to and accepted in the Agreement substitution by Seller of other Securities for Purchased Securities; *provided however*, that such other Securities shall have a Market Value at least equal to the Market Value of the Purchased Securities for which they are substituted.

10. Representations

Each of Buyer and Seller represents and warrants to the other that (i) it is duly authorized to execute and deliver this Agreement, to enter into the Transactions contemplated hereunder and to perform its obligations hereunder and has taken all necessary action to authorize such execution, delivery and performance, (ii) it will engage in such Transactions as principal (or, if agreed in writing in advance of any Transaction by the other party hereto, as agent for a disclosed principal), (iii) the person signing this Agreement on its behalf is duly authorized to do so on its behalf (or on behalf of any such disclosed principal), (iv) it has obtained all authorizations of any governmental body required in connection with this Agreement and the Transactions hereunder and such authorizations are in full force and effect and (v) the execution, delivery and performance of this Agreement and the Transactions hereunder will not violate any law, ordinance, charter, by-law or rule applicable to it or any agreement by which it is bound or by which any of its assets are affected. On the Purchase Date for any Transaction Buyer and Seller shall each be deemed to repeat all the foregoing representations made by it.

11. Events of Default

In the event that (i) Seller fails to repurchase or Buyer fails to transfer Purchased Securities upon the applicable Repurchase Date, (ii) Seller or Buyer fails, after one business day's notice, to comply with Paragraph 4 hereof, (iii) Buyer fails to comply with Paragraph 5 hereof, (iv) an Act of Insolvency occurs with respect to Seller or Buyer, (v) any representation made by Seller or Buyer shall have been incorrect or untrue in any material respect when made or repeated or deemed to have been made or repeated, or (vi) Seller or Buyer shall admit to the other its inability to, or its intention not to, perform any of its obligations hereunder (each an "Event of Default"):

(a) At the option of the nondefaulting party, exercised by written notice to the defaulting party (which option shall be deemed to have been exercised, even if no notice is given, immediately upon the occurrence of an Act of Insolvency), the Repurchase Date for each Transaction hereunder shall be deemed immediately to occur.

(b) In all Transactions in which the defaulting party is acting as Seller, if the nondefaulting party exercises or is deemed to have exercised the option referred to in subparagraph (a) of this Paragraph, (i) the defaulting party's obligations hereunder to repurchase all Purchased Securities in such Transactions shall thereupon become immediately due and payable, (ii) to the extent permitted by applicable law, the Repurchase Price with respect to each such Transaction shall be increased by the aggregate amount obtained by daily application of (x) the greater of the Pricing Rate for such Transaction or the Prime Rate to (y) the Repurchase Price for such Transaction as of the Repurchase Date as determined pursuant to subparagraph (a) of this Paragraph (decreased as of any day by (A) any amounts retained by the nondefaulting party with respect to such Repurchase Price pursuant to clause (iii) of this subparagraph, (B) any proceeds from the sale of Purchased Securities pursuant to subparagraph (d)(i) of this Paragraph, and (C) any amounts credited to the account of the defaulting party pursuant to subparagraph (e) of this Paragraph) on a 360 day per year basis for the actual number of days during the period from and including the date of the Event of Default giving rise to such option to but excluding the date of payment of the Repurchase Price as so increased, (iii) all income paid after such exercise or deemed exercise shall be retained by the nondefaulting party and applied to the aggregate unpaid Repurchase Prices owed by the defaulting party, and (iv) the defaulting party shall immediately deliver to the nondefaulting party any Purchased Securities subject to such Transactions then in the defaulting party's possession.

(c) In all Transactions in which the defaulting party is acting as Buyer, upon tender by the nondefaulting party of payment of the aggregate Repurchase Prices for all such Transactions, the defaulting party's right, title and interest in all Purchased Securities subject to such Transactions shall be deemed transferred to the nondefaulting party, and the defaulting party shall deliver all such Purchased Securities to the nondefaulting party.

(d) After one business day's notice to the defaulting party (which notice need not be given if an Act of Insolvency shall have occurred, and which may be the notice given under subparagraph (a) of this Paragraph or the notice referred to in clause (ii) of the first sentence of this Paragraph), the nondefaulting party may:

(i) as to Transactions in which the defaulting party is acting as Seller, (A) immediately sell, in a recognized market at such price or prices as the nondefaulting party may reasonably deem satisfactory, any or all Purchased Securities subject to such Transactions and apply the proceeds thereof to the aggregate unpaid Repurchase Prices and any other amounts owing by the defaulting party hereunder

or (B) in its sole discretion elect, in lieu of selling all or a portion of such Purchased Securities, to give the defaulting party credit for such Purchased Securities in an amount equal to the price therefor on such date, obtained from a generally recognized source or the most recent closing bid quotation from such a source, against the aggregate unpaid Repurchase Prices and any other amounts owing by the defaulting party hereunder; and

(ii) as to Transactions in which the defaulting party is acting as Buyer, (A) purchase securities ("Replacement Securities") of the same class and amount as any Purchased Securities that are not delivered by the defaulting party to the nondefaulting party as required hereunder or (B) in its sole discretion elect, in lieu of purchasing Replacement Securities, to be deemed to have purchased Replacement Securities at the price therefor on such date, obtained from a generally recognized source or the most recent closing bid quotation from such a source.

(e) As to Transactions in which the defaulting party is acting as Buyer, the defaulting party shall be liable to the nondefaulting party (i) with respect to Purchased Securities (other than Additional Purchased Securities), for any excess of the price paid (or deemed paid) by the nondefaulting party for Replacement Securities therefor over the Repurchase Price for such Purchased Securities and (ii) with respect to Additional Purchased Securities, for the price paid (or deemed paid) by the nondefaulting party for the Replacement Securities therefor. In addition, the defaulting party shall be liable to the nondefaulting party for interest on such remaining liability with respect to each such purchase (or deemed purchase) of Replacement Securities from the date of such purchase (or deemed purchase) until paid in full by Buyer. Such interest shall be at a rate equal to the greater of the Pricing Rate for such Transaction or the Prime Rate.

(f) For purposes of this Paragraph 11, the Repurchase Price for each Transaction hereunder in respect of which the defaulting party is acting as Buyer shall not increase above the amount of such Repurchase Price for such Transaction determined as of the date of the exercise or deemed exercise by the nondefaulting party of its option under subparagraph (a) of this Paragraph.

(g) The defaulting party shall be liable to the nondefaulting party for the amount of all reasonable legal or other expenses incurred by the nondefaulting party in connection with or as a consequence of an Event of Default, together with interest thereon at a rate equal to the greater of the Pricing Rate for the relevant Transaction or the Prime Rate.

(h) The nondefaulting party shall have, in addition to its rights hereunder, any rights otherwise available to it under any other agreement or applicable law.

12. Single Agreement

Buyer and Seller acknowledge that, and have entered hereto and will enter into each Transaction hereunder in consideration of and in reliance upon the fact that, all Transactions hereunder constitute a single business and contractual relationship and have been made in consideration of each other. Accordingly, each of Buyer and Seller agrees (i) to perform all of its obligations in respect of each Transaction hereunder, and that a default in the performance of any such obligations shall constitute a default by it in respect of all Transactions hereunder, (ii) that each of them shall be entitled to set off claims and apply property held by them in respect of any Transaction against obligations owing to them in respect of any other Transactions hereunder and (iii) that payments, deliveries and other transfers made by either of them in respect of any Transaction shall be deemed to have been made in consideration of payments, deliveries and other transfers in respect of any other Transactions hereunder, and the obligations to make any such payments, deliveries and other transfers may be applied against each other and netted.

13. Notices and Other Communications

Unless another address is specified in writing by the respective party to whom any notice or other communication is to be given hereunder, all such notices or communications shall be in writing or confirmed in writing and delivered at the respective addresses set forth in Annex II attached hereto.

14. Entire Agreement; Severability

This Agreement shall supersede any existing agreements between the parties containing general terms and conditions for repurchase transactions. Each provision and agreement herein shall be treated as separate and independent from any other provision or agreement herein and shall be enforceable notwithstanding the unenforceability of any such other provision or agreement.

15. Non-assignability; Termination

The rights and obligations of the parties under this Agreement and under any Transaction shall not be assigned by either party without the prior written consent of the other party. Subject to the foregoing, this Agreement and any Transactions shall be binding upon and shall inure to the benefit of the parties and their respective successors and assigns. This Agreement may be cancelled by either party upon giving written notice to the other, except that this Agreement shall, notwithstanding such notice, remain applicable to any Transactions then outstanding.

16. Governing Law

This Agreement shall be governed by the laws of the State of New York without giving effect to the conflict of law principles thereof.

17. No Waivers, Etc.

No express or implied waiver of any Event of Default by either party shall constitute a waiver of any other Event of Default and no exercise of any remedy hereunder by any party shall constitute a waiver of its right to exercise any other remedy hereunder. No modification or waiver of any provision of this Agreement and no consent by any party to a departure herefrom shall be effective unless and until such shall be in writing and duly executed by both of the parties hereto. Without limitation on any of the foregoing, the failure to give a notice pursuant to subparagraphs 4(a) or 4(b) hereof will not constitute a waiver of any right to do so at a later date.

18. Use of Employee Plan Assets

(a) If assets of an employee benefit plan subject to any provision of the Employee Retirement Income Security Act of 1974 ("ERISA") are intended to be used by either party hereto (the "Plan Party") in a Transaction, the Plan Party shall so notify the other party prior to the Transaction. The Plan Party shall represent in writing to the other party that the Transaction does not constitute a prohibited transaction under ERISA or is otherwise exempt therefrom, and the other party may proceed in reliance thereon but shall not be required so to proceed.

(b) Subject to the last sentence of subparagraph (a) of this Paragraph, any such Transaction shall proceed only if Seller furnishes or has furnished to Buyer its most recent available audited statement of its financial condition and its most recent subsequent unaudited statement of its financial condition.

(c) By entering into a Transaction pursuant to this Paragraph, Seller shall be deemed (i) to represent to Buyer that since the date of Seller's latest such financial statements, there has been no material adverse change in Seller's financial condition which Seller has not disclosed to Buyer, and (ii) to agree to provide Buyer with future audited and unaudited statements of its financial condition as they are issued, so long as it is a Seller in any outstanding Transaction involving a Plan Party.

19. Intent

(a) The parties recognize that each Transaction is a "repurchase agreement" as that term is defined in Section 101 of Title 11 of the United States Code, as amended (except insofar as the type of Securities subject to such Transaction or the term of such Transaction would render such definition inapplicable), and a "securities contract" as that term is defined in Section 741 of Title 11 of the United States Code, as amended.

(b) It is understood that either party's right to liquidate Securities delivered to it in connection with Transactions hereunder or to exercise any other remedies pursuant to Paragraph 11 hereof, is a contractual right to liquidate such Transaction as described in Sections 555 and 559 of Title 11 of the United States Code, as amended.

20. Disclosure Relating to Certain Federal Protections

The parties acknowledge that they have been advised that:

(a) in the case of Transactions in which one of the parties is a broker or dealer registered with the Securities and Exchange Commission ("SEC") under Section 15 of the Securities Exchange Act of 1934 ("1934 Act"), the Securities Investor Protection Corporation has taken the position that the provisions of the Securities Investor Protection Act of 1970 ("SIPA") do not protect the other party with respect to any Transaction hereunder;

(b) in the case of Transactions in which one of the parties is a government securities broker or a government securities dealer registered with the SEC under Section 15C of the 1934 Act, SIPA will not provide protection to the other party with respect to any Transaction hereunder; and

(c) in the case of Transactions in which one of the Parties is a financial institution, funds held by the financial institution pursuant to a Transaction hereunder are not a deposit and therefore are not insured by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation or the National Credit Union Share Insurance Fund, as applicable.

Lehman Commercial Paper Inc.
Lehman Government Securities Inc.
Lehman Special Securities Inc.
Lehman Capital Corporation

By Henry M. Kallin
Title SUP
Date 5/27/93

First Trust of California, National Association,
as Trustee

By Constance J. Deaton
Title AVP
Date 5/27/93

ANNEX I

Supplemental Terms and Conditions

ANNEX II

Names and Address for Communications Between Parties

LEHMAN BROTHERS

American Express Tower
World Financial Center
New York, NY 10285-1000

Attn: Central Funding
10th floor
Tel: (212) 640-6407
FAX No: (212) 528-9291

FIRST TRUST OF CALIFORNIA, NATIONAL ASSOCIATION

101 California Street, Suite 1150
San Francisco, CA 94111

Attn: Sue Vargas
Tel: (415) 274-2531
FAX No: (415) 274-2577

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STATE OF CALIFORNIA

CALIFORNIA DEBT ADVISORY COMMISSION

915 CAPITOL MALL, ROOM 400
P.O. BOX 942809
SACRAMENTO, CA 94209-0001
TELEPHONE: (916) 653-3269
FAX: (916) 654-7440

Steve Juarez
Executive Director

April 6, 1993

MEMBERS

- Kathleen Brown
State Treasurer
- Pete Wilson
Governor
- Gray Davis
State Controller
- Robert G. Beverly
State Senator
- Lucy Killea
State Senator
- Jim Costa
State Assemblyman
- Patrick J. Nolen
State Assemblyman
- Donald W. Merz
Treasurer/Tax Collector
County of Sonoma
- Phyllis E. Currie
Chief Financial Officer
Los Angeles City Department
of Water and Power

TO: Brian D. Quint
Jones Hall Hill & White
4 Embarcadero Center, 19th Floor
San Francisco, CA 94111

FROM: CALIFORNIA DEBT ADVISORY COMMISSION

SUBJECT: Acknowledgment of Report of Proposed Debt Issuance

Section 8855(g) of the California Government Code requires written notice to be given to the California Debt Advisory Commission no later than 30 days prior to the proposed sale of any public agency debt issue.

The California Debt Advisory Commission (CDAC) acknowledges your written notice of the following proposed debt issuance:

CDAC Number: 93-0302

Issuer: MODESTO

Proposed Amount: \$38,000,000

Proposed Sale Date: April 20, 1993

Date Notice Received: April 5, 1993

Please submit the "Report of Final Sale" and the Official Statement (or offering circular) on this issue after the sale is completed.

Any questions regarding reporting requirements may be directed to the CDAC staff at (916) 653-3269.

cc: Andrea Daroca, Interim Finance Director



REPORT OF PROPOSED DEBT ISSUANCE
 California Debt Advisory Commission
 915 Capitol Mall, Room 400, Sacramento, CA 95814
 P.O. Box 942809, Sacramento, CA 95814
 (916) 653-3269

Completion and timely submittal of this form to the California Debt Advisory Commission (CDAC) at the above address will assure your compliance with existing California State law and will assist in the maintenance of a complete data base. Thank you for your cooperation. ^[1]

NAME OF ISSUER: CITY OF MODESTO

ADDRESS OF ISSUER: 801 11th St, Modesto, CA 95354

COUNTY: Stanislaus

PROPOSED SALE DATE: 4/20/93

TYPE OF SALE: Competitive Negotiated

PROPOSED PRINCIPAL TO BE SOLD: \$38,000,000.00

DOES THE ISSUER INTEND TO SELL THE DEBT ISSUE IN A FOREIGN CURRENCY?^[2] No Yes

IS THE INTEREST ON THE DEBT EXEMPT FROM TAXATION?

Under State Law: NO (taxable) YES (tax-exempt)

Under Federal Law: NO (taxable) YES (tax-exempt)

If the issue is Federally tax-exempt, is interest a specific preference item for the purpose of alternative minimum tax?

Yes, preference item No, not a preference item

IS ANY PORTION OF THE DEBT FOR REFUNDING?^[3]

Yes, proposed amount for refunding: \$34,000,000.00

TYPE OF DEBT INSTRUMENT

NOTE:

- Tax anticipation (T101)
- Tax and revenue anticipation (T102)
- Revenue anticipation (T103)
- Bond anticipation (T104)
- Grant anticipation (T105)
- Tax allocation (T106)
- Other note (please specify below) (T107)

- FINANCING LEASE (T301)
- CERTIFICATES OF PARTICIPATION (T501)

BOND:

- General obligation (T201)
- Limited tax obligation (T202)
- Revenue (public enterprise) (T203)
- Conduit revenue (private obligor) (T204)
- Special assessment (T205)
- Tax allocation (T206)
- Public lease revenue (T207)
- Other bond (please specify below) (T208)

- COMMERCIAL PAPER (T401)
- OTHER (please specify below) (T601)

Please specify if "Other note/Other Bond/OTHER" was checked: _____

SOURCE(S) OF REPAYMENT

- | | |
|--|---|
| <input type="checkbox"/> Public enterprise revenues (S101) | <input type="checkbox"/> Tax-increment (S106) |
| <input type="checkbox"/> Private obligor payments (S102) | <input type="checkbox"/> Special assessments (S107) |
| <input type="checkbox"/> Bond proceeds (S103) | <input type="checkbox"/> Special tax revenues (S108) |
| <input type="checkbox"/> Grants (S104) | <input type="checkbox"/> Property tax revenues (S109) |
| <input type="checkbox"/> Intergovernmental transfers other than grant (S105) | <input checked="" type="checkbox"/> General fund of issuing jurisdiction (S110) |
| | <input type="checkbox"/> Other (please specify)(S111); |

^[1] Section 8855(g) of the California Government Code requires the issuer of any proposed new public debt issue to give written notice of the proposed sale to the CDAC no later than 30 days prior to the sale.

Section 5022(b) of the California Government Code requires the issuer to report 30 days prior to the sale if the issuer intends to issue bonds payable in a currency other than lawful money of the United States of America.

^[3] Section 53583(c)(2)(B) of the California Government Code requires that any local agency selling refunding bonds at private sale or on a negotiated basis shall send a written statement, within two weeks after the bonds are sold, to the CDAC explaining the reasons why the local agency determined to sell the bonds at private sale or on a negotiated basis instead of at public sale.

Purpose(s) of Financing

- Cash-flow, interim financing (P101)
- Single-family housing (P201)
- Multi-family housing (P203)
- College/university housing (P204)
- Hospital (P301)
- Health care facilities (P302)
- Other/multiple educational uses (equipment, etc) (P303)
- K - 12 school facility (P501)
- College/university facility (P502)
- Student loans (P504)
- Other/multiple educational uses (equipment, etc.) (P503)
- Redevelopment, multiple uses (P601)
- Pollution control (P701)
- Commercial development (P703)
- Industrial development (P704)
- Airport (P401)
- Ports and Marinas (P402)
- Recreation and sports facilities (P403)
- Parks/open space (P419)
- Power generation/transmission (P404)
- Parking (P405)
- Convention center (P406)
- Solid waste recovery facilities (P407)
- Equipment (P408)
- Flood control/storm drainage (P409)
- Water supply/storage/distribution (P410)
- Wastewater collection and treatment (P411)
- Public transit (P412)
- Bridges and highways (P413)
- Public Building (P414)
- Street construction and improvements (P415)
- Prisons/jail/correctional facilities (P418)
- Multiple capital improvements and public works (P416)
- Other capital improvements and public works (P417)
- Other than listed above (P901)

Please specify type/name of project: Certificates of Participation (1993 Refunding Projects)

Bond Counsel: Jones Hall Hill & White, A Professional Law Corporation

Financial Advisor: Rauscher Pierce Refsnes, Inc.

Lead Underwriter: Smith Barney, Harris Upham & Co. Incorporated

(or Purchaser: _____ or

Placement Agent: unknown

Name of individual (representing Bond Counsel, Issuer, Financial Advisor, or Lead Underwriter) who has completed this form and may be contacted for further information:

Name: Brian D. Quint, Esq.

Firm/Agency: Jones Hall Hill & White, A Professional Law Corporation

Address: Four Embarcadero Ctr, 19th Floor, San Francisco, CA 94111

Phone: (415) 391-5780 Date of Completion: 3/30/93

Contact person at issuing jurisdiction, if different from above:

Name: Ms. Andrea Daroca

Title: Interim Finance Director

Address: 801 11th St, Modesto, CA 95354

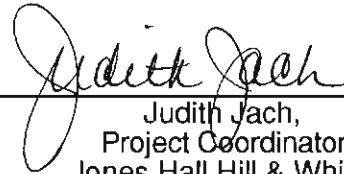
Phone: (209) 577-5370

\$27,225,000
CERTIFICATES OF PARTICIPATION
(1993 COMMUNITY CENTER REFINANCING PROJECT)
Evidencing Direct, Undivided Fractional Interests of the Owners
Thereof in Lease Payments to be Made by the
CITY OF MODESTO, CALIFORNIA
As the Rental for Certain Property Pursuant to a
Lease Agreement with the
MODESTO PUBLIC FINANCING AUTHORITY

CERTIFICATE OF MAILING TO CDAC

I, Judith Jach, of Jones Hall Hill & White, A Professional Law Corporation, hereby certify that for and on behalf of the City of Modesto, California, and on the date hereof, I caused to be mailed a Report of Final Sale and a Report of Negotiated Refunding relating to the captioned financing, postage prepaid, to the California Debt Advisory Commission, Post Office Box 942809, Sacramento, California 94209-0001, a true copy of each Report is hereto attached.

Dated: May 27, 1993



Judith Jach,
Project Coordinator
Jones Hall Hill & White,
A Professional Law Corporation

REPORT OF FINAL SALE
California Debt Advisory Commission
915 Capitol Mall, Room 400, Sacramento, CA 95814
P.O. Box 942809, Sacramento, CA 94209-0001
(916) 653-3269

CDAC#: 93-0302

Completion of this form is requested to provide information which was not available when the "Report of Proposed Debt Issuance" was filed with the CDAC or to verify information which was reported as "proposed". Additionally, please send a copy of the official statement (or offering circular) with this form to the CDAC.

NAME OF ISSUER: CITY OF MODESTO

ISSUE NAME: Certificates of Participation
(1993 Community Center Refinancing Project)

OFFICIAL STATEMENT: Enclosed To be sent None available

SALE DATE: May 11, 1993 PRINCIPAL AMOUNT SOLD: \$27,225,000.00

IS THE DEBT ISSUE DENOMINATED IN A FOREIGN CURRENCY?

No Yes type of foreign currency _____

IS THE INTEREST ON THE DEBT EXEMPT FROM TAXATION?

Under State Law: NO (taxable) YES (tax-exempt)

Under Federal Law: NO (taxable) YES (tax-exempt)

If the issue is Federally tax-exempt, is interest a specific preference item for the purpose of alternative minimum tax?

Yes, preference item No, not a preference item

IS ANY PORTION OF THE DEBT FOR REFUNDING?¹

No Yes, amount of this issue (including costs) which is for refunding of existing debt \$27,225,000

UNDERWRITER OR PURCHASER: Smith Barney, Harris Upham & Co. Incorporated

FINANCIAL ADVISOR: Rauscher Pierce Refsnes Inc.

INDICATE CREDIT RATING: (For example, "AAA" or "Aaa")

RATED

Standard & Poor's:

AAA

Fitch:

Moody's:

Aaa

Other:

NOT RATED

WAS THE ISSUE INSURED OR GUARANTEED? No Bond insurance Letter(s) of credit Other

GUARANTOR'S NAME: AMBAC Indemnity Corporation

INTEREST COST: 5.20865 % TIC NIC Variable (Please specify.) _____

IF NEGOTIATED SALE, INDICATE GROSS SPREAD: \$245,608.50

FINANCIAL ADVISOR FEE: _____ BOND COUNSEL FEE: _____

OTHER COSTS OF ISSUANCE PAID BY THE ISSUER: (For example, advertising, printing, bond registration, bond rating, etc. Please specify amount and purpose.) _____

¹ Section 53583(c)(2)(B) of the California Government Code requires that any local agency selling refunding bonds at private sale or on a negotiated basis shall send a written statement, within two weeks after the bonds are sold, to the CDAC explaining the reasons why the local agency determined to sell the bonds at private sale or on a negotiated basis instead of at public sale.

MATURITY SCHEDULE: (Please complete if an official statement is not submitted with this form.)

	Maturity Date	Amount	Interest Rate
1.	_____	_____	_____
2.	_____	_____	_____
3.	_____	_____	_____
4.	_____	_____	_____
5.	_____	_____	_____
6.	_____	_____	_____
7.	_____	_____	_____
8.	_____	_____	_____
9.	_____	_____	_____
10.	_____	_____	_____

Name of individual (representing Bond Counsel, Issuer, Financial Advisor, or Lead Underwriter) who completed this form and may be contacted for information:

Name: Brian D. Quint, Esq.
 Firm/Agency: Jones Hall Hill & White, A Professional Law Corporation
 Address: Four Embarcadero Center, 19th Floor, San Francisco, CA 94111
 Phone: (415) 391-5780 Date of Completion: May 27, 1993

Contact person at issuing jurisdiction, if different from above:

Name: Mr. John Enero
 Title: Financial Analyst
 Address: 801 11th St, 2nd Floor, Modesto, CA 95354
 Phone: (209) 577-5412

Name of the individual to whom an invoice for the CDAC notification fee should be sent: ²

Name: Ms. Karol Ostberg
 Firm: Smith Barney, Harris Upham & Co. Incorporated
 Address: 350 California Street, 20th Floor, San Francisco, California 94104
 Phone: (415) 955-1636

² This fee is authorized by Section 8856 of the California Government Code.

JONES HALL HILL & WHITE,
A Professional Law Corporation
Four Embarcadero Center, 19th Floor
San Francisco, California 94111
(415) 391-5780

Report of Negotiated Refunding

California Debt Advisory Commission
915 Capitol Mall, Room 400
P. O. Box 942809, Sacramento, CA 94209-0001
(916) 653-3269

Filing this report is pursuant to Chapter 1033, Statutes of 1985, Section 53583 of the California Government Code (AB 2544).

CDAC FILE NUMBER: 93-0302

NAME OF ISSUER: City of Modesto, California

ADDRESS OF ISSUER: 801 Eleventh Street, 2nd Floor, Modesto, California 95354

NAME OF ISSUE REFUNDED: Certificates of Participation (1991 Community Center Refinancing Project)

YEAR OF ORIGINAL ISSUANCE: 1991

DATE OF NEGOTIATED REFUNDING SALE: May 11, 1993

PRINCIPAL SOLD: \$27,225,000

PAR VALUE AMOUNT USED FOR REFUNDING: \$23,171,210.97

STATE REASON REFUNDING BONDS ISSUED AT PRIVATE or NEGOTIATED SALE vs.
COMPETITIVE SALE (please be specific):

Municipal market conditions are volatile, the time of pricing is therefore critical and the timing and notice requirements for a public sale are such that control over the time of sale to catch the market at a favorable time is difficult if not impossible. The City believes that a private sale to the underwriters which are more thoroughly familiar with the issue will produce more favorable rates.

Completed by: Brian D. Quint, Esq. Dated: May 27, 1993

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BOOK-ENTRY-ONLY MUNICIPAL BONDS

Letter of Representations

[To be Completed by Issuer and Agent]

CITY OF MODESTO, CALIFORNIA

[Name of Issuer]

FIRST TRUST OF CALIFORNIA, NATIONAL ASSOCIATION

[Name of Agent]

May 27, 1993

[Date]

Attention: General Counsel's Office
The Depository Trust Company
55 Water Street, 49th Floor
New York, NY 10041-0099

Re: \$27,225,000 City of Modesto, California

Certificates of Participation

(1993 Community Center Refinancing Project)

[Issue Description]

Ladies and Gentlemen:

This letter sets forth our understanding with respect to certain matters relating to the above-referenced issue (the "Bonds"). Agent will act as trustee, paying agent, fiscal agent, or other agent of Issuer with respect to the Bonds. The Bonds will be issued pursuant to a trust indenture,

bond resolution, or other such document authorizing the issuance of the Bonds dated May 1, 1993 (the "Document"). Smith Barney, Harris Upham & Co. Incorporated and Grigsby Brandford & Co., Inc.

["Underwriter"]

is distributing the Bonds through The Depository Trust Company ("DTC").

To induce DTC to accept the Bonds as eligible for deposit at DTC, and to act in accordance with its Rules with respect to the Bonds, Issuer and Agent, if any, make the following representations to DTC:

7. Notices to DTC pursuant to Paragraph 3 by telecopy shall be sent to DTC's Call Notification Department at (516) 227-4164 or (516) 227-4190. If the party sending the notice does not receive a telecopy receipt from DTC confirming that the notice has been received, such party shall telephone (516) 227-4070. Notices to DTC pursuant to Paragraph 3 by mail or by any other means shall be sent to:

Call Notification Department
The Depository Trust Company
711 Stewart Avenue
Garden City, NY 11530-4719

8. Notices to DTC pursuant to Paragraph 4 and notices of other actions (including mandatory tenders, exchanges, and capital changes) by telecopy shall be sent to DTC's Reorganization Department at (212) 709-1093 or (212) 709-1094, and receipt of such notices shall be confirmed by telephoning (212) 709-6884. Notices to DTC pursuant to the above by mail or by any other means shall be sent to:

Manager: Reorganization Department
Reorganization Window
The Depository Trust Company
7 Hanover Square; 23rd Floor
New York, NY 10004-2695

9. Transactions in the Bonds shall be eligible for next-day funds settlement in DTC's Next-Day Funds Settlement ("NDFS") system.

A. Interest payments shall be received by Cede & Co., as nominee of DTC, or its registered assigns in next-day funds on each payment date (or the equivalent in accordance with existing arrangements between Issuer or Agent and DTC). Such payments shall be made payable to the order of Cede & Co. Absent any other existing arrangements such payments shall be addressed as follows:

Manager: Cash Receipts
Dividend Department
The Depository Trust Company
7 Hanover Square; 24th Floor
New York, NY 10004-2695

B. Principal payments shall be received by Cede & Co., as nominee of DTC, or its registered assigns in next-day funds on each payment date (or the equivalent in accordance with existing arrangements between Issuer or Agent and DTC). Such payments shall be made payable to the order of Cede & Co., and shall be addressed as follows:

NDFS Redemption Department
The Depository Trust Company
55 Water Street; 50th Floor
New York, NY 10041-0099

10. DTC may direct Issuer or Agent to use any other telephone number or address as the number or address to which notices or payments of interest or principal may be sent.

11. In the event of a redemption, acceleration, or any other similar transaction (e.g., tender made and accepted in response to Issuer's or Agent's invitation) necessitating a reduction in the aggregate principal amount of Bonds outstanding or an advance refunding of part of the Bonds outstanding, DTC, in its discretion: (a) may request Issuer or Agent to issue and authenticate a new Bond certificate, or (b) may make an appropriate notation on the Bond certificate indicating the date and amount of such reduction in principal except in the case of final maturity, in which case the certificate will be presented to Issuer or Agent prior to payment if required.

12. In the event that Issuer determines that beneficial owners of Bonds shall be able to obtain certificated Bonds, Issuer or Agent shall notify DTC of the availability of Bond certificates. In such event, Issuer or Agent shall issue, transfer, and exchange Bond certificates in appropriate amounts, as required by DTC and others.

13. DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to Issuer or Agent (at which time DTC will confirm with Issuer or Agent the aggregate principal amount of Bonds outstanding). Under such circumstances, at DTC's request Issuer and Agent shall cooperate fully with DTC by taking appropriate action to make available one or more separate certificates evidencing Bonds to any DTC Participant having Bonds credited to its DTC accounts.

14. Nothing herein shall be deemed to require Agent to advance funds on behalf of Issuer.

Notes:

A. If there is an Agent (as defined in this Letter of Representations), Agent as well as Issuer must sign this Letter. If there is no Agent, in signing this Letter Issuer itself undertakes to perform all of the obligations set forth herein.

B. Under Rules of the Municipal Securities Rulemaking Board relating to "good delivery", a municipal securities dealer must be able to determine the date that a notice of a partial call or of an advance refunding of a part of an issue is published (the "publication date"). The establishment of such a publication date is addressed in Paragraph 3 of the Letter.

C. Schedule B contains statements that DTC believes accurately describe DTC, the method of effecting book-entry transfers of securities distributed through DTC, and certain related matters.

Very truly yours,

CITY OF MODESTO, CALIFORNIA

(Issuer)

By:

Julia Dawson

(Authorized Officer's Signature)

FIRST TRUST OF CALIFORNIA, NATIONAL ASSOCIATION

(Agent)

By:

(Authorized Officer's Signature)

Received and Accepted:

THE DEPOSITORY TRUST COMPANY

By:

James Mc Greevey

(Authorized Officer)

CC: Underwriter
Underwriter's Counsel

12. In the event that Issuer determines that beneficial owners of Bonds shall be able to obtain certificated Bonds, Issuer or Agent shall notify DTC of the availability of Bond certificates. In such event, Issuer or Agent shall issue, transfer, and exchange Bond certificates in appropriate amounts, as required by DTC and others.

13. DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to Issuer or Agent (at which time DTC will confirm with Issuer or Agent the aggregate principal amount of Bonds outstanding). Under such circumstances, at DTC's request Issuer and Agent shall cooperate fully with DTC by taking appropriate action to make available one or more separate certificates evidencing Bonds to any DTC Participant having Bonds credited to its DTC accounts.

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Notes:

A. If there is an Agent (as defined in this Letter of Representations), Agent as well as Issuer must sign this Letter. If there is no Agent, in signing this Letter Issuer itself undertakes to perform all of the obligations set forth herein.

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C. Schedule B contains statements that DTC believes accurately describe DTC, the method of effecting book-entry transfers of securities distributed through DTC, and certain related matters.

Very truly yours,

CITY OF MODESTO, CALIFORNIA

(Issuer)

By: _____
(Authorized Officer's Signature)

FIRST TRUST OF CALIFORNIA, NATIONAL ASSOCIATION

(Agent)

By: Susan Vargas
(Authorized Officer's Signature)

Received and Accepted:
THE DEPOSITORY TRUST COMPANY

James McCreary
By: _____
(Authorized Officer)

CC: Underwriter
Underwriters Counsel

SCHEDULE A

\$27,225,000
CERTIFICATES OF PARTICIPATION
(1993 COMMUNITY CENTER REFINANCING PROJECT)
Evidencing Direct, Undivided Fractional Interests of the Owners
Thereof in Lease Payments to be Made by the
CITY OF MODESTO, CALIFORNIA
As the Rental for Certain Property Pursuant to a
Lease Agreement with the
MODESTO PUBLIC FINANCING AUTHORITY

<u>Maturity</u> <u>(November 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>CUSIP</u>
1993	\$ 210,000	2.50%	607715 DY2
1994	40,000	3.00	607715 EB1
1995	95,000	3.50	607715 EE5
1996	145,000	4.00	607715 EH8
1997	195,000	4.25	607715 EL9
1998	285,000	4.50	607715 EN5
1999	350,000	4.60	607715 EQ8
2000	625,000	4.80	607715 ES4
2001	655,000	4.90	607715 EU9
2002	690,000	5.00	607715 EW5
2003	720,000	5.10	607715 EY1
2004	760,000	5.20	607715 FA2
2005	800,000	5.30	607715 FG9
2006	835,000	5.40	607715 FJ3
2007	885,000	5.40	607715 FL8
2008	935,000	5.50	607715 FN4
2009	985,000	5.50	607715 FQ7
2010	1,040,000	5.60	607715 FS3
2014	4,740,000	5.60	607715 FC8
2023	12,235,000	5.00	607715 FE4

SCHEDULE B

SAMPLE OFFICIAL STATEMENT LANGUAGE DESCRIBING BOOK-ENTRY-ONLY ISSUANCE

(Prepared by DTC--bracketed material may be applicable only to certain issues)

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the securities (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee). One fully-registered Security certificate will be issued for [each issue of] the Securities, [each] in the aggregate principal amount of such issue, and will be deposited with DTC. [If, however, the aggregate principal amount of [any] issue exceeds \$150 million, one certificate will be issued with respect to each \$150 million of principal amount and an additional certificate will be issued with respect to any remaining principal amount of such issue]

2. DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds securities that its participants ("Participants") deposit with DTC. DTC also facilitates the settlement among Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc., and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks, and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The Rules applicable to DTC and its Participants are on file with the Securities and Exchange Commission.

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities deposited by Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. The deposit of Securities with DTC and their registration in the name of Cede & Co. effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

[6. Redemption notices shall be sent to Cede & Co. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.]

7. Neither DTC nor Cede & Co. will consent or vote with respect to Securities. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Principal and interest payments on the Securities will be made to DTC. DTC's practice is to credit Direct Participants' accounts on payable date in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payment on payable date. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Agent, or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the Issuer or the Agent, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

[9. A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to the [Tender/Remarketing] Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to the [Tender/Remarketing] Agent. The requirement for physical delivery of Securities in connection with a demand for purchase or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records.]

10. DTC may discontinue providing its services as securities depository with respect to the Securities at any time by giving reasonable notice to the Issuer or the Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Security certificates are required to be printed and delivered.

11. The Issuer may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered.

12. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the issuer believes to be reliable, but the Issuer takes no responsibility for the accuracy thereof.

B

1

\$27,225,000
CERTIFICATES OF PARTICIPATION
(1993 COMMUNITY CENTER REFINANCING PROJECT)
Evidencing Direct, Undivided Fractional Interests of the Owners
Thereof in Lease Payments to be Made by the
CITY OF MODESTO, CALIFORNIA
As the Rental for Certain Property Pursuant to a
Lease Agreement with the
MODESTO PUBLIC FINANCING AUTHORITY

INCUMBENCY AND SIGNATURE CERTIFICATE OF CITY


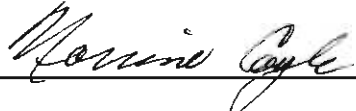
The undersigned hereby state and certify:

(i) that they are the duly elected or appointed, qualified and acting Interim Finance Director and City Clerk, respectively, of the City of Modesto, California, a municipal corporation and chartered city, duly organized and existing under the laws of the State of California (the "City"), and as such, are familiar with the facts herein certified and are authorized and qualified to certify the same;

(ii) that the following are now, and have continuously been since the dates of the beginning of their respective current terms of office shown below, the duly elected or appointed, qualified and acting members of the City Council of the City, and the dates of the beginning and ending of their respective current terms of office are hereunder correctly designated opposite their names:

<u>Member</u>	<u>Date of Beginning of Current Term</u>	<u>Date of Ending of Current Term</u>
Richard A. Lang	November, 1991	November, 1995
David Cogdill	November, 1991	November, 1995
Frank T. Muratore	November, 1991	November, 1995
Richard G. Patterson	November, 1989	November, 1993
Charles V. Bird	November, 1989	November, 1993
Stan Dobbs	November, 1991	November, 1995
Kenni Friedman	November, 1991	November, 1993

(iii) that the signatures set forth opposite the names of the following persons are the true and correct specimens of, or are, the genuine signatures of such persons, each of whom holds the office designated below:

<u>Name and Title</u>	<u>Signature</u>
Andrea Daroca, Interim Finance Director	 _____
Norraine Coyle, City Clerk	 _____

(iv) that, for and on behalf of the City, the within-named Interim Finance Director has executed and the within-named City Clerk has attested to each of the following agreements:

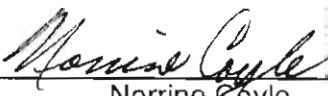
- (a) Site and Facility Lease, dated as of May 1, 1993, by and between the City, as lessor, and the Modesto Public Financing Authority (the "Authority"), as lessee,
- (b) Lease Agreement, dated as of May 1, 1993, by and between the Authority, as lessor, and the City, as lessee,
- (c) Trust Agreement, dated as of May 1, 1993, by and among First Trust of California, National Association, as trustee, the Authority and the City,
- (d) Reimbursement Agreement, dated as of May 1, 1993, by and between the Redevelopment Agency of the City of Modesto and the City, and
- (e) Escrow Deposit and Trust Agreement, dated May 27, 1993, by and between the City and First Interstate Bank of California, as escrow bank;

(v) and, that for and on behalf of the City, the within-named Interim Finance Director has executed the Certificate Purchase Agreement, dated May 11, 1993, between the City and Smith Barney, Harris Upham & Co. Incorporated and Grigsby Brandford & Co., Inc., as underwriters, and the Official Statement, dated May 11, 1993, relating to the captioned Certificates of Participation.

Dated: May 27, 1993

CITY OF MODESTO, CALIFORNIA

By 
Andrea Daroca,
Interim Finance Director

By 
Norrine Coyle,
City Clerk

[SEAL]

2

\$27,225,000

CERTIFICATES OF PARTICIPATION
(1993 Community Center Refinancing Project)
Evidencing the Direct, Undivided and Fractional Interests of the Owners
Thereof in Lease Payments to be Made by the
CITY OF MODESTO, CALIFORNIA
As the Rental for Certain Property
Pursuant to a Lease Agreement with the
MODESTO PUBLIC FINANCING AUTHORITY

CERTIFICATE AS TO ARBITRAGE

I, the undersigned Interim Finance Director of the City of Modesto, California (the "City"), being one of the City duly charged (by resolution of the City Council of the City), with authority for the delivery by the City of the Lease Agreement, dated [redacted] between the Modesto Public Financing Authority (the "Authority") and the City, as lessee, which Agreement is being delivered this date [redacted]

93 TAX CERTIFICATE ARBITRAGE YIELD

(1) Pursuant to the Agreement, the City agrees to lease the center and related facilities to be used for the governmental and proprietary functions of the City and thereby to provide funds for the refunding on an advance basis of an outstanding Lease Agreement, dated as of May 15, 1991 (the "1991 Agreement"), between the Redevelopment Agency of the City of Modesto (the "Agency"), as lessor, and the City, as lessee, which 1991 Agreement was entered into on June 20, 1991, for the purpose of leasing certain community center and parking facilities and related facilities (the "1991 Facilities"), more particularly described in the Certificate Regarding Use of Proceeds, dated the date hereof and on file elsewhere in the transcript for the Agreement, and provided for lease payments (the "1991 Lease Payments") in a principal amount of \$24,945,000 (of which \$24,280,000 principal amount is outstanding and \$24,280,000 principal amount is being refunded on the date hereof) and with respect to which 1991 Lease Payments, certificates of participation (the "1991 Certificates") were executed and delivered on the date of delivery of the 1991 Agreement. The 1991 Agreement was entered into for the purpose of refunding on an advance basis a First Amendment to Lease Agreement, dated as of July 1, 1987 (the "1987 Agreement"), between the Agency, as lessor, and the City, as lessee, which 1987 Agreement was entered into for the purpose of refunding on a current basis a Lease Agreement, dated as of November 1, 1985 (the "1985 Agreement"), between the Agency, as lessor, and the City, as lessee, which 1985 Agreement was entered into on November 21, 1985, for the purpose of financing the costs of acquisition and construction of the facilities and provided for lease payments (the "1985 Lease Payments") in a principal amount of \$21,600,000 (which principal amount was refunded with the proceeds of the 1987 Certificates). Pursuant to the Agreement, the City agrees to lease the Facilities from the Authority for a total principal cost of \$27,225,000, and the Authority agrees to lease the Facilities to the City. In consideration of such lease, the City agrees to make

semiannual lease payments (the "Lease Payments") to the Authority or its assignee, which Lease Payments include an interest component.

(2) Statement of Expectations. On the basis of the facts, estimates and circumstances in existence on the date hereof, I reasonably expect the following with respect to the Agreement and the proceeds thereof:

(a) Deposit with Trustee. Under the Agreement, the Authority is required to deposit, or cause to be deposited on its behalf, with First Trust of California, National Association, as trustee (the "Trustee"), the amount of \$27,225,000, less original issue discount and underwriter's discount on the sale of certificates of participation, plus accrued interest from the date of the Agreement to the date hereof (see subparagraphs (b) and (c) below).

(b) Certificates of Participation. Pursuant to an Assignment Agreement, dated as of May 1, 1993, the Authority has assigned its rights to receive Lease Payments to the Trustee and, pursuant to a Trust Agreement, dated as of May 1, 1993 (the "Trust Agreement"), the Trustee has agreed to prepare and deliver to the purchasers thereof certificates of participation (the "Certificates") evidencing direct, undivided and fractional interests of the owners thereof in the Lease Payments to be made by the City. Amounts received from the sale of the Certificates will be deposited by the Trustee in the respective funds and in the respective amounts set forth in subparagraph (c) below.

(c) Net Proceeds; No Overissuance. The Certificates were sold to Smith Barney, Harris Upham & Co. Incorporated and Grigsby Brandford & Co., Inc. (the "Underwriters"), at their face amount (\$27,225,000), less Underwriters' discount of \$245,608.50, less original issue discount of \$1,244,034.10, plus accrued interest of \$101,250.68, for total net proceeds of \$25,836,608.08. Of said amount, \$587,096.43 will be deposited in the Delivery Costs Fund; \$1,977,050 will be deposited in the Reserve Fund; \$101,250.68 will be deposited in the Lease Payment Fund; and \$23,171,210.97 will be transferred to First Interstate Bank of California, as trustee for the 1991 Certificates and as escrow bank (the "Escrow Bank"). All of said Funds will be held by the Trustee. The net proceeds of the Certificates, together with interest earnings thereon, except to the extent that such interest earnings are subject to requirements for rebate to the federal government, will not exceed the amount necessary for the governmental purposes of the Certificates, namely, the purposes set forth in paragraph (1).

(d) Delivery Costs Fund. The proceeds of the Certificates deposited in the Delivery Costs Fund, will be used for payment of Insurance premium (see subparagraph (h) below), legal fees, printing costs and other costs of execution and delivery of the Agreement and the Certificates and will be fully expended within approximately 5 months of the date hereof. Amounts deposited in the Delivery Costs Fund, if invested, will be invested without yield restrictions. Interest earnings and gains resulting from said investment will be retained in the Delivery Costs Fund and used for the purposes thereof. Amounts, if any, remaining in the Delivery Costs Fund on the earlier of November 1, 1993, or payment of costs of issuance in full will be deposited in the Lease Payment Fund and used for the payment of Lease Payments.

(e) . Refunding Schedules. At the request of the City, the schedules included elsewhere in the transcript for the Agreement (the "Schedules") have been prepared by the Underwriters and verified by Ernst & Young, independent certified public accountants, for the purpose of detailing all relevant aspects of the refunding program. The Schedules are incorporated herein by this reference.

(f) Escrow Fund; Deposits and Investment. The City and the Escrow Bank have entered into an Escrow Deposit and Trust Agreement pertaining to the 1991 Certificates, dated May 27, 1993 (the "Escrow Agreement"). Pursuant to the Escrow Agreement, concurrent with the deposit of proceeds of the Certificates in the amount of \$23,171,210.97 into the Escrow Fund, the City shall cause the Escrow Bank to transfer to the Escrow Fund \$110,000 representing proceeds from Lehman Government Securities Inc., as provider of a repurchase agreement relating to the investment of the Reserve Fund, and \$2,011,193 from the reserve fund created for the 1991 Agreement (the "1991 Reserve Fund") being a total deposit into the Escrow Fund of \$25,292,403.97. Of said total amount deposited into the Escrow Fund, (i) \$25,291,732.72 (representing a portion of the proceeds of the Certificates and a portion of the proceeds of the 1991 Reserve Fund) will be used to purchase open market federal securities ("Federal Securities") producing a yield, taking into account a transferred proceeds penalty, not in excess of the lesser of the yield of the Lease Payments or the yield of the 1991 Lease Payments, and (ii) the remaining \$671.25 (representing the sum of the remaining proceeds of the Certificates of \$617.90, and the remaining amount transferred from the 1991 Reserve Fund of \$53.38) will be retained in cash and not invested. The Underwriters have certified that the Federal Securities were purchased in a bona fide arm's length transaction and that the purchase price of the Federal Securities for the purpose of computing yield does not reflect any amounts paid to reduce the yield of the federal securities. Rauscher Pierce Refsnes, Inc. (the "Financial Advisor") has certified that said repurchase agreement was entered into following the receipt of three (3) bids therefor, that the amount paid for said agreement was the highest amount bid and that no amount was paid to the Financial Advisor or any broker by said provider.

(g) Escrow Fund; Use of Amounts Deposited. Amounts deposited in the Escrow Fund will be used (i) to pay the principal and interest components of the 1991 Lease Payments and principal and interest payable with respect to the 1991 Certificates through November 1, 2001, which date is the first date upon which the 1991 Lease Payments and the 1991 Certificates may be prepaid and redeemed on an optional basis, and (ii) on said date will be used to prepay the then outstanding principal component of 1991 Lease Payments and redeem the then outstanding principal payable with respect to the 1991 Certificates of \$18,395,000 and to pay the prepayment and redemption premium of \$367,900 (being two percent (2.0%) of the principal amount prepaid and redeemed. Amounts transferred to the Escrow Fund from the 1991 Reserve Fund and interest earnings thereon will be expended at least as fast as they would have been spent had they been spent ratably with proceeds of the Certificates deposited in the Escrow Fund. Amounts, if any, remaining in the Escrow Fund following prepayment of the 1991 Lease Payments and redemption of the 1991 Certificates will be transferred to the Trustee and deposited in the Lease Payment Fund and used for the payment of Lease Payments and payments with respect to the Certificates.

(h) Reserve Fund. The proceeds of the Certificates (\$1,977,050) deposited in the Reserve Fund equal the "Reserve Requirement," being maximum annual Lease Payments. The Reserve Requirement is less than ten percent (10%) of the net proceeds of the Bonds other than accrued interest (see subparagraph (c) above) and less than one hundred and twenty-five percent (125%) of average annual debt service on the Certificates. The payment of Lease Payments and payments with respect to the Certificates is guaranteed under a policy of insurance (the "Insurance") issued by AMBAC Indemnity Corporation (the "Insurer"). The Insurer has required the establishment of the Reserve Fund in the amount of the Reserve Requirement as a condition precedent to issuance of the Insurance, and the Underwriters have represented that the issuance of the Insurance was vital to the marketing of the Certificates. Amounts deposited in the Reserve Fund will be invested without yield restrictions. Interest earnings and gains resulting from said investment will be retained in the Reserve Fund in the event that the amount on deposit in such Fund is less than the Reserve Requirement and otherwise will be deposited in the Lease Payment Fund and used for the payment of Lease Payments when and as due.

(i) Payment of Lease Payments and Certificates. Lease Payments paid by the City will be deposited in the Lease Payment Fund held by the Trustee and will be used by the Trustee to make semiannual payments due with respect to the Certificates. The Lease Payment Fund has been established primarily to achieve a proper matching of revenues (consisting primarily of annual general fund appropriations and certain interest earnings) and debt service (that is, Lease Payments and payments with respect to the Certificates) in each year. Amounts deposited in the Lease Payment Fund will be expended within thirteen (13) months of the date of deposit, and the Lease Payment Fund will be depleted at least once a year except for a reasonable carryover amount not in excess of the greater of one-twelfth (1/12th) of annual Lease Payments or one year's earnings on said Fund. Amounts deposited in the Lease Payment Fund will be invested without yield restrictions. Interest earnings and gains resulting from investment of said Fund will be retained in the Lease Payment Fund and used for the payment of Lease Payments when and as due.

(j) No Sinking Funds. The City will pay Lease Payments from current amounts in its general funds. Moneys in the general funds of the City in excess of annual Lease Payments are not expected to be available to pay Lease Payments in the event of financial difficulties of the City. The general funds of the City do not constitute sinking funds and, if invested, will be invested without yield limitations.

(k) Insurance and Condemnation Fund. The Insurance and Condemnation Fund is not expected to be used for the payment of Lease Payments and, if invested, will be invested without yield restrictions.

(l) Rebate Requirement. The City has covenanted in the Trust Agreement to comply with requirements for rebate of excess investment earnings to the federal government and hereby selects May 1, 1994, as the last day of the first bond year for the purpose of making computations of excess investment earnings. The City acknowledges that the first payment of excess investment earnings, if any, is required to be rebated to the federal government no later than sixty (60) days after May 1, 1998. The Agreement will not constitute a "private activity bond" within the meaning of section 141(a) of the

Internal Revenue Code of 1986 (the "Code"), the average maturity of the Certificates is greater than five (5) years and none of the interest rates applicable to the Certificates will vary during the term of the Agreement. As a consequence of the foregoing, investment earnings, if any, on the Lease Payment Fund will be excluded for the purposes of computation of the amount required to be rebated to the federal government as referenced in this subparagraph without regard to total earnings on said Fund.

(m) Rebate Requirement for the 1991 Agreement. The 1991 Agreement is subject to requirements for rebate of excess investment earnings to the federal government and the City acknowledges that the final payment of excess investment earnings, if any, with respect to the 1991 Agreement will be paid to the federal government no later than sixty (60) days after November 1, 2001.

(n) Yield of Combined Lease Payments. On the date hereof, the City is also entering into a lease agreement between the Authority as, lessor, and the City as lessee, to lease certain land and golf course facilities (the "Golf Course Agreement"). Pursuant to the Golf Course Agreement, the City will make semiannual lease payments (the "Golf Course Lease Payments"). The Authority has assigned its rights to receive the Golf Course Lease Payments to a trustee and such trustee has agreed to prepare and deliver to the purchasers thereof certificates of participation (the "Golf Course Certificates"). The Golf Course Agreement and the Agreement are treated as a single issue of obligations. The combined yield of the Lease Payments and the Golf Course Lease Payments is 5.71152%, determined on the basis of regularly scheduled Lease Payments and Golf Course Lease Payments discounted to \$33,378,520.76, representing (A) the issue price of the Agreement and the Certificates of \$26,082,216.58 (being the face amount of the Certificates of \$27,225,000, less original issue discount of \$1,244,034.10, plus accrued interest of \$101,250.68), plus (B) the issue price of the Golf Course Agreement and the Golf Course Certificates of \$7,798,900.86 (being the face amount of the Certificates of \$8,130,000, less original issue discount of \$360,206.50, plus accrued interest of \$29,107.36), less (C) Insurance premium on the Agreement of \$415,219.40, and less (D) Insurance premium on the Golf Course Agreement of \$87,377.28. The payment of Golf Course Lease Payments and payments with respect to the Golf Course Certificates is guaranteed under a policy of insurance (the "Golf Course Insurance") issued by Financial Guaranty Insurance Company (the "Golf Course Insurer"). The Insurer and the Golf Course Insurer have each represented that (i) it is an entity that is not exempt from federal income taxation and that, by providing its policies causes obligations insured thereby to be rated in one of the two highest categories by a nationally recognized rating agency, and (ii) the premium paid for the insurance does not exceed a reasonable charge for transfer of credit risk and is comparable to those which are charged by it in similar transactions in which it has no involvement other than as a guarantor, has been established in an arm's length transaction, constitutes solely a charge for transfer of the credit risk and does not include direct or indirect payment for a cost, risk or other element that is not customarily borne by guarantors of tax-exempt obligations. The Underwriters have represented that (i) based upon reasonable expectations and actual facts which existed on May 11, 1993, being the date upon which the Certificates and the Golf Course Certificates were sold to the Underwriters, the initial offering price of each maturity of the Certificates and the Golf Course Certificates to the public (excluding bondhouses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) at which a substantial amount of each maturity of the

Certificates and the Golf Course Certificates was to be sold to the public on the date hereof is set forth on Exhibit A attached hereto and by this reference incorporated herein; (ii) the Certificates and the Golf Course Certificates of each maturity were actually offered to the general public in a bona fide public offering for the prices set forth in Exhibit A, and (iii) the present value of the aggregate premium payable with respect to the Insurance and the Golf Course Insurance is less than the present value of interest reasonably expected to be saved as a result of the Insurance and the Golf Course Insurance, determined by using the combined yield-to-maturity of the Lease Payments and the Golf Course Lease Payments (including payments for the Insurance and the Golf Course Insurance) as the discount rate in computing present value.

(o) Yield of the 1991 Lease Payments. The yield of the 1991 Lease Payments is 7.09794%, determined on the basis of regularly scheduled 1991 Lease Payments and prepayment and redemption as referenced in subparagraph (g) above, including redemption premium, all discounted to \$23,591,401.66, representing the issue price of the 1991 Certificates or \$23,799,737.63 (being the face amount of the 1991 Certificates of \$24,945,000, plus accrued interest of \$145,525.63, less original issue discount of \$1,290,788) less insurance premium of \$208,335.97. Because the 1991 Agreement was delivered within 5 years of the date hereof, the yield of the 1991 Lease Payments is required to be recomputed by reason of refunding thereof.

(p) No Pledged Funds; No Swaps. Except as specified herein, no funds which have been or will be used to acquire directly or indirectly securities, obligations, annuity contracts or other investment-type property producing a yield in excess of the yield of the Lease Payments have been or will be pledged to the payment of Lease Payments, and no transaction has, or will be, entered into that will involve the direct or indirect use of proceeds of the Certificates for a swap of an obligation bearing a fixed rate of interest for a variable rate of interest or vice versa.

(q) No Replacement; No After-Arising Replacement Amounts. No portion of the proceeds of the Certificates will be used as a substitute for other funds (replacement funds) which are otherwise available to be used as a source of financing for Lease Payments and which have been or will be invested in securities, obligations, annuity contracts or other investment-type property having a yield in excess of the yield of the Lease Payments. In addition, there are no amounts that will become available to the City, or interest earnings on such amounts, that both will have a present value in excess of the present value of debt service savings attributable to the Certificates (see subparagraph (s) below) and are reasonably expected to become available to acquire investments having a yield in excess of the yield of the Lease Payments. Any amounts that would, but for the refunding, have been used for the payment of the 1991 Agreement will not be available to acquire higher-yielding investments because the City expects that such amounts will be used for the general governmental purposes of the City within six (6) months of the date that such amounts are available.

(r) No Improper Financial Advantage. The transaction contemplated herein does not represent an impermissible exploitation of the difference between tax-exempt and taxable interest rates and the execution and delivery of the Agreement and the Certificates is not occurring sooner than otherwise necessary, nor is the Agreement in a

principal amount greater than otherwise necessary or to be outstanding longer than otherwise necessary.

(s) Purpose of Refunding. The refunding of the 1991 Agreement will enable a present value savings to the City. The delivery of the Agreement and the refunding of the 1991 Agreement will not enable the City to obtain a material financial advantage (based on arbitrage) apart from savings attributable to lower interest rates.

(t) Second Advance Refunding. The portion of the Certificates allocable to refunding of the 1991 Agreement constitutes the second and final advance refunding of the 1985 Agreement.

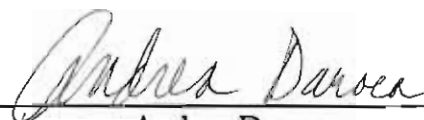
(u) No Remaining Amounts; No Excess Proceeds. After the transfers referenced in subparagraph (f) above, no funds remain in any account or fund established for payment of debt service on the 1991 Agreement or established from original or investment proceeds of the 1991 Agreement. Excess proceeds, if any, will not exceed one percent (1%) of the net proceeds of the Certificates, less delivery costs of the Certificates so allocable.

(v) No Hedge Bonds. The Agreement does not constitute a "hedge bond" in that the 1991 Agreement, the 1987 Agreement and the 1985 Agreement did not constitute "hedge bonds." The 1991 Agreement and the 1987 Agreement did not constitute hedge bonds in that each were refunding bonds. The 1985 Agreement did not constitute a "hedge bond" because, in that on the date of delivery thereof, it was reasonably expected that at least eighty-five percent (85%) of the proceeds thereof would be used to carry out the governmental purposes of the 1991 Agreement within three (3) years of the date of delivery thereof, and not more than fifty percent (50%) of the proceeds of the 1985 Agreement, if any, were invested in investments having a substantially guaranteed yield for four (4) or more years.

(3) No Adverse Ruling. The City has not received notice that its Certificate as to Arbitrage may not be relied upon with respect to its own issues nor has it been advised that any adverse action by the Commissioner of Internal Revenue is contemplated.

On the basis of the foregoing, it is not expected that the proceeds of the Certificates will be used in a manner that would cause the Agreement to be an arbitrage bond within the meaning of section 148 of the Code and applicable regulations. To the best of my knowledge, information and belief, the expectations herein expressed are reasonable and there are no facts, estimates or circumstances, other than those expressed herein, that would materially affect the expectations herein expressed.

IN WITNESS WHEREOF, I have hereunto set my hand this 27th day of May, 1993.



Andrea Daroca,
Interim Finance Director

EXHIBIT A

<u>Maturity (November 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Price*</u>
1993	\$ 210,000	2.50%	100.000%
1994	40,000	3.00	100.000
1995	95,000	3.50	100.000
1996	145,000	4.00	100.000
1997	195,000	4.25	100.000
1998	285,000	4.50	100.000
1999	350,000	4.60	99.447
2000	625,000	4.80	99.687
2001	655,000	4.90	99.655
2002	690,000	5.00	99.254
2003	720,000	5.10	99.198
2004	760,000	5.20	99.146
2005	800,000	5.30	99.098
2006	835,000	5.40	99.523
2007	885,000	5.40	99.008
2008	935,000	5.50	99.481
2009	985,000	5.50	98.930
2010	1,040,000	5.60	99.445
2014	4,740,000	5.60	99.378
2023	12,235,000	5.00	90.602

* Stated as a percentage of par; accrued interest, if any, is added

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\$27,225,000
CERTIFICATES OF PARTICIPATION
(1993 COMMUNITY CENTER REFINANCING PROJECT)
Evidencing Direct, Undivided Fractional Interests of the Owners
Thereof in Lease Payments to be Made by the
CITY OF MODESTO, CALIFORNIA
As the Rental for Certain Property Pursuant to a
Lease Agreement with the
MODESTO PUBLIC FINANCING AUTHORITY

OFFICER'S CERTIFICATE OF CITY

The undersigned hereby states and certifies:

(i) that she is the duly appointed, qualified and acting Interim Finance Director of the City of Modesto, California, a municipal corporation and chartered city, duly organized and existing under the laws of the State of California (the "City"), and as such, is familiar with the facts herein certified and is authorized and qualified to certify the same;

(ii) that she is a duly designated "City Representative", as such term is defined in that certain Trust Agreement, dated as of May 1, 1993 (the "Trust Agreement"), by and among First Trust of California, National Association, as trustee (the "Trustee"), the Modesto Public Financing Authority (the "Authority") and the City;

(iii) that, on April 20, 1993, the City Council of the City duly adopted Resolution No. 93-233, entitled "Resolution Approving, Authorizing and Directing Execution of Certain Lease Financing Documents Relating to the Refunding of Certain Prior Obligations Relating to Community Center Improvements, Authorizing the Preparation and Distribution of a Preliminary Official Statement in Connection with the Offering and Sale of Certificates of Participation Relating Thereto, Authorizing Execution of a Certificate Purchase Agreement and Authorizing and Directing Certain Actions with Respect Thereto", which resolution has not been amended, supplemented, modified, rescinded or repealed and remain in full force and effect as of the date hereof;

(iv) that, by all necessary action, the City has duly authorized and approved the execution and delivery of the Official Statement, dated May 11, 1993 (the "Official Statement"), relating to the \$27,225,000 aggregate principal amount of Certificates of Participation (1993 Community Center Refinancing Project) (the "Certificates"), and the execution and delivery of, and the performance by the City of the obligations on its part contained in, the following agreements (collectively referred to herein as the "Agreements"):

- (a) Certificate Purchase Agreement, dated May 11, 1993, (the "Purchase Agreement"), between the City and Smith Barney, Harris Upham & Co. Incorporated and Grigsby Brandford & Co., Inc., as underwriters (the "Underwriters"),
- (b) Site and Facility Lease, dated as of May 1, 1993, by and between the City, as lessor, and the Authority, as lessee,
- (c) Lease Agreement, dated as of May 1, 1993, by and between the Authority, as lessor, and the City, as lessee,
- (d) Trust Agreement,

- (e) Reimbursement Agreement, dated as of May 1, 1993, by and between the Redevelopment Agency of the City of Modesto and the City, and
- (f) Escrow Deposit and Trust Agreement, dated May 27, 1993, by and between the City and First Interstate Bank of California, as escrow bank;

(v) that the representations, warranties and covenants of the City contained in the Agreements are true and correct in all material respects on and as of the date hereof as if made on the date hereof;

(vi) that, to the best of my knowledge, no event affecting the City has occurred since the date of the Official Statement which should be disclosed in the Official Statement so that the Official Statement will not contain any untrue statement of a material fact and which has not been disclosed in a supplement or amendment to the Official Statement;

(vii) that the City has complied with all the Agreements and satisfied all the conditions on its part to be performed or satisfied at or prior to the date hereof pursuant to the Purchase Agreement with respect to the execution and delivery of the Certificates;

(viii) that, between the date of the Purchase Agreement and the date hereof, the City has not offered or issued any bonds, notes or other obligations for borrowed money, or incurred any material liabilities, direct or contingent, other than with the written consent of the Underwriters, nor has there been any adverse change of a material nature in the financial position, results of operations or condition, financial or otherwise, of the City;

(ix) that the City's employer identification number for federal tax purposes is 94-6000374; and

(x) that, for the calendar year 1993 and including the Information Return for Tax Exempt Governmental Obligations Form 8038-G filed with the Internal Revenue Service for the Lease Agreement, the City has filed one (1) Information Return Form 8038-G with the Internal Revenue Service, Philadelphia, Pennsylvania 19255.

Dated: May 27, 1993

CITY OF MODESTO, CALIFORNIA

By Andrea Daroca
Andrea Daroca,
Interim Finance Director

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\$27,225,000
CERTIFICATES OF PARTICIPATION
(1993 COMMUNITY CENTER REFINANCING PROJECT)
Evidencing Direct, Undivided Fractional Interests of the Owners
Thereof in Lease Payments to be Made by the
CITY OF MODESTO, CALIFORNIA
As the Rental for Certain Property Pursuant to a
Lease Agreement with the
MODESTO PUBLIC FINANCING AUTHORITY

CERTIFICATE REGARDING
PRELIMINARY OFFICIAL STATEMENT

The undersigned hereby states and certifies:

(i) that she is the duly appointed, qualified and acting Interim Finance Director of the City of Modesto, California, a municipal corporation and chartered city, duly organized and existing under the laws of the State of California (the "City"), and as such, is familiar with the facts herein certified and is authorized and qualified to certify the same;

(ii) that there has been delivered to Rauscher Pierce Refsnes Inc., as financial advisor (the "Financial Advisor") to the City, and to Smith Barney, Harris Upham & Co. Incorporated and Grigsby Brandford & Co., Inc., as underwriters of the captioned certificates of participation, a Preliminary Official Statement, dated April 30, 1993, including the cover page and all appendices thereto (the "Preliminary Official Statement"), which the undersigned, on behalf of the City, deems final as of its date for purposes of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 ("Rule 15c2-12"), except for information permitted to be omitted therefrom by Rule 15c2-12; and

(iii) that the City has approved of the use and distribution by the Financial Advisor of the Preliminary Official Statement.

Dated: April 30, 1993

CITY OF MODESTO, CALIFORNIA

By Andrea Daroca
Andrea Daroca,
Interim Finance Director

**RULE 15c2-12 CERTIFICATE OF
CITY OF MODESTO, CALIFORNIA**

The undersigned hereby certifies and represents to Smith Barney, Harris Upham & Co. Incorporated and Grigsby Brandford & Co., Inc. (the "Underwriters") that he or she is a duly elected and acting officer of the City of Modesto, California (the "City") authorized to execute and deliver this Certificate and further hereby certifies on behalf of the City to the Underwriters as follows:

(1) This Certificate is delivered to enable the Underwriters to comply with Securities and Exchange Commission Rule 15c2-12 under the Securities Exchange Act of 1934 (the "Rule") in connection with the offering and sale of City of Modesto Certificates of Participation (1993 Community Center Refinancing Project) Series A and Certificates of Participation (1993 Golf Course Refinancing Project) Series B (collectively, the "Certificates").

(2) In connection with the offering and sale of the Certificates, there has been prepared a Preliminary Official Statement, dated the date hereof, setting forth information concerning the Certificates and the City (the "Preliminary Official Statement").

(3) As used herein, "Permitted Omissions" shall mean the offering price(s), interest rate(s), selling compensation, aggregate principal amount, principal amount per maturity, delivery dates, ratings and other terms of the Certificates depending on such matters and the identity of the underwriter(s), all with respect to the Certificates.

(4) The Preliminary Official Statement is, except for the Permitted Omissions, final within the meaning of the Rule as of this date. The information therein relating to the City is accurate and complete except for the Permitted Omissions.

(5) If, at any time prior to the execution of the final purchase contract, any event occurs as a result of which the Preliminary Official Statement might include an untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, the City shall promptly notify the Underwriters thereof.

IN WITNESS WHEREOF, I have hereunto set my hand this 30th day of April, 1993.

CITY OF MODESTO, CALIFORNIA

By Andrew Daroca
Title Interim Finance Director

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\$27,225,000
CERTIFICATES OF PARTICIPATION
(1993 COMMUNITY CENTER REFINANCING PROJECT)
Evidencing Direct, Undivided Fractional Interests of the Owners
Thereof in Lease Payments to be Made by the
CITY OF MODESTO, CALIFORNIA
As the Rental for Certain Property Pursuant to a
Lease Agreement with the
MODESTO PUBLIC FINANCING AUTHORITY

CERTIFICATE REGARDING USE OF PROCEEDS

The undersigned does hereby state and certify as follows:

(1) that she is the Interim Finance Director of the City of Modesto, California (the "City"), is authorized to execute this certificate on behalf of the City and is knowledgeable with respect to the matters set forth herein;

(2) that, on the date hereof, the City is entering into a Lease Agreement, dated as of May 1, 1993 (the "Lease Agreement"), by and between the Modesto Public Financing Authority, as lessor (the "Authority"), and the City, as lessee, under the terms of which the Authority is leasing certain facilities to the City for a total principal amount of \$27,225,000 and, in consideration thereof, the City is agreeing to make lease payments (the "Lease Payments");

(3) that (a) pursuant to an Assignment Agreement, dated as of May 1, 1993, by and between the Authority and First Trust of California, National Association, as trustee (the "Trustee"), the Authority is assigning to the Trustee its rights under the Lease Agreement, including its rights to receive Lease Payments and (b) pursuant to a Trust Agreement, dated as of May 1, 1993 (the "Trust Agreement"), by and among the Trustee, the Authority and the City, the Trustee will execute and deliver to the purchaser thereof certificates of participation (the "Certificates") representing the direct, undivided and fractional interests in the Lease Payments;

(4) that, of the proceeds of the Certificates received by the Trustee on the date hereof, the Trustee will, pursuant to the Trust Agreement, transfer \$23,171,210.97 to First Interstate Bank of California, as escrow bank, to refund on an advance basis the City's Certificates of Participation (1991 Community Center Refinancing Project) (the "1991 Certificates");

(5) that, of the proceeds of the 1991 Certificates, approximately \$22,984,271.53 was used to refund on an advance basis the City's Refunding Certificates of Participation (Modesto Community Center Project) (the "1987 Certificates");

(6) that, of the proceeds of the 1987 Certificates, a portion was used to refund on a current basis the City's 1985 Certificates of Participation (the "1985 Certificates");

(7) that, of the proceeds of the 1985 Certificates, a portion was used to finance the costs of acquisition and construction of certain facilities (the "Prior Project"), as more particularly described in Exhibit A attached hereto and by this reference incorporated herein;

(8) that Part II of such Exhibit A hereto attached describes (a) each use made by any person of the Prior Project, other than use by the City and other non-federal governmental units and other than use by members of the public generally, and (b) payments (if any) in respect of such use which are to be received after the date hereof;

(9) that no portion of the proceeds of the 1985 Certificates were used, directly or indirectly, to make or finance a loan to any person (other than a State or local governmental unit) or to acquire property which was sold to any person (other than a State or local governmental unit) on an installment sale basis except as referenced in Part II of Exhibit A;

(10) that the above statements are made on the basis of the facts, estimates and circumstances in existence on the date hereof and that the undersigned has exercised due diligence to assure that all material facts, estimates and circumstances relating to the above statements were made available to the undersigned and reviewed by the undersigned;

(11) that to the best knowledge of the undersigned the above statements are reasonable and there are no other facts, estimates or circumstances, other than those set forth herein, that would materially affect the statements made herein; and

(12) that the undersigned is aware that Jones Hall Hill & White, A Professional Law Corporation, is rendering an opinion on the date hereof substantially to the effect that the portion of the Lease Payments designated as and comprising interest and represented by the Certificates is excluded from gross income for federal income tax purposes and in rendering such opinion is relying upon the statements made herein and in Exhibit A hereto attached.

IN WITNESS WHEREOF, I have hereunto set my name this 27th day of May, 1993.



Andrea Daroca,
Interim Finance Director

EXHIBIT A

I. Description of Prior Project

The proceeds of the 1985 Certificates were used to finance the construction of the City's Community Center, which consisted of six components as follows:

- *An Exhibit Hall of 16,000 square feet, with a capacity for 100 exhibit booths or seating of 2,100 for assemblies.*
- *A 4,000 square-foot theater, with seating capacity of 150 to 200 people.*
- *A series of small meeting rooms totaling 4,000 square feet and accommodating from 100 to 300 people in any one room.*
- *An exhibit lobby*
- *A park plaza which link the entire project together and may also be used for events.*
- *A four-story parking garage, with a capacity for approximately 780 automobiles.*

II. Description of Use of Prior Project

A. Use by any person other than governmental units or members of public generally

None.

B. Payments to be made after date hereof in respect to above use

None.

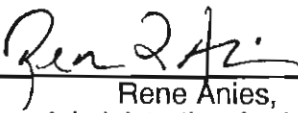
6

\$27,225,000
CERTIFICATES OF PARTICIPATION
(1993 COMMUNITY CENTER REFINANCING PROJECT)
Evidencing Direct, Undivided Fractional Interests of the Owners
Thereof in Lease Payments to be Made by the
CITY OF MODESTO, CALIFORNIA
As the Rental for Certain Property Pursuant to a
Lease Agreement with the
MODESTO PUBLIC FINANCING AUTHORITY

CERTIFICATE OF MAILING 8038-G

I, Rene Anies, of Jones Hall Hill & White, A Professional Law Corporation, hereby certify that for and on behalf of the City of Modesto, California, and on the date hereof, I caused to be mailed an Information Return for Tax-Exempt Governmental Obligations Form 8038-G relating to the captioned financing, by first class certified mail, postage prepaid, return receipt requested, to the Internal Revenue Service Center, Philadelphia, Pennsylvania 19255, a true copy of which Form 8038-G is hereto attached.

Dated: May 27, 1993



Rene Anies,
Administrative Assistant
Jones Hall Hill & White,
A Professional Law Corporation

Form **8038-G**

Information Return for Tax-Exempt Governmental Obligations

(Rev. October 1989)

(Under Section 149(e))
See separate instructions

OMB No. 1545-0720

Expires 5/31/92

Department of the Treasury
Internal Revenue Service

(Use Form 8038-GC if the issue price is under \$100,000)

Part I Reporting Authority

Check box if Amended Return

1 Issuer's name
CITY OF MODESTO

2 Issuer's employer identification number
94-6000374

3 Number and street
801 11th St

4 Report number
G1993-01

5 City or town, state and Zip code
Modesto, CA 95354

6 Date of Issue
May 27, 1993

7 Name of Issue
Certificates of Participation (1993 Community Center and Golf Course Refinancing Projects) Lease Agreements

8 CUSIP Number
607715 FF1

Part II Type of Issue (check box(es) that applies and enter the Issue Price)

	Issue Price
9 Check box if obligations are tax or other revenue anticipation bonds <input type="checkbox"/>	
10 Check box if obligations are in the form of a lease or installment sale <input checked="" type="checkbox"/>	
11 <input type="checkbox"/> Education	\$
12 <input type="checkbox"/> Health and hospital	
13 <input type="checkbox"/> Transportation	
14 <input type="checkbox"/> Public safety	
15 <input type="checkbox"/> Environment (including sewage bonds)	
16 <input type="checkbox"/> Housing	
17 <input type="checkbox"/> Utilities	
18 <input checked="" type="checkbox"/> Other, Describe (see Instructions) Refinancing/financing of public various improvements to Community Center Project and Golf Course Project	33,750,759.40

Part III Description of Obligations

	(a) Maturity date	(b) Interest rate	(c) Issue price	(d) Stated redemption price at maturity	(e) Weighted average maturity	(f) Yield	(g) Net interest cost
19 Final maturity	11/01/23	5.00 %	1,893,581.80	209,000.00			
20 Entire issue			33,750,759.40	35,355,000.00	19.29522 years	5.71152 %	5.73812 %

Part IV Uses of Original Proceeds of Bond Issues (including Underwriters' discount)

21 Proceeds used for accrued interest	21	130,358.04
22 Issue price of entire issue enter line 20c	22	33,750,759.40
23 Proceeds used for bond issuance costs (including underwriters' discount)	23	552,431.26
24 Proceeds used for credit enhancement	24	502,596.68
25 Proceeds allocated to reasonably required reserve or replacement fund	25	2,580,200.00
26 Proceeds used to refund prior issues	26	29,696,027.41
27 Total (add lines 23,24,25 and 26)	27	33,331,255.35
28 Nonrefunding proceeds of the issue (subtract line 27 from line 22 and enter amount here)	28	419,504.05

Part V Description of Refunded Bonds (complete this part only for refunding bonds)

29 Enter the remaining weighted average maturity of the bonds to be refunded **13.71032/17.36324** years

30 Enter the last date on which the refunded bonds will be called **11-1-2001/11-1-1998**

31 Enter the date(s) the refunded bonds were issued **6-20-91/2-14-90**

Part VI Miscellaneous

32 Enter the amount of the state volume cap allocated to the issue **-0-**

33 Enter the amount of the bonds designated by the issuer under section 265(b)(3)(B)(i)(III) (small issuer exception) **-0-**

34 Pooled Financings:

a Enter the amount of the proceeds of this issue that are to be used to make loans to other governmental units **-0-**

b Check box if this issue is a loan made from the proceeds of another tax-exempt issue and enter the name of the issuer and the date of the issue

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete.

Please Sign Here

Andrea Daroca
Signature of officer

5/27/93
Date

Andrea Daroca,
Interim Finance Director

Type or print name and title

For Paperwork Reduction Act Notice, see page 1 of the instructions.

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EXHIBIT A

**DELIVERY COSTS DISBURSEMENTS
(1993 COMMUNITY CENTER REFINANCING PROJECT)**

<u>Payee Name and Address</u>	<u>Purpose of Obligation</u>	<u>Amount</u>
AMBAC Indemnity Corporation New York, NY 10004 c/o: Citibank, N.A. A/C #36855019 ABA #021000089	Insurance Premium	\$ 415,219.40
Jones Hall Hill & White A Professional Law Corporation c/o: Union Bank A/C #127-0003652 ABA #122000496	Special Counsel Fee	\$ 72,193.03
Rauscher Pierce Refsnes Inc. 801 North Brand Blvd., Suite 1060 Glendale, CA 91203	Financial Advisor Fee and Out-of-Pocket Expenses	\$ 34,352.00
First Trust of California, National Association 101 California Street, Suite 1150 San Francisco, CA 94111	Trustee Acceptance Fee and Annual Administration Fee and Counsel Fee	\$ 5,000.00
First Interstate Bank of California 345 California Street, 8th floor San Francisco, CA 94104	Escrow Bank and Counsel Fee	\$ 2,500.00*
Ernst & Young 1100 Citibank Tower One South Church Avenue Tucson, AZ 85701	Verification Agent Fee	\$ 5,000.00*
Stewart Title Company 180 Montgomery Street, Suite 840 San Francisco, CA 94104	Title Insurance Premium and Recordation Fee	\$ 24,783.50
R.R. Donnelley Financial 991 Francisco Street Torrance, CA 90502	Official Statement Printing Costs	\$ 7,700.00*
Moody's Investors Service 99 Church Street New York, NY 10007	Rating Agency Fee	\$ 12,320.00*
Standard & Poor's Corporation 25 Broadway New York, NY 10004	Rating Agency Fee	\$ 9,250.00

* Not to exceed amount; to be paid only upon submission of an invoice.

JONES HALL HILL & WHITE,

A PROFESSIONAL LAW CORPORATION
ATTORNEYS AT LAW

CHARLES F. ADAMS
STEPHEN R. CASALEGGIO
MICHAEL D. CASTELLI
THOMAS A. DOWNEY
ANDREW C. HALL, JR.
GREG HARRINGTON
KENNETH I. JONES
WILLIAM H. MADISON
R. WADE NORRIS*
DAVID J. OSTER
BRIAN D. QUINT
PAUL J. THIMMIG
DAVID A. WALTON
SEARON STANTON WHITE

May 27, 1993

FOUR EMBARCADERO CENTER
NINETEENTH FLOOR
SAN FRANCISCO, CA 94111
(415) 391-5780

FACSIMILE
(415) 391-5784
(415) 391-5785
(415) 958-8308

ROBERT J. HILL (1922-1988)

* ADMITTED TO GEORGIA BAR ONLY

City of Modesto
801 Eleventh Street, 2nd Floor
Modesto, CA 95354

RE: \$27,225,000 City of Modesto Certificates of Participation (1993
Community Center Refinancing Project)

INVOICE

For Legal Services Rendered Including Recoverable Expenses:

\$72,193.03

Instructions for Wire Transfer:

Union Bank
ABA No. 122000496
San Francisco Main Office 1-127
370 California Street
San Francisco, CA 94120
For Credit: Jones Hall Hill & White, APLC
Acct No. 127-0003652



RAUSCHER PIERCE REFSNES, INC.

May 27, 1993

Contract Number: LA02-032103.01

Invoice Number: 05-93-01

TO: City of Modesto
11th & H Streets
Modesto, CA 95353

ATTENTION: Andrea Daroca
Interim Finance Director

RE: City of Modesto
\$27,225,000 Certificates of Participation
1993 Community Center Refinancing Project

INVOICE

For Financial Advisory services rendered to the City of Modesto by Rauscher Pierce Refsnes, Inc. for the above referenced issue, please remit the following:

<u>Professional Services:</u>	\$30,802
<u>Out-of-Pocket Expenses:</u>	<u>3,550</u>
Total	<u>\$34,352</u>

Please remit payment to:
Rauscher Pierce Refsnes, Inc.
801 North Brand Boulevard, Suite 1060
Glendale, CA 91203


Kenneth D. Ough
Senior Vice President

KDO/bg



First Trust California

101 California Street
Suite 1150
San Francisco, CA 94111

May 27, 1993

City of Modesto
Attn: Ms. Andrea Daroca, Interim Finance Director
801 11th Street
Modesto, CA 95354

INVOICE

City of Modesto COP
(1993 Community Center Refinancing Project)

95414220

TRUSTEE SERVICES

Acceptance Fee	\$ 1,500.00
Counsel Fee	1,250.00
Annual Administration Fee	1,750.00
Annual Registrar and and Paying Agent Fees	500.00

TOTAL FEES	\$ <u>5,000.00</u>

Please remit payment to: First Trust of California, National Association
101 California Street, Suite 1150
San Francisco, CA 94111



STEWART TITLE
NATIONAL MARKETING DIVISION
 180 MONTGOMERY STREET, SUITE 840
 SAN FRANCISCO, CALIFORNIA 94104

(415) 705-8970 • (800) 366-7839 FAX: (415) 986-5973

INVOICE NO.
 N°

CUSTOMER NAME: Ms. Andrea Daroca, Interim Finance Director
ADDRESS: City of Modesto
 801 Eleventh Street, 2nd Floor
 Modesto, Ca 95354
 c/o Brian Quint, Esq.
 Jones Hall Hill & White
YOUR REF. NO.: Four Embarcadero Center, Suite 1900
 San Francisco, Ca 94111

DATE: 05-25-93
OUR REF. NO. 93021048-B
TITLE OFFICER: R. Blumenthal

TERMS: Net cash end of month in which first billing is rendered. On delinquent account or deferred time payment plan interest is charged at the maximum legal rate which is 10% per annum or more.

RE: City of Modesto-Civic Center	DESCRIPTION			
TITLE FEE(S) CLTA	# (\$27,225,000.00 liability)	\$ 24,502.50		
	# _____	\$ _____		
	# _____	\$ _____		
TSG	# _____	\$ _____	TOTAL	\$ 24,502 50
ENDORSEMENTS	# 112.2	\$ 25.00		
	# _____	\$ _____		
	# _____	\$ _____		
	# _____	\$ _____	TOTAL	\$ 25 00
	TRANSFER TAX	\$		
	(ESTIMATE) RECORDING FEES	\$ 200		00
	(federal exp.) OTHER	\$ 56		00
	TOTAL AMOUNT NOW DUE	\$ 24,783		50

BILLING OFFICE _____ % AGENT _____ %

	100	70		MIN.	%
TITLE FEES					
TRANSFER TAX					
RECORDING FEES					
OTHER					
ENDORSEMENTS					
TOTAL	\$				

PLEASE REMIT TO:
 STEWART TITLE
 180 MONTGOMERY STREET #840
 SAN FRANCISCO, CA 94104
 (415) 705-8970

Standard & Poor's Corporation
A Division of McGraw-Hill, Inc.



25 BROADWAY
NEW YORK NY 10004

INVOICE: 0349844
ACCT NO: 936424-0000-5
DATE: 05/11/93
SERVICE: 1-81
PAGE: 1

MR JE TEWES CITY MGR
*MODESTO CITY
801 11TH ST 2ND FL
MODESTO CA 95354

ANALYTICAL SERVICES RENDERED IN CONNECTION WITH:
\$ 33,915,000 MODESTO, CALIFORNIA, CERTIFICATES OF PARTICIPATION
REFUNDING PROJECT SER 1993A & SER 1993B
DATED: 5/1/93

\$12,500.00

9,250.00

~~\$12,500.00~~

AMOUNT DUE:

FOR INQUIRIES CONTACT: MR. KEVIN O'HORA 212-208-1131

To insure Proper Credit, DETACH HERE ▲ and RETURN THIS PORTION With Your Remittance.

Standard & Poor's Corporation
A Division of McGraw-Hill, Inc.
25 BROADWAY
NEW YORK NY 10004



INVOICE: 0349844
Acct. No. 936424-0000-5
Date 05/11/93
SERVICE: 1-81

BILLED TO:

SERVICE PROVIDED TO:

MR JE TEWES CITY MGR
*MODESTO CITY
801 11TH ST 2ND FL
MODESTO CA 95354

93642400005 0349844 01250000 1 000 01 01 0593

TOTAL
AMOUNT DUE \$12,500.00
AMOUNT
ENCLOSED \$



\$27,225,000
CERTIFICATES OF PARTICIPATION
(1993 COMMUNITY CENTER REFINANCING PROJECT)
Evidencing Direct, Undivided Fractional Interests of the Owners
Thereof in Lease Payments to be Made by the
CITY OF MODESTO, CALIFORNIA
As the Rental for Certain Property Pursuant to a
Lease Agreement with the
MODESTO PUBLIC FINANCING AUTHORITY

WRITTEN REQUEST REGARDING INVESTMENTS

The undersigned hereby states and certifies:

(i) that she is the duly appointed, qualified and acting Interim Finance Director of the City of Modesto, California, a municipal corporation and chartered city, duly organized and existing under the laws of the State of California (the "City"), and as such, is familiar with the facts herein certified and is authorized to certify the same;

(ii) that she is a duly designated "City Representative", as such term is defined in that certain Trust Agreement, dated as of May 1, 1993 (the "Trust Agreement"), by and among First Trust of California, National Association, as trustee (the "Trustee"), the Modesto Public Financing Authority and the City;

(iii) that, pursuant to Section 8.02 of the Trust Agreement, the Trustee is hereby requested to invest the net proceeds of the captioned Certificates of Participation (the "Certificates") received by it and deposited into the funds and accounts established pursuant to the Trust Agreement in the Permitted Investments identified on Exhibit A attached hereto and by this reference incorporated herein;

(iv) that all of said Permitted Investments are comprised of securities traded on established markets and are to be acquired by the Trustee in arm's length transactions for their fair market value without regard to the relationship of the yield of such investments to the yield of the Certificates; and

(v) that capitalized terms used herein and not otherwise defined shall have the meanings ascribed thereto in the Trust Agreement.

Dated: May 27, 1993

CITY OF MODESTO, CALIFORNIA

By 
Andrea Daroca,
Interim Finance Director

9



CITY of MODESTO

Personnel Department:

Risk Management Division, (209) 577-5411

801 - 11th Street, Court Floor
P. O. Box 642, Modesto, CA 95353

[TDD (209) 526-9211 Hearing and Speech Impaired only]

May 27, 1993

First Trust of California, National Association
101 California Street, Suite 1150
San Francisco, California 94111

Re: \$27,225,000 Certificates of Participation (1993 Community Center Refinancing Project) Evidencing Direct, Undivided Fractional Interests of the Owners Thereof in Lease Payments to be Made by the City of Modesto, California, as the Rental for Certain Property Pursuant to a Lease Agreement with the Modesto Public Financing Authority

Ladies and Gentlemen:

I act as Risk Manager for the City of Modesto, California (the "City"), and as such, am familiar with the City's insurance coverage for public liability and property damage insurance, fire and extended coverage insurance and rental interruption insurance, covering the Project, as defined and described in that certain Lease Agreement, dated as of May 1, 1993 (the "Lease Agreement"), by and between the Modesto Public Financing Authority and the City, which includes coverage with:

- A. ACCEL for public liability and property damage.
- B. Public Entity Property Insurance Program for All-risk municipal manuscript form.

I have reviewed and am familiar with the provisions of Sections, 5.3, 5.4 and 5.5 of the Lease Agreement and have compared the coverage provided by the City's existing insurance policies, or the availability thereof (and the City's existing insurance coverage, if any), with the provisions of the Lease Agreement and certify that the City's insurance meets the requirements set forth in the Lease Agreement and such insurance provides the required protection to the owners of the captioned Certificates of Participation (the "Certificates"). First Trust of California, National Association, as trustee for the Certificates, will be named as loss payee for such insurance policies as of the date of this letter pursuant to a lender's loss payable endorsement.

City Pride — Citywide

Printed On Recycled Paper

First Trust of California, Natl. Assn.
Re: Certificates (1993 Community Center)
May 27, 1993
Page 2.

Very truly yours,

A handwritten signature in dark ink, appearing to read "D. Norris", is written over a light-colored rectangular background.

Donald N. Norris
Risk Manager

DN:lc

10

POLICY OF TITLE INSURANCE ISSUED BY

STEWART TITLE GUARANTY COMPANY

SUBJECT TO THE EXCLUSIONS FROM COVERAGE, THE EXCEPTIONS FROM COVERAGE CONTAINED IN SCHEDULE B AND THE CONDITIONS AND STIPULATIONS, STEWART TITLE GUARANTY COMPANY, a Texas corporation, herein called the Company, insures, as of Date of Policy shown in Schedule A, against loss or damage, not exceeding the Amount of Insurance stated in Schedule A, sustained or incurred by the insured by reason of:

1. Title to the estate or interest described in Schedule A being vested other than as stated therein;
2. Any defect in or lien or encumbrance on the title;
3. Unmarketability of the title;
4. Lack of a right of access to and from the land;

and in addition, as to an insured lender only:

5. The invalidity or unenforceability of the lien of the insured mortgage upon the title;
6. The priority of any lien or encumbrance over the lien of the insured mortgage, said mortgage being shown in Schedule B in the order of its priority;
7. The invalidity or unenforceability of any assignment of the insured mortgage, provided the assignment is shown in Schedule B, or the failure of the assignment shown in Schedule B to vest title to the insured mortgage in the named insured assignee free and clear of all liens.

The Company will also pay the costs, attorneys' fees and expenses incurred in defense of the title or the lien of the insured mortgage, as insured, but only to the extent provided in the Conditions and Stipulations.

Signed under seal for the Company, but this Policy is to be valid only when it bears an authorized countersignature.

Sincerely,
a

**STEWART TITLE
GUARANTY COMPANY**

Howard Morris Jr.
Chairman of the Board

Countersigned by: *[Signature]*
Authorized Signatory

Malcolm S. Morris
President



Company
City, State

Page 1 of Policy Serial No. CNJP-1597-132897

EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy and the Company will not pay loss or damage, costs, attorneys' fees or expenses which arise by reason of:

1. (a) Any law, ordinance or governmental regulation (including but not limited to building or zoning laws, ordinances, or regulations) restricting, regulating, prohibiting or relating to (i) the occupancy, use, or enjoyment of the land; (ii) the character, dimensions or location of any improvement now or hereafter erected on the land; (iii) a separation in ownership or a change in the dimensions or area of the land or any parcel of which the land is or was a part; or (iv) environmental protection, or the effect of any violation of these laws, ordinances or governmental regulations, except to the extent that a notice of the enforcement thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
(b) Any governmental police power not excluded by (a) above, except to the extent that a notice of the exercise thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
2. Rights of eminent domain unless notice of the exercise thereof has been recorded in the public records at Date of Policy, but not excluding from coverage any taking which has occurred prior to Date of Policy which would be binding on the rights of a purchaser for value without knowledge.
3. Defects, liens, encumbrances, adverse claims or other matters:
 - (a) whether or not recorded in the public records at Date of Policy, but created, suffered, assumed or agreed to by the insured claimant;
 - (b) not known to the Company, not recorded in the public records at Date of Policy, but known to the insured claimant and not disclosed in writing to the Company by the insured claimant prior to the date the insured claimant became an insured under this policy;
 - (c) resulting in no loss or damage to the insured claimant;
 - (d) attaching or created subsequent to Date of Policy; or
 - (e) resulting in loss or damage which would not have been sustained if the insured claimant had value paid for the insured mortgage or for the estate or interest insured by this policy.
4. Unenforceability of the lien of the insured mortgage because of the inability or failure of the insured at Date of Policy, or the inability or failure of any subsequent owner of the indebtedness, to comply with the applicable doing business laws of the state in which the land is situated.
5. Invalidity or unenforceability of the lien of the insured mortgage, or claim thereof, which arises out of the transaction evidenced by the insured mortgage and is based upon usury or any consumer credit protection or truth in lending law.
6. Any claim, which arises out of the transaction vesting in the insured the estate or interest insured by this policy or the transaction creating the interest of the insured lender, by reason of the operation of federal bankruptcy, state insolvency or similar creditors' rights laws.

CONDITIONS AND STIPULATIONS

1. DEFINITION OF TERMS.

The following terms when used in this policy mean:

(a) "insured": the insured named in Schedule A, and, subject to any rights or defenses the Company would have had against the named insured, those who succeed to the interest of the named insured by operation of law as distinguished from purchase including, but not limited to, heirs, distributees, devisees, survivors, personal representatives, next of kin, or corporate or fiduciary successors. The term "insured" also includes

(i) the owner of the indebtedness secured by the insured mortgage and each successor in ownership of the indebtedness except a successor who is an obligor under the provisions of Section 12(c) of these Conditions and Stipulations (reserving, however, all rights and defenses as to any successor that the Company would have had against any predecessor insured, unless the successor acquired the indebtedness as a purchaser for value without knowledge of the asserted defect, lien, encumbrance, adverse claim or other matter insured against by this policy as affecting title to the estate or interest in the land);

(ii) any governmental agency or governmental instrumentality which is an insurer or guarantor under an insurance contract or guaranty insuring or guaranteeing the indebtedness secured by the insured mortgage, or any part thereof, whether named as an insured herein or not;

(iii) the parties designated in Section 2(a) of these Conditions and Stipulations.

(b) "insured claimant": an insured claiming loss or damage.

(c) "insured lender": the owner of an insured mortgage.

(d) "insured mortgage": a mortgage shown in Schedule B, the owner of which is named as an insured in Schedule A.

(e) "knowledge" or "known": actual knowledge, not constructive knowledge or notice which may be imputed to an insured by reason of the public records as defined in this policy or any other records which impart constructive notice of matters affecting the land.

(f) "land": the land described or referred to in Schedule A, and improvements affixed thereto which by law constitute real property. The term "land" does not include any property beyond the lines of the area described or referred to in Schedule A, nor any right, title, interest, estate or easement in abutting streets, roads, avenues, alleys, lanes, ways or waterways, but nothing herein shall modify or limit the extent to which a right of access to and from the land is insured by this policy.

(g) "mortgage": mortgage, deed of trust, trust deed, or other security instrument.

(h) "public records": records established under state statutes at Date of Policy for the purpose of imparting constructive notice of matters relating to real property to purchasers for value and without knowledge.

(i) "unmarketability of the title": an alleged or apparent matter affecting the title to the land, not excluded or excepted from coverage, which would entitle a purchaser of the estate or interest described in Schedule A or the insured mortgage to be released from the obligation to purchase by virtue of a contractual condition requiring the delivery of marketable title.

2. CONTINUATION OF INSURANCE.

(a) **After Acquisition of Title by Insured Lender.** If this policy insures the owner of the indebtedness secured by the insured mortgage, the coverage of this policy shall continue in force as of Date of Policy in favor of (i) such insured lender who acquires all or any part of the estate or interest in the land by foreclosure, trustee's sale, conveyance in lieu of foreclosure, or other legal

manner which discharges the lien of the insured mortgage; (ii) a transferee of the estate or interest so acquired from an insured corporation, provided the transferee is the parent or wholly-owned subsidiary of the insured corporation, and their corporate successors by operation of law and not by purchase, subject to any rights or defenses the Company may have against any predecessor insured; and (iii) any governmental agency or governmental instrumentality which acquires all or any part of the estate or interest pursuant to a contract of insurance or guaranty insuring or guaranteeing the indebtedness secured by the insured mortgage.

(b) **After Conveyance of Title by an Insured.** The coverage of this policy shall continue in force as of Date of Policy in favor of an insured only so long as the insured retains an estate or interest in the land, or holds an indebtedness secured by a purchase money mortgage given by a purchaser from the insured, or only so long as the insured shall have liability by reason of covenants of warranty made by the insured in any transfer or conveyance of the estate or interest. This policy shall not continue in force in favor of any purchaser from an insured of either (i) an estate or interest in the land, or (ii) an indebtedness secured by a purchase money mortgage given to an insured.

(c) **Amount of Insurance.** The amount of insurance after the acquisition or after the conveyance by an insured lender shall in neither event exceed the least of:

(i) The amount of insurance stated in Schedule A;

(ii) The amount of the principal of the indebtedness secured by the insured mortgage as of Date of Policy, interest thereon, expenses of foreclosure, amounts advanced pursuant to the insured mortgage to assure compliance with laws or to protect the lien of the insured mortgage prior to the time of acquisition of the estate or interest in the land and secured thereby and reasonable amounts expended to prevent deterioration of improvements, but reduced by the amount of all payments made; or

(iii) The amount paid by any governmental agency or governmental instrumentality, if the agency or the instrumentality is the insured claimant, in the acquisition of the estate or interest in satisfaction of its insurance contract or guaranty.

3. NOTICE OF CLAIM TO BE GIVEN BY INSURED CLAIMANT.

An insured shall notify the Company promptly in writing (i) in case of any litigation as set forth in 4(a) below, (ii) in case knowledge shall come to an insured hereunder of any claim of title or interest which is adverse to the title to the estate or interest or the lien of the insured mortgage, as insured, and which might cause loss or damage for which the Company may be liable by virtue of this policy, or (iii) if title to the estate or interest or the lien of the insured mortgage, as insured, is rejected as unmarketable. If prompt notice shall not be given to the Company, then as to that insured all liability of the Company shall terminate with regard to the matter or matters for which prompt notice is required; provided, however, that failure to notify the Company shall in no case prejudice the rights of any insured under this policy unless the Company shall be prejudiced by the failure and then only to the extent of the prejudice.

4. DEFENSE AND PROSECUTION OF ACTIONS; DUTY OF INSURED CLAIMANT TO COOPERATE.

(a) Upon written request by an insured and subject to the options contained in Section 6 of these Conditions and Stipulations, the Company, at its own cost and without unreasonable delay, shall provide for the defense of such insured in litigation in which any third party asserts a claim adverse to the title or interest as insured, but only as to those stated causes of action alleging a

EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy and the Company will not pay loss or damage, costs, attorneys' fees or expenses which arise by reason of:

- (a) Any law, ordinance or governmental regulation (including but not limited to building or zoning laws, ordinances, or regulations) restricting, regulating, prohibiting or relating to (i) the occupancy, use, or enjoyment of the land; (ii) the character, dimensions or location of any improvement now or hereafter erected on the land; (iii) a separation in ownership or a change in the dimensions or area of the land or any parcel of which the land is or was a part; or (iv) environmental protection, or the effect of any violation of these laws, ordinances or governmental regulations, except to the extent that a notice of the enforcement thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
(b) Any governmental police power not excluded by (a) above, except to the extent that a notice of the exercise thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
- Rights of eminent domain unless notice of the exercise thereof has been recorded in the public records at Date of Policy, but not excluding from coverage any taking which has occurred prior to Date of Policy which would be binding on the rights of a purchaser for value without knowledge.
- Defects, liens, encumbrances, adverse claims or other matters:
 - whether or not recorded in the public records at Date of Policy, but created, suffered, assumed or agreed to by the insured claimant;
 - not known to the Company, not recorded in the public records at Date of Policy, but known to the insured claimant and not disclosed in writing to the Company by the insured claimant prior to the date the insured claimant became an insured under this policy;
 - resulting in no loss or damage to the insured claimant;
 - attaching or created subsequent to Date of Policy; or
 - resulting in loss or damage which would not have been sustained if the insured claimant had value paid for the insured mortgage or for the estate or interest insured by this policy.
- Unenforceability of the lien of the insured mortgage because of the inability or failure of the insured at Date of Policy, or the inability or failure of any subsequent owner of the indebtedness, to comply with the applicable doing business laws of the state in which the land is situated.
- Invalidity or unenforceability of the lien of the insured mortgage, or claim thereof, which arises out of the transaction evidenced by the insured mortgage and is based upon usury or any consumer credit protection or truth in lending law.
- Any claim, which arises out of the transaction vesting in the insured the estate or interest insured by this policy or the transaction creating the interest of the insured lender, by reason of the operation of federal bankruptcy, state insolvency or similar creditors' rights laws.

CONDITIONS AND STIPULATIONS

1. DEFINITION OF TERMS.

The following terms when used in this policy mean:

(a) "insured": the insured named in Schedule A, and, subject to any rights or defenses the Company would have had against the named insured, those who succeed to the interest of the named insured by operation of law as distinguished from purchase including, but not limited to, heirs, distributees, devisees, survivors, personal representatives, next of kin, or corporate or fiduciary successors. The term "insured" also includes

(i) the owner of the indebtedness secured by the insured mortgage and each successor in ownership of the indebtedness except a successor who is an obligor under the provisions of Section 12(c) of these Conditions and Stipulations (reserving, however, all rights and defenses as to any successor that the Company would have had against any predecessor insured, unless the successor acquired the indebtedness as a purchaser for value without knowledge of the asserted defect, lien, encumbrance, adverse claim or other matter insured against by this policy as affecting title to the estate or interest in the land);

(ii) any governmental agency or governmental instrumentality which is an insurer or guarantor under an insurance contract or guaranty insuring or guaranteeing the indebtedness secured by the insured mortgage, or any part thereof, whether named as an insured herein or not;

(iii) the parties designated in Section 2(a) of these Conditions and Stipulations.

(b) "insured claimant": an insured claiming loss or damage.

(c) "insured lender": the owner of an insured mortgage.

(d) "insured mortgage": a mortgage shown in Schedule B, the owner of which is named as an insured in Schedule A.

(e) "knowledge" or "known": actual knowledge, not constructive knowledge or notice which may be imputed to an insured by reason of the public records as defined in this policy or any other records which impart constructive notice of matters affecting the land.

(f) "land": the land described or referred to in Schedule A, and improvements affixed thereto which by law constitute real property. The term "land" does not include any property beyond the lines of the area described or referred to in Schedule A, nor any right, title, interest, estate or easement in abutting streets, roads, avenues, alleys, lanes, ways or waterways, but nothing herein shall modify or limit the extent to which a right of access to and from the land is insured by this policy.

(g) "mortgage": mortgage, deed of trust, trust deed, or other security instrument.

(h) "public records": records established under state statutes at Date of Policy for the purpose of imparting constructive notice of matters relating to real property to purchasers for value and without knowledge.

(i) "unmarketability of the title": an alleged or apparent matter affecting the title to the land, not excluded or excepted from coverage, which would entitle a purchaser of the estate or interest described in Schedule A or the insured mortgage to be released from the obligation to purchase by virtue of a contractual condition requiring the delivery of marketable title.

2. CONTINUATION OF INSURANCE.

(a) **After Acquisition of Title by Insured Lender.** If this policy insures the owner of the indebtedness secured by the insured mortgage, the coverage of this policy shall continue in force as of Date of Policy in favor of (i) such insured lender who acquires all or any part of the estate or interest in the land by foreclosure, trustee's sale, conveyance in lieu of foreclosure, or other legal

manner which discharges the lien of the insured mortgage; (ii) a transferee of the estate or interest so acquired from an insured corporation, provided the transferee is the parent or wholly-owned subsidiary of the insured corporation, and their corporate successors by operation of law and not by purchase, subject to any rights or defenses the Company may have against any predecessor insured; and (iii) any governmental agency or governmental instrumentality which acquires all or any part of the estate or interest pursuant to a contract of insurance or guaranty insuring or guaranteeing the indebtedness secured by the insured mortgage.

(b) **After Conveyance of Title by an Insured.** The coverage of this policy shall continue in force as of Date of Policy in favor of an insured only so long as the insured retains an estate or interest in the land, or holds an indebtedness secured by a purchase money mortgage given by a purchaser from the insured, or only so long as the insured shall have liability by reason of covenants of warranty made by the insured in any transfer or conveyance of the estate or interest. This policy shall not continue in force in favor of any purchaser from an insured of either (i) an estate or interest in the land, or (ii) an indebtedness secured by a purchase money mortgage given to an insured.

(c) **Amount of Insurance.** The amount of insurance after the acquisition or after the conveyance by an insured lender shall in neither event exceed the least of:

(i) The amount of insurance stated in Schedule A;

(ii) The amount of the principal of the indebtedness secured by the insured mortgage as of Date of Policy, interest thereon, expenses of foreclosure, amounts advanced pursuant to the insured mortgage to assure compliance with laws or to protect the lien of the insured mortgage prior to the time of acquisition of the estate or interest in the land and secured thereby and reasonable amounts expended to prevent deterioration of improvements, but reduced by the amount of all payments made; or

(iii) The amount paid by any governmental agency or governmental instrumentality, if the agency or the instrumentality is the insured claimant, in the acquisition of the estate or interest in satisfaction of its insurance contract or guaranty.

3. NOTICE OF CLAIM TO BE GIVEN BY INSURED CLAIMANT.

An insured shall notify the Company promptly in writing (i) in case of any litigation as set forth in 4(a) below, (ii) in case knowledge shall come to an insured hereunder of any claim of title or interest which is adverse to the title to the estate or interest or the lien of the insured mortgage, as insured, and which might cause loss or damage for which the Company may be liable by virtue of this policy, or (iii) if title to the estate or interest or the lien of the insured mortgage, as insured, is rejected as unmarketable. If prompt notice shall not be given to the Company, then as to that insured all liability of the Company shall terminate with regard to the matter or matters for which prompt notice is required; provided, however, that failure to notify the Company shall in no case prejudice the rights of any insured under this policy unless the Company shall be prejudiced by the failure and then only to the extent of the prejudice.

4. DEFENSE AND PROSECUTION OF ACTIONS; DUTY OF INSURED CLAIMANT TO COOPERATE.

(a) Upon written request by an insured and subject to the options contained in Section 6 of these Conditions and Stipulations, the Company, at its own cost and without unreasonable delay, shall provide for the defense of such insured in litigation in which any third party asserts a claim adverse to the title or interest as insured, but only as to those stated causes of action alleging a

SCHEDULE A

Order No.: 107676-B

Premium: \$ 24,502.50

Date of Policy: May 27, 1993 at 8:00 A.M.

Policy No.: CNJP-1597-132897

Amount of Insurance: \$ 27,225,000.00

Loan No.: NONE SHOWN

1. Name of Insured:

SEE "INSURED" ATTACHED

2. The estate or interest in the land which is covered by this Policy is:

"SEE ATTACHED"

3. Title to the estate or interest in the land is vested in:

THE CITY OF MODESTO, CALIFORNIA, A MUNICIPAL CORPORATION

4. The land referred to in this Policy is in the State of California, County of Stanislaus,
in the CITY of MODESTO and is described as follows:

SEE "LEGAL DESCRIPTION" ATTACHED

INSURED

Order No.: 107676-B

THE CITY OF MODESTO, CALIFORNIA, A MUNICIPAL CORPORATION, AS LESSEE AND FIRST TRUST OF CALIFORNIA, NATIONAL ASSOCIATION, A NATIONAL BANKING ASSOCIATION, AS TRUSTEE FOR THE CERTIFICATE HOLDERS UNDER THE TRUST AGREEMENT REFERRED TO IN ITEM 20 OF SCHEDULE B PART II, AS THEIR RESPECTIVE INTERESTS MAY APPEAR.

ESTATE

Order No.: 107676-B

A SUBLEASEHOLD AS CREATED BY THAT CERTAIN LEASE AGREEMENT DATED MAY 1, 1993, BY AND BETWEEN, THE MODESTO PUBLIC FINANCING AUTHORITY, A JOINT EXERCISE OF POWERS AUTHORITY ORGANIZED AND EXISTING UNDER THE LAWS OF THE STATE OF CALIFORNIA, AS LESSOR AND THE CITY OF MODESTO, CALIFORNIA, A MUNICIPAL CORPORATION, AS LESSEE, RECORDED MAY 27, 1993, AS INSTRUMENT NO. 93-0053334 UPON THE TERMS, COVENANTS AND CONDITIONS CONTAINED THEREIN.

LEGAL DESCRIPTION

Order No.: 107676-B

PARCEL NO. 1:

ALL THAT CERTAIN REAL PROPERTY SITUATE IN THE SOUTH HALF OF SECTION 29, TOWNSHIP 3 SOUTH, RANGE 9 EAST, MOUNT DIABLO BASE AND MERIDIAN, CITY OF MODESTO, COUNTY OF STANISLAUS, STATE OF CALIFORNIA, BEING A PORTION OF PARCEL "C", AS PER MAP FILED MAY 11, 1988 IN BOOK 40 OF PARCEL MAPS, PAGE 86, STANISLAUS COUNTY RECORDS, DESCRIBED AS FOLLOWS:

BEGINNING AT THE MOST EASTERLY CORNER OF SAID PARCEL "C"; THENCE ALONG THE SOUTHEASTERN LINE OF PARCEL "C" AND THE NORTHWESTERN LINE OF 80.00 FEET "K" STREET, SOUTH 46 DEGREES 27' 30" WEST, 497.28 FEET; THENCE NORTH 43 DEGREES 30' 59" WEST, 140.98 FEET; THENCE NORTH 46 DEGREES 28' 30" EAST, 24.20 FEET; THENCE NORTH 43 DEGREES 30' 59" WEST, 27.75 FEET; THENCE NORTH 46 DEGREES 28' 30" EAST, 42.63 FEET; THENCE NORTH 43 DEGREES 30' 59" WEST, 148.00 FEET; THENCE NORTH 46 DEGREES 28' 30" EAST, 14.00 FEET; THENCE NORTH 43 DEGREES 30' 59" WEST, 83.00 FEET, TO THE MOST WESTERLY CORNER OF PARCEL "C"; THENCE ALONG A NORTHWESTERN LINE OF PARCEL "C" AND THE SOUTHEASTERN LINE OF 80.00 FOOT "L" STREET, NORTH 46 DEGREES 28' 30" EAST, 416.41 FEET, TO THE MOST NORTHERLY CORNER OF PARCEL "C"; THENCE ALONG THE NORTHEASTERN LINE OF PARCEL "C" AND THE SOUTHWESTERN LINE OF 80.00 FOOT ELEVENTH STREET, SOUTH 43 DEGREES 31' 19" EAST, 399.58 FEET, TO THE POINT OF BEGINNING.

CERTIFICATE OF CORRECTION RECORDED OCTOBER 28, 1988 AS INSTRUMENT NO. 074697.

PARCEL NO. 2:

PARCEL "B" AS PER PARCEL MAP THEREOF RECORDED MAY 11, 1988 IN BOOK 40 OF PARCEL MAPS, PAGE 86, STANISLAUS COUNTY RECORDS.

CERTIFICATE OF CORRECTION RECORDED OCTOBER 28, 1988 AS INSTRUMENT NO. 074697.

PARCEL NO. 3:

PARCEL "D" AS PER PARCEL MAP THEREOF RECORDED OCTOBER 28, 1985 IN BOOK 37 OF PARCEL MAPS, PAGE 34, STANISLAUS COUNTY RECORDS.

EXCEPTING THEREFROM THAT PORTION THEREOF LYING BELOW A DEPTH OF 500 FEET, MEASURED VERTICALLY, FROM THE CONTOUR OF THE SURFACE OF SAID PROPERTY; HOWEVER, GRANTOR, OR ITS SUCCESSORS AND ASSIGNS, SHALL NOT HAVE THE RIGHT FOR ANY PURPOSE WHATSOEVER TO ENTER UPON, INTO OR THROUGH THE SURFACE OF SAID PROPERTY OR ANY PART THEREOF LYING BETWEEN SAID SURFACE AND 500 FEET BELOW SAID SURFACE, AS EXCEPTED IN THE DEED FROM SOUTHERN PACIFIC TRANSPORTATION COMPANY TO REDEVELOPMENT AGENCY OF THE CITY OF MODESTO, RECORDED OCTOBER 30, 1985, AS INSTRUMENT NO. 23794.

SCHEDULE B

Policy No.: CNJP- 1597-132897

This policy does not insure against loss or damage (and the company will not pay costs, attorneys' fees or expenses) which arise by reason of:

PART 1

1. Taxes or assessments which are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the public records.

Proceedings by a public agency which may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the public records.

2. Any facts, rights, interests or claims which are not shown by the public records but which could be ascertained by an inspection of the land or which may be asserted by persons in possession thereof.
3. Easements, liens or encumbrances, or claims thereof, which are not shown by the public records.
4. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, or any other facts which a correct survey would disclose, and which are not shown by the public records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b) or (c) are shown by the public records.

SCHEDULE B**PART II**

1. Any AD Valorum Taxes that may become due from non-exempt use if any.

APN'S 105-48-11, 105-48-08, 105-48-06
2. The lien of supplemental taxes, if any, assessed pursuant to the provisions of Chapter 3.5, Revenue and Taxation Code, Section 75 et seq.
3. Memorandum of Lease dated November 1, 1985, between Redevelopment Agency of the City of Modesto as Lessor, and the City of Modesto as lessee, on the terms and conditions contained therein and in any unrecorded lease, recorded November 21, 1985 in Reel 080 of Official Records, at Image 0563, as Instrument No. 027969, Stanislaus County Records.

The interest of the Redevelopment Agency of the City of Modesto, as lessor under said Agreement was assigned to Bank of America National Trust and Savings Association, as trustee under a Trust Agreement dated November 1, 1985 for the benefit of the owners of certificates of participation up to an aggregate amount of \$22,000,000.00 for construction purposes, by Assignment Agreement dated November 21, 1985 as Instrument No. 027970, in Reel 080 of Official Records, Image 0570, Stanislaus County Records.

The terms, conditions and provisions of that certain unrecorded Trust Agreement dated November 1, 1985 in the amount not to exceed \$22,000,000.00 to the Bank of America National Trust and Savings Association, trustee as disclosed by the "Assignment Agreement" recorded November 21, 1985 in Reel 80 of Official Records, Image 570, as Instrument No. 27970.

The terms, conditions and provisions of said lease were amended July 1, 1987, as evidenced by Memorandum recorded June 30, 1987, as Instrument No. 096037.

The interest of the Redevelopment Agency of the City of Modesto was assigned to First Interstate Bank of California, as trustee for the benefit of the owners of Certificates of participation in the aggregate amount of \$21,600,000.00, by assignment Agreement dated July 1, 1987 and recorded June 30, 1987 as Instrument No. 096038, Stanislaus County Records.

The terms, conditions and provisions of that certain unrecorded Trust Agreement dated July 1, 1987 in the amount not to exceed \$21,600,000.00 to First Interstate Bank of California, a State Banking Corporation, trustee, as disclosed by the "Assignment Agreement" recorded June 30, 1987, as Instrument No. 96038, Stanislaus County Records.

Continuation of Schedule B Part II

The Second Amendment to said Lease was dated June 11, 1991 to revise the legal description recorded June 13, 1991, as Instrument No. 044189.

The Third Amendment to said Lease was dated July 1, 1991 to revise the legal description recorded August 8, 1991, as Instrument No. 060312.

Fourth amendment to Lease Agreement dated May 1, 1993 recorded May 27, 1993 as Instrument No. 93-0053330.

(Affects Parcel 1, 2 & 3 herein)

4. The terms, Conditions, Covenants & Restrictions as contained in that Certain PROPERTY MANAGEMENT AGREEMENT, dated November 7, 1985 executed by and between The Redevelopment Agency of the City of Modesto and the Economic Development Administration, United State of America, Recorded December 2, 1985, as Instrument No. 029741 in Reel 082 of Official Records, Image 0132.

Said Agreement further disclosed the following recital:

"Whereas, on September 4, 1985, the Grantee accepted the offer of Grant subject to certain terms and conditions, pursuant to which the Grantee covenanted and agreed to comply with the applicable requirements of 13 code of Federal Regulations part 314, as amended"

Reference is made to the document for further particulars.

(Affects Parcel 3 herein)

5. Easement for Electrical Facilities to construct, operate, maintain, replace, remove and renew the facilities together with incidental rights appurtenant thereto over and across the herein described property, as granted to The Modesto Irrigation District, a public corporation by instrument recorded May 4, 1987 as Instrument No. 080515 of Official Records.

Affects: PARCEL 1 and as shown on the map herein referred to.

Continuation of Schedule B Part II

6. Rights, terms, conditions, provisions and easements under the Reciprocal Easement Agreement for the Community Centre Complex and Parking Structure by and between the Redevelopment Agency of the City of Modesto, agency, and Community Center Hotel Associates, a California Corporation, Hotel Developer, dated December 29, 1988 and recorded December 30, 1988, as Instrument No. 090210, Stanislaus County Records.

(Affects this and other lands)

7. Memorandum of Parking Garage SubLease dated December 29, 1988 between the City of Modesto, a public body Corporate and politic as sublessor and Community Center Hotel Associates, a California Corporation as Sublessee, on the terms & conditions contained therein recorded December 30, 1988 as instrument No. 090211.

(Affects Parcel No. 3)

No representation is made as to the present ownership of said Leasehold or matters affecting the rights or interest of the lessor or lessee arising out of or occasioned by said lease, other than shown herein.

The above was declared to be subject and subordinate to the following:

- A. Lease setforth at item No. 3 Schedule B Part II herein.
 - B. Lease setforth as a subparagraph in item No. 14 Schedule B Part II herein.
 - C. Assignment Agreement setforth at item No. 19 Schedule B Part II herein
 - D. Lease Agreement setforth at item No. 2 Schedule A herein, by Consent to Refinancing and Subordination Agreement dated May 25, 1993 and recorded May 27, 1993 as Instrument Nos. 93-0053336 and 93-0053337 Official Records.
8. Construction Deed of Trust to secure an indebtedness of \$25,800,000.00 together with any other amounts payable thereunder.
- Dated: December 29, 1988
- Trustor: Modesto Centre Plaza Association,
L.P., a California Limited Partnership,
and the Redevelopment Agency of the City of Modesto
- Trustee: Stewart Title of Modesto
- Beneficiary: U.S. Bancorp Mortgage Company, an Oregon Corporation
- Recorded: December 30, 1988 as Instrument No. 090215 of Official Records.

First Amendment to Deed of Trust, Assignment of Rents and other Security Documents recorded June 14, 1991, as Instrument

Continuation of Schedule B Part II

No. 044663.

(Affects the Leasehold interest set forth as Exception No. 7 herein)

The above was declared to be subject and subordinate to the following:

- A. Lease set forth at item No. 3 Schedule B Part II herein.
- B. Lease set forth as a subparagraph in item No. 14 Schedule B Part II herein.
- C. Assignment Agreement set forth at item No. 19 Schedule B Part II herein
- D. Lease Agreement set forth at item No. 2 Schedule A herein, by Consent to Refinancing and Subordination Agreement dated May 25, 1993 and recorded May 27, 1993 as Instrument Nos. 93-0053336 and 93-0053337 Official Records.

9. The terms, conditions and provisions of the specific Assignment of Ground Lease (The "Assignment") is made as of December 29, 1988 by and among the Redevelopment Agency of the City of Modesto, a Public Body, Corporate and Politic ("Assignor"), Modesto Centre Plaza Associates, L.P., a California Limited Partnership ("Tenant"), and U.S. Bancorp Mortgage Company, an Oregon Corporation ("Assignee") including subsequent amendments of the underlying agreement, recorded December 30, 1988, as Instrument No. 090216, Stanislaus County Records.

The above was declared to be subject and subordinate to the following:

- A. Lease set forth at item No. 3 Schedule B Part II herein.
- B. Lease set forth as a subparagraph in item No. 14 Schedule B Part II herein.
- C. Assignment Agreement set forth at item No. 19 Schedule B Part II herein
- D. Lease Agreement set forth at item No. 2 Schedule A herein, by Consent to Refinancing and Subordination Agreement dated May 25, 1993 and recorded May 27, 1993 as Instrument Nos. 93-0053336 and 93-0053337 Official Records.

10. The terms, conditions and provisions of the Assignment of Rents and Leases (The "Assignment") is made as of December 29, 1988 by and between Modesto Centre Plaza Associates, L.P., a California Limited Partnership ("Assignor") and U.S. Bancorp Mortgage Company, an Oregon Corporation ("Assignee") including subsequent amendments of the underlying agreement, recorded December 30, 1988, as Instrument No. 090217, Stanislaus County Records.

(Affects the Leasehold interest set forth in Exception No. 7 herein)

The above was declared to be subject and subordinate to the following:

- A. Lease set forth at item No. 3 Schedule B Part II herein.

Continuation of Schedule B Part II

- B. Lease set forth as a subparagraph in item No. 14 Schedule B Part II herein.
- C. Assignment Agreement set forth at item No. 19 Schedule B Part II herein
- D. Lease Agreement set forth at item No. 2 Schedule A herein, by Consent to Refinancing and Subordination Agreement dated May 25, 1993 and recorded May 27, 1993 as Instrument Nos. 93-0053336 and 93-0053337 Official Records.

11. Financing Statement, executed by Modesto Center Plaza Associates, L.P., a California Limited Partnership to U.S. Bancorp Mortgage Company, 309 S. Sixth Avenue, Portland, OR 97208, dated December 29, 1988 and recorded December 30, 1988 as Instrument No. 090219 of Official Records.

First Amendment to Deed of Trust, Assignment of Rents and other Security Documents recorded June 14, 1991, as Instrument No.044663.

(Affects the Leasehold interest set forth as Exception No. 7 herein)

The above was declared to be subject and subordinate to the following:

- A. Lease set forth at item No. 3 Schedule B Part II herein.
- B. Lease set forth as a subparagraph in item No. 14 Schedule B Part II herein.
- C. Assignment Agreement set forth at item No. 19 Schedule B Part II herein
- D. Lease Agreement set forth at item No. 2 Schedule A herein, by Consent to Refinancing and Subordination Agreement dated May 25, 1993 and recorded May 27, 1993 as Instrument Nos. 93-0053336 and 93-0053337 Official Records.

12. The terms, conditions and provisions of that certain consent to Refinancing and Subordination Agreement dated June 19, 1991 by and between Modesto Center Plaza Associates, L.P., a California Limited Partnership (MCPA"), U.S. Bancorp Mortgage Company, an Oregon Corporation, ("Bank"), the Redevelopment Agency of the City of Modesto, a Body Corporate and Politic (RDA"), and the City of Modesto, a Municipal Corporation and Charter City ("City"), as Instrument No. 045980, 045981 and 045982 recorded respectively as One Document in counterparts.

(Affects the Leasehold interest set forth as Exception No. 7 herein)

13. The terms, conditions and provisions of that certain Site and Facilities Lease dated May 15, 1991 by and between the City of Modesto, California, as lessor and the Redevelopment Agency of

Continuation of Schedule B Part II

the City of Modesto, recorded June 20, 1991, as Instrument No. 045985.

First amendment to Site and Facility Lease dated May 1, 1993 recorded May 27, 1993 as Instrument No. 93-0053331.

(Affects Parcels 1, 2, and 3)

14. The terms, conditions and provisions of that certain Lease Agreement dated may 15, 1991 by and between the Redevelopment Agency of the City of Modesto, as Lessor, and the City of Modesto, as lessee, recorded June 20, 1991, as Instrument No. 045986.

First amendment to Lease Agreement dated May 1, 1993 recorded May 27, 1993 as Instrument No. 93-0053332.

(Affects Parcels 1, 2, and 3)

The interest of the Lessor therein was assigned to First Interstate Bank, LTD., as trustee, for the benefit of the owners of certificates in the Aggregate principal amount of \$24,945,000.00, by Assignment Agreement dated May 15, 1991 and recorded June 20, 1991, as Instrument No. 045987.

Said Lease was amended to revise the legal description therein as disclosed by First Amendment to Lease Agreement dated July 1, 1991 and recorded August 8, 1991, as Instrument No. 060311.

A Lease with certain terms, covenants, conditions and provisions setforth therein, dated May 1, 1993 executed by and between the City of Modesto, California, as Lessor and the Modesto Public Financing Authority, as lessee recorded May 27, 1993 as Instrument No. 93-0053333 Official Records.

15. The terms, conditions and provisions of that certain unrecorded Trust Agreement by and among the Agency, the City and the trustee as disclosed by Assignment Agreement above referred to in exception No. 14

(Affects Parcel D of Book 37 PM Page 34.)

16. Said lands lie within the Modesto Redevelopment Project Boundary as disclosed by document recorded November 27, 1991, as Instrument No. 094041.

17. Any claim, which arises out of the transaction vesting in the insured the estate of interest insured, by a policy or the transaction creating the interest of an insured lender, by reason of the operating of Federal Bankruptcy, state insolvency,

Continuation of Schedule B Part II

or similar creditors' right laws.

18. The effect of any failure to comply with the terms, covenants, conditions and provisions of the lease described or referred to in Schedule A.
19. The terms and conditions as referred to in the Assignment Agreement dated May 1, 1993, recorded May 27, 1993, as Instrument No. 93-0053335, Official Records by which Modesto Public Financial Authority assigned its rights and interests under the Lease Agreement to First Trust of California, National Association, as trustee for the Certificate Holders under the Trust agreement dated May 1, 1993, and shown herein as item No. 20, reference is hereby made to said document for full particulars.
20. The terms provisions and conditions of an unrecorded Trust Agreement dated May 1, 1993 by and between First Trust of California, National Association, as Trustee for the Certificate Holders, The Modesto Public Financing Authority and the City of Modesto, California, as disclosed by Assignment Agreement as referenced in item No. 19 herein.
21. The Terms provisions and conditions of an Unrecorded Reimbursement Agreement dated May 1, 1993 executed by and between Redevelopment Agency of the City of Modesto and the City of Modesto, California.

INDORSEMENT
Attached to Policy No. CN-1597-132897
Issued by
STEWART TITLE GUARANTY COMPANY

Section 1 of the Conditions and Stipulations of this policy is hereby amended by deleting therefrom subparagraph (a) and substituting in lieu thereof the following:

- (a) "insured": the insured named in Schedule A, together with each owner or legal holder of any of the bonds secured by the insured mortgage. The terms "insured" also includes
 - (i) each successor of the named insured, as Trustee under the Indenture referred to in the insured mortgage, provided the successor is the parent or wholly-owned subsidiary of the named insured, and their corporate successors by operation of law and not by purchase, subject to any rights or defenses the Company may have against any predecessor insureds;
 - (ii) each successor in ownership of any of the bonds secured by the insured mortgage (reserving, however, all rights and defenses as to any such successor that the company would have had against any predecessor insured, unless the successor acquired the bond or bonds as a purchaser for value without knowledge of the asserted defect, lien, encumbrance, adverse claim or other matter insured against by this policy as affecting title to the estate or interest in the land);
 - (iii) any governmental agency or governmental instrumentality which is an insurer or guarantor under an insurance contract or guarantee insuring or guaranteeing the indebtedness evidenced by said bonds, or any part thereof, whether named as an insured herein or not;
 - (iv) the parties designated in Section 2(a) of these Conditions and Stipulations.

Section 1 of the Conditions and Stipulations of this policy is further hereby amended by adding subparagraph (j) thereto to read as follows:

- (j) "bond" or "bonds": the evidences of indebtedness, whether one or more, secured by said mortgage.

Section 6 of the Conditions and stipulations of said policy is hereby amended by deleting the printed text thereof and substituting in lieu thereof the following:

6. Options to Pay or Otherwise Settle Claims:
Termination of Liability.

In case of a claim under this policy, the Company shall have the following additional options:

- (a) To Pay or Tender Payment of the Amount of Insurance or to Purchase the Bonds.
 - (i) to pay or tender payment of the amount of insurance under this policy together with any costs, attorneys' fees and expenses incurred by the insured claimant, which were authorized by the Company up to the time of payment or tender of payment and which the Company is Obligated to pay; or
 - (ii) to purchase the bond or bonds secured by the insured mortgage for the amount owing thereon together with any costs, attorneys' fees and expenses incurred by the insured claimant, which were authorized by the Company, up to the time of purchase and which the Company is obligated to pay.

If the Company offers to purchase said bond or bonds as herein provided, such insured shall transfer, assign and deliver said bond or bonds and the insured mortgage, together with any Collateral Security, to the Company upon payment therefor.

Upon the exercise by the Company of either of the options provided for in paragraphs a(i) or (ii), all liability and obligations to the insured under this policy, other than to make the payment required in those paragraphs, shall terminate, including any liability or obligation to defend, prosecute or continue any litigation, and the policy shall be surrendered to the Company for cancellation.

(b) To Pay or Otherwise Settle With Parties Other than the Insured or with the Insured Claimant.

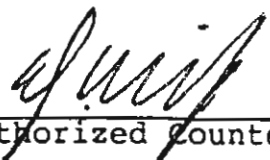
- (i) to pay or otherwise settle with other parties for or in the name of an insured claimant any claim insured against under this policy, together with any costs, attorney's fees and expenses incurred by the insured claimant which were authorized by the Company up to the time of payment and which the Company is obligated to pay; or
- (ii) to pay or otherwise settle with the insured claimant the loss or damage provided for under this policy, together with any costs, attorneys' fees and expenses incurred by the insured claimant which were authorized by the Company up to the time of payment and which the Company is obligated to pay.

Upon the exercise by the Company of either of the options provided for in paragraphs b(i) or (ii), the Company's obligations to the insured under this policy for the claimed loss or damage, other than the payments required to be made, shall terminate, including any liability or obligation to defend, prosecute or continue any litigation.

If this indorsement is attached to a CLTA Standard Coverage policy-1973, then in that event, the foregoing references to Section 1 and subparagraphs (a) and (j) thereof, Section 2(a) and to Section 6, all of the Conditions and Stipulations shall be deemed to refer to Paragraph 1 and subparagraphs (a) and (i) thereof, paragraph 2(a) and to Paragraph 5, respectively, all of the Conditions and Stipulations.

Any loss under this policy shall be payable to the insured as their respective interests may appear. If payment is made to any owner or legal holder of any of said bonds, such payment shall be made ratably with other bondholders. Payment by the company to any owner or legal holder of any of said bonds shall reduce pro tanto the liability of the Company under this policy to such owner or legal holder.

STEWART TITLE GUARANTY COMPANY



Authorized Countersignature

CLTA Form 112 (Rev. 2-10-88)
CLTA - Bondholders

CONDITIONS AND STIPULATIONS Continued
(continued from reverse side of Policy Face)

defect, lien or encumbrance or other matter insured against by this policy. The Company shall have the right to select counsel of its choice (subject to the right of such insured to object for reasonable cause) to represent the insured as to those stated causes of action and shall not be liable for and will not pay the fees of any other counsel. The company will not pay any fees, costs or expenses incurred by an insured in the defense of those causes of action which allege matters not insured against by this policy.

(b) The Company shall have the right, at its own cost, to institute and prosecute any action or proceeding or to do any other act which in its opinion may be necessary or desirable to establish the title to the estate or interest or the lien of the insured mortgage, as insured, or to prevent or reduce loss or damage to an insured. The Company may take any appropriate action under the terms of this policy, whether or not it shall be liable hereunder, and shall not thereby concede liability or waive any provision of this policy. If the Company shall exercise its rights under this paragraph, it shall do so diligently.

(c) Whenever the Company shall have brought an action or interposed a defense as required or permitted by the provisions of this policy, the Company may pursue any litigation to final determination by a court of competent jurisdiction and expressly reserves the right, in its sole discretion, to appeal from any adverse judgment or order.

(d) In all cases where this policy permits or requires the Company to prosecute or provide for the defense of any action or proceeding, an insured shall secure to the Company the right to so prosecute or provide defense in the action or proceeding, and all appeals therein, and permit the Company to use, at its option, the name of such insured for this purpose. Whenever requested by the Company, an insured, at the Company's expense, shall give the Company all reasonable aid (i) in any action or proceeding, securing evidence, obtaining witnesses, prosecuting or defending the action or proceeding, or effecting settlement, and (ii) in any other lawful act which in the opinion of the Company may be necessary or desirable to establish the title to the estate or interest or the lien of the insured mortgage, as insured. If the Company is prejudiced by the failure of an insured to furnish the required cooperation, the Company's obligations to such insured under the policy shall terminate, including any liability or obligation to defend, prosecute, or continue any litigation, with regard to the matter or matters requiring such cooperation.

5. PROOF OF LOSS OR DAMAGE.

In addition to and after the notices required under Section 3 of these Conditions and Stipulations have been provided the Company, a proof of loss or damage signed and sworn to by each insured claimant shall be furnished to the Company within 90 days after the insured claimant shall ascertain the facts giving rise to the loss or damage. The proof of loss or damage shall describe the defect in, or lien or encumbrance on the title, or other matter insured against by this policy which constitutes the basis of loss or damage and shall state, to the extent possible, the basis of calculating the amount of the loss or damage. If the Company is prejudiced by the failure of an insured claimant to provide the required proof of loss or damage, the Company's obligations to such insured under the policy shall terminate, including any liability or obligation to defend, prosecute, or continue any litigation, with regard to the matter or matters requiring such proof of loss or damage.

In addition, an insured claimant may reasonably be required to submit an examination under oath by any authorized representative of the Company and shall produce for examination, inspection and copying, at such reasonable times and places as may be designated by any authorized representative of the Company, all records, books, ledgers, checks, correspondence and memoranda, whether bearing a date before or after Date of Policy, which reasonably pertain to the loss or damage. Further, if requested by any authorized representative of the Company, the insured claimant shall grant its permission, in writing, for any authorized representative of the Company to examine, inspect and copy all records, books, ledgers, checks, correspondence and memoranda in the custody or control of a third party, which reasonably pertain to the loss or damage. All information designated as confidential by an insured claimant provided to the Company pursuant to this Section shall not be disclosed to others unless, in the reasonable judgment of the Company, it is necessary in the administration of the claim. Failure of an insured claimant to submit for examination under oath, produce other reasonably requested information or grant permission to secure reasonably necessary information from third parties as required in this paragraph, unless prohibited by law or governmental regulation, shall terminate any liability of the Company under this policy as to that insured for that claim.

6. OPTIONS TO PAY OR OTHERWISE SETTLE CLAIMS; TERMINATION OF LIABILITY.

In case of a claim under this policy, the Company shall have the following additional options:

(a) **To Pay or Tender Payment of the Amount of Insurance or to Purchase the Indebtedness.**

(i) to pay or tender payment of the amount of insurance under this policy together with any costs, attorneys' fees and expenses incurred by the insured claimant, which were authorized by the Company, up to the time of payment or tender of payment and which the Company is obligated to pay; or

(ii) in case loss or damage is claimed under this policy by the owner of the indebtedness secured by the insured mortgage, to purchase the indebtedness secured by the insured mortgage for the amount owing thereon together with any costs, attorneys' fees and expenses incurred by the insured claimant which were authorized by the Company up to the time of purchase and which the Company is obligated to pay.

If the Company offers to purchase the indebtedness as herein provided, the owner of the indebtedness shall transfer, assign, and convey the indebtedness and the insured mortgage, together with any collateral security, to the Company upon payment therefor.

Upon the exercise by the Company of the option provided for in paragraph a(i), all liability and obligations to the insured under this policy, other than to make the payment required in that paragraph, shall terminate, including any liability or obligation to defend, prosecute, or continue any litigation, and the policy shall be surrendered to the Company for cancellation.

Upon the exercise by the Company of the option provided for in paragraph a(ii) the Company's obligation to an insured Lender under this policy for the claimed loss or damage, other than the payment required to be made, shall terminate, including any liability or obligation to defend, prosecute or continue any litigation.

(b) **To Pay or Otherwise Settle With Parties Other than the Insured or With the Insured Claimant.**

(i) to pay or otherwise settle with other parties for or in the name of an insured claimant any claim insured against under this policy, together with any costs, attorneys' fees and expenses incurred by the insured claimant which were authorized by the Company up to the time of payment and which the Company is obligated to pay; or

(ii) to pay or otherwise settle with the insured claimant the loss or damage provided for under this policy, together with any costs, attorneys' fees and expenses incurred by the insured claimant which were authorized by the Company up to the time of payment and which the Company is obligated to pay.

Upon the exercise by the Company of either of the options provided for in paragraphs b(i) or b(ii), the Company's obligations to the insured under this policy for the claimed loss or damage, other than the payments required to be made, shall terminate, including any liability or obligation to defend, prosecute or continue any litigation.

7. DETERMINATION AND EXTENT OF LIABILITY.

This policy is a contract of indemnity against actual monetary loss or damage sustained or incurred by the insured claimant who has suffered loss or damage by reason of matters insured against by this policy and only to the extent herein described.

(a) The liability of the Company under this policy to an insured lender shall not exceed the least of:

(i) the Amount of Insurance stated in Schedule A, or, if applicable, the amount of insurance as defined in Section 2 (c) of these Conditions and Stipulations;

(ii) the amount of the unpaid principal indebtedness secured by the insured mortgage as limited or provided under Section 8 of these Conditions and Stipulations or as reduced under Section 9 of these Conditions and Stipulations, at the time the loss or damage insured against by this policy occurs, together with interest thereon; or

(iii) the difference between the value of the insured estate or interest as insured and the value of the insured estate or interest subject to the defect, lien or encumbrance insured against by this policy.

(b) In the event the insured lender has acquired the estate or interest in the manner described in Section 2(a) of these Conditions and Stipulations or has conveyed the title, then the liability of the Company shall continue as set forth in Section 7(a) of these Conditions and Stipulations.

(c) The liability of the Company under this policy to an insured owner of the estate or interest in the land described in Schedule A shall not exceed the least of:

(i) the Amount of Insurance stated in Schedule A; or,

(ii) the difference between the value of the insured estate or interest as insured and the value of the insured estate or interest subject to the defect, lien or encumbrance insured against by this policy.

(d) The Company will pay only those costs, attorneys' fees and expenses incurred in accordance with Section 4 of these Conditions and Stipulations.

8. LIMITATION OF LIABILITY.

(a) If the Company establishes the title, or removes the alleged defect, lien or encumbrance, or cures the lack of a right of access to or from the land, or cures the claim of unmarketability of title, or otherwise establishes the lien of the insured mortgage, all as insured, in a reasonably diligent manner by any method, including litigation and the completion of any appeals therefrom, it shall have fully performed its obligations with respect to that matter and shall not be liable for any loss or damage caused thereby.

(b) In the event of any litigation, including litigation by the Company or with the Company's consent, the Company shall have no liability for loss or damage until there has been a final determination by a court of competent jurisdiction, and disposition of all appeals therefrom, adverse to the title, or, if applicable, to the lien of the insured mortgage, as insured.

(c) The Company shall not be liable for loss or damage to any insured for liability voluntarily assumed by the insured in settling any claim or suit without the prior written consent of the Company.

(d) The Company shall not be liable to an insured lender for: (i) any indebtedness created subsequent to Date of Policy except for advances made to protect the lien of the insured mortgage and secured thereby and reasonable amounts expended to prevent deterioration of improvements; or (ii) construction loan advances made subsequent to Date of Policy, except construction loan advances made subsequent to Date of Policy for the purpose of financing in whole or in part the construction of an improvement to the land which at Date of Policy were secured by the insured mortgage and which the insured was and continued to be obligated to advance on and after Date of Policy.

9. REDUCTION OF INSURANCE; REDUCTION OR TERMINATION OF LIABILITY.

(a) All payments under this policy, except payments made for costs, attorneys' fees and expenses, shall reduce the amount of insurance pro tanto. However, as to an insured lender, any payments made prior to the acquisition of title to the estate or interest as provided in Section 2(a) of these Conditions and Stipulations shall not reduce pro tanto the amount of insurance afforded under this policy as to any such insured, except to the extent that the payments reduce the amount of the indebtedness secured by the insured mortgage.

(b) Payment in part by any person of the principal of the indebtedness, or any other obligation secured by the insured mortgage, or any voluntary partial satisfaction or release of the insured mortgage, to the extent of the payment, satisfaction or release, shall reduce the amount of insurance pro tanto. The amount of insurance may thereafter be increased by accruing interest and advances made to protect the lien of the insured mortgage and secured thereby, with interest thereon, provided in no event shall the amount of insurance be greater than the Amount of Insurance stated in Schedule A.

(c) Payment in full by any person or the voluntary satisfaction or release of the insured mortgage shall terminate all liability of the Company to an insured lender except as provided in Section 2(a) of these Conditions and Stipulations.

10. LIABILITY NONCUMULATIVE.

It is expressly understood that the amount of insurance under this policy shall be reduced by any amount the Company may pay under any policy insuring a mortgage to which exception is taken in Schedule B or to which the insured has agreed, assumed, or taken subject, or which is hereafter executed by an insured and which is a charge or lien on the estate or interest described or referred to in Schedule A, and the amount so paid shall be deemed a payment under this policy to the insured owner.

The provisions of this Section shall not apply to an insured lender, unless such insured acquires title to said estate or interest in satisfaction of the indebtedness secured by an insured mortgage.

11. PAYMENT OF LOSS.

(a) No payment shall be made without producing this policy for endorsement of the payment unless the policy has been lost or destroyed, in which case proof of loss or destruction shall be furnished to the satisfaction of the Company.

(b) When liability and the extent of loss or damage has been definitely fixed in accordance with these Conditions and Stipulations, the loss or damage shall be payable within 30 days thereafter.

12. SUBROGATION UPON PAYMENT OR SETTLEMENT.

(a) The Company's Right of Subrogation

Whenever the Company shall have settled and paid a claim under this policy, all right of subrogation shall vest in the Company unaffected by any act of the insured claimant.

The Company shall be subrogated to, and be entitled to all rights and remedies which the insured claimant would have had against any person or property in respect to the claim had this policy not been issued. If requested by the Company, the insured claimant shall transfer to the Company all rights and remedies against any person or property necessary in order to perfect this right of subrogation. The insured claimant shall permit the Company to sue, compromise or settle in the name of the insured claimant and to use the name of the insured claimant in any transaction or litigation involving these rights or remedies.

If a payment on account of a claim does not fully cover the loss of the insured claimant, the Company shall be subrogated (i) as to an insured owner, to all rights and remedies in the proportion which the Company's payment bears to the whole amount of the loss; and (ii) as to an insured lender, to all rights and remedies of the insured claimant after the insured claimant shall have recovered its principal, interest, and costs of collection.

If loss should result from any act of the insured claimant, as stated above, that act shall not void this policy, but the Company, in that event, shall be required to pay only that part of any losses insured against by this policy which shall exceed the amount, if any, lost to the Company by reason of the impairment by the insured claimant of the Company's right of subrogation.

(b) The Insured's Rights and Limitations.

Notwithstanding the foregoing, the owner of the indebtedness secured by an insured mortgage, provided the priority of the lien of the insured mortgage or its enforceability is not affected, may release or substitute the personal liability of any debtor or guarantor, or extend or otherwise modify the terms of payment, or release a portion of the estate or interest from the lien of the insured mortgage, or release any collateral security for the indebtedness.

When the permitted acts of the insured claimant occur and the insured has knowledge of any claim of title or interest adverse to the title to the estate or interest or the priority or enforceability of the lien of an insured mortgage, as insured, the Company shall be required to pay only that part of any losses insured against by this policy which shall exceed the amount, if any, lost to the Company by reason of the impairment by the insured claimant of the Company's right of subrogation.

(c) The Company's Rights Against Non-insured Obligors.

The Company's right of subrogation against non-insured obligors shall exist and shall include, without limitation, the rights of the insured to indemnities, guaranties, other policies of insurance or bonds, notwithstanding any terms or conditions contained in those instruments which provide for subrogation rights by reason of this policy.

The Company's right of subrogation shall not be avoided by acquisition of an insured mortgage by an obligor (except an obligor described in Section 1(a)(ii) of these Conditions and Stipulations) who acquires the insured mortgage as a result of an indemnity, guarantee, other policy of insurance, or bond and the obligor will not be an insured under this policy, notwithstanding Section 1(a)(i) of these Conditions and Stipulations.

13. ARBITRATION.

Unless prohibited by applicable law, either the Company or the insured may demand arbitration pursuant to the Title Insurance Arbitration Rules of the American Arbitration Association. Arbitrable matters may include, but are not limited to, any controversy or claim between the Company and the insured arising out of or relating to this policy, any service of the Company in connection with its issuance or the breach of a policy provision or other obligation. All arbitrable matters when the Amount of Insurance is \$1,000,000 or less shall be arbitrated at the option of either the Company or the insured. All arbitrable matters when the Amount of Insurance is in excess of \$1,000,000 shall be arbitrated only when agreed to by both the Company and the insured. Arbitration pursuant to this policy and under the Rules in effect on the date the demand for arbitration is made or, at the option of the insured, the Rules in effect at Date of Policy shall be binding upon the parties. The award may include attorneys' fees only if the laws of the state in which the land is located permit a court to award attorneys' fees to a prevailing party. Judgment upon the award rendered by the Arbitrator(s) may be entered in any court having jurisdiction thereof.

The law of the situs of the land shall apply to an arbitration under the Title Insurance Arbitration Rules.

A copy of the Rules may be obtained from the Company upon request.

14. LIABILITY LIMITED TO THIS POLICY; POLICY ENTIRE CONTRACT.

(a) This policy together with all endorsements, if any, attached hereto by the Company is the entire policy and contract between the insured and the Company. In interpreting any provision of this policy, this policy shall be construed as a whole.

(b) Any claim of loss or damage, whether or not based on negligence, and which arises out of the status of the lien of the insured mortgage or of the title to the estate or interest covered hereby or by any action asserting such claim, shall be restricted to this policy.

(c) No amendment of or endorsement to this policy can be made except by a writing endorsed hereon or attached hereto signed by either the President, a Vice President, the Secretary, an Assistant Secretary, or validating officer or authorized signatory of the Company.

15. SEVERABILITY.

In the event any provision of the policy is held invalid or unenforceable under applicable law, the policy shall be deemed not to include that provision and all other provisions shall remain in full force and effect.

16. NOTICES, WHERE SENT.

All notices required to be given the Company and any statement in writing required to be furnished the Company shall include the number of this policy and shall be addressed to the Company at P.O. Box 2029, Houston, Texas 77252-2029, and identify this policy by its printed policy serial number which appears on the bottom of the front of the first page of this policy.





CITY of MODESTO

Office of City Attorney:

(209) 577-5284 FAX 544-8260

801 11th Street, P. O. Box 642, Modesto, CA 95353

[TDD (209) 526-9211 Hearing and Speech Impaired only]

May 27, 1993

Smith Barney, Harris Upham & Co. Incorporated
350 California Street, 20th Floor
San Francisco, California 94104

Grigsby Brandford & Co., Inc.
230 California Street, Suite 601
San Francisco, California 94111

Re: \$27,225,000 Certificates of Participation (1993
Community Center Refinancing Project) Evidencing
Direct, Undivided Fractional Interests of the
Owners Thereof in Lease Payments to be Made by the
City of Modesto, California, as the Rental for
Certain Property Pursuant to a Lease Agreement
with the Modesto Public Financing Authority

Ladies and Gentlemen:

I have served as counsel to the City of Modesto, California (the "City") in connection with the execution, delivery and sale of the \$27,225,000 Certificates of Participation (1993 Community Center Refinancing Project) (the "Certificates"). As such counsel I have examined and am familiar with (i) those documents relating to the existence, organization and operation of the City, (ii) all necessary documentation of the City relating to the authorization, execution and delivery of the Lease Agreement, dated as of May 1, 1993 (the "Lease Agreement"), by and between the Modesto Public Financing Authority (the "Authority") and the City, the Site and Facility Lease, dated as of May 1, 1993 (the "Site and Facility Lease"), by and between the City and the Authority, the Trust Agreement, dated as of May 1, 1993 (the "Trust Agreement"), by and among the First Trust of California, National Association, as trustee thereunder (the "Trustee"), the Authority and the City, the Reimbursement Agreement, dated as of May 1, 1993 (the "Reimbursement Agreement"), by and between the Redevelopment Agency of the City of Modesto and the City, the Certificate Purchase Agreement, dated May 11, 1993 (the "Purchase Agreement"), between the City and Smith Barney, Harris Upham & Co. Incorporated and Grigsby Brandford & Co., Inc. (the

"Underwriters"), the Escrow Deposit and Trust Agreement, dated May 27, 1993 (the "Escrow Agreement"), by and between the City and First Interstate Bank of California, as escrow bank, and an Official Statement, dated May 11, 1993 (the "Official Statement") relating to the Certificates. Terms used herein which are defined in the Official Statement shall have the meanings specified therein.

I am of the opinion that:

1. The City is a charter city and municipal corporation, duly created, organized and existing under the laws of the State of California.

2. The City has the authority and right to execute, deliver and perform the Lease Agreement, the Site and Facility Lease, the Escrow Agreement, the Trust Agreement, the Reimbursement Agreement and the Purchase Agreement, and the City has complied with the provisions of applicable law in all matters relating to the transactions contemplated by the Lease Agreement, the Site and Facility Lease, the Escrow Agreement, the Trust Agreement, the Reimbursement Agreement and the Purchase Agreement.

3. The Lease Agreement, the Site and Facility Lease, the Escrow Agreement, the Trust Agreement, the Reimbursement Agreement and the Purchase Agreement have been duly authorized, executed and delivered by the City, are in full force and effect and, assuming that the Authority has all the requisite power and authority, and has taken all necessary action, to execute and deliver the Lease Agreement, the Site and Facility Lease and the Trust Agreement assuming that the Trustee has all the requisite power and authority, and has taken all the requisite action, to execute and deliver the Trust Agreement, assuming that the escrow bank has all the requisite power and authority, and has taken all the requisite action to execute and deliver the Escrow Agreement, and assuming that the Underwriters have all the requisite power and authority, and have taken all the requisite action, to execute and deliver the Purchase Agreement, constitute the legal, valid and binding agreements of the City enforceable against it in accordance with their terms, subject in each case to laws relating to bankruptcy, insolvency or other laws affecting the enforcement of creditors' rights generally and to the application of equitable principles if equitable remedies are sought.

4. No approval, consent or authorization of any governmental or public agency, authority or person is required

for the execution and delivery by the City of the Lease Agreement, the Site and Facility Lease, the Escrow Agreement, the Trust Agreement, the Reimbursement Agreement and the Purchase Agreement, or the performance by the City of its obligations thereunder or the execution and delivery of the Certificates.

5. The execution and delivery of the Lease Agreement, the Site and Facility Lease, the Escrow Agreement, the Trust Agreement, the Reimbursement Agreement and the Purchase Agreement by the City and compliance with the provisions thereof will not conflict with or constitute a breach of, or default under, any instrument relating to the organization, existence or operation of the City, or any commitment, agreement or other instrument to which the City is a party or by which it or its property is bound or affected, or any ruling, regulation, ordinance, judgment, order or decree to which the City (or any of its officers in their respective capacities as such) is subject or any provision of the laws of the State of California relating to the City and its affairs.

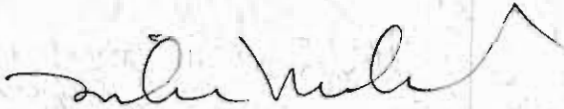
6. Based upon my participation in the preparation of the Official Statement and without having undertaken to determine independently the accuracy, completeness or fairness of the statements contained in the Official Statement, nothing has come to my attention which would lead me to believe that the Official Statement (excluding therefrom the information contained under the headings "THE CERTIFICATES", "BOND INSURANCE", "THE AUTHORITY", "UNDERWRITING" and "TAX MATTERS", financial statements and the statistical data included therein and the appendices thereto, as to which no opinion is expressed) as of its date and the date hereof contained or contains any untrue statement of a material fact.

7. Except as otherwise disclosed in the Official Statement, there is no action, suit, proceeding, inquiry or investigation at law or in equity, or before any court, public board or body, pending or, to the best of my knowledge, threatened against or affecting the City or any entity affiliated with the City or any of its officers in their respective capacities as such (nor to the best of my knowledge, is there any basis therefor), which questions the powers of the City referred to in paragraph 2 above or in connection with the transactions contemplated by the Official Statement, or the validity of the proceedings taken by the City in connection with the authorization, execution or delivery of the Lease Agreement, the Site and Facility Lease, the Escrow Agreement, the Trust Agreement, the Reimbursement Agreement or the Purchase Agreement,

Smith Barney, Harris Upham & Co. Incorporated
Grigsby Brandford & Co., Inc.
May 27, 1993
Page 4

or wherein any unfavorable decision, ruling or finding would adversely affect the transactions contemplated thereby or by the Official Statement, or which, in any way, would adversely affect the validity or enforceability of the Lease Agreement, the Site and Facility Lease, the Escrow Agreement, the Trust Agreement, the Reimbursement Agreement or the Purchase Agreement or, in any material respect, the ability of the City to perform its obligations under the Lease Agreement, the Site and Facility Lease, the Escrow Agreement, the Trust Agreement, the Reimbursement Agreement or the Purchase Agreement.

Very truly yours,



MICHAEL D. MILICH
City Attorney

MDM/sw



1

SPACE ABOVE THIS LINE FOR RECORDER'S USE



Office of
March Fong Eu
Secretary of State
SACRAMENTO

I, MARCH FONG EU, Secretary of State of the State of California,
hereby certify:

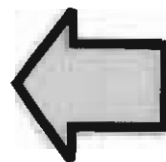
That the annexed transcript of / page(s) was prepared by
and in this office from the record on file, of which it purports to be a
copy, and that it is full, true and correct.



IN WITNESS WHEREOF, I execute
this certificate and affix the Great
Seal of the State of California this

 MAY 19 1993

March Fong Eu
Secretary of State



**SIGN
HERE**



State of California
 March Hong Eu
 Secretary of State

FILE NO. 1027

FILED
 in the office of the Secretary of State
 of the State of California

DEC 19 1989

March Hong Eu
 MARCH HONG EU, Secretary of State

(Office Use Only)

NOTICE OF A JOINT POWERS AGREEMENT
 (Government Code Section 6503.5 or 6503.7)

Instructions:

1. Complete and mail to: Secretary of State,
 P.O. Box 704, Sacramento, CA 95812-0704 (916) 324-6778
2. Include filing fee of \$5.00.
3. Do not include attachments, unless otherwise specified.

The name of the agency or entity created under the agreement and responsible for the administration of the agreement is: _____

MODESTO PUBLIC FINANCING AUTHORITY

Mailing address: 801 11th Street, Modesto, California 95354

Provide a short title of the agreement if applicable: Joint Exercise of Powers Agreement

The public agencies party to the agreement are:

- (1) City of Modesto
- (2) Industrial Development Authority of the City of Modesto
- (3) _____

if more space is needed, continue on a separate sheet and attach it to this form.

The effective date of the agreement is: September 5, 1989

Provide a condensed statement of the agreement's purpose or the powers to be exercised: _____

Financing Public Capital Improvements for the City of Modesto

William H. Madison

Signature
 William H. Madison, Jones Hall Hill & White
 Special Counsel

 Typed Name and Title

2

SPACE ABOVE THIS LINE FOR RECORDER'S USE



I, MARCH FONG EU, Secretary of State of the State of California,
hereby certify:

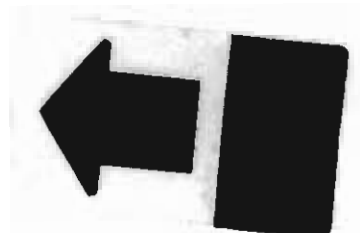
That the annexed transcript of 1 page(s) was prepared by
and in this office from the record on file, of which it purports to be a
copy, and that it is full, true and correct.



IN WITNESS WHEREOF, I execute
this certificate and affix the Great
Seal of the State of California this

MAY 25 1993

March Fong Eu
Secretary of State





State of California
March Fong Eu
 Secretary of State

FILED
 In the office of the Secretary of State
 of the State of California
 MAY 25 1993
March Fong Eu
 MARCH FONG EU, Secretary of State
 (Office Use Only)

STATEMENT OF FACTS
 ROSTER OF PUBLIC AGENCIES FILING
 (Government Code Section 53051)

Instructions:

1. Complete and mail to: Secretary of State,
 P.O. Box 944225, Sacramento, CA 94244-2250 (916) 324-6778
2. A street address must be given as the official mailing address
 or as the address of the presiding officer.
3. Complete addresses are required.
4. If you need additional space, please include information on an
 8 1/2 X 11 page.

New Filing [] Update [X]

Legal name of Public Agency: Modesto Public Financing Authority

Nature of Update: Change in Authority Members

County: Stanislaus

Official Mailing Address: P. O. Box 642 OR 801 11th Street
Modesto, CA 95353 Modesto, CA 95354

Name and Address of each member of the governing board:

Chairman, President or other Presiding Officer (Indicate Title): Chairperson

Name: Richard A. Lang Address: P. O. Box 642, Modesto, CA 95353

Secretary or Clerk (Indicate Title): Secretary

Name: Norrine Coyle Address: P. O. Box 642, Modesto, CA 95353

Members:

Name: Charles V. Bird Address: P. O. Box 642, Modesto, CA 95353

Name: David Cogdill Address: P. O. Box 642, Modesto, CA 95353

Name: Stan Dobbs Address: P. O. Box 642, Modesto, CA 95353

Name: Kenni Friedman Address: P. O. Box 642, Modesto, CA 95353

Name: Frank T. Muratore Address: P. O. Box 642, Modesto, CA 95353

Richard Patterson P. O. Box 642, Modesto, CA 95353

Date: May 24, 1993 By: Brian D. Quint, Esq., Jones Hall Hill & White,

Signature A Professional Law Corporation

Brian D. Quint
 Typed Name and Title



FILED

23 JUN -2 PM 1:17

AGENCY COUNTY CLERK

BY ROBERTA L. COO

SPACE ABOVE THIS LINE FOR RECORDER'S USE



Office of
March Fong Eu
Secretary of State
SACRAMENTO

I, **MARCH FONG EU**, Secretary of State of the State of California,
hereby certify:

That the annexed transcript of 1 page(s) was prepared by
and in this office from the record on file, of which it purports to be a
copy, and that it is full, true and correct.



IN WITNESS WHEREOF, I execute
this certificate and affix the Great
Seal of the State of California this

MAY 25 1993

March Fong Eu
Secretary of State





State of California
 March Fong Eu
 Secretary of State

FILED
 In the office of the Secretary of State
 of the State of California
 MAY 25 1993
 March Fong Eu
 MARCH FONG EU, Secretary of State
 (Office Use Only)

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County: Stanislaus

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Secretary or Clerk (Indicate Title): Secretary

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Name: Stan Dobbs Address: P. O. Box 642, Modesto, CA 95353

Name: Kenni Friedman Address: P. O. Box 642, Modesto, CA 95353

Name: Frank T. Muratore Address: P. O. Box 642, Modesto, CA 95353
Richard Patterson P. O. Box 642, Modesto, CA 95353

Date: May 24, 1993 By: Brian D. Quint, Esq., Jones Hall Hill & White,

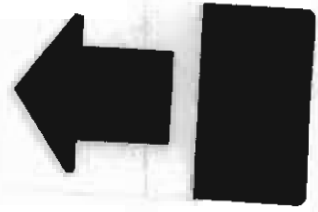
Signature A Professional Law Corporation

Typed Name and Title

3

\$27,225,000
CERTIFICATES OF PARTICIPATION
(1993 COMMUNITY CENTER REFINANCING PROJECT)
Evidencing Direct, Undivided Fractional Interests of the Owners
Thereof in Lease Payments to be Made by the
CITY OF MODESTO, CALIFORNIA
As the Rental for Certain Property Pursuant to a
Lease Agreement with the
MODESTO PUBLIC FINANCING AUTHORITY

CERTIFICATE REGARDING EFFECTIVENESS
OF JOINT EXERCISE OF POWERS AGREEMENT



The undersigned hereby states and certifies:

(i) that she is the duly appointed, qualified and acting Secretary of the Modesto Public Financing Authority, joint exercise of powers authority, duly organized and existing under the laws of the State of California (the "Authority") and operating pursuant to Articles 1 through 4 (commencing with Section 6500) of Chapter 5, Division 7, Title 1 of the California Government Code, and pursuant to a joint exercise of powers agreement hereinafter described, and as such, is familiar with the facts herein certified and is authorized and qualified to certify the same;

(ii) that attached hereto is a true, correct and complete copy of the Joint Exercise of Powers Agreement, dated as of December 1, 1989 (the "Agreement"), by and between the City of Modesto and the Industrial Development Authority of the City of Modesto (the "Members"), effective commencing November 21, 1989, being the date of execution of the Agreement by the Members; and

(iii) that the Agreement has not been amended, modified, supplemented, rescinded or repealed and remains in full force and effect as of the date hereof.

Dated: May 27, 1993

MODESTO PUBLIC FINANCING
 AUTHORITY

By *Norine Coyle*
 Norine Coyle,
 Secretary



JOINT EXERCISE OF POWERS AGREEMENT

MODESTO PUBLIC FINANCING AUTHORITY

Dated as of December 1, 1989



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THIS AGREEMENT is by and among the CITY OF MODESTO (the "City") and the INDUSTRIAL DEVELOPMENT AUTHORITY OF THE CITY OF MODESTO (the "IDA"), each duly organized and existing under the laws of the State of California (the "State"), collectively called the "Members".

WITNESSETH:

WHEREAS, the Marks-Roos Local Bond Pooling Act of 1985 (hereinafter defined as the "Bond Law") authorizes agencies formed under the Joint Exercise of Powers Law (hereinafter defined as the "Act") to issue bonds for the purpose of acquiring and constructing Public Capital Improvements (as that term is defined in the Act) and to lease those Public Capital Improvements to public agencies in California;

WHEREAS, the City intends to finance the renovation of the main terminal building at the Modesto City-County Airport/Harry Sham Field by entering into a lease/leaseback financing of the Airport, and the IDA is willing to assist the City and to facilitate such financing;

NOW, THEREFORE, in consideration of the above premises and of the mutual promises herein contained, the Members do hereby agree as follows:

ARTICLE I
DEFINITIONS

Section 1.01. Definitions. Unless the context otherwise requires, the words and terms defined in this Article shall, for the purpose hereof, have the meanings herein specified.

"Act" means Articles 1 through 4 (commencing with Section 6500) of Chapter 5, Division 7, Title 1 of the Government Code of the State.

"Agreement" means this Joint Exercise of Powers Agreement.

"Auditor and Treasurer" means the Director of Finance of the City, designated as Auditor and Treasurer of the Authority in Section 3.02.

"Authority" means the Modesto Public Financing Authority created pursuant to this Agreement.

"Bond Law" means the Marks-Roos Local Bond Pooling Act of 1985, being Article 4 of the Act (commencing with Section 6584), as now or hereafter amended, or any other law hereafter legally available for use by the Authority in the authorization and issuance of Bonds to finance the acquisition of Obligations and/or Public Capital Improvements.

"Bonds" means bonds of the Authority issued pursuant to Section 6590 or 6591 of the Bond Law.

"Chairperson" means the Chairperson of the Authority.

"Commission" means the Commission referred to in Section 2.03, which shall be the governing body of the Authority.

"Commissioners" means the representatives of the Members appointed to the Commission pursuant to Section 2.03.

"Fiscal Year" means the period from July 1 to and including the following June 30.

"Members and Member" means each of the parties to this Agreement and "Member" means any such party.

"Public Agency" means any public agency authorized by the Act to enter into a joint exercise of powers agreement with the Members.

"Public Capital Improvement" has the meaning given to such term in Section 6585(g) of the Act, as in effect on the date hereof, and as hereafter amended.

"Secretary" means the secretary of the Authority.

"State" means the State of California.

"Vice Chairperson" means the vice Chairperson of the Authority.

ARTICLE II
GENERAL PROVISIONS

Section 2.01. Purpose. This Agreement is made pursuant to the Act providing for the joint exercise of powers common to the Members. The purpose of this Agreement is to provide for the financing of Public Capital Improvements for the Members through the issuance of Bonds by the Authority and the leasing of the Public Capital Improvements to the Members.

Section 2.02. Creation of Authority. Pursuant to the Act, there is hereby created a public entity to be known as the "Modesto Public Financing Authority". The Authority shall be a public entity separate and apart from the Members, and shall administer this Agreement.

Section 2.03. Commission. The Authority shall be administered by a Commission of seven (7) Commissioners. The members of the City Council of the City shall be, *ex officio*, the Commissioners of the Authority. The number of Commissioners may be changed by amendment of this Agreement. The Commission shall be called the "Commission of the Modesto Public Financing Authority". All voting power of the Authority shall reside in the Commission.

Section 2.04. Meetings of the Commission.

(a) Regular Meetings. The Commission shall provide for its regular meetings; provided, however, that at least one regular meeting shall be held each year. The date, hour and place of the holding of regular meetings shall be fixed by resolution of the Commission and a copy of such resolution shall be filed with each of the Members.

(b) Special Meetings. Special meetings of the Commission may be called in accordance with the provisions of Section 54956 of the Government Code of the State.

(c) Call, Notice and Conduct of Meetings. All meetings of the Commission, including without limitation, regular, adjourned regular and special meetings, shall be called, noticed, held and conducted in accordance with the provisions of Sections 54950 et seq. of the Government Code of the State.

Section 2.05. Minutes. The Secretary shall cause to be kept minutes of the meetings of the Commission and shall, as soon as possible after each meeting, cause a copy of the minutes to be forwarded to each Commissioner and to each of the Members.

Section 2.06. Voting. Each Commissioner shall have one vote.

Section 2.07. Quorum; Required Votes; Approvals. Commissioners holding a majority of the votes shall constitute a quorum for the transaction of business, except that less than a quorum may adjourn from time to time. The affirmative votes of at least a majority of the Commissioners shall be required to take any action by the Commission.

Section 2.08. Bylaws. The Commission may adopt, from time to time, such bylaws, rules and regulations for the conduct of its meetings as are necessary for the purposes hereof.

ARTICLE III

OFFICERS AND EMPLOYEES

Section 3.01. Chairperson, Vice-Chairperson, Executive Director and Secretary. The Mayor of the City shall, *ex officio*, serve as the Chairperson of the Authority, the Mayor pro tem of the City shall, *ex officio*, serve as the Vice Chairperson of the Authority, and the City Clerk of the City shall, *ex officio*, serve as the Secretary. The City Manager of the City shall, *ex officio*, serve as the Executive Director of the Authority. The officers shall perform the duties normal to said offices; and

(a) the Chairperson shall preside over all meetings of the Commission of the Authority, and shall perform such other duties as may be imposed by the Commission;

(b) the Vice Chairperson shall perform all of the Chairperson's duties in the absence of the Chairperson;

(c) the Executive Director shall sign all contracts on behalf of the Authority, and shall perform such other duties as may be imposed by the Commission;

(d) the Secretary shall countersign all contracts signed by the Executive Director on behalf of the Authority, perform such other duties as may be imposed by the Commission and cause a copy of this Agreement to be filed with the Secretary of State of the State pursuant to the Act.

Section 3.02. Auditor and Treasurer. Pursuant to Section 6505.6 of the Act, the Director of Finance of the City is hereby designated as the Auditor and Treasurer of the Authority. The Auditor and Treasurer shall be the depositary, shall have custody of all of the accounts, funds and money of the Authority from whatever source, shall have the duties and obligations set forth in Sections 6505 and 6505.5 of the Act and shall assure that there shall be strict accountability of all funds and reporting of all receipts and disbursements of the Authority.

Section 3.03. Officers in Charge of Records, Funds and Accounts. Pursuant to Section 6505.1 of the Act, the Auditor and Treasurer shall have charge of, handle and have access to all accounts, funds and money of the Authority and all records of the Authority relating thereto; and the Secretary shall have charge of, handle and have access to all other records of the Authority.

Section 3.04. Bonding Persons Having Access to Public Capital Improvements. From time to time, the Commission may designate persons, in addition to the Secretary and the Auditor and Treasurer, having charge of, handling or having access to any records, funds or accounts or other Public Capital Improvements of the Authority, and the respective amounts of the official bonds of the Secretary and the Auditor and Treasurer and such other persons pursuant to Section 6505.1 of the Act.

Section 3.05. Legal Advisor. The City Attorney of the City of Modesto shall serve as legal advisor to the Authority.

Section 3.06. Other Employees. The Commission shall have the power to appoint and employ such other consultants and independent contractors as may be necessary for the purposes of this Agreement.

All of the privileges and immunities from liability, exemption from laws, ordinances and rules, all pension, relief, disability, workers' compensation and other benefits which apply to the activities of officers, agents, or employees of an Agency when performing their respective functions shall apply to them to the same degree and extent while engaged in the performance of any of the functions and other duties under this Agreement.

None of the officers, agents, or employees directly employed by the Commission shall be deemed, by reason of their employment by the Commission to be employed by any Member or, by reason of their employment by the Commission, to be subject to any of the requirements of the Members.

Section 3.07. Assistant Officers. The Commission may appoint such assistants to act in the place of the Secretary or other officers of the Authority (other than any Commissioner) as the Commission shall from time to time deem appropriate.

ARTICLE IV

POWERS

Section 4.01. General Powers. The Authority shall exercise in the manner herein provided the powers common to each of the Members and necessary to the accomplishment of the purposes of this Agreement, subject to the restrictions set forth in Section 4.04, including but not limited to the common power of eminent domain with respect to Public Capital Improvements.

As provided in the Act, the Authority shall be a public entity separate from the Members. The Authority shall have the power to finance the acquisition of Public Capital Improvements necessary or convenient for the operation of the Members, and to acquire Obligations of the Members.

Section 4.02. Power to Issue Bonds. The Authority shall have all of the powers provided in Article 4 of the Act (commencing with Section 6584), including the power to issue Bonds under the Bond Law.

Section 4.03. Specific Powers. The Authority is hereby authorized, in its own name, to do all acts necessary for the exercise of the foregoing powers, including but not limited to, any or all of the following:

- (a) to make and enter into contracts;
- (b) to employ agents or employees;
- (c) to acquire, construct, manage, maintain or operate any buildings, works or improvements;
- (d) to acquire, construct, hold and dispose of Public Capital Improvements, including the leasing of such Public Capital Improvements from and to the Members;
- (e) to sue and be sued in its own name;
- (f) to incur debts, liabilities or obligations, provided that no debt, liability or obligation shall constitute a debt, liability or obligation of any of the Members;
- (g) to apply for, accept, receive and disburse grants, loans and other aids from any agency of the United States of America or of the State;
- (h) to invest any money in the treasury pursuant to Section 6505.5 of the Act that is not required for the immediate necessities of the Authority, as the Authority determines is advisable, in the same manner and upon the same conditions as local agencies, pursuant to Section 53601 of the Government Code of the State;

(i) to apply for letters of credit or other form of credit enhancement in order to secure the repayment of its Bonds and enter into agreements in connection therewith;

(j) to carry out and enforce all the provisions of this Agreement;

(k) to make and enter into Bond Purchase Agreements;

(l) to purchase Obligations issued by any Member; and

(m) to exercise any and all other powers as may be provided in the Bond Law.

Section 4.04. Restrictions on Exercise of Certain Powers. The powers of the Authority shall be exercised in the manner provided in the Act and in the Bond Law, and, except for those powers set forth in the Bond Law, shall be subject (in accordance with Section 6509 of the Act) to the restrictions upon the manner of exercising such powers that are imposed upon the City in the exercise of similar powers.

Section 4.05. Obligations of Authority. The debts, liabilities and obligations of the Authority shall not be the debts, liabilities and obligations of any of the Members.

ARTICLE V

METHODS OF PROCEDURE; CREDIT TO MEMBERS

Section 5.01. Assumption of Responsibilities By the Authority. As soon as practicable after the date of execution of this Agreement, the Commissioners shall give notice (in the manner required by Section 2.04) of the organizational meeting of the Commission. At said meeting the Commission shall provide for its regular meetings as required by Section 2.04 and elect a Chairperson, Vice Chairperson and the Secretary.

Section 5.02. Delegation of Powers. Each of the Members hereby delegates to the Authority the power and duty to acquire, by lease, lease-purchase, installment sale agreements, or otherwise, such Public Capital Improvement necessary or convenient for the operation of the Members.

Section 5.03. Credit to Members. All accounts or funds created and established pursuant to any trust agreement or indenture to which the Authority is a party, and any interest earned or accrued thereon, shall inure to the benefit of the respective Members for which such funds or accounts were created.

ARTICLE VI

CONTRIBUTION: ACCOUNTS AND REPORTS: FUNDS

Section 6.01. Contributions. The Members may in the appropriate circumstance when required hereunder: (a) make contributions from their treasuries for the purposes set forth herein, (b) make payments of public funds to defray the cost of such purposes, (c) make advances of public funds for such purposes, such advances to be repaid as provided herein, or (d) use its personnel, equipment or property in lieu of other contributions or advances.

Section 6.02. Accounts and Reports. To the extent not covered by the duties assigned to a trustee chosen by the Authority, the Auditor and Treasurer shall establish and maintain such funds and accounts as may be required by good accounting practice or by any provision of any trust agreement or indenture entered into with respect to the proceeds of any Bonds issued by the Authority. The books and records of the Authority in the hands of a trustee or the Auditor and Treasurer shall be open to inspection at all reasonable times by representatives of the Members. The Auditor and Treasurer of the Authority, within 180 days after the close of each Fiscal Year, shall give a complete written report of all financial activities for such Fiscal Year to the Members to the extent such activities are not covered by the report of such trustee. The trustee appointed under any trust agreement or indenture shall establish suitable funds, furnish financial reports and provide suitable accounting procedures to carry out the provisions of said trust agreement or indenture. Said trustee may be given such duties in said trust agreement or indenture as may be desirable to carry out this Agreement.

Section 6.03. Funds. Subject to the applicable provisions of any trust agreement or indenture which the Authority may enter into, which may provide for a trustee to receive, have custody of and disburse Authority funds, the Auditor and Treasurer of the Authority shall receive, have the custody of and disburse Authority funds as nearly as possible in accordance with generally accepted accounting practices, shall make the disbursements required by this Agreement or to carry out any of the provisions or purposes of this Agreement.

Section 6.04. Administrative Expenses. The Members shall pay their proportionate share (determined on the basis of a Member's percentage share of any financings completed by the Authority) of administrative expenses.

ARTICLE VII

TERM; DISPOSITION OF ASSETS

Section 7.01. Term. This Agreement shall become effective as of the date of execution hereof by the parties hereto, and shall continue in full force and effect so long as bonds of the Authority are outstanding or any lease agreements are outstanding between the Authority and a Member or Members (or between Members).

Section 7.02. Disposition of Assets. Upon termination of this Agreement, all property of the Authority, both real and personal, shall be divided among the parties hereto in such manner as shall be agreed upon by the parties.

ARTICLE VIII

MISCELLANEOUS PROVISIONS

Section 8.01. Notices. Notices hereunder shall be in writing and shall be sufficient if delivered to:

City of Modesto
801 11th Street
Modesto, California 95354
Attn: Finance Director

Industrial Development Agency
of the City of Modesto
801 11th Street
Modesto, California 95354
Attn: Chairperson

Section 8.02. Section Headings. All section headings in this Agreement are for convenience of reference only and are not to be construed as modifying or governing the language in the section referred to or to define or limit the scope of any provision of this Agreement.

Section 8.03. Consent. Whenever in this Agreement any consent or approval is required, the same shall not be unreasonably withheld.

Section 8.04. Law Governing. This Agreement is made in the State under the constitution and laws of the State and is to be so construed.

Section 8.05. Amendments. This Agreement may be amended at any time, or from time to time, except as limited by contract with the holders of Bonds issued by the Authority or certificates of participation in payments to be made by the Authority or the Members or by applicable regulations or laws of any jurisdiction having authority, by one or more supplemental agreements executed by all of the parties to this Agreement either as required in order to carry out any of the provisions of this Agreement or for any other purpose, including without limitation addition of new parties (including any legal entities or taxing areas heretofore or hereafter created) in pursuance of the purposes of this Agreement.

Section 8.06. Enforcement by Authority. The Authority is hereby authorized to take any or all legal or equitable actions, including but not limited to injunction and specific performance, necessary or permitted by law to enforce this Agreement.

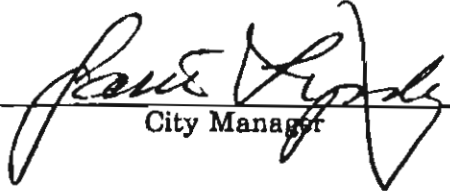
Section 8.07. Severability. Should any part, term or provision of this Agreement be decided by any court of competent jurisdiction to be illegal or in conflict with any law of the State, or otherwise be rendered unenforceable or ineffectual, the validity of the remaining portions or provisions shall not be affected thereby.

Section 8.08. Successors. This Agreement shall be binding upon and shall inure to the benefit of the successors of the respective Members. None of the Members may assign any right or obligation hereunder without the written consent of the other Members.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and attested by their proper officers thereunto duly authorized and their official seals to be hereto affixed, on the day and year set opposite the name of each of the parties.

CITY OF MODESTO

Dated: November 21, 1989



City Manager

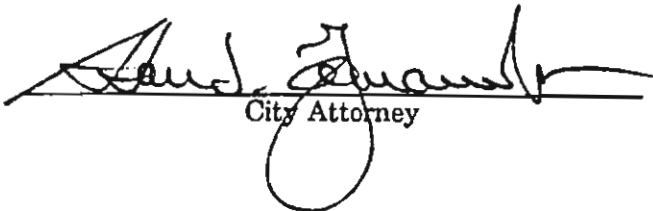
ATTEST:



City Clerk

(SEAL)

Approved as to Form:



City Attorney

INDUSTRIAL DEVELOPMENT AUTHORITY
OF THE CITY OF MODESTO

Dated: November 21, 1989



Executive Director

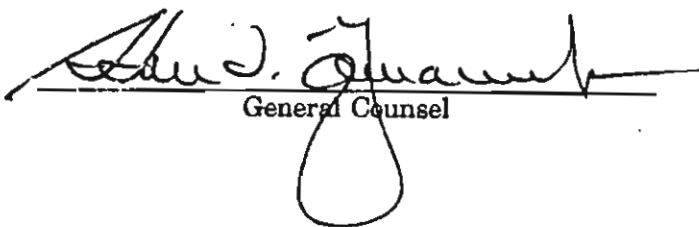
ATTEST:



Secretary

(SEAL)

Approved as to Form:



General Counsel

SECRETARY'S CERTIFICATE

I, Norrine Coyle, Secretary of the Modesto Public Financing Authority, do hereby certify as follows:

The foregoing is a full, true and correct copy of a resolution duly adopted by the members of the Modesto Public Financing Authority at a special meeting of said Authority held on April 20, 1993.

I have carefully compared the same with the original minutes of said meeting on file and of record in my office and the foregoing is a full, true and correct copy of the original resolution adopted at said meeting and entered in said minutes; and

Said resolution has not been amended, modified or rescinded since the date of its adoption and the same is now in full force and effect.

Dated: May 19, 1993

ATTEST: *Norrine Coyle*
NORRINE COYLE, Secretary
Modesto Public Financing Authority

44

\$27,225,000
CERTIFICATES OF PARTICIPATION
(1993 COMMUNITY CENTER REFINANCING PROJECT)
Evidencing Direct, Undivided Fractional Interests of the Owners
Thereof in Lease Payments to be Made by the
CITY OF MODESTO, CALIFORNIA
As the Rental for Certain Property Pursuant to a
Lease Agreement with the
MODESTO PUBLIC FINANCING AUTHORITY

INCUMBENCY AND SIGNATURE CERTIFICATE OF AUTHORITY


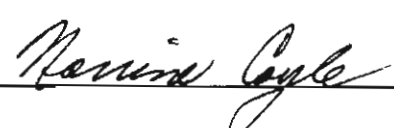
The undersigned hereby state and certify:

(i) that they are the duly appointed, qualified and acting Interim Treasurer and Secretary, respectively, of the Modesto Public Financing Authority, a joint exercise of powers authority, duly organized and existing under the laws of the State of California (the "Authority"), and as such, are familiar with the facts herein certified and are authorized and qualified to certify the same;

(ii) that the following are now, and have continuously been since the dates of the beginning of their respective current terms of office shown below, the duly appointed, qualified and acting members of the Board of Directors of the Authority, and the dates of the beginning and ending of their respective current terms of office are hereunder correctly designated opposite their names:

<u>Member</u>	<u>Date of Beginning of Current Term</u>	<u>Date of Ending of Current Term</u>
Richard A. Lang	November, 1991	November, 1995
Stan Dobbs	November, 1991	November, 1995
Charles V. Bird	November, 1989	November, 1995
David Cogdill	November, 1991	November, 1995
Frank T. Muratore	November, 1991	November, 1995
Richard G. Patterson	November, 1989	November, 1993
Kenni Friedman	November, 1991	November, 1993

(iii) that the signatures set forth opposite the names of the following persons are the true and correct specimens of, or are, the genuine signatures of such persons, each of whom holds the office designated below:

<u>Name and Title</u>	<u>Signature</u>
Andrea Daroca, Interim Treasurer	 _____
Norraine Coyle, Secretary	 _____

(iv) and, that for and on behalf of the Authority, the within-named Interim Treasurer has executed and the within-named Secretary has attested to each of the following agreements:

- (a) Site and Facility Lease, dated as of May 1, 1993, by and between the City of Modesto, California (the "City"), as lessor, and the Authority, as lessee,
- (b) Lease Agreement, dated as of May 1, 1993, by and between the Authority, as lessor, and the City, as lessee,
- (c) Assignment Agreement, dated as of May 1, 1993, by and between the Authority and First Trust of California, National Association, as trustee (the "Trustee"), and
- (d) Trust Agreement, dated as of May 1, 1993, by and among the Trustee, the Authority and the City.

Dated: May 27, 1993

MODESTO PUBLIC FINANCING
AUTHORITY

By *Andrea Daroca*
Andrea Daroca,
Interim Treasurer

[SEAL]

By *Marlene Coyle*
Marlene Coyle,
Secretary

5

\$27,225,000
CERTIFICATES OF PARTICIPATION
(1993 COMMUNITY CENTER REFINANCING PROJECT)
Evidencing Direct, Undivided Fractional Interests of the Owners
Thereof in Lease Payments to be Made by the
CITY OF MODESTO, CALIFORNIA
As the Rental for Certain Property Pursuant to a
Lease Agreement with the
MODESTO PUBLIC FINANCING AUTHORITY

OFFICER'S CERTIFICATE OF AUTHORITY

The undersigned hereby states and certifies:

(i) that she is the duly appointed, qualified and acting Interim Treasurer of the Modesto Public Financing Authority, a joint exercise of powers authority, duly organized and existing under the laws of the State of California (the "Authority"), and as such, is familiar with the facts herein certified and is authorized and qualified to certify the same;

(ii) that she is a duly designated "Authority Representative", as such term is defined that certain Trust Agreement, dated as of May 1, 1993 (the "Trust Agreement"), by and among First Trust of California, National Association, as trustee (the "Trustee"), the Authority and the City of Modesto, California (the "City");

(iii) that, on April 20, 1993, the Board of Directors of the Authority duly adopted Resolution No. 93-2, entitled "Resolution Approving, Authorizing and Directing Execution of Certain Lease Financing Documents and Authorizing and Directing Certain Actions with Respect Thereto", which resolution has not been amended, supplemented, modified, rescinded or repealed and is in full force and effect as of the date hereof;

(iv) that the Authority has duly authorized the execution, delivery and performance of the following agreements (collectively referred to herein as the "Agreements"):

- (a) Site and Facility Lease, dated as of May 1, 1993, by and between the City, as lessor, and the Authority, as lessee,
- (b) Lease Agreement, dated as of May 1, 1993, by and between the Authority, as lessor, and the City, as lessee,
- (c) Assignment Agreement, dated as of May 1, 1993, by and between the Authority and the Trustee, and
- (d) Trust Agreement;

(v) that the Authority has full legal right, power and authority to (i) enter into the Agreements and (ii) carry out and consummate the transactions contemplated by the Agreements;

(vi) that the representations, warranties and covenants of the Authority contained in the Agreements are true and correct in all material respects on and as of the date hereof as if made on the date hereof;

(vii) that, by all necessary corporate action of the Authority prior to or concurrently herewith, the Authority has duly authorized and approved the execution and delivery, and the performance by the Authority, of the obligations in connection with the execution and delivery of the Certificates on its part contained in the Agreements, and the consummation by it of all other transactions contemplated by the Agreements in connection with the execution and delivery of the Certificates; the Authority has complied in all material respects with the obligations in connection with the execution and delivery of the Certificates on its part contained in the Agreements;

(viii) that the Authority is not in any material respect in breach of or default under any applicable law or administrative regulation to which it is subject or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement (including, without limitation, the Trust Agreement) or other instrument to which the Authority is a party or to which the authority or any of its property or assets is otherwise subject, and no event has occurred and is continuing which with the passage of time or the giving of notice, or both, would constitute such a default or event of default under any such instrument; and the execution and delivery of the Agreements, and compliance with the provisions on the Authority's part contained therein, will not conflict with or constitute a breach of or a default under any constitutional provision, law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Authority is a party or to which the Authority or any of its property or assets is otherwise subject;

(ix) that there is no action, suit, proceeding or investigation, at law or in equity, before or by any court, government agency, public board or body, pending or, to the best knowledge of the Authority after reasonable investigation, threatened against the Authority, affecting the existence of the Authority or the titles of its officers to their respective offices, or contesting or affecting, as to the authority, the validity or enforceability of the Agreements; nor is there any known basis for any such action, suit, proceeding, inquiry or investigation, wherein an unfavorable decision, ruling or finding would materially adversely affect the authorization, execution, delivery or performance by the Authority of the Agreements;

(x) that the information contained under the caption "THE AUTHORITY" in the Official Statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading in any material respect; and

(xi) that this Certificate is provided pursuant to Section 5(d)(8) of the Certificate Purchase Agreement, dated May 11, 1993 (the "Purchase Agreement"), between the City and Smith Barney, Harris Upham & Co. Incorporated and Grigsby Brandford & Co., Inc., as underwriters; all capitalized terms used herein which are not otherwise defined shall have the same meanings as in such Purchase Agreement.

Dated: May 27, 1993

MODESTO PUBLIC FINANCING
AUTHORITY

By _____
Andrea Daroca,
Interim Treasurer

6

\$27,225,000
CERTIFICATES OF PARTICIPATION
(1993 COMMUNITY CENTER REFINANCING PROJECT)
Evidencing Direct, Undivided Fractional Interests of the Owners
Thereof in Lease Payments to be Made by the
CITY OF MODESTO, CALIFORNIA
As the Rental for Certain Property Pursuant to a
Lease Agreement with the
MODESTO PUBLIC FINANCING AUTHORITY

WRITTEN REQUEST TO TRUSTEE

The undersigned hereby states and certifies:

(i) that she is the duly appointed, qualified and acting Interim Treasurer of the Modesto Public Financing Authority, a joint exercise of powers authority, duly organized and existing under the laws of the State of California (the "Authority"), and as such, is familiar with the facts herein certified and is authorized and qualified to certify the same;

(ii) that, pursuant to Section 2.01 of that certain Trust Agreement, dated as of May 1, 1993, by and among First Trust of California, National Association, as trustee (the "Trustee"), the Authority and the City of Modesto, California (the "City"), the Trustee is hereby requested to execute and deliver Certificates of Participation, substantially in the form attached as Exhibit B to the Trust Agreement in an aggregate principal amount of \$27,225,000, evidencing direct, undivided fractional interests of the owners thereof in lease payments to be made by the City to the Authority (the "Certificates") under that certain Lease Agreement, dated as of May 1, 1993, by and between the Authority and the City; and

(iii) the Trustee is further requested to deliver the executed Certificates to Smith Barney, Harris Upham & Co. Incorporated and Grigsby Brandford & Co., Inc., as underwriters, upon receipt of the purchase price for the Certificates in the amount of \$25,836,608.08.

Dated: May 27, 1993

MODESTO PUBLIC FINANCING
AUTHORITY

By 
Andrea Daroca,
Interim Treasurer

7



CITY of MODESTO

Office of City Attorney:

(209) 577-5284 FAX 544-8260

801 11th Street, P. O. Box 642, Modesto, CA 95353

[TDD (209) 526-9211 Hearing and Speech Impaired only]

May 27, 1993

Smith Barney, Harris Upham & Co. Incorporated
350 California Street, 20th Floor
San Francisco, California 94104

Grigsby Brandford & Co., Inc.
230 California Street, Suite 601
San Francisco, California 94111

Re: \$27,225,000 Certificates of Participation (1993
Community Center Refinancing Project) Evidencing
Direct, Undivided Fractional Interests of the
Owners Thereof in Lease Payments to be Made by the
City of Modesto, California, as the Rental for
Certain Property Pursuant to a Lease Agreement
with the Modesto Public Financing Authority

Ladies and Gentlemen:

I have acted as counsel to the Modesto Public Financing Authority, organized and existing under and by virtue of the laws of the State of California (the "Authority"), in connection with the execution and delivery of that certain Site and Facility Lease, dated as of May 1, 1993 (the "Site and Facility Lease"), by and between the City of Modesto, California (the "City"), and the Authority; that certain Assignment Agreement, dated as of May 1, 1993 (the "Assignment Agreement"), by and between the Authority and First Trust of California, National Association, as trustee (the "Trustee"); that certain Lease Agreement, dated as of May 1, 1993 (the "Lease Agreement"), by and between the Authority and the City; and that certain Trust Agreement, dated as of May 1, 1993 (the "Trust Agreement"), by and among the Trustee, the Authority, the City. This opinion is addressed to you, as the Underwriters, pursuant to Section 5(d)(4) of the Certificate Purchase Agreement, dated May 11, 1993 (the "Purchase Agreement"), between the City and yourselves, providing for the purchase of \$27,225,000 principal amount of Certificates of Participation (1993 Community Center Refinancing Project) (the "Certificates"). Unless otherwise defined herein, the terms

City Pride — Citywide

 Printed On Recycled Paper

defined in the Trust Agreement have the same meanings when used in this opinion.

In connection with the foregoing, I have examined originals, or copies certified or otherwise identified to our satisfaction, of such documents, corporate records and other instruments as I have deemed necessary or appropriate for the purposes of this opinion, including (a) the Lease Agreement, (b) the Site and Facility Lease, (c) the Assignment Agreement and (d) the Trust Agreement (collectively, the "Agreements").

Based upon such examination, I am of the opinion that:

1. The Authority is a joint powers authority, duly created, organized and existing under the laws of the State of California.

2. The Authority has full power and authority to execute and deliver the Agreements, and the Agreements have each been duly authorized and delivered by the Authority and each constitutes a legally valid and binding obligation of the Authority enforceable against the Authority in accordance with its respective terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or other laws or equitable principles relating to or affecting the enforcement of creditors' rights generally and to the application of equitable principles if equitable remedies are sought.

3. No consent, approval, authorization or order of any court, regulatory authority or governmental body is required for the valid authorization, execution and delivery of the Agreements or the consummation by the Authority of the transactions on its part contemplated therein on its part except such as have been obtained and except such as may be required under the state securities or Blue Sky laws in connection with the purchase and distribution of the Certificates by the Underwriters.

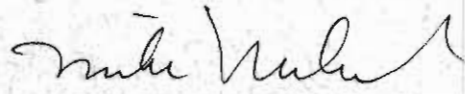
4. The descriptions in the Official Statement as to the Authority and the Authority's obligations under the Agreements are correct and do not contain an untrue statement of a material fact.

5. The execution and delivery of the Agreements by the Authority and performance by the Authority of its obligations thereunder will not conflict with or result in a breach of any of the terms, conditions or provisions of any agreement or

Smith Barney, Harris Upham & Co. Incorporated
Grigsby Brandford & Co., Inc.
May 27, 1993
Page 3

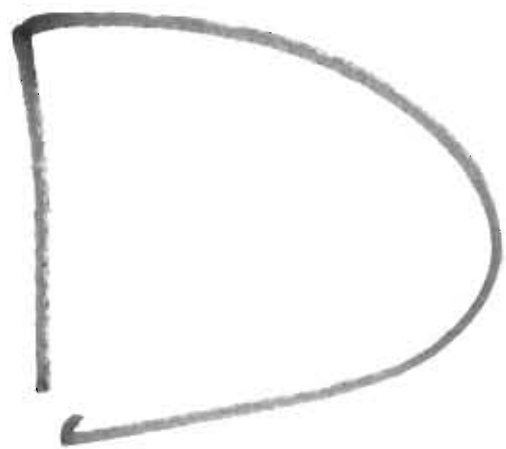
instrument to which the Authority is a party or constitute a default thereunder.

Very truly yours,



MICHAEL D. MILICH, Esq.
Counsel to the Authority

MDM/sw



1

\$27,225,000
CERTIFICATES OF PARTICIPATION
(1993 COMMUNITY CENTER REFINANCING PROJECT)
Evidencing Direct, Undivided Fractional Interests of the Owners
Thereof in Lease Payments to be Made by the
CITY OF MODESTO, CALIFORNIA
As the Rental for Certain Property Pursuant to a
Lease Agreement with the
MODESTO PUBLIC FINANCING AUTHORITY

INCUMBENCY AND SIGNATURE CERTIFICATE OF AGENCY



**SIGN
HERE**


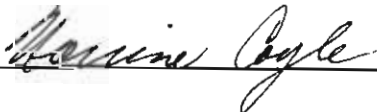
The undersigned hereby state and certify:

(i) that they are the duly appointed, qualified and acting Interim Finance Officer and Secretary, respectively, of the Redevelopment Agency of the City of Modesto, a public body, corporate and politic, duly organized and existing under the laws of the State of California (the "Agency"), and as such, are familiar with the facts herein certified and are authorized and qualified to certify the same;

(ii) that the following are now, and have continuously been since the dates of the beginning of their respective current terms of office shown below, the duly appointed, qualified and acting members of the Agency, and the dates of the beginning and ending of their respective current terms of office are hereunder correctly designated opposite their names:

<u>Member</u>	<u>Date of Beginning of Current Term</u>	<u>Date of Ending of Current Term</u>
Richard A. Lang	November, 1991	November, 1995
Stan Dobbs	November, 1991	November, 1995
Charles V. Bird	November, 1989	November, 1995
David Cogdill	November, 1991	November, 1995
Frank T. Muratore	November, 1991	November, 1995
Richard G. Patterson	November, 1989	November, 1993
Kenni Friedman	November, 1991	November, 1993

(iii) that the signatures set forth opposite the names of the following persons are the true and correct specimens of, or are, the genuine signatures of such persons, each of whom holds the office designated below:

<u>Name and Title</u>	<u>Signature</u>
Andrea Daroca, Interim Finance Officer	 _____
Norrine Coyle, Secretary	 _____

(iv) and, that for and on behalf of the Agency, the within-named Interim Finance Officer has executed and the within-named Secretary has attested to that certain Reimbursement Agreement, dated as of May 1, 1993, by and between the Agency and the City of Modesto, California.

Dated: May 27, 1993

REDEVELOPMENT AGENCY OF THE
CITY OF MODESTO

By *Andrea Daroca*
Andrea Daroca,
Interim Finance Officer

[SEAL]

By *Noirine Coyle*
Noirine Coyle,
Secretary

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\$27,225,000
CERTIFICATES OF PARTICIPATION
(1993 COMMUNITY CENTER REFINANCING PROJECT)
Evidencing Direct, Undivided Fractional Interests of the Owners
Thereof in Lease Payments to be Made by the
CITY OF MODESTO, CALIFORNIA
As the Rental for Certain Property Pursuant to a
Lease Agreement with the
MODESTO PUBLIC FINANCING AUTHORITY

OFFICER'S CERTIFICATE OF AGENCY

The undersigned hereby states and certifies:

(i) that she is the duly appointed, qualified and acting Interim Finance Officer of the Redevelopment Agency of the City of Modesto, a public body, corporate and politic, duly organized and existing under the laws of the State of California (the "Agency"), and as such, is familiar with the facts herein certified and is authorized and qualified to certify the same;

(ii) that, on April 20, 1993, the members of the Agency duly adopted Resolution No. 9-93, entitled "Resolution Approving, Authorizing and Directing Execution of a Reimbursement Agreement and Authorizing and Directing Certain Actions with Respect Thereto", which resolution has not been amended, supplemented, modified, rescinded or repealed and remains in full force and effect as of the date hereof;

(iii) that the Agency has duly authorized the execution, delivery and performance of that certain Reimbursement Agreement, dated as of May 1, 1993 (the "Reimbursement Agreement"), by and between the Agency and the City of Modesto, California; and

(iv) that the representations, warranties and covenants of the Agency contained in the Reimbursement Agreement are true and correct in all material respects as of the date of the Reimbursement Agreement and as of the date hereof and is hereby reaffirmed.

Dated: May 27, 1993

REDEVELOPMENT AGENCY OF THE
CITY OF MODESTO

By



Andrea Daroca,
Interim Finance Officer

E

1



First Trust California

Member First Bank System

EXTERNAL AUTHORIZED SIGNERS

I hereby certify that the following is a true and exact extract from the Bylaws of First Trust of California, National Association, a national banking association organized under the laws of the United States. I further certify that the persons listed herein have been duly appointed and have qualified and now hold their respective offices, and that the signatures of such persons are authentic.

Date May 27, 1993


Assistant Secretary
First Trust of California,
National Association

FIRST TRUST OF CALIFORNIA, NATIONAL ASSOCIATION BYLAWS, ARTICLE VII

Section 7.1 *Execution of Instruments.* All agreements, checks, drafts, orders, indentures, notes, mortgages, deeds, conveyances, transfers, endorsements, assignments, certificates, declarations, receipts, discharges, releases, satisfactions, settlements, petitions, schedules, accounts, affidavits, bonds, undertakings, guarantees, proxies and other instruments or documents may be signed, countersigned, executed, acknowledged, endorsed, verified, delivered or accepted on behalf of the Association, whether in a fiduciary capacity or otherwise, by any officer of the Association, or such employee or agent as may be designated from time to time by the board by resolution, or by the Chairman or the President by written instrument, which resolution or instrument shall be certified as in effect by the Secretary or an Assistant Secretary of the Association. The provisions of this section are supplementary to any other provision of the Articles of Association or Bylaws.

**OFFICER SECTION
FIRST TRUST OF CALIFORNIA, NATIONAL ASSOCIATION**

Alcantara, Oria	Trust Officer/Assistant Secretary
Alliegro, Jacqueline L.	Trust Officer/Assistant Secretary
Barton, Constance L.	Assistant Vice President/Assistant Secretary
Bobey, Cecil D.	Vice President/Secretary
Bell, Lawrence J.	Vice President/Assistant Secretary
Burns, Denise E.	Assistant Vice President/Assistant Secretary
Cleveland, M.	Trust Officer/Assistant Secretary
Hautea-Paragas, Maria	Trust Officer/Assistant Secretary
Hammond, Lisa M.	President/Chief Executive Officer
Jones, Kerri S.	Assistant Vice President/Assistant Secretary
Lopes, L. L.	Assistant Vice President/Assistant Secretary
McCormack, Elizabeth A.	Trust Officer/Assistant Secretary
Peterson, Kurt R.	Vice President/Assistant Secretary
Presto-Choroski, Myrna	Trust Officer/Assistant Secretary
Sabiniano, Leticia E.	Trust Officer/Assistant Secretary
Vargas, Susan	Trust Officer/Assistant Secretary

[Handwritten signatures and names corresponding to the Officer Section list]
 Jacqueline L. Alliegro
 Constance L. Barton
 Cecil D. Bobey
 Lawrence J. Bell
 Denise E. Burns
 Maria H. Paragas
 Kerri S. Jones
 Elizabeth A. McCormack
 Kurt R. Peterson
 Myrna Presto-Choroski
 Leticia E. Sabiniano
 Susan Vargas

NON-OFFICER SECTION

You are authorized to honor the signatures of the following persons and those persons listed in the Officer Section when used to sign or countersign on behalf of First Trust of California, National Association while acting in its capacity as transfer agent, registrar, trustee or authenticating agent for bond certificates, equipment trust certificates, notes or similar securities and while acting as servicing agent in the performance of these duties.

Barfield, Sherri
 Calloway, Barbara
 Eichelberger, Rebecca
 Pang, Evans
 Ruffin, Stephen J.

[Handwritten signatures and names corresponding to the Non-Officer Section list]
 Sherri Barfield
 Barbara Calloway
 Rebecca Eichelberger
 Evans Pang
 Stephen J. Ruffin

End of signatures.



2

\$27,225,000
CERTIFICATES OF PARTICIPATION
(1993 COMMUNITY CENTER REFINANCING PROJECT)
Evidencing Direct, Undivided Fractional Interests of the Owners
Thereof in Lease Payments to be Made by the
CITY OF MODESTO, CALIFORNIA
As the Rental for Certain Property Pursuant to a
Lease Agreement with the
MODESTO PUBLIC FINANCING AUTHORITY

CERTIFICATE OF TRUSTEE

The undersigned hereby states and certifies:

(i) that she is an authorized officer of First Trust of California, National Association, acting as trustee (the "Trustee") under that certain Trust Agreement, dated as of May 1, 1993 (the "Trust Agreement"), by and among the Trustee, the Modesto Public Financing Authority (the "Authority") and the City of Modesto, California, and as such, is familiar with the facts herein certified and is authorized and qualified to certify the same;

(ii) that the Trustee is a national banking association duly organized and existing under the laws of the United States of America and has all necessary power and authority to enter into and perform its duties under the following agreements (collectively referred to herein as the "Agreements"):

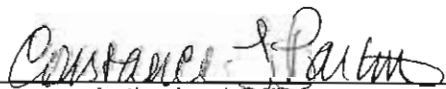
- (a) Assignment Agreement, dated as of May 1, 1993, by and between the Authority and the Trustee,
- (b) Trust Agreement, and
- (c) Letter Agreement with Respect to Master Repurchase Agreement, together with Master Repurchase Agreement, each dated as of May 27, 1993, by and between the Trustee, as buyer, and Lehman Government Securities Inc., as seller;

(iii) that the Trustee has full corporate trust powers and authority to serve as Trustee under the Trust Agreement; and

(iv) that the Trustee's action in executing and delivering the Agreements, and the captioned certificates of participation is in full compliance with, and does not conflict with, any applicable law or governmental regulation currently in effect, and does not conflict with or violate any administrative or judicial decision by which the Trustee is bound.

Dated: May 27, 1993

FIRST TRUST OF CALIFORNIA,
NATIONAL ASSOCIATION,
as Trustee

By 
Authorized Officer

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\$27,225,000
CERTIFICATES OF PARTICIPATION
(1993 COMMUNITY CENTER REFINANCING PROJECT)
Evidencing Direct, Undivided Fractional Interests of the Owners
Thereof in Lease Payments to be Made by the
CITY OF MODESTO, CALIFORNIA
As the Rental for Certain Property Pursuant to a
Lease Agreement with the
MODESTO PUBLIC FINANCING AUTHORITY

TRUSTEE'S RECEIPT OF PROCEEDS AND
ACKNOWLEDGMENT OF TRANSFER OF FUNDS

The undersigned hereby states and certifies:

(i) that she is an authorized officer of First Trust of California, National Association, a national banking association duly organized and existing under the laws of the United States of America, acting as trustee (the "Trustee") under that certain Trust Agreement, dated as of May 1, 1993 (the "Trust Agreement"), by and among the Trustee, the Modesto Public Financing Authority and the City of Modesto, California, and as such, is familiar with the facts herein certified and is authorized to certify the same;

(ii) that, on the date hereof, the Trustee received from Smith Barney, Harris Upham & Co. Incorporated and Grigsby Brandford & Co., Inc., as underwriters (the "Underwriters"), of the captioned Certificates of Participation (the "Certificates"), the amount of \$25,836,608.08, representing the purchase price of the Certificates, and has deposited such amount this date into the funds and accounts established pursuant to the Trust Agreement as follows:

\$ 101,250.68	Deposited into the Lease Payment Fund (representing accrued interest from May 1, 1993 to the date hereof)
587,096.43	Deposited into the Delivery Costs Fund
1,977,050.00	Deposited into the Reserve Fund (representing the Reserve Requirement)
<u>23,171,210.97</u>	Transferred to First Interstate Bank of California, as escrow bank, for deposit into the Community Center Certificates Escrow Fund
<u>\$ 25,836,608.08</u>	TOTAL AMOUNT DEPOSITED THIS DATE

(iii) that the purchase price of the Certificates has been calculated by the Underwriters and represented to the Trustee to be as follows:

\$ 27,225,000.00	Principal Amount of Certificates
(245,608.50)	Less Underwriters' Discount (.90214326%)
(1,244,034.10)	Less Original Issue Discount
<u>101,250.68</u>	Plus Accrued Interest from May 1, 1993 to May 27, 1993 (26 days)
<u>\$ 25,836,608.08</u>	TOTAL PURCHASE PRICE RECEIVED THIS DATE

(v) and, that capitalized terms used herein and not otherwise defined shall have the meanings ascribed thereto in the Trust Agreement.

Dated: May 27, 1993

FIRST TRUST OF CALIFORNIA,
NATIONAL ASSOCIATION,
as Trustee

By *Constance J. Barton*
Authorized Officer

44

BROBECK, PHLEGER & HARRISON

LOS ANGELES OFFICE
550 SOUTH HOPE STREET
LOS ANGELES, CALIFORNIA 90071
(213) 489-4060

SAN DIEGO OFFICE
550 WEST C STREET
SUITE 1300
SAN DIEGO, CALIFORNIA 92101
(619) 234-1966

ATTORNEYS AT LAW
SPEAR STREET TOWER
ONE MARKET PLAZA
SAN FRANCISCO, CALIFORNIA 94105-1193
FACSIMILE (415) 442-1010
TELEX: INT'L 6771160 BPH UW DOMESTIC 34228 BPH SFO
TELEPHONE (415) 442-0900

PALO ALTO OFFICE
TWO EMBARCADERO PLACE
2200 GENG ROAD
PALO ALTO, CALIFORNIA 94303
(415) 424-0160

NEWPORT BEACH OFFICE
4675 MACARTHUR COURT
SUITE 1000
NEWPORT BEACH, CALIFORNIA 92660
(714) 752-7535

May 27, 1993

Smith Barney, Harris Upham & Co.
Incorporated
20th Floor
350 California Street
Sacramento, CA 94104

Grigsby Brandford & Co., Inc.
Suite 601
230 California Street
San Francisco, CA 94111

City of Modesto
2nd Floor
801 11th Street
Modesto, CA 95354

Ladies and Gentlemen:

We have acted as special counsel to First Trust of California, National Association ("First Trust"), in connection with the execution of the Trust Agreement (the "Trust Agreement") dated as of May 1, 1993 by and among First Trust, as trustee, the Modesto Public Financing Authority (the "Authority") and the City of Modesto, and the Assignment Agreement (the "Assignment Agreement" and, together with the Trust Agreement, referred to as the "Agreements") between First Trust, as trustee and the Authority, relating to the execution by First Trust, as trustee, of \$27,225,000 in aggregate principal amount of Certificates of Participation (the "Certificates").

In connection with this opinion letter, we have examined originals, or copies certified or otherwise identified to our satisfaction, of the Agreements and such documents, corporate records, certificates, including certificates of public officials, and other instruments as we have deemed necessary or advisable for purposes of this opinion letter, including those relating to the authorization, execution and delivery of the Agreements. In our examination and review we have assumed the genuineness of all signatures (other than the signatures of representatives of First Trust), the legal capacity of natural persons, the authenticity of the documents submitted to us as originals, the conformity to the original documents of all

Smith Barney, Harris Upham
Grigsby Brandford & Co., Inc.
City of Modesto
May 27, 1993

Page 2

documents submitted to us as certified or photostatic copies, and the authenticity of the originals of such copies. Regarding documents executed by parties other than First Trust, we have assumed (i) that each such other party had the power to enter into and perform all its obligations thereunder, (ii) the due authorization of, and the due execution and delivery of, such documents by each such party and (iii) that such documents constitute the legal, valid and binding obligations of each such party.

Based upon and subject to the foregoing, and subject to the further assumptions, limitations, qualifications and exceptions set forth herein, we are of the opinion that:

(1) First Trust is a national banking association duly organized, validly existing and in good standing under the laws of the United States of America and has full power and authority to execute and deliver the Agreements and to perform its obligations thereunder and, acting in its capacity as trustee, to execute and deliver the Certificates and to perform its obligations thereunder.

(2) The Agreements have been duly authorized, executed and delivered by First Trust and constitute the valid and binding obligations of First Trust enforceable against First Trust in accordance with their terms, except insofar as the validity, binding nature and enforceability of First Trust's obligations under the Agreements may be limited by the effect of (i) insolvency, reorganization, arrangement, moratorium, fraudulent transfer and other similar laws, and (ii) the discretion of any court of competent jurisdiction in awarding equitable remedies, including, without limitation, specific performance or injunctive relief, and the effect of general principles of equity embodied in California statutes and common law.

This opinion is limited to the laws of the State of California and applicable federal laws of the United States, and we express no opinion with respect to the effect or applicability of the laws of other jurisdictions.

The opinions expressed herein are solely for your benefit in connection with the above transaction and may not be relied on in any manner or for any purpose by any other person without our express written consent.

Very truly yours,

Brobeck, Phleger & Harrison
BROBECK, PHLEGER & HARRISON

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CERTIFIED COPY OF RESOLUTION OF BOARD OF DIRECTORS
OF
FIRST INTERSTATE BANK OF CALIFORNIA

RESOLVED, that the Chairman of the Board, the President, any Vice Chairman, Executive Vice President, Senior Vice President, Assistant General Counsel, Vice President, the Comptroller, or any Senior Counsel, together with the Secretary or any Manager, Assistant Manager, Senior Trust Officer, Assistant Vice President, Trust Officer, Assistant Cashier, Assistant Secretary, Operations Officer, Corporate Banking Officer, Banking Officer, Investment Officer, or International Banking Officer, with or without the seal of this Corporation, may:

- (1) make, sign, execute and deliver loan agreements and commitment letters where the extension of credit amounts to or exceeds \$20 million, and material modifications, material amendments and originals of exhibits thereto;
- (2) make, sign, execute, and deliver in the name of and on behalf of this Corporation on its own account or as fiduciary of any court or private trust account, all bond indentures, conveyances, deeds, quit-claims, leases, mortgages, security agreements, powers of attorney, bonds of indemnity or other undertakings, contracts for the purchase or sale of real or personal property, repurchase agreements or guaranties;
- (3) assign, transfer, and deliver bonds, certificates of stock and other obligations and instruments belonging to this Corporation or any trust held by this Corporation;
- (4) authorize, in writing, the use of such preprinted form agreements of this Corporation as may be found to be necessary, proper or expedient, with or without execution by any officer of this Corporation;
- (5) except as otherwise provided in this resolution, make, sign, execute, and deliver any other instruments, documents or agreements relating to or affecting the property or business of this Corporation, or the property or business of any court trust held by this Corporation, or the property or business of any private trust held by this Corporation, which may be found necessary, proper or expedient to be executed, signed or delivered in conducting the business of this Corporation.

FURTHER RESOLVED, that the Chairman of the Board, the President, any Vice Chairman, Executive Vice President, Senior Vice President, Assistant General Counsel, Vice President, the Comptroller, Secretary, any Senior Counsel, Senior Trust Officer, Manager, Assistant Manager, Assistant Vice President, Trust Officer, Assistant Cashier, Assistant Secretary, Operations Officer, Corporate Banking Officer, Banking Officer, Investment Officer, International Banking Officer, or Leasing Officer, with or without the seal of the Corporation, and in the name of and on behalf of this Corporation on its own account or as fiduciary of any court or private trust account may:

- (1) make, execute and deliver loan agreements and commitment letters where the extension of credit is less than \$20 million, and material modifications, material amendments and originals of exhibits thereto;
- (2) make, execute, and deliver full or partial reconveyances, releases or satisfactions of mortgages, deeds of trust, security agreements, loan agreements, assignments, satisfactions of judgments and releases of liens relating to or affecting real or personal property;
- (3) make, execute, and deliver financing statements, and statements of continuation, release, assignment, termination, and amendment, and any other documents relating to or affecting a security interest in personal property, settlement agreements, and bankruptcy claims;
- (4) make, execute, and deliver assignments or reassignments of any notes, mortgages, security agreements, leases, royalties, insurance policies or any other documents executed in favor of or assigned to the Corporation as security for any indebtedness;
- (5) make, execute, and deliver spot, forward, financial futures and option agreements for U.S. government and agency securities or foreign currency, agreements for interest rate or currency swaps, caps, floors or swap options, agreements for commodity swaps or options, participation agreements, reimbursement agreements, intercreditor agreements, building loan agreements, and modifications, amendments and originals or exhibits thereto;
- (6) extend, or consent to the extension of, the time for payment of any note, mortgage, security agreement or deed of trust;
- (7) accept delivery and receipt for any money or property paid or delivered to this Corporation;
- (8) make, execute and deliver (a) requests to any trustee or trustees named in any deed of trust under which this Corporation is or may hereafter become beneficiary or assignee of any beneficiary, for a full or partial reconveyance of the property covered by such deed of trust; (b) notices of breach and election of this Corporation to sell or cause to be sold any property described in any aforementioned deed of trust; to satisfy the obligation secured by said deed of trust, as is provided in Sections 2924, et seq. of the Civil Code; (c) notices to trustee or trustees named in any aforementioned deed of trust, to proceed to carry out the terms of said deed of trust and to make sale of the property described in the said deed of trust, as is provided for by law, and to apply the proceeds to the satisfaction of the obligation to this Corporation secured by said deed of trust; (d) full and/or partial reconveyances when and as required under deeds of trust pursuant to which this Corporation is acting as Trustee and Notices of Trustee's Sale and any and all other documents of every nature to be executed in connection with foreclosures under such deeds of trust

excepting Trustee's deed after sale; (e) certifications of notes as being secured by deed of trust and/or declarations of trusts; (f) substitutions of Trustees named in deeds of trust securing obligations owed to this Corporation; and do any other act or sign any other document that may be necessary, expedient or proper in order to protect the rights of the said Corporation in any of said deeds of trust, and bring about the performance of the terms of any of said deeds of trust to satisfy the obligation to this Corporation on its own account or in any fiduciary or representative capacity;

- (9) accept court trusts, accept private trusts, accept and consent to the conversion of private trusts into court trusts; sign and verify petitions and accounts and returns of sale and reports and all other pleadings and documents proper to be filed in probate or other court proceedings respecting a court or private trust, sign and verify pleadings in actions at law or in equity; petition for the appointment of this Corporation as Executor, Administrator, Administrator with the Will Annexed, Guardian, Trustee, Conservator, and Receiver and Custodian under the Uniform Transfer to Minors Act in any proceedings in probate or in equity; take and sign oaths and verifications to Letters Testamentary, Letters of Administration, Letters of Guardianship, Letters of Conservatorship, appointments as Trustee, and Receiver and Custodian under the Uniform Transfer to Minors Act and such other oaths and verifications on the part of this Corporation as may be necessary or proper in any proceeding; resign as Executor, Administrator, Guardian, Trustee, Conservator or Receiver, or Custodian under the Uniform Transfer to Minors Act;
- (10) execute and deliver proxies and powers of attorney to vote shares of corporate stocks held by this Corporation for itself or as Executor, Administrator, Receiver or Trustee, or any other representative or fiduciary capacity;
- (11) certify Certificates of Beneficial Interest, certificates of ownership and other evidences of the rights of beneficiaries in and to court and private trusts held by this Corporation;
- (12) sign (a) certificate of authentication for and on behalf of this Corporation as trustee, or in other representative capacities, with respect to bonds, notes, debentures and other obligations issued under corporate mortgages, trust agreements and other indentures executed to this Corporation and (b) certificates for securities deposited, interim certificates and other certificates for and on behalf of this Corporation as depository or agent;
- (13) countersign bonds, notes, certificates of stock, voting trust certificates or participation certificates on behalf of this Corporation as transfer agent or registrar;
- (14) certify certificates of cancellation and of cremation of stocks and bonds;

- (15) certify copies of any By-Law, record, document or any instrument belonging to this Corporation or to any trust held by it;
- (16) execute and deliver contracts on such forms and pursuant to such terms as have been approved in writing in advance by the Chairman of the Board, the President, any Vice Chairman, Executive Vice President, or the Comptroller, or any Senior Vice President, together with the Secretary or any Assistant Vice President, Assistant Cashier, Assistant Secretary, Corporate Banking Officer, Banking Officer, Investment Officer, or International Banking Officer.

FURTHER RESOLVED, that a copy of this resolution be recorded at the discretion of the Secretary in the office of the County Recorder of any County of the State of California.

* * * * *

I, I. Boxerbaum, Assistant Vice President of FIRST INTERSTATE BANK OF CALIFORNIA, a California banking corporation, hereby certify that the foregoing is a full, true and correct copy of resolutions duly adopted by the Board of Directors of said Corporation at a meeting of said Board duly and regularly held on the 19th day of April, 1993, at which meeting a quorum of said Board was present and acting, and that said resolutions are in full force and effect and have not been revoked.

WITNESS my hand and seal of said Corporation this 27th day of May, 1993.



Assistant Vice President
of
FIRST INTERSTATE BANK OF CALIFORNIA

INCUMBENCY CERTIFICATE


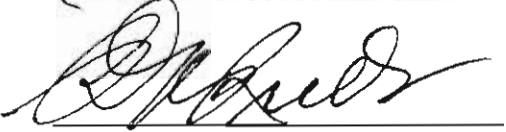

The undersigned, an Assistant Vice President of FIRST INTERSTATE BANK OF CALIFORNIA, a California banking corporation, hereby certifies that by resolution duly adopted by the Board of Directors of the Corporation, the officers named on Exhibit A to this Incumbency Certificate have been duly elected or appointed by the Chairman of the Board or President as provided by the By-Laws of the Corporation, are now acting and are qualified to sign on behalf of the Corporation, that the specimen signatures appearing opposite the names and titles are the genuine signature of such officers and authorized signers and that said resolution electing these officers and authorized signers are now in full force and effect.

Witness my hand and the seal of said Corporation this 27th day of May, 1993.



Assistant Vice President
of
FIRST INTERSTATE BANK OF CALIFORNIA

EXHIBIT A

NAME	TITLE	SIGNATURE
G. Nelson	Vice President	
R. M. Ruelos	Assistant Vice President	
I. Boxerbaum	Assistant Vice President	

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\$27,225,000
CERTIFICATES OF PARTICIPATION
(1993 COMMUNITY CENTER REFINANCING PROJECT)
Evidencing Direct, Undivided Fractional Interests of the Owners
Thereof in Lease Payments to be Made by the
CITY OF MODESTO, CALIFORNIA
As the Rental for Certain Property Pursuant to a
Lease Agreement with the
MODESTO PUBLIC FINANCING AUTHORITY

CERTIFICATE OF ESCROW BANK

The undersigned hereby states and certifies:

(i) that he is an authorized officer of First Interstate Bank of California, acting as escrow bank (the "Escrow Bank") under that certain Escrow Deposit and Trust Agreement, dated May 27, 1993 (the "Escrow Agreement"), by and between the City and the Escrow Bank, and as such, is familiar with the facts herein certified and is authorized and qualified to certify the same;

(ii) that the Escrow Bank is a banking corporation duly organized and validly existing under the laws of the State of California and has duly executed the Escrow Agreement;

(iii) that the Escrow Bank has full power and authority to serve as Escrow Bank under the Escrow Agreement; and

(iv) that the Escrow Bank's action in executing and delivering the Escrow Agreement is in full compliance with, and does not conflict with, any applicable law or governmental regulation currently in effect, and does not conflict with or violate any contract to which the Escrow Bank is a party or any administrative or judicial decision by which the Escrow Bank is bound.

Dated: May 27, 1993

FIRST INTERSTATE BANK OF
CALIFORNIA,
as Escrow Bank

By _____


Assistant Vice President

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\$27,225,000
CERTIFICATES OF PARTICIPATION
(1993 COMMUNITY CENTER REFINANCING PROJECT)
Evidencing Direct, Undivided Fractional Interests of the Owners
Thereof in Lease Payments to be Made by the
CITY OF MODESTO, CALIFORNIA
As the Rental for Certain Property Pursuant to a
Lease Agreement with the
MODESTO PUBLIC FINANCING AUTHORITY

ESCROW BANK'S CERTIFICATE OF
RECEIPT AND APPLICATION OF FUNDS

The undersigned hereby states and certifies:

(i) that he is an authorized officer of First Interstate Bank of California, acting as escrow bank (the "Escrow Bank") under that certain Escrow Deposit and Trust Agreement, dated May 27, 1993 (the "Escrow Agreement"), by and between the City of Modesto, California (the "City"), and the Escrow Bank, and as such, is familiar with the facts herein certified and is authorized and qualified to certify the same;

(ii) that the Escrow Bank has established the escrow fund created pursuant to Section 3 of the Escrow Agreement (the "Escrow Fund");

(iii) that, pursuant to Section 4 of the Escrow Agreement, the Escrow Bank has received on the date hereof the total sum of \$25,292,403.97, which has been derived as follows: (a) the amount of \$23,171,210.97 from First Trust of California, National Association, as trustee (the "Trustee"), representing proceeds from the sale of the captioned certificates of participation, (b) the amount of \$110,000.00 from an equity contribution made by the City (derived from an upfront payment received by the City from the investment agreement provider relating to the reserve fund created under the Trust Agreement) and (c) \$2,011,193.00 from amounts on deposit in the reserve fund established under the Community Center Trust Agreement for the Community Center Certificates (the "Community Center Certificates Reserve Fund"), and has deposited such amount this date into the Escrow Fund;

(iv) that, pursuant to Section 4 of the Escrow Agreement, the Escrow Bank has invested on the date hereof the amount of \$25,291,732.72 deposited into the Escrow Fund in the Federal Securities set forth on Exhibit A attached to the Escrow Agreement, and the remaining \$671.25 is being held in cash and uninvested;

(v) that, pursuant to Section 8 of the Escrow Agreement, the Escrow Bank has withdrawn all amounts from the Community Center Certificates Reserve Fund established under the Community Center Trust Agreement and has this date transferred such amount into the Escrow Fund, and will transfer all amounts remaining in any of the funds or accounts established under the Community Center Trust Agreement, including any investment earnings not yet posted, to the Trustee for deposit into the lease payment fund established under the Trust Agreement;

(vi) that, after the amounts referenced in the preceding paragraph have been transferred to the Trustee, there will be no moneys remaining in the funds and accounts established pursuant to the Community Center Trust Agreement and such funds and accounts will be closed; and

(vii) that capitalized terms used herein and not otherwise defined shall have the meanings ascribed thereto in the Escrow Agreement.

Dated: May 27, 1993

FIRST INTERSTATE BANK OF CALIFORNIA,
as Escrow Bank

By  _____
Assistant Vice President

G

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\$27,225,000
CERTIFICATES OF PARTICIPATION
(1993 COMMUNITY CENTER REFINANCING PROJECT)
Evidencing Direct, Undivided Fractional Interests of the Owners
Thereof in Lease Payments to be Made by the
CITY OF MODESTO, CALIFORNIA
As the Rental for Certain Property Pursuant to a
Lease Agreement with the
MODESTO PUBLIC FINANCING AUTHORITY

CERTIFICATE OF FINANCIAL ADVISOR

The undersigned hereby states and certifies:

(i) that he is a Senior Vice President of Rauscher Pierce Refsnes, Inc. (herein, the "Financial Advisor"), and as such, is familiar with the facts herein certified and is authorized and qualified to certify the same;

(ii) that the Financial Advisor has acted as such to the City of Modesto, California (the "City"), and in that connection has assisted with the preparation of the Official Statement, dated May 11, 1993, relating to the captioned Certificates of Participation (the "Certificates");

(iii) that the establishment of the Reserve Fund in the amount of the Reserve Requirement is reasonably required to assure payment of Lease Payments that are the source of debt service payable with respect to the Certificates and vital to the marketing of the Certificates;

(iv) that we solicited bids on behalf of the City from the entities described in Exhibit A attached hereto and by this reference herein incorporated for entry into a master repurchase agreement (the "Repurchase Agreement") and we received the bids described in said Exhibit A (the "Bids"), and under the terms of the bid solicitation, the winning bidder was not, and will not be, required to pay a fee to the Financial Advisor, and moreover, the Financial Advisor is not charging any fee to the City for solicitation of the Bids;

(v) that we have reviewed the Bids and have determined that the winning bidder is Lehman Government Securities Inc. ("Lehman"), that the yield on the Repurchase Agreement to be provided by Lehman is at least equal to the yield offered under the highest bid received from a non-interested party with respect to the reserve fund for the Certificates to which the Repurchase Agreement relates and that the yield on the Repurchase Agreement is at least equal to the yield offered on similar obligations under similar investment contracts (e.g., investment contracts entered into in connection with bonds similar to the Certificates) with equivalent liquidity provisions; and

(vi) that capitalized terms used herein and not otherwise defined shall have the meanings ascribed thereto in that certain Trust Agreement, dated as of May 1, 1993, by and among First Trust of California, National Association, as trustee, the Modesto Public Financing Authority and the City.

Dated: May 27, 1993

RAUSCHER PIERCE REFSNES, INC.,
as Financial Advisor

By 
Senior Vice President

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\$27,225,000
CERTIFICATES OF PARTICIPATION
(1993 COMMUNITY CENTER REFINANCING PROJECT)
Evidencing Direct, Undivided Fractional Interests of the Owners
Thereof in Lease Payments to be Made by the
CITY OF MODESTO, CALIFORNIA
As the Rental for Certain Property Pursuant to a
Lease Agreement with the
MODESTO PUBLIC FINANCING AUTHORITY

CERTIFICATE OF UNDERWRITERS

On behalf of Smith Barney, Harris Upham & Co. Incorporated and Grigsby Brandford & Co., Inc., as underwriters (the "Underwriters") of the captioned Certificates of Participation (the "Certificates"), the undersigned does hereby state and certify that:

(i) based upon reasonable expectations and actual facts which existed on May 11, 1993, being the date upon which the City of Modesto, California, sold the Certificates to the Underwriters, the initial offering price of each maturity of the Certificates to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) at which a substantial amount of each maturity of the Certificates was to be sold to the public on the date hereof is set forth on Exhibit A attached hereto and by this reference incorporated herein;

(ii) the Certificates of each maturity were actually offered to the general public in a bona fide public offering, the terms of which are set forth on Exhibit A attached hereto and by this reference incorporated herein;

(iii) the Federal Securities were purchased in a bona fide arm's length transaction and that the purchase price of the Federal Securities for the purpose of computing yield does not reflect any amounts paid to reduce the yield of the Federal Securities; and

(iv) the issuance of the municipal bond insurance policy relating to the Certificates (the "Insurance") by AMBAC Indemnity Corporation is less than the present value of interest reasonably expected to be saved as a result of the Insurance, determined by using the yield on the Certificates (including payments for the Insurance) as the discount rate in computing present value.

Dated: May 27, 1993

SMITH BARNEY, HARRIS UPHAM & CO.
INCORPORATED and GRIGSBY
BRANDFORD & CO., INC., *as Underwriters*

By: SMITH BARNEY, HARRIS UPHAM &
CO. INCORPORATED,
as representative

By Karen A. Wittberg

Title Vice President

EXHIBIT A

<u>Maturity (November 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Reoffering Price*</u>
1993	\$ 210,000	2.50%	100.000%
1994	40,000	3.00	100.000
1995	95,000	3.50	100.000
1996	145,000	4.00	100.000
1997	195,000	4.25	100.000
1998	285,000	4.50	100.000
1999	350,000	4.60	99.447
2000	625,000	4.80	99.687
2001	655,000	4.90	99.655
2002	690,000	5.00	99.254
2003	720,000	5.10	99.198
2004	760,000	5.20	99.146
2005	800,000	5.30	99.098
2006	835,000	5.40	99.523
2007	885,000	5.40	99.008
2008	935,000	5.50	99.481
2009	985,000	5.50	98.930
2010	1,040,000	5.60	99.445
2014	4,740,000	5.60	99.378
2023	12,235,000	5.00	90.602

*Stated as a percentage of par; accrued interest is added.

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\$27,225,000
CERTIFICATES OF PARTICIPATION
(1993 COMMUNITY CENTER REFINANCING PROJECT)
Evidencing Direct, Undivided Fractional Interests of the Owners
Thereof in Lease Payments to be Made by the
CITY OF MODESTO, CALIFORNIA
As the Rental for Certain Property Pursuant to a
Lease Agreement with the
MODESTO PUBLIC FINANCING AUTHORITY

RECEIPT FOR CERTIFICATES OF PARTICIPATION

The undersigned, on behalf of Smith Barney, Harris Upham & Co. Incorporated and Grigsby Brandford & Co., Inc., as underwriters, hereby acknowledges receipt this date of the following described Certificates of Participation executed by First Trust of California, National Association, as trustee (the "Trustee"), under that certain Trust Agreement, dated as of May 1, 1993, by and among the Trustee, the Modesto Public Financing Authority and the City of Modesto, California:

"Certificates of Participation (1993 Community Center Refinancing Project) Evidencing Direct, Undivided Fractional Interests of the Owners Thereof in Lease Payments to be Made by the City of Modesto, California, as the Rental for Certain Property Pursuant to a Lease Agreement with the Modesto Public Financing Authority", in the aggregate principal amount of \$27,225,000 dated May 1, 1993, issued in the form of fully registered certificates of participation in book-entry form, without coupons, in the denominations of \$5,000 each or any integral multiple thereof.

Dated: May 27, 1993

SMITH BARNEY, HARRIS UPHAM & CO.
INCORPORATED and GRIGSBY
BRANDFORD & CO., INC., *as Underwriters*

By: SMITH BARNEY, HARRIS UPHAM &
CO. INCORPORATED,
as representative

By *Donald A. Otteng*
Title *Vice President*

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CERTIFICATE OF PARTICIPATION
(1993 Community Center Refinancing Project)
Evidencing the Direct, Undivided Fractional Interest of the Owner
Hereof in Lease Payments to be Made by the
CITY OF MODESTO, CALIFORNIA
As the Rental for Certain Property Pursuant
to a Lease Agreement With the
Modesto Public Financing Authority

NUMBER 1

\$210,000

RATE OF INTEREST	MATURITY DATE	DATED DATE	CUSIP
2.50%	November 1, 1993	May 1, 1993	607715 DY2

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: ***TWO HUNDRED TEN THOUSAND DOLLARS***

THIS IS TO CERTIFY THAT the registered owner identified above, or registered assigns (the "Owner"), as the registered owner of this Certificate of Participation (the "Certificate"), is the owner of a direct, undivided, fractional interest in the payments (the "Lease Payments") payable under and defined in the Lease Agreement (the "Lease Agreement"), dated as of May 1, 1993, by and between the Modesto Public Financing Authority, a public agency duly organized and existing under the laws of the State of California (the "Authority"), and the City of Modesto, California, a municipal corporation and chartered city duly organized and existing under the laws of the State of California (the "City"), which Lease Payments, prepayments and certain other rights and interests under the Lease Agreement have been assigned to First Trust of California, National Association, a trustee (the "Trustee"), having a corporate trust office in San Francisco, California (except with respect to payments, exchanges and surrenders of the Certificates, in which case means the corporate trust office of the Trustee located in St. Paul, Minnesota) (the "Trust Office").

The Owner is entitled to receive, subject to the terms of the Lease Agreement, on the Maturity Date identified above, the Principal Amount identified above, representing a direct, undivided fractional portion of the Lease Payments designated as principal coming due on such date, and to receive on May 1 and November 1 of each year, commencing November 1, 1993 (each, an "Interest Payment Date"), until payment in full of said Principal Amount, the Owner's direct, undivided fractional share of the Lease Payments designated as interest coming due during the six months immediately preceding each of the Interest Payment Dates; provided that interest represented hereby shall be payable from the Interest Payment Date next preceding the date of execution of this Certificate unless (i) this Certificate is executed on an Interest Payment Date, in which event interest shall be payable from such Interest Payment Date, or (ii) this Certificate is executed after the close of business on the fifteenth day of the month immediately preceding an Interest Payment Date, and prior to such Interest Payment Date, in which event interest shall be payable from such Interest Payment Date, or (iii) unless this Certificate is executed on or before October 15, 1993, in which event interest shall be payable from May 1, 1993. Said direct, undivided fractional share of the portion of the Lease Payments designated as interest is the result of the multiplication of the Principal Amount by the Rate of Interest per annum identified above.

CERTIFICATE OF PARTICIPATION
(1993 Community Center Refinancing Project)
Evidencing the Direct, Undivided Fractional Interest of the Owner
Hereof in Lease Payments to be Made by the
CITY OF MODESTO, CALIFORNIA
As the Rental for Certain Property Pursuant
to a Lease Agreement With the
Modesto Public Financing Authority

NUMBER 2

\$40,000

RATE OF INTEREST	MATURITY DATE	DATED DATE	CUSIP
3.00%	November 1, 1994	May 1, 1993	607715 EB1

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: ***FORTY THOUSAND DOLLARS***

THIS IS TO CERTIFY THAT the registered owner identified above, or registered assigns (the "Owner"), as the registered owner of this Certificate of Participation (the "Certificate"), is the owner of a direct, undivided, fractional interest in lease payments (the "Lease Payments") payable under and defined in the Lease Agreement (the "Lease Agreement") dated as of May 1, 1993, by and between the Modesto Public Financing Authority, a public agency duly organized and existing under the laws of the State of California (the "Authority"), and the City of Modesto, California, a municipal corporation and chartered city duly organized and existing under the laws of the State of California (the "City"), which Lease Payments, prepayments and certain other rights and interests under the Lease Agreement have been assigned to First Trust of California, National Association, as trustee (the "Trustee") having a corporate trust office in San Francisco, California (except with respect to payments, exchanges and surrenders of the Certificates, in which case means the corporate trust office of the Trustee located in St. Paul, Minnesota) (the "Trust Office").

The Owner is entitled to receive, subject to the terms of the Lease Agreement, on the Maturity Date identified above, the Principal Amount identified above, representing a direct, undivided fractional portion of the Lease Payments designated as principal coming due on such date, and to receive on May 1 and November 1 of each year, commencing November 1, 1993 (each, an "Interest Payment Date"), until payment in full of said Principal Amount, the Owner's direct, undivided fractional share of the Lease Payments designated as interest coming due during the six months immediately preceding each of the Interest Payment Dates; provided that interest represented hereby shall be payable from the Interest Payment Date next preceding the date of execution of this Certificate unless (i) this Certificate is executed on an Interest Payment Date, in which event interest shall be payable from such Interest Payment Date, or (ii) this Certificate is executed after the close of business on the fifteenth day of the month immediately preceding an Interest Payment Date, and prior to such Interest Payment Date, in which event interest shall be payable from such Interest Payment Date, or (iii) unless this Certificate is executed on or before October 15, 1993, in which event interest shall be payable from May 1, 1993. Said direct, undivided fractional share of the portion of the Lease Payments designated as interest is the result of the multiplication of the Principal Amount by the Rate of Interest per annum identified above.

CERTIFICATE OF PARTICIPATION
(1993 Community Center Refinancing Project)
Evidencing the Direct, Undivided Fractional Interest of the Owner
Hereof in Lease Payments to be Made by the
CITY OF MODESTO, CALIFORNIA
As the Rental for Certain Property Pursuant
to a Lease Agreement With the
Modesto Public Financing Authority

NUMBER 3

\$95,000

RATE OF INTEREST
3.50%

MATURITY DATE
November 1, 1995

DATE OF ISSUE
MAY 1, 1993

CUSIP
607715 EE5

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: ***NINETY-FIVE THOUSAND DOLLARS***

THIS IS TO CERTIFY THAT the registered owner identified above, or registered assigns (the "Owner"), as the registered owner of this Certificate of Participation (the "Certificate"), is the owner of a direct, undivided, fractional interest in lease payments (the "Lease Payments") payable under and defined in the Lease Agreement (the "Lease Agreement"), dated as of May 1, 1993, by and between the Modesto Public Financing Authority, a joint exercise of powers authority duly organized and existing under the laws of the State of California (the "Authority"), and the City of Modesto, California, a municipal corporation and chartered city duly organized and existing under the laws of the State of California (the "City"); which Lease Payments, prepayments and certain other rights and interests under the Lease Agreement have been assigned to First Trust of California, National Association, a trust company (the "Trustee"), having a corporate trust office in San Francisco, California, except with respect to payments, exchanges and surrenders of the Certificates, in which case the corporate trust office of the Trustee located in St. Paul, Minnesota (the "Trustee Office") shall be the corporate trust office of the Trustee.

The Owner is entitled to receive, subject to the terms of the Lease Agreement, on the Maturity Date identified above, the Principal Amount identified above, representing a direct, undivided fractional portion of the Lease Payments designated as principal coming due on such date, and to receive on May 1 and November 1 of each year, commencing November 1, 1993 (each, an "Interest Payment Date"), until payment in full of said Principal Amount, the Owner's direct, undivided fractional share of the Lease Payments designated as interest coming due during the six months immediately preceding each of the Interest Payment Dates; provided that interest represented hereby shall be payable from the Interest Payment Date next preceding the date of execution of this Certificate unless (i) this Certificate is executed on an Interest Payment Date, in which event interest shall be payable from such Interest Payment Date, or (ii) this Certificate is executed after the close of business on the fifteenth day of the month immediately preceding an Interest Payment Date, and prior to such Interest Payment Date, in which event interest shall be payable from such Interest Payment Date, or (iii) unless this Certificate is executed on or before October 15, 1993, in which event interest shall be payable from May 1, 1993. Said direct, undivided fractional share of the portion of the Lease Payments designated as interest is the result of the multiplication of the Principal Amount by the Rate of Interest per annum identified above.

CERTIFICATE OF PARTICIPATION
(1993 Community Center Refinancing Project)
Evidencing the Direct, Undivided Fractional Interest of the Owner
Hereof in Lease Payments to be Made by the
CITY OF MODESTO, CALIFORNIA
As the Rental for Certain Property Pursuant
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Modesto Public Financing Authority

NUMBER 4

\$145,000

RATE OF INTEREST	MATURITY DATE	DATE	CUSIP
4.00%	November 1, 1996	May 1, 1993	607715 EH8

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: ***ONE HUNDRED FORTY-FIVE THOUSAND DOLLARS***

THIS IS TO CERTIFY THAT the registered owner identified above, or registered assigns (the "Owner"), as the registered owner of this Certificate of Participation (the "Certificate"), is the owner of a direct, undivided, fractional interest in lease payments (the "Lease Payments") payable under and defined in the Lease Agreement (the "Lease Agreement"), dated as of May 1, 1993, by and between the Modesto Public Financing Authority, a joint exercise of powers authority duly organized and existing under the laws of the State of California (the "Authority"), and the City of Modesto, California, a municipal corporation and chartered city duly organized and existing under the laws of the State of California (the "City"), which Lease Payments, prepayments and certain other rights and interests under the Lease Agreement have been assigned to First Trust of California, National Association, as trustee (the "Trustee"), having a corporate trust office in San Francisco, California (except with respect to payments, exchanges and surrenders of the Certificates, in which case means the corporate trust office of the Trustee located in St. Paul, Minnesota) (the "Trust Office").

The Owner is entitled to receive, subject to the terms of the Lease Agreement, on the Maturity Date identified above, the Principal Amount identified above, representing a direct, undivided fractional portion of the Lease Payments designated as principal coming due on such date, and to receive on May 1 and November 1 of each year, commencing November 1, 1993 (each, an "Interest Payment Date"), until payment in full of said Principal Amount, the Owner's direct, undivided fractional share of the Lease Payments designated as interest coming due during the six months immediately preceding each of the Interest Payment Dates; provided that interest represented hereby shall be payable from the Interest Payment Date next preceding the date of execution of this Certificate unless (i) this Certificate is executed on an Interest Payment Date, in which event interest shall be payable from such Interest Payment Date, or (ii) this Certificate is executed after the close of business on the fifteenth day of the month immediately preceding an Interest Payment Date, and prior to such Interest Payment Date, in which event interest shall be payable from such Interest Payment Date, or (iii) unless this Certificate is executed on or before October 15, 1993, in which event interest shall be payable from May 1, 1993. Said direct, undivided fractional share of the portion of the Lease Payments designated as interest is the result of the multiplication of the Principal Amount by the Rate of Interest per annum identified above.

CERTIFICATE OF PARTICIPATION
(1993 Community Center Refinancing Project)
Evidencing the Direct, Undivided Fractional Interest of the Owner
Hereof in Lease Payments to be Made by the
CITY OF MODESTO, CALIFORNIA
As the Rental for Certain Property Pursuant
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Modesto Public Financing Authority

NUMBER 5

\$195,000

RATE OF INTEREST	MATURITY DATE	DATED DATE	CUSIP
4.25%	November 1, 1997	May 1, 1993	607715 EL9

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: ***ONE HUNDRED NINETY FIVE THOUSAND DOLLARS***

THIS IS TO CERTIFY THAT the registered owner identified above, or registered assigns (the "Owner"), as the registered owner of this Certificate of Participation (the "Certificate"), is the owner of a direct, undivided, fractional interest in lease payments (the "Lease Payments") payable under and defined in the Lease Agreement (the "Lease Agreement"), dated as of May 1, 1993, by and between the Modesto Public Financing Authority, a joint exercise of powers authority duly organized and existing under the laws of the State of California (the "Authority"), and the City of Modesto, California, a municipal corporation and chartered city duly organized and existing under the laws of the State of California (the "City"), which Lease Payments, prepayments and certain other rights and interests under the Lease Agreement have been assigned to First Trust of California, National Association, as trustee (the "Trustee"), having a corporate trust office in San Francisco, California (except with respect to payments, exchanges and surrenders of the Certificates, in which event the corporate trust office of the Trustee located in St. Paul, Minnesota) (the "Trust Office").

The Owner is entitled to receive, subject to the terms of the Lease Agreement, on the Maturity Date identified above, the Principal Amount identified above, representing a direct, undivided fractional portion of the Lease Payments designated as principal coming due on such date, and to receive on May 1 and November 1 of each year, commencing November 1, 1993 (each, an "Interest Payment Date"), until payment in full of said Principal Amount, the Owner's direct, undivided fractional share of the Lease Payments designated as interest coming due during the six months immediately preceding each of the Interest Payment Dates; provided that interest represented hereby shall be payable from the Interest Payment Date next preceding the date of execution of this Certificate unless (i) this Certificate is executed on an Interest Payment Date, in which event interest shall be payable from such Interest Payment Date, or (ii) this Certificate is executed after the close of business on the fifteenth day of the month immediately preceding an Interest Payment Date, and prior to such Interest Payment Date, in which event interest shall be payable from such Interest Payment Date, or (iii) unless this Certificate is executed on or before October 15, 1993, in which event interest shall be payable from May 1, 1993. Said direct, undivided fractional share of the portion of the Lease Payments designated as interest is the result of the multiplication of the Principal Amount by the Rate of Interest per annum identified above.

CERTIFICATE OF PARTICIPATION
(1993 Community Center Refinancing Project)
Evidencing the Direct, Undivided Fractional Interest of the Owner
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CITY OF MODESTO, CALIFORNIA
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Modesto Public Financing Authority

NUMBER 6

\$285,000

RATE OF INTEREST	MATURITY DATE	DATED DATE	CUSIP
4.50%	November 1, 1998	May 1, 1993	607715 EN5

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: ***TWO HUNDRED EIGHTY-FIVE THOUSAND DOLLARS***

THIS IS TO CERTIFY THAT the registered owner identified above, or registered assigns (the "Owner"), as the registered owner of this Certificate of Participation (the "Certificate"), is the owner of a direct, undivided, fractional interest in lease payments (the "Lease Payments") payable under and defined in the Lease Agreement (the "Lease Agreement"), dated as of May 1, 1993, by and between the Modesto Public Financing Authority, a joint exercise of powers authority duly organized and existing under the laws of the State of California (the "Authority"), and the City of Modesto, California, a municipal corporation and chartered city duly organized and existing under the laws of the State of California (the "City"), which Lease Payments, prepayments and certain other rights and interests under the Lease Agreement have been assigned to First Trust of California, National Association of Trustee (the "Trustee"), having a corporate trust office in San Francisco, California, except with respect to payments, exchanges and surrenders of the Certificates, which shall mean the corporate trust office of the Trustee located in St. Paul, Minnesota) (the "Trustee").

The Owner is entitled to receive, subject to the terms of the Lease Agreement, on the Maturity Date identified above, the Principal Amount identified above, representing a direct, undivided fractional portion of the Lease Payments designated as principal coming due on such date, and to receive on May 1 and November 1 of each year, commencing November 1, 1993 (each, an "Interest Payment Date"), until payment in full of said Principal Amount, the Owner's direct, undivided fractional share of the Lease Payments designated as interest coming due during the six months immediately preceding each of the Interest Payment Dates; provided that interest represented hereby shall be payable from the Interest Payment Date next preceding the date of execution of this Certificate unless (i) this Certificate is executed on an Interest Payment Date, in which event interest shall be payable from such Interest Payment Date, or (ii) this Certificate is executed after the close of business on the fifteenth day of the month immediately preceding an Interest Payment Date, and prior to such Interest Payment Date, in which event interest shall be payable from such Interest Payment Date, or (iii) unless this Certificate is executed on or before October 15, 1993, in which event interest shall be payable from May 1, 1993. Said direct, undivided fractional share of the portion of the Lease Payments designated as interest is the result of the multiplication of the Principal Amount by the Rate of Interest per annum identified above.

CERTIFICATE OF PARTICIPATION
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NUMBER 7

\$350,000

RATE OF INTEREST	MATURITY DATE	DATED DATE	CUSIP
4.60%	November 1, 1999	May 1, 1993	607715 EQ8

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: ***THREE HUNDRED FIFTY THOUSAND DOLLARS***

THIS IS TO CERTIFY THAT the registered owner identified above, or registered assigns (the "Owner"), as the registered owner of this Certificate of Participation (the "Certificate"), is the owner of a direct, undivided, fractional interest in lease payments (the "Lease Payments") payable under and defined in the Lease Agreement (the "Lease Agreement"), dated as of May 1, 1993, by and between the Modesto Public Financing Authority, a joint exercise of powers authority duly organized and existing under the laws of the State of California (the "Authority"), and the City of Modesto, California, a municipal corporation and chartered city duly organized and existing under the laws of the State of California (the "City"), which Lease Payments, prepayments and certain other rights and interests under the Lease Agreement have been assigned to First Trust of California, National Association, a trustee (the "Trustee"), having a corporate trust office in San Francisco, California (except with respect to payments, exchanges and surrenders of the Certificates, in which case the corporate trust office of the Trustee located in St. Paul, Minnesota) (the "Trust Office").

The Owner is entitled to receive, subject to the terms of the Lease Agreement, on the Maturity Date identified above, the Principal Amount identified above, representing a direct, undivided fractional portion of the Lease Payments designated as principal coming due on such date, and to receive on May 1 and November 1 of each year, commencing November 1, 1993 (each, an "Interest Payment Date"), until payment in full of said Principal Amount, the Owner's direct, undivided fractional share of the Lease Payments designated as interest coming due during the six months immediately preceding each of the Interest Payment Dates; provided that interest represented hereby shall be payable from the Interest Payment Date next preceding the date of execution of this Certificate unless (i) this Certificate is executed on an Interest Payment Date, in which event interest shall be payable from such Interest Payment Date, or (ii) this Certificate is executed after the close of business on the fifteenth day of the month immediately preceding an Interest Payment Date, and prior to such Interest Payment Date, in which event interest shall be payable from such Interest Payment Date, or (iii) unless this Certificate is executed on or before October 15, 1993, in which event interest shall be payable from May 1, 1993. Said direct, undivided fractional share of the portion of the Lease Payments designated as interest is the result of the multiplication of the Principal Amount by the Rate of Interest per annum identified above.

CERTIFICATE OF PARTICIPATION
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NUMBER 8

\$625,000

RATE OF INTEREST	MATURITY DATE	DATE	CUSIP
4.80%	November 1, 2000	May 1, 1993	607715 ES4

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: ***SIX HUNDRED TWENTY-FIVE THOUSAND DOLLARS***

THIS IS TO CERTIFY THAT the registered owner identified above, or registered assigns (the "Owner"), as the registered owner of this Certificate of Participation (the "Certificate"), is the owner of a direct, undivided, fractional interest in lease payments (the "Lease Payments") payable under and defined in the Lease Agreement (the "Lease Agreement"), dated as of May 1, 1993, by and between the Modesto Public Financing Authority, a joint exercise of powers authority duly organized and existing under the laws of the State of California (the "Authority"), and the City of Modesto, California, a municipal corporation and chartered city duly organized and existing under the laws of the State of California (the "City"), which Lease Payments, prepayments and certain other rights and interests under the Lease Agreement have been assigned to First Trust of California, National Association as Trustee (the "Trustee"), having a corporate trust office in San Francisco, California (except with respect to payments, exchanges and surrenders of the Certificates, in which case it has the corporate trust office of the Trustee located in St. Paul, Minnesota) (the "Trustee").

The Owner is entitled to receive, subject to the terms of the Lease Agreement, on the Maturity Date identified above, the Principal Amount identified above, representing a direct, undivided fractional portion of the Lease Payments designated as principal coming due on such date, and to receive on May 1 and November 1 of each year, commencing November 1, 1993 (each, an "Interest Payment Date"), until payment in full of said Principal Amount, the Owner's direct, undivided fractional share of the Lease Payments designated as interest coming due during the six months immediately preceding each of the Interest Payment Dates; provided that interest represented hereby shall be payable from the Interest Payment Date next preceding the date of execution of this Certificate unless (i) this Certificate is executed on an Interest Payment Date, in which event interest shall be payable from such Interest Payment Date, or (ii) this Certificate is executed after the close of business on the fifteenth day of the month immediately preceding an Interest Payment Date, and prior to such Interest Payment Date, in which event interest shall be payable from such Interest Payment Date, or (iii) unless this Certificate is executed on or before October 15, 1993, in which event interest shall be payable from May 1, 1993. Said direct, undivided fractional share of the portion of the Lease Payments designated as interest is the result of the multiplication of the Principal Amount by the Rate of Interest per annum identified above.

CERTIFICATE OF PARTICIPATION
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NUMBER 9

\$655,000

RATE OF INTEREST	MATURITY DATE	DATED DATE	CUSIP
4.90%	November 1, 2001	May 1, 1993	607715 EU9

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: ***SIX HUNDRED FIFTY-FIVE THOUSAND DOLLARS***

THIS IS TO CERTIFY THAT the registered owner identified above, or registered assigns (the "Owner"), as the registered owner of this Certificate of Participation (the "Certificate"), is the owner of a direct, undivided, fractional interest in lease payments (the "Lease Payments") payable under and defined in the Lease Agreement (the "Lease Agreement"), dated as of May 1, 1993, by and between the Modesto Public Financing Authority, a joint exercise of powers authority duly organized and existing under the laws of the State of California (the "Authority"), and the City of Modesto, California, a municipal corporation and chartered city duly organized and existing under the laws of the State of California (the "City"), which Lease Payments, prepayments and certain other rights and interests under the Lease Agreement have been assigned to First Trust of California, National Association, Trustee (the "Trustee"), having a corporate trust office in San Francisco, California, except with respect to payments, exchanges and surrenders of the Certificates, in which case it means the corporate trust office of the Trustee located in St. Paul, Minnesota) (the "Trustee").

The Owner is entitled to receive, subject to the terms of the Lease Agreement, on the Maturity Date identified above, the Principal Amount identified above, representing a direct, undivided fractional portion of the Lease Payments designated as principal coming due on such date, and to receive on May 1 and November 1 of each year, commencing November 1, 1993 (each, an "Interest Payment Date"), until payment in full of said Principal Amount, the Owner's direct, undivided fractional share of the Lease Payments designated as interest coming due during the six months immediately preceding each of the Interest Payment Dates; provided that interest represented hereby shall be payable from the Interest Payment Date next preceding the date of execution of this Certificate unless (i) this Certificate is executed on an Interest Payment Date, in which event interest shall be payable from such Interest Payment Date, or (ii) this Certificate is executed after the close of business on the fifteenth day of the month immediately preceding an Interest Payment Date, and prior to such Interest Payment Date, in which event interest shall be payable from such Interest Payment Date, or (iii) unless this Certificate is executed on or before October 15, 1993, in which event interest shall be payable from May 1, 1993. Said direct, undivided fractional share of the portion of the Lease Payments designated as interest is the result of the multiplication of the Principal Amount by the Rate of Interest per annum identified above.

CERTIFICATE OF PARTICIPATION
 (1993 Community Center Refinancing Project)
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NUMBER 10

\$690,000

RATE OF INTEREST	MATURITY DATE	ISSUED DATE	CUSIP
5.00%	November 1, 2002	1993	607715 EW5

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: ***SIX HUNDRETHIRTY THOUSAND DOLLARS***

THIS IS TO CERTIFY THAT the registered owner identified above, or registered assigns (the "Owner"), as the registered owner of this Certificate of Participation (the "Certificate"), is the owner of a direct, undivided, fractional interest in lease payments (the "Lease Payments") payable under and defined in the Lease Agreement (the "Lease Agreement"), dated as of May 1, 1993, by and between the Modesto Public Financing Authority, a joint exercise of powers authority duly organized and existing under the laws of the State of California (the "Authority"), and the City of Modesto, California, a municipal corporation and chartered city duly organized and existing under the laws of the State of California (the "City"), which Lease Payments, prepayments and certain other rights and interests under the Lease Agreement have been assigned to First Trust of California, National Association, Trustee (the "Trustee"), having a corporate trust office in San Francisco, California, except with respect to payments, exchanges and surrenders of the Certificates, in which case it means the corporate trust office of the Trustee located in St. Paul, Minnesota) (the "Trust Office").

The Owner is entitled to receive, subject to the terms of the Lease Agreement, on the Maturity Date identified above, the Principal Amount identified above, representing a direct, undivided fractional portion of the Lease Payments designated as principal coming due on such date, and to receive on May 1 and November 1 of each year, commencing November 1, 1993 (each, an "Interest Payment Date"), until payment in full of said Principal Amount, the Owner's direct, undivided fractional share of the Lease Payments designated as interest coming due during the six months immediately preceding each of the Interest Payment Dates; provided that interest represented hereby shall be payable from the Interest Payment Date next preceding the date of execution of this Certificate unless (i) this Certificate is executed on an Interest Payment Date, in which event interest shall be payable from such Interest Payment Date, or (ii) this Certificate is executed after the close of business on the fifteenth day of the month immediately preceding an Interest Payment Date, and prior to such Interest Payment Date, in which event interest shall be payable from such Interest Payment Date, or (iii) unless this Certificate is executed on or before October 15, 1993, in which event interest shall be payable from May 1, 1993. Said direct, undivided fractional share of the portion of the Lease Payments designated as interest is the result of the multiplication of the Principal Amount by the Rate of Interest per annum identified above.

CERTIFICATE OF PARTICIPATION
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NUMBER 11

\$720,000

RATE OF INTEREST	MATURITY DATE	DATED DATE	CUSIP
5.10%	November 1, 2003	May 1, 1993	607715 EY1

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: ***SEVEN HUNDRED TWENTY THOUSAND DOLLARS***

THIS IS TO CERTIFY THAT the registered owner identified above, or registered assigns (the "Owner"), as the registered owner of this Certificate of Participation (the "Certificate"), is the owner of a direct, undivided, fractional interest in lease payments (the "Lease Payments") payable under and defined in the Lease Agreement (the "Lease Agreement"), dated as of May 1, 1993, by and between the Modesto Public Financing Authority, a joint exercise of powers authority duly organized and existing under the laws of the State of California (the "Authority"), and the City of Modesto, California, a municipal corporation and chartered city duly organized and existing under the laws of the State of California (the "City"), which Lease Payments, prepayments and certain other rights and interests under the Lease Agreement have been assigned to First Trust of California, National Association, as trustee (the "Trustee"), having a corporate trust office in San Francisco, California (except in respect to payments, exchanges and surrenders of the Certificates, in which case it means the corporate trust office of the Trustee located in St. Paul, Minnesota) (the "Trust Office").

The Owner is entitled to receive, subject to the terms of the Lease Agreement, on the Maturity Date identified above, the Principal Amount identified above, representing a direct, undivided fractional portion of the Lease Payments designated as principal coming due on such date, and to receive on May 1 and November 1 of each year, commencing November 1, 1993 (each, an "Interest Payment Date"), until payment in full of said Principal Amount, the Owner's direct, undivided fractional share of the Lease Payments designated as interest coming due during the six months immediately preceding each of the Interest Payment Dates; provided that interest represented hereby shall be payable from the Interest Payment Date next preceding the date of execution of this Certificate unless (i) this Certificate is executed on an Interest Payment Date, in which event interest shall be payable from such Interest Payment Date, or (ii) this Certificate is executed after the close of business on the fifteenth day of the month immediately preceding an Interest Payment Date, and prior to such Interest Payment Date, in which event interest shall be payable from such Interest Payment Date, or (iii) unless this Certificate is executed on or before October 15, 1993, in which event interest shall be payable from May 1, 1993. Said direct, undivided fractional share of the portion of the Lease Payments designated as interest is the result of the multiplication of the Principal Amount by the Rate of Interest per annum identified above.

CERTIFICATE OF PARTICIPATION
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NUMBER 12

\$760,000

RATE OF INTEREST	MATURITY DATE	DATED DATE	CUSIP
5.20%	November 1, 2004	May 1, 1993	607715 FA2

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: ***SEVEN HUNDRED SIXTY THOUSAND DOLLARS***

THIS IS TO CERTIFY THAT the registered owner identified above, or registered assigns (the "Owner"), as the registered owner of this Certificate of Participation (the "Certificate"), is the owner of a direct, undivided, fractional interest in lease payments (the "Lease Payments") payable under and defined in the Lease Agreement (the "Lease Agreement"), dated as of May 1, 1993, by and between the Modesto Public Financing Authority, a joint exercise of powers authority duly organized and existing under the laws of the State of California (the "Authority"), and the City of Modesto, California, a municipal corporation and chartered city duly organized and existing under the laws of the State of California (the "City"), which Lease Payments, prepayments and certain other rights and interests under the Lease Agreement have been assigned to First Trust of California, National Association, a trustee (the "Trustee"), having a corporate trust office in San Francisco, California (except with respect to payments, exchanges and surrenders of the Certificates, in which event the corporate trust office of the Trustee located in St. Paul, Minnesota) (the "Trust Office").

The Owner is entitled to receive, subject to the terms of the Lease Agreement, on the Maturity Date identified above, the Principal Amount identified above, representing a direct, undivided fractional portion of the Lease Payments designated as principal coming due on such date, and to receive on May 1 and November 1 of each year, commencing November 1, 1993 (each, an "Interest Payment Date"), until payment in full of said Principal Amount, the Owner's direct, undivided fractional share of the Lease Payments designated as interest coming due during the six months immediately preceding each of the Interest Payment Dates; provided that interest represented hereby shall be payable from the Interest Payment Date next preceding the date of execution of this Certificate unless (i) this Certificate is executed on an Interest Payment Date, in which event interest shall be payable from such Interest Payment Date, or (ii) this Certificate is executed after the close of business on the fifteenth day of the month immediately preceding an Interest Payment Date, and prior to such Interest Payment Date, in which event interest shall be payable from such Interest Payment Date, or (iii) unless this Certificate is executed on or before October 15, 1993, in which event interest shall be payable from May 1, 1993. Said direct, undivided fractional share of the portion of the Lease Payments designated as interest is the result of the multiplication of the Principal Amount by the Rate of Interest per annum identified above.

CERTIFICATE OF PARTICIPATION
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NUMBER 13

\$800,000

RATE OF INTEREST	MATURITY DATE	DATE OF ISSUE	CUSIP
5.30%	November 1, 2005	May 1, 1993	7715 FG9

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: ***EIGHT HUNDRED THOUSAND DOLLARS***

THIS IS TO CERTIFY THAT the registered owner identified above, or registered assigns (the "Owner"), as the registered holder of this Certificate of Participation (the "Certificate"), is the owner of a direct, undivided fractional interest in lease payments (the "Lease Payments") payable under and defined in the Lease Agreement (the "Lease Agreement"), dated as of May 1, 1993, by and between the Modesto Public Financing Authority, a joint exercise of powers authority duly organized and existing under the laws of the State of California (the "Authority"), and the City of Modesto, California, a municipal corporation and chartered city duly organized and existing under the laws of the State of California (the "City"), which Lease Payments, prepayments and certain other rights and interests under the Lease Agreement have been assigned to First Trust of California, National Association, as trustee (the "Trustee"), having a corporate trust office in San Francisco, California (except with respect to payments, exchanges and surrenders of the Certificates, in which case means the corporate trust office of the Trustee located in St. Paul, Minnesota) (the "Trust Office").

The Owner is entitled to receive, subject to the terms of the Lease Agreement, on the Maturity Date identified above, the Principal Amount identified above, representing a direct, undivided fractional portion of the Lease Payments designated as principal coming due on such date, and to receive on May 1 and November 1 of each year, commencing November 1, 1993 (each, an "Interest Payment Date"), until payment in full of said Principal Amount, the Owner's direct, undivided fractional share of the Lease Payments designated as interest coming due during the six months immediately preceding each of the Interest Payment Dates; provided that interest represented hereby shall be payable from the Interest Payment Date next preceding the date of execution of this Certificate unless (i) this Certificate is executed on an Interest Payment Date, in which event interest shall be payable from such Interest Payment Date, or (ii) this Certificate is executed after the close of business on the fifteenth day of the month immediately preceding an Interest Payment Date, and prior to such Interest Payment Date, in which event interest shall be payable from such Interest Payment Date, or (iii) unless this Certificate is executed on or before October 15, 1993, in which event interest shall be payable from May 1, 1993. Said direct, undivided fractional share of the portion of the Lease Payments designated as interest is the result of the multiplication of the Principal Amount by the Rate of Interest per annum identified above.

CERTIFICATE OF PARTICIPATION
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NUMBER 14

\$835,000

RATE OF INTEREST	MATURITY DATE	DATED DATE	CUSIP
5.40%	November 1, 2006	May 1, 1993	607715 FJ3

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: ***EIGHT HUNDRED THIRTY-FIVE THOUSAND DOLLARS***

THIS IS TO CERTIFY THAT the registered owner identified above, or registered assigns (the "Owner"), as the registered owner of this Certificate of Participation (the "Certificate"), is the owner of a direct, undivided, fractional interest in lease payments (the "Lease Payments") payable under and defined in the Lease Agreement (the "Lease Agreement"), dated as of May 1, 1993, by and between the Modesto Public Financing Authority, a joint exercise of powers authority duly organized and existing under the laws of the State of California (the "Authority"), and the City of Modesto, California, a municipal corporation and chartered city duly organized and existing under the laws of the State of California (the "City"), which Lease Payments, prepayments and certain other rights and interests under the Lease Agreement have been assigned to First Trust of California, National Association, as trustee (the "Trustee"), having a corporate trust office in San Francisco, California (except with respect to payments, exchanges and surrenders of the Certificates, in which event it means the corporate trust office of the Trustee located in St. Paul, Minnesota) (the "Trust Office").

The Owner is entitled to receive, subject to the terms of the Lease Agreement, on the Maturity Date identified above, the Principal Amount identified above, representing a direct, undivided fractional portion of the Lease Payments designated as principal coming due on such date, and to receive on May 1 and November 1 of each year, commencing November 1, 1993 (each, an "Interest Payment Date"), until payment in full of said Principal Amount, the Owner's direct, undivided fractional share of the Lease Payments designated as interest coming due during the six months immediately preceding each of the Interest Payment Dates; provided that interest represented hereby shall be payable from the Interest Payment Date next preceding the date of execution of this Certificate unless (i) this Certificate is executed on an Interest Payment Date, in which event interest shall be payable from such Interest Payment Date, or (ii) this Certificate is executed after the close of business on the fifteenth day of the month immediately preceding an Interest Payment Date, and prior to such Interest Payment Date, in which event interest shall be payable from such Interest Payment Date, or (iii) unless this Certificate is executed on or before October 15, 1993, in which event interest shall be payable from May 1, 1993. Said direct, undivided fractional share of the portion of the Lease Payments designated as interest is the result of the multiplication of the Principal Amount by the Rate of Interest per annum identified above.

CERTIFICATE OF PARTICIPATION
 (1993 Community Center Refinancing Project)
 Evidencing the Direct, Undivided Fractional Interest of the Owner
 Hereof in Lease Payments to be Made by the
CITY OF MODESTO, CALIFORNIA
 As the Rental for Certain Property Pursuant
 to a Lease Agreement With the
 Modesto Public Financing Authority

NUMBER 15

\$885,000

RATE OF INTEREST	MATURITY DATE	DATED DATE	CUSIP
5.40%	November 1, 2007	May 1, 1993	607715 FL8

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: ***EIGHT HUNDRED EIGHTY FIVE THOUSAND DOLLARS***

THIS IS TO CERTIFY THAT the registered owner identified above, or registered assigns (the "Owner"), as the registered owner of this Certificate of Participation (the "Certificate"), is the owner of a direct, undivided, fractional interest in lease payments (the "Lease Payments") payable under and defined in the Lease Agreement (the "Lease Agreement"), dated as of May 1, 1993, by and between the Modesto Public Financing Authority, a joint exercise of powers authority duly organized and existing under the laws of the State of California (the "Authority"), and the City of Modesto, California, a municipal corporation and chartered city duly organized and existing under the laws of the State of California (the "City"), which Lease Payments, prepayments and certain other rights and interests under the Lease Agreement have been assigned to First Trust of California, National Association, a trust company (the "Trustee"), having a corporate trust office in San Francisco, California, and with respect to payments, exchanges and surrenders of the Certificates, in which case it means the corporate trust office of the Trustee located in St. Paul, Minnesota) (the "Trust Office").

The Owner is entitled to receive, subject to the terms of the Lease Agreement, on the Maturity Date identified above, the Principal Amount identified above, representing a direct, undivided fractional portion of the Lease Payments designated as principal coming due on such date, and to receive on May 1 and November 1 of each year, commencing November 1, 1993 (each, an "Interest Payment Date"), until payment in full of said Principal Amount, the Owner's direct, undivided fractional share of the Lease Payments designated as interest coming due during the six months immediately preceding each of the Interest Payment Dates; provided that interest represented hereby shall be payable from the Interest Payment Date next preceding the date of execution of this Certificate unless (i) this Certificate is executed on an Interest Payment Date, in which event interest shall be payable from such Interest Payment Date, or (ii) this Certificate is executed after the close of business on the fifteenth day of the month immediately preceding an Interest Payment Date, and prior to such Interest Payment Date, in which event interest shall be payable from such Interest Payment Date, or (iii) unless this Certificate is executed on or before October 15, 1993, in which event interest shall be payable from May 1, 1993. Said direct, undivided fractional share of the portion of the Lease Payments designated as interest is the result of the multiplication of the Principal Amount by the Rate of Interest per annum identified above.

CERTIFICATE OF PARTICIPATION
 (1993 Community Center Refinancing Project)
 Evidencing the Direct, Undivided Fractional Interest of the Owner
 Hereof in Lease Payments to be Made by the
CITY OF MODESTO, CALIFORNIA
 As the Rental for Certain Property Pursuant
 to a Lease Agreement With the
 Modesto Public Financing Authority

NUMBER 16

\$935,000

RATE OF INTEREST	MATURITY DATE	DATED DATE	CUSIP
5.50%	November 1, 2008	May 1, 1993	607715 FN4

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: ***NINE HUNDRED THIRTY FIVE THOUSAND DOLLARS***

THIS IS TO CERTIFY THAT the registered owner identified above, or registered assigns (the "Owner"), as the registered owner of this Certificate of Participation (the "Certificate"), is the owner of a direct, undivided, fractional interest in lease payments (the "Lease Payments") payable under and defined in the Lease Agreement (the "Lease Agreement"), dated as of May 1, 1993, by and between the Modesto Public Financing Authority, a joint exercise of powers authority duly organized and existing under the laws of the State of California (the "Authority"), and the City of Modesto, California, a municipal corporation and chartered city duly organized and existing under the laws of the State of California (the "City"), which Lease Payments, prepayments and certain other rights and interests under the Lease Agreement have been assigned to First Trust of California, National Association, as trustee (the "Trustee"), having a corporate trust office in San Francisco, California (except with respect to payments, exchanges and surrenders of the Certificates, in which case it means the corporate trust office of the Trustee located in St. Paul, Minnesota) (the "Trust Office").

The Owner is entitled to receive, subject to the terms of the Lease Agreement, on the Maturity Date identified above, the Principal Amount identified above, representing a direct, undivided fractional portion of the Lease Payments designated as principal coming due on such date, and to receive on May 1 and November 1 of each year, commencing November 1, 1993 (each, an "Interest Payment Date"), until payment in full of said Principal Amount, the Owner's direct, undivided fractional share of the Lease Payments designated as interest coming due during the six months immediately preceding each of the Interest Payment Dates; provided that interest represented hereby shall be payable from the Interest Payment Date next preceding the date of execution of this Certificate unless (i) this Certificate is executed on an Interest Payment Date, in which event interest shall be payable from such Interest Payment Date, or (ii) this Certificate is executed after the close of business on the fifteenth day of the month immediately preceding an Interest Payment Date, and prior to such Interest Payment Date, in which event interest shall be payable from such Interest Payment Date, or (iii) unless this Certificate is executed on or before October 15, 1993, in which event interest shall be payable from May 1, 1993. Said direct, undivided fractional share of the portion of the Lease Payments designated as interest is the result of the multiplication of the Principal Amount by the Rate of Interest per annum identified above.

CERTIFICATE OF PARTICIPATION
 (1993 Community Center Refinancing Project)
 Evidencing the Direct, Undivided Fractional Interest of the Owner
 Hereof in Lease Payments to be Made by the
CITY OF MODESTO, CALIFORNIA
 As the Rental for Certain Property Pursuant
 to a Lease Agreement With the
 Modesto Public Financing Authority

NUMBER 17

\$985,000

RATE OF INTEREST	MATURITY DATE	DATED DATE	CUSIP
5.50%	November 1, 2009	May 1, 1993	607715 FQ7

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: ***NINE HUNDRED EIGHTY FIVE THOUSAND DOLLARS***

THIS IS TO CERTIFY THAT the registered owner identified above, or registered assigns (the "Owner"), as the registered owner of this Certificate of Participation (the "Certificate"), is the owner of a direct, undivided, fractional interest in lease payments (the "Lease Payments") payable under and defined in the Lease Agreement (the "Lease Agreement"), dated as of May 1, 1993, by and between the Modesto Public Financing Authority, a joint exercise of powers authority duly organized and existing under the laws of the State of California (the "Authority"), and the City of Modesto, California, a municipal corporation and chartered city duly organized and existing under the laws of the State of California, in which Lease Payments, prepayments and certain other rights and interests under the Lease Agreement have been assigned to First Trust of California, National Association (the "Trustee"), having a corporate trust office in San Francisco, California, and with respect to payments, exchanges and surrenders of the Certificates, in which case means the corporate trust office of the Trustee located in St. Paul, Minnesota) (the "Trust Office").

The Owner is entitled to receive, subject to the terms of the Lease Agreement, on the Maturity Date identified above, the Principal Amount identified above, representing a direct, undivided fractional portion of the Lease Payments designated as principal coming due on such date, and to receive on May 1 and November 1 of each year, commencing November 1, 1993 (each, an "Interest Payment Date"), until payment in full of said Principal Amount, the Owner's direct, undivided fractional share of the Lease Payments designated as interest coming due during the six months immediately preceding each of the Interest Payment Dates; provided that interest represented hereby shall be payable from the Interest Payment Date next preceding the date of execution of this Certificate unless (i) this Certificate is executed on an Interest Payment Date, in which event interest shall be payable from such Interest Payment Date, or (ii) this Certificate is executed after the close of business on the fifteenth day of the month immediately preceding an Interest Payment Date, and prior to such Interest Payment Date, in which event interest shall be payable from such Interest Payment Date, or (iii) unless this Certificate is executed on or before October 15, 1993, in which event interest shall be payable from May 1, 1993. Said direct, undivided fractional share of the portion of the Lease Payments designated as interest is the result of the multiplication of the Principal Amount by the Rate of Interest per annum identified above.

CERTIFICATE OF PARTICIPATION
 (1993 Community Center Refinancing Project)
 Evidencing the Direct, Undivided Fractional Interest of the Owner
 Hereof in Lease Payments to be Made by the
CITY OF MODESTO, CALIFORNIA
 As the Rental for Certain Property Pursuant
 to a Lease Agreement With the
 Modesto Public Financing Authority

NUMBER 18

\$1,040,000

RATE OF INTEREST	MATURITY DATE	DATE	DATE	CUSIP
5.60%	November 1, 2010	May	1993	7715 FS3

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: ***ONE MILLION FORTY THOUSAND DOLLARS***

THIS IS TO CERTIFY THAT the registered owner identified above, or registered assigns (the "Owner"), as the registered owner of this Certificate of Participation (the "Certificate"), is the owner of a direct, undivided fractional interest in lease payments (the "Lease Payments") payable under and defined in the Lease Agreement (the "Lease Agreement"), dated as of May 1, 1993, by and between the Modesto Public Financing Authority, a joint exercise of powers authority duly organized and existing under the laws of the State of California (the "Authority"), and the City of Modesto, California, a municipal corporation and chartered city duly organized and existing under the laws of the State of California (the "City"), which Lease Payments, prepayments and certain other rights and interests under the Lease Agreement have been assigned to First Trust of California, National Association, as trustee (the "Trustee"), having a corporate trust office in San Francisco, California (except with respect to payments, exchanges and surrenders of the Certificates, in which case means the corporate trust office of the Trustee located in St. Paul, Minnesota) (the "Trust Office").

The Owner is entitled to receive, subject to the terms of the Lease Agreement, on the Maturity Date identified above, the Principal Amount identified above, representing a direct, undivided fractional portion of the Lease Payments designated as principal coming due on such date, and to receive on May 1 and November 1 of each year, commencing November 1, 1993 (each, an "Interest Payment Date"), until payment in full of said Principal Amount, the Owner's direct, undivided fractional share of the Lease Payments designated as interest coming due during the six months immediately preceding each of the Interest Payment Dates; provided that interest represented hereby shall be payable from the Interest Payment Date next preceding the date of execution of this Certificate unless (i) this Certificate is executed on an Interest Payment Date, in which event interest shall be payable from such Interest Payment Date, or (ii) this Certificate is executed after the close of business on the fifteenth day of the month immediately preceding an Interest Payment Date, and prior to such Interest Payment Date, in which event interest shall be payable from such Interest Payment Date, or (iii) unless this Certificate is executed on or before October 15, 1993, in which event interest shall be payable from May 1, 1993. Said direct, undivided fractional share of the portion of the Lease Payments designated as interest is the result of the multiplication of the Principal Amount by the Rate of Interest per annum identified above.

CERTIFICATE OF PARTICIPATION
 (1993 Community Center Refinancing Project)
 Evidencing the Direct, Undivided Fractional Interest of the Owner
 Hereof in Lease Payments to be Made by the
CITY OF MODESTO, CALIFORNIA
 As the Rental for Certain Property Pursuant
 to a Lease Agreement With the
 Modesto Public Financing Authority

NUMBER 19

\$4,740,000

RATE OF INTEREST	MATURITY DATE	DATED DATE	CUSIP
5.60%	November 1, 2014	May 1, 1993	607715 FC8

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: ***FOUR MILLION SEVEN HUNDRED SIXTY THOUSAND DOLLARS***

THIS IS TO CERTIFY THAT the registered owner identified above, or registered assigns (the "Owner"), as the registered owner of this Certificate of Participation (the "Certificate"), is the owner of a direct, undivided, fractional interest in Lease Payments (the "Lease Payments") payable under and defined in the Lease Agreement (the "Lease Agreement"), dated as of May 1, 1993, by and between the Modesto Public Financing Authority, a joint exercise of powers authority duly organized and existing under the laws of the State of California (the "Authority"), and the City of Modesto, California, a municipal corporation and chartered city duly organized and existing under the laws of the State of California (the "City"), which Lease Payments, prepayments and certain other rights and interests under the Lease Agreement have been assigned to First Trust of California, National Association, a trustee (the "Trustee"), having a corporate trust office in San Francisco, California (and with respect to payments, exchanges and surrenders of the Certificates, in which case, the corporate trust office of the Trustee located in St. Paul, Minnesota) (the "Trust Office").

The Owner is entitled to receive, subject to the terms of the Lease Agreement, on the Maturity Date identified above, the Principal Amount identified above, representing a direct, undivided fractional portion of the Lease Payments designated as principal coming due on such date, and to receive on May 1 and November 1 of each year, commencing November 1, 1993 (each, an "Interest Payment Date"), until payment in full of said Principal Amount, the Owner's direct, undivided fractional share of the Lease Payments designated as interest coming due during the six months immediately preceding each of the Interest Payment Dates; provided that interest represented hereby shall be payable from the Interest Payment Date next preceding the date of execution of this Certificate unless (i) this Certificate is executed on an Interest Payment Date, in which event interest shall be payable from such Interest Payment Date, or (ii) this Certificate is executed after the close of business on the fifteenth day of the month immediately preceding an Interest Payment Date, and prior to such Interest Payment Date, in which event interest shall be payable from such Interest Payment Date, or (iii) unless this Certificate is executed on or before October 15, 1993, in which event interest shall be payable from May 1, 1993. Said direct, undivided fractional share of the portion of the Lease Payments designated as interest is the result of the multiplication of the Principal Amount by the Rate of Interest per annum identified above.

CERTIFICATE OF PARTICIPATION
 (1993 Community Center Refinancing Project)
 Evidencing the Direct, Undivided Fractional Interest of the Owner
 Hereof in Lease Payments to be Made by the
CITY OF MODESTO, CALIFORNIA
 As the Rental for Certain Property Pursuant
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 Modesto Public Financing Authority

NUMBER 20

\$12,235,000

RATE OF INTEREST	MATURITY DATE	DATE	DATE	CUSIP
5.00%	November 1, 2023	May	1993	607715 FE4

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: ***TWELVE MILLION TWO HUNDRED FIFTY FIVE THOUSAND DOLLARS***

THIS IS TO CERTIFY THAT the registered owner identified above, or registered assigns (the "Owner"), as the registered owner of this Certificate of Participation (the "Certificate"), is the owner of a direct, undivided, fractional interest in lease payments (the "Lease Payments") payable under and defined in the Lease Agreement (the "Lease Agreement"), dated as of May 1, 1993, by and between the Modesto Public Financing Authority, a joint exercise of powers authority duly organized and existing under the laws of the State of California (the "Authority"), and the City of Modesto, California, a municipal corporation and chartered city duly organized and existing under the laws of the State of California (the "City"), which Lease Payments, prepayments and certain other rights and interests under the Lease Agreement have been assigned to First Trust of California, National Association, a trustee (the "Trustee"), having a corporate trust office in San Francisco, California, except with respect to payments, exchanges and surrenders of the Certificates, in which case the corporate trust office of the Trustee located in St. Paul, Minnesota (the "Trust Office").

The Owner is entitled to receive, subject to the terms of the Lease Agreement, on the Maturity Date identified above, the Principal Amount identified above, representing a direct, undivided fractional portion of the Lease Payments designated as principal coming due on such date, and to receive on May 1 and November 1 of each year, commencing November 1, 1993 (each, an "Interest Payment Date"), until payment in full of said Principal Amount, the Owner's direct, undivided fractional share of the Lease Payments designated as interest coming due during the six months immediately preceding each of the Interest Payment Dates; provided that interest represented hereby shall be payable from the Interest Payment Date next preceding the date of execution of this Certificate unless (i) this Certificate is executed on an Interest Payment Date, in which event interest shall be payable from such Interest Payment Date, or (ii) this Certificate is executed after the close of business on the fifteenth day of the month immediately preceding an Interest Payment Date, and prior to such Interest Payment Date, in which event interest shall be payable from such Interest Payment Date, or (iii) unless this Certificate is executed on or before October 15, 1993, in which event interest shall be payable from May 1, 1993. Said direct, undivided fractional share of the portion of the Lease Payments designated as interest is the result of the multiplication of the Principal Amount by the Rate of Interest per annum identified above.

Interest represented hereby is payable in lawful money of the United States of America by check of the Trustee mailed on each Interest Payment Date by first class mail to the Owner at his address as it appears on the registration books of the Trustee, as of the close of business on the fifteenth (15) day of the month immediately preceding each Interest Payment Date. Principal and redemption premium, if any, represented hereby are payable in lawful money of the United States of America by check of the Trustee upon presentation and surrender hereof at the Trust Office.

This Certificate has been executed and delivered by the Trustee pursuant to the terms of a Trust Agreement by and among the Trustee, the Authority and the City, dated as of May 1, 1993 (the "Trust Agreement"). The City is authorized to enter into the Lease Agreement and the Trust Agreement under the laws of the State of California. This is hereby made to the Lease Agreement and the Trust Agreement (copies of which are on file at the Trust Office) for a description of the terms on which the Certificates are issued, 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 Agreement, all of the provisions of which the Owner of this Certificate, by acceptance hereof, assents and agrees.

The City is obligated under the Lease Agreement to pay Lease Payments from any source of legally available funds and the City is obligated in the Lease Agreement to make the necessary annual appropriations therefor. The obligation of the City to pay the Lease Payments does not constitute an obligation 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 obligation of the City to pay Lease Payments does not constitute an indebtedness within the meaning of any constitutional or statutory limitation or restriction.

To the extent 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 fifty-one percent (51%) in aggregate principal amount of the Certificates then outstanding, and may be amended without such consent under certain circumstances: provided that such amendment shall impair the right of any registered owner to receive, in any year, such registered owner's fractional share of any Lease Payment or prepayment thereof in accordance with such registered owner's Certificate, without the consent of such registered owner.

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

The Certificates are not subject to optional redemption prior to maturity.

The Certificates are subject to extraordinary mandatory redemption in whole at any time, or in part on any Interest Payment Date (but not in a total redemption amount of less than \$20,000 at any one time), in such order of maturity as shall be selected by the City and by lot within a maturity, from the net proceeds of an insurance or condemnation award to the extent credited towards the prepayment of the Lease Payments by the City pursuant to the Lease Agreement, at a redemption price equal to the principal amount thereof to be redeemed, together with accrued interest to the date fixed for redemption, without premium.

The Certificates maturing on November 1, 2014, are subject to mandatory redemption in part by lot on November 1 in each year on and after November 1, 2011, from the principal components of scheduled Lease Payments required to be paid by the City pursuant to the Lease Agreement with respect to each such redemption date, at a redemption price equal to the principal amount thereof to be redeemed, together with accrued interest to the date fixed for redemption, without premium, as follows:

Year (November 1)	Principal Amount of Certificates to be Redeemed	Year (November 1)	Principal Amount of Certificates to be Redeemed
2011	\$1,090,000	2013	\$1,215,000
2012	1,150,000	2014†	1,285,000

† Maturity.

In the event that any Certificates maturing on November 1, 2014, are redeemed in part but not in whole pursuant to the extraordinary mandatory redemption provisions, each such redemption shall reduce the amount of Certificates to be redeemed in each subsequent year pursuant to the mandatory redemption provisions *pro rata* to correspond to the principal components of the Lease Payments prevailing following such redemption.

The Certificates maturing on November 1, 2023, are subject to mandatory redemption in part by lot on November 1 in each year on and after November 1, 2015, from the principal components of scheduled Lease Payments required to be paid by the City pursuant to the Lease Agreement with respect to each such redemption date, at a redemption price equal to the principal amount thereof to be redeemed, together with accrued interest to the date fixed for redemption, without premium, as follows:

Year (November 1)	Principal Amount of Certificates to be Redeemed	Year (November 1)	Principal Amount of Certificates to be Redeemed
2015	\$1,340,000	2020	\$1,385,000
2016	1,135,000	2021	1,455,000
2017	1,195,000	2022	1,535,000
2018	1,260,000	2023†	1,610,000
2019	1,320,000		

† Maturity.

In the event that any Certificates maturing on November 1, 2023, are redeemed in part but not in whole pursuant to the extraordinary mandatory redemption provisions, each such redemption shall reduce the amount of Certificates to be redeemed in each subsequent year pursuant to the mandatory redemption provisions *pro rata* to correspond to the principal components of the Lease Payments prevailing following such redemption.

Notice of redemption, unless waived, is to be given by the Trustee by mailing a redemption notice by first class mail at least thirty (30) days and not more than sixty (60) days prior to the date fixed for redemption to the registered owner of the Certificate or Certificates to be redeemed at the address shown on the Certificate registration books maintained by the Trustee. Notice of redemption having been given as aforesaid, the Certificates or portions of Certificates so to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified, and from and after such date (unless the City shall default in the payment of the redemption price) interest with respect to such Certificates or portions of Certificates shall cease to accrue and be payable.

The Trustee has no obligation or liability to the registered owners of the Certificates to make payments of principal or interest with respect to the Certificates. The Trustee's sole obligations are to administer, for the benefit of the registered owners of the Certificates, the various funds and accounts established under the Trust Agreement. The Trustee makes no representation concerning the recitals contained herein.

The City has certified, recited and declared that all acts, conditions and things required by the constitution and statutes of the State of California, the Lease Agreement and the Trust Agreement to exist, to have happened and to have been performed precedent to and in the delivery of this Certificate, do exist, have happened and have been performed in due time, form and manner as required by law.

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

IN WITNESS WHEREOF, this Certificate has been executed by First Trust of California, National Association, as trustee, acting pursuant to the Trust Agreement.

Date of Execution: **MAY 27 1993**

FIRST TRUST OF CALIFORNIA, NATIONAL ASSOCIATION, as trustee

By: *Susan Vargas*
Authorized Signatory

SPICED

STATEMENT OF INSURANCE

Municipal Bond Insurance Policy No. 8454BE (the "Policy") with respect to payments due for principal of and interest on this bond has been issued by AMBAC Indemnity Corporation ("AMBAC Indemnity"). The Policy has been delivered to the United States Trust Company of New York, New York, New York, as the Insurance Trustee under said Policy and will be held by such Insurance Trustee or any successor insurance trustee. The Policy is on file and available for inspection at the principal office of the Insurance Trustee and a copy thereof may be secured from AMBAC Indemnity or the Insurance Trustee. All payments required to be made under the Policy shall be made in accordance with the provisions thereof. The owner of this bond acknowledges and consents to the subrogation right of AMBAC Indemnity as more fully set forth in the Policy.

ASSIGNMENT

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

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

the within Certificate and do(es) hereby irrevocably constitute and appoint _____

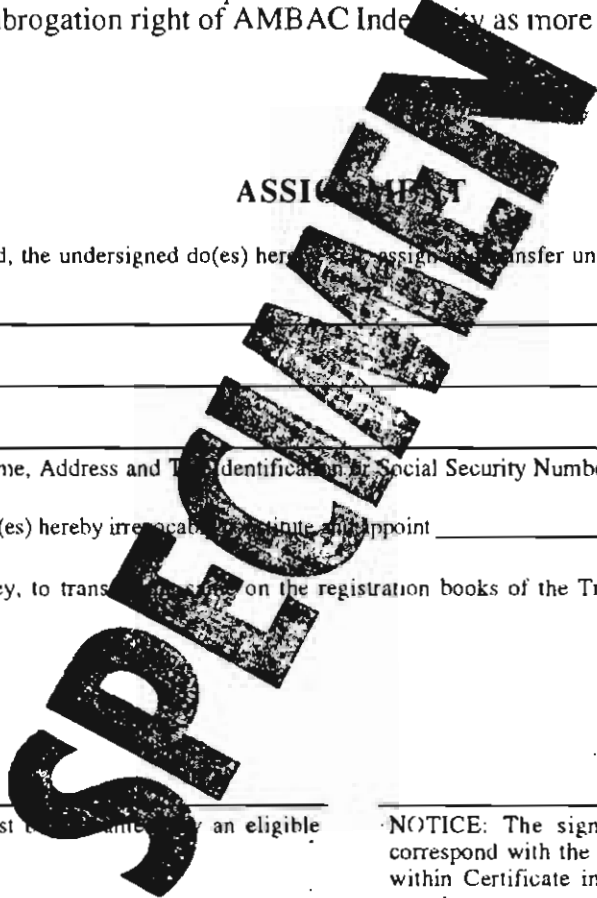
_____, attorney, to transact on the registration books of the Trustee, with full power of substitution in the premises.

Dated: _____

Signature Guaranteed: _____

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

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



JONES HALL HILL & WHITE,

A PROFESSIONAL LAW CORPORATION
ATTORNEYS AT LAW

CHARLES F. ADAMS
STEPHEN R. CASALEGGIO
MICHAEL D. CASTELLI
THOMAS A. DOWNEY
ANDREW C. HALL, JR.
GREG HARRINGTON
KENNETH I. JONES
WILLIAM H. MADISON
E. WADE NORRIS*
DAVID J. OSTER
BRIAN D. QUINT
PAUL J. THIMMIG
DAVID A. WALTON
SHARON STANTON WHITE

* ADMITTED TO GEORGIA BAR ONLY

City Council
City of Modesto, California
801 Eleventh Street
Modesto, California 95354

FOUR EMBARCADERO CENTER
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(415) 391-5785
(415) 956-8308

May 27, 1993

ROBERT J. HILL (1922-1988)

OPINION: \$27,225,000 Certificates of Participation (1993 Community Center Refinancing Project) Evidencing Direct, Undivided Fractional Interests of the Owners Thereof in Lease Payments to be made by the City of Modesto, California as the Rental of Certain Project Pursuant to a Lease Agreement with the Modesto Public Financing Authority

Members of the City Council:

We have acted as special counsel in connection with the delivery by the City of Modesto, California (the "City") of the \$27,225,000 Lease Agreement, dated as of May 1, 1993, by and between the Modesto Public Financing Authority (the "Authority") and the City (the "Lease Agreement"), pursuant to the California Government Code. The Authority has, pursuant to the Assignment Agreement, dated as of May 1, 1993 (the "Assignment Agreement"), by and between the Authority and First Trust of California, National Association, as trustee (the "Trustee"), assigned certain of its interests under the Lease Agreement, including the right to receive lease payments made by the City thereunder (the "Lease Payments"), to the Trustee. Pursuant to the Trust Agreement, dated as of May 1, 1993, by and among the Trustee, the Authority and the City (the "Trust Agreement"), the Trustee has executed and delivered certificates of participation (the "Certificates") evidencing direct, undivided fractional interests of the owners thereof in Lease Payments. We have examined the law and such certified proceedings and other papers as we deem necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon representations of the City contained in the Lease Agreement and the Trust Agreement and in the certified proceedings and certifications of public officials and others furnished to us, without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of the opinion, under existing law, as follows:

1. The City is duly created and validly existing as a municipal corporation and chartered city with the power to enter into the Lease Agreement and the Trust Agreement and to perform the agreements on its part contained therein.

2. The Lease Agreement has been duly authorized, executed and delivered by the City and is an obligation of the City, valid, binding and enforceable against the City in accordance with its terms.

3. The Trust Agreement and the Assignment Agreement are valid, binding and enforceable in accordance with their terms.

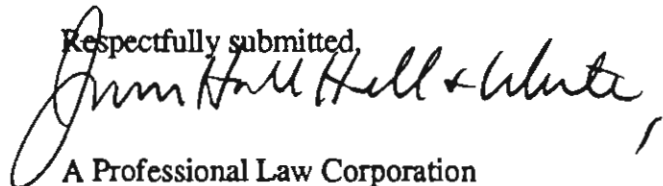
4. Subject to the terms and provisions of the Lease Agreement, the Lease Payments are payable from general funds of the City lawfully available therefor. By virtue of the Assignment Agreement, the owners of the Certificates are entitled to receive their fractional share of the Lease Payments in accordance with the terms and provisions of the Trust Agreement.

5. The portion of the Lease Payments designated as and comprising interest and received by the owners of the Certificates is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; it should be noted, however, that for the purpose of computing the alternative minimum tax imposed on corporations (as defined for federal income tax purposes), such interest is taken into account in determining certain income and earnings. The opinions set forth in the preceding sentences are subject to the condition that the City comply with all requirements of the Internal Revenue Code of 1986 that must be satisfied subsequent to the delivery of the Lease Agreement in order that such interest be, or continue to be, excluded from gross income for federal income tax purposes. The City has covenanted to comply with each such requirement. Failure to comply with any of such requirements may cause the inclusion of such interest in gross income for federal income tax purposes to be retroactive to the date of delivery of the Lease Agreement. We express no opinion regarding other federal tax consequences arising with respect to the Lease Agreement and the Certificates.

6. The portion of the Lease Payments designated as and comprising interest and received by the owners of the Certificates is exempt from personal income taxation imposed by the State of California.

The rights of the owners of the Certificates and the enforceability of the Lease Agreement, the Trust Agreement and the Assignment Agreement may be subject to bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors' rights heretofore or hereafter enacted and may also be subject to the exercise of judicial discretion in appropriate cases.

Respectfully submitted,


A Professional Law Corporation

5

6

KUTAK ROCK
A PARTNERSHIP
INCLUDING PROFESSIONAL CORPORATIONS
THE OMAHA BUILDING
1650 FARNAM STREET
OMAHA, NEBRASKA 68102-2186
(402) 346-6000
FACSIMILE (402) 346-1148

ATLANTA
BATON ROUGE
DENVER
LOS ANGELES
NEW YORK
OKLAHOMA CITY
PHOENIX
WASHINGTON

April 30, 1993

\$26,145,000*
Certificates of Participation
(1993 Refunding Project)
Series A

\$7,770,000*
Certificates of Participation
(1993 Refunding Project)
Series B

Evidencing Direct, Undivided Fractional Interests
of the Owners thereof in Lease Payments
to be made by the
City of Modesto, California
As Rental For Certain Property
Pursuant to Two Separate Lease Agreements with the
Modesto Public Financing Authority

PRELIMINARY BLUE SKY MEMORANDUM

Smith Barney, Harris Upham
& Co., Inc.
1345 Avenue of the Americas
New York, New York 10105

Grigsby Brandford & Co., Inc.
230 California Street
San Francisco, California 94111

Greeting:

The Preliminary Blue Sky Memorandum (the "Memorandum") attached hereto sets forth in summary form our comments as to the requirements of the securities laws of the jurisdictions enumerated therein with respect to the proposed offer and sale to the public of the captioned

*Preliminary; subject to change.

KUTAK ROCK

Smith Barney, Harris Upham
& Co., Inc.
Grigsby Brandford & Co., Inc.
April 30, 1993
Page 2

certificates of participation (the "Certificates"). The Memorandum is based upon an examination of the various statutes and the related rules and regulations, if any, issued thereunder, as reported in the latest version available to us of the standard unofficial compilation of the securities or "Blue Sky" laws customarily relied upon in this connection and upon statements contained in the latest available draft of the Preliminary Official Statement.

We have prepared the Memorandum as attorneys admitted to practice in the State of Nebraska, and we have obtained neither opinions of local counsel in any other jurisdiction nor formal rulings from regulatory commissions or other administrative bodies or officials. The statements made or conclusions expressed therein are subject to change upon the exercise of broad discretionary powers vested in administrative authorities, authorizing them, among other things, to withdraw exemptions, to impose additional requirements, to refuse registrations or to issue stop orders.

A supplemental memorandum will be prepared advising you as to the completion or noncompletion of the action referred to in Part I B of the Memorandum.

The Memorandum does not purport to cover the requirements under any of the laws of the jurisdictions enumerated therein with respect to (i) the registration or licensing of dealers, brokers or salesmen; (ii) the form or substance of advertising or the filing requirements applicable thereto; (iii) the legality of investments in the Certificates by the institutions mentioned therein; or (iv) any resale of the Certificates by the purchasers thereof.

Yours truly,

KUTAK ROCK

\$26,145,000*
Certificates of Participation
(1993 Refunding Project)
Series A

\$7,770,000*
Certificates of Participation
(1993 Refunding Project)
Series B

Evidencing Direct, Undivided Fractional Interests
of the Owners thereof in Lease Payments
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City of Modesto, California
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Pursuant to Two Separate Lease Agreements with the
Modesto Public Financing Authority

PRELIMINARY BLUE SKY MEMORANDUM
April 30, 1993

I

SALES TO THE PUBLIC

A. Jurisdictions Where Filings Not Required

Offers and sales of the Certificates may be made *in any amount* to anyone in the following jurisdictions without registration of the Certificates or any filing being made. Such offers and sales may be made only by dealers or brokers registered or licensed in the respective jurisdictions:

Alabama	Illinois	Mississippi	South Carolina
Alaska	Indiana	Missouri	South Dakota
Arkansas	Iowa	Montana	Tennessee
California	Kansas	Nevada	Texas
Colorado	Kentucky	New Mexico	Utah
Connecticut	Louisiana	North Dakota	Vermont
Delaware	Maine	Oregon	Virginia
District of Columbia	Maryland	Pennsylvania ⁺	Washington
Georgia	Massachusetts	Puerto Rico	West Virginia
Idaho	Michigan	Rhode Island	Wisconsin
			Wyoming

⁺In Pennsylvania, all official statements or other offering materials distributed in connection with any offer or sale of the Certificates must contain, on the facing page thereof, in boldface type, appropriate language denoting the issuer's limited obligation on the Certificates.

*Preliminary; subject to change.

B. Jurisdictions Where Filings or Information Required

Offers and sales of the Certificates may be made to anyone in the following jurisdictions only after certain filings have been made or certain information is obtained, and only by dealers or brokers registered or licensed in the respective jurisdictions. We are attempting to qualify the entire offering in each of the following jurisdictions:

Florida (1)
New Jersey (1)
New York (2)
North Carolina (3)

Except as noted in footnote (2) below, the Certificates may not be offered or sold to the public in any of the above jurisdictions until after completion of the required action or receipt of the required information.

(1) We are attempting to obtain information to support a claim of exemption for the Certificates in this state.

(2) Offers and sales of the Certificates may be made to anyone in the State of New York by dealers or brokers registered or licensed therein, *provided* an application executed by the City of Modesto, California (the "City") is filed with the New York Department of Law within 10 days of closing. The application has been sent to the City for execution but has not yet been returned to us for filing.

(3) We are attempting to confirm an exemption which may be available for the Certificates in this jurisdiction.

II

**JURISDICTIONS IN WHICH SALES TO THE PUBLIC
MAY NOT BE MADE**

No action is being taken to qualify any of the Certificates for sale in the following jurisdictions, and offers and sales of the Certificates to the public in these jurisdictions without such action are prohibited:

Arizona	New Hampshire
Hawaii	Ohio
Minnesota	Oklahoma
Nebraska	

III

SALES TO CERTAIN INSTITUTIONS AND DEALERS

In addition to any *offers* or *sales* of the Certificates that Part I indicates are proper, *offers* and *sales* of the Certificates may be made *in any amount* to the specified institutions in the following jurisdictions, subject to any qualifications noted, without registration of the Certificates or any filings being made and without completion of any action for qualification of the Certificates previously referred to in this Memorandum. Such *offers* and *sales* may be made by dealers or brokers registered or licensed in the respective jurisdictions and, subject to any qualifications noted, by persons not so registered or licensed. Eligibility of the Certificates for investment by the institutions mentioned herein is not covered in this Memorandum.

ALABAMA

Any bank, savings institution, credit union, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, other financial institution or institutional buyer, or dealer.

ALASKA (1)

Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, other financial institution or institutional buyer, or broker-dealer.

ARIZONA

Any bank, savings institution, insurance company, dealer, agency or instrumentality of the United States or of a state, or person a principal part of whose business consists of buying securities.

ARKANSAS (1)

Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, other financial institution or institutional buyer, or broker-dealer.

CALIFORNIA

Any bank, savings and loan association, trust company, insurance company, investment company registered under the Investment Company Act of 1940, pension or profit-sharing trust (other than a pension or profit-sharing trust of the issuer, a self-employed individual retirement plan or individual retirement account), or such other institutional investor or governmental agency or instrumentality as the California Commissioner of Corporations may designate by rule,

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provided the purchaser represents that it is purchasing for its own account (or for a trust account for which it is trustee) for investment and not with a view to or for sale in connection with any distribution of the security, *and provided* the seller either (i) is licensed as a broker-dealer in California, or (ii) is a broker-dealer registered under the Securities Exchange Act of 1934, who has not previously had any certificate denied or revoked under the California Corporate Securities Law of 1968 or any predecessor statute, has no place of business in California and does not direct offers to sell or buy into California in any manner to persons other than licensed broker-dealers or institutions of the classes listed above in this paragraph.

COLORADO (2)

Any financial or institutional investor or broker-dealer. "Financial or institutional investor" means (i) a depository institution, (ii) an insurance company, (iii) a separate account of an insurance company, (iv) an investment company registered under the Investment Company Act of 1940, (v) a business development company as defined in the Investment Company Act of 1940, (vi) a private business development company as defined in the Investment Advisers Act of 1940, (vii) an employee pension, profit-sharing or benefit plan (if the plan has total assets in excess of five million dollars or if its investment decisions are made by a named fiduciary as defined in the Employee Retirement Income Security Act of 1974 that is either a broker-dealer registered under the Securities Exchange Act of 1934, an investment adviser registered or exempt from registration under the Investment Advisers Act of 1940, a depository institution or an insurance company), (viii) an entity, other than an individual, a substantial part of whose business activities consists of investing, purchasing, selling or trading in securities of more than one issuer and not of its own issue and that has total assets in excess of five million dollars as of the end of its latest fiscal year, (ix) a small business investment company licensed by the Small Business Administration under the Small Business Investment Act of 1958, or (x) any other institutional buyer.

CONNECTICUT (1)

Any state bank and trust company, national banking association, savings bank, savings and loan association, federal savings and loan association, credit union, federal credit union, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, other financial institution or institutional buyer, or broker-dealer.

DELAWARE (1)

Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, other financial institution or institutional buyer, or broker-dealer.

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DISTRICT OF COLUMBIA (1)

Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer.

FLORIDA

Any bank, trust company, savings institution, insurance company, dealer, regulated investment company, or pension or profit-sharing plan having assets not less than five hundred thousand dollars; also any sale to a corporation by another corporation provided the sale price of the securities is fifty thousand dollars or more and the buyer and seller each have assets of five hundred thousand dollars or more.

GEORGIA

Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, real estate investment trust, small business investment corporation, pension or profit-sharing plan or trust, other financial institution, or dealer.

HAWAII (1)

Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, other financial institution or institutional buyer, or dealer, *provided* any offering material or advertising used in connection with the offering must clearly indicate thereon the name of the person issuing, circulating, publishing or making it and the fact that such person is issuing, circulating, publishing or making it.

IDAHO

Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, other financial institution or institutional buyer, or broker-dealer.

ILLINOIS

Any corporation, bank, savings bank, savings institution, savings and loan association, trust company, insurance company, building and loan association, dealer, pension fund or pension trust, employees' profit-sharing trust, other financial institution or institutional investor, any government or political subdivision or instrumentality thereof, whether the purchaser is acting for itself or in some fiduciary capacity, or to any partnership or other association engaged as a substantial part of its business or operations in purchasing or holding securities, or to any

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trust in respect of which a bank or trust company is trustee or co-trustee, or to any entity in which at least 90% of the equity is owned by certain described institutional or sophisticated persons, or to any employee benefit plan within the meaning of Title I of the federal ERISA Act if (i) the investment decision is made by a plan fiduciary as defined in Section 3(21) of the federal ERISA Act and such plan fiduciary is either a bank, savings and loan association, insurance company, registered investment adviser or an investment adviser registered under the federal 1940 Investment Advisers Act, or (ii) the plan has total assets in excess of \$5,000,000 or (iii), in the case of a self-directed plan, investment decisions are made solely by certain described institutional or sophisticated persons or to any plan established and maintained by, and for the benefit of the employees of, any state or political subdivision or agency or instrumentality thereof if such plan has total assets in excess of \$5,000,000, or to any organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, any Massachusetts or similar business trust, or any partnership, if such organization, trust or partnership has total assets in excess of \$5,000,000.

INDIANA (1)

Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, other financial institution or institutional buyer, or broker-dealer.

IOWA (1)

Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, other financial institution or institutional buyer, or broker-dealer.

KANSAS

Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, other financial institution or institutional buyer, broker-dealer, or underwriter.

KENTUCKY

Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, other financial institution or institutional buyer, or broker-dealer.

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LOUISIANA

Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, real estate investment trust, small business investment corporation, pension or profit-sharing plan or trust, other financial institution, or dealer.

MAINE (3)

Any financial and institutional investor or broker-dealer. "Financial and institutional investor" includes any depository institution (a person, other than an insurer, which is organized, chartered or holding an authorization certificate under the laws of any state or of the United States which authorizes the person to receive deposits, including a savings, share, certificate or deposit account and which is supervised and examined for the protection of depositors by an official or agency of any state or the United States and also any trust company or other institution which is authorized by state law to exercise fiduciary powers similar to those permitted to national banks under the authority of the Comptroller of the Currency), depository institution holding company, insurance company, separate account of an insurance company, investment company as defined by the Investment Company Act of 1940, business development company as defined by the Investment Company Act of 1940, entity (other than a natural person) a substantial part of whose business activities consists of investing, purchasing, selling or trading in securities of more than one issuer and not of its own issue and that has gross assets in excess of one million dollars, employee pension and profit-sharing or benefit plan (other than such a plan of the issuer, a self-employed individual retirement plan or individual retirement account) if (i) the investment decision is made by a plan fiduciary as defined in the Employee Retirement Income Security Act of 1974 which is either a depository institution, an insurance company or an investment adviser registered under the Revised Maine Securities Act or (ii) the plan has total assets in excess of five million dollars, small business investment company licensed by the Small Business Administration under the Small Business Investment Act of 1958, or entity organized and operated not for private profit as described in the Internal Revenue Code Section 501(c)(3) with total assets in excess of five million dollars.

MARYLAND (1)

Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, other financial institution or institutional buyer, or broker-dealer.

MASSACHUSETTS (1)

Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, other financial institution or institutional buyer, or broker-dealer.

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MICHIGAN (4)

Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust the assets of which are managed by an institutional manager, other financial institution, broker-dealer or the federal national mortgage association, the federal home loan mortgage corporation, the government national mortgage association, or the treasurer of the State of Michigan.

MINNESOTA (1)

Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, other financial institution or institutional buyer (including a corporation with a class of equity securities registered under Section 12(g) of the Securities Exchange Act of 1934, or a person who is an "accredited investor" within the meaning of Rule 501(a) adopted by the Securities Exchange Commission in Federal Register, volume 47, page 11262, to be codified as Code of Federal Regulations, Title 17, Section 230.501(a)), or broker-dealer.

MISSISSIPPI (1)

Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, other financial institution or institutional buyer, or broker-dealer.

MISSOURI (1)

Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust (a trust the assets of which are managed by a bank or trust company or other institutional manager, but not including the individual retirement account or self directed Keogh plan of a natural person), other financial institution or institutional buyer (including [i] an endowment or trust fund of a charitable organization specified in Section 170(b)(1)(A) of the Internal Revenue Code, [ii] an issuer which has any class of securities registered under Section 12 of the Securities Exchange Act of 1934 and any wholly owned subsidiary thereof, and [iii] any corporation, partnership or association which has been in existence for ten years or whose net assets exceed five hundred thousand dollars and whose principal purpose as stated in its articles, bylaws or other organizational instrument is investing in securities), or broker-dealer.

MONTANA

Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, other financial institution or institutional buyer, or broker-dealer.

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NEBRASKA

Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, other financial institution or institutional buyer, or broker-dealer.

NEVADA (2)

Any financial or institutional investor or broker-dealer. "Financial or institutional investor" means any depository institution (a person, other than an insurer, that is organized, chartered or holding an authorization certificate under the laws of a state or of the United States which authorizes the person to receive deposits, including a savings, share, certificate or deposit account and that is supervised and examined for the protection of depositors by an official or agency of a state or of the United States, and a trust company or other institution that is authorized by federal or state law to exercise fiduciary powers of the type a national bank is permitted to exercise under the authority of the Comptroller of the Currency and is supervised and examined by an official or agency of a state or the United States), insurance company, separate account of an insurance company, investment company as defined in the Investment Company Act of 1940, employee pension, profit-sharing or benefit plan (*provided* [i] the plan has total assets in excess of five million dollars or [ii] its investment decisions are made by a named fiduciary as defined in the Employee Retirement Income Security Act of 1974 that is either a broker-dealer registered under the Securities Exchange Act of 1934, an investment adviser registered or exempt from registration under the Investment Advisers Act of 1940, a depository institution or an insurance company), or any other institutional buyer.

NEW HAMPSHIRE (1)

None, unless the New Hampshire statutory warning legend has been affixed properly to the cover page of any prospectus or other offering document distributed in New Hampshire. Licensed broker-dealers who have affixed such legend, or have caused such legend to be affixed, to the applicable offering documents may make offers or sales to any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profitsharing trust, other financial institution or institutional buyer, or broker-dealer.

NEW JERSEY (1)

Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, other financial institution or institutional buyer, or broker-dealer.

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NEW MEXICO (2)

Any financial or institutional investor or broker-dealer. "Financial or institutional investor" means any depository institution ([i] a person, other than an insurer, which is organized, chartered or holding an authorization certificate under the laws of a state or of the United States which authorizes the person to receive deposits, including a savings, share, certificate or deposit account and which is regulated, supervised and examined for the protection of depositors by an official or agency of a state or the United States and is insured by the federal depository insurance corporation, the federal savings and loan insurance corporation or the national credit union share insurance fund, and [ii] a trust company or other institution that is authorized by federal or state law to exercise fiduciary powers of the type a national bank is permitted to exercise under the authority of the Comptroller of the Currency and is regulated, supervised and examined by an official or agency of a state or the United States), insurance company, separate account of an insurance company, investment company as defined in the Investment Company Act of 1940, employee pension, profit-sharing or benefit plan (if the plan has total assets in excess of five million dollars or if its investment decisions are made by a plan fiduciary as defined in the Employee Retirement Income Security Act of 1974 which is either a broker-dealer registered under the Securities Exchange Act of 1934, an investment adviser registered or exempt from registration under the Investment Advisers Act of 1940, a depository institution or an insurance company), business development company as defined by the Investment Company Act of 1940, small business investment company licensed by the Small Business Administration under the Small Business Investment Act of 1958, or any other financial or institutional buyer designated by rule or order of the Director of the New Mexico Securities Division (who has designated any [i] entity, other than a natural person, which is directly engaged in the business of, and derives at least eighty percent of its annual gross income from, investing, purchasing, selling or trading in securities of more than one issuer and not of its own issue and that has gross assets in excess of five million dollars at the end of its latest fiscal year, [ii] entity organized and operated not for private profit as described in Section 501(c)(3) of the Internal Revenue Code with total assets in excess of five million dollars, [iii] state, political subdivision of a state or agency or corporate or other instrumentality of a state or a political subdivision of a state, or [iv] employee pension, profit sharing or benefit plan (provided the investment decisions are made by one or more plan fiduciaries as defined in the Employee Retirement Income Security Act of 1974 so long as at least one of such plan fiduciaries is either a broker-dealer registered under the Securities Exchange Act of 1934, an investment adviser registered or exempt from registration under the Investment Advisers Act of 1940, a depository institution or an insurance company)).

NEW YORK

There is no transactional exemption for sales to institutions in New York.

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NORTH CAROLINA (4)

Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, other financial institution or institutional buyer, dealer or corporation which has a net worth in excess of one million dollars as determined by generally accepted accounting principles.

NORTH DAKOTA

Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, other financial institution or institutional buyer, or dealer.

OHIO (5)

Any institutional investor (any corporation, bank, insurance company, pension fund or pension fund trust, employees' profit-sharing fund or employees' profit-sharing trust, any association engaged, as a substantial part of its business or operations, in purchasing or holding securities, or any trust in respect of which a bank is a trustee or co-trustee, but does not include any entity formed for the primary purpose of evading the Ohio Blue Sky Law), dealer, or the issuer.

OKLAHOMA (1)

Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, other financial institution or institutional buyer, or broker-dealer.

OREGON

Any bank, savings institution, trust company, insurance company, investment company, pension or profit-sharing trust, other financial institution or institutional buyer (including the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Federal Housing Administration, the United States Veterans Administration and the Government National Mortgage Association), broker-dealer, mortgage broker or mortgage banker.

PENNSYLVANIA (6)

Any institutional investor (any bank, insurance company, pension or profit-sharing plan or trust, investment company as defined in the Investment Company Act of 1940, other financial institution, any person other than an individual which controls any of the foregoing, the Federal Government, any state, or any agency or political subdivision thereof, any other person so designated by regulation of the Pennsylvania Securities Commission), or broker-dealer. The

Pennsylvania Securities Commission by regulation states that the term "institutional investor" includes:

(i) A corporation or business trust or a wholly-owned subsidiary of the person which has been in existence for eighteen months and which has a tangible net worth on a consolidated basis, as reflected in its most recent audited financial statements, of ten million dollars or more;

(ii) A college, university, or other public or private institution which has received exempt status under Section 501(c)(3) of the Internal Revenue Code of 1954 and which has a total endowment or trust funds including annuity and life income funds of five million dollars or more according to its most recent audited financial statements, provided the aggregate dollar amount of securities being sold to the person under the exemption may not exceed 5.0% of its endowment or trust funds;

(iii) A wholly-owned subsidiary of a bank, as defined in the Pennsylvania Act;

(iv) A person (except an individual or an entity whose securityholders consist entirely of one individual or group of individuals who are related) which is organized primarily for the purpose of purchasing in non-public offerings securities of corporations or issuers engaged in research and development activities in conjunction with a corporation and which complies with one of the following: (a) has purchased five million dollars or more of the securities excluding both of the following: (1) a purchase of securities of a corporation in which the person directly or beneficially owns more than 50% of the corporation's voting securities, but securities purchased under a leveraged buy-out financing in which the person does not intend to provide direct management to the issuer, shall not be excluded, or (2) any dollar amount of a purchase of securities of a corporation which investment represents more than 20% of the person's net worth; (b) is capitalized at two million five hundred thousand dollars or more and is controlled by an individual controlling a person which meets the criteria contained in subparagraph (a), (c) is capitalized at ten million dollars or more and has purchased five hundred thousand dollars or more of the securities (excluding a purchase of securities of a corporation in which the person directly or beneficially owns more than 50% of the corporation's voting securities), (d) is capitalized at two hundred fifty thousand dollars or more and is a side-by-side fund as defined;

(v) A Small Business Investment Company as defined in the Small Business Investment Act of 1958 which either has a total capital of one million dollars or more or is controlled by institutional investors as defined in the Pennsylvania Act;

(vi) A Seed Capital Fund, as defined in Section 2 and authorized in Section 6 of the Pennsylvania Small Business Incubators Act (73 P.S. §§395.2 and 395.6);

(vii) A Business Development Credit Corporation, as authorized by the Pennsylvania Business Development Credit Corporation Law (15 P.S. §§2701-2716);

(viii) A person whose securityholders consist solely of institutional investors or broker-dealers; or

(ix) A person as to which the issuer reasonably believed qualified as an institutional investor under this provision at the time of the offer or sale of the securities on the basis of written representations made to the issuer by the purchaser. In Pennsylvania, any official statements or other offering materials distributed in connection with any offer or sale of the Certificates must contain, on the facing page thereof, in boldface type, appropriate language denoting the issuer's limited obligation on the Certificates.

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PUERTO RICO (1)

Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Companies Act of Puerto Rico, pension or profit-sharing trust, other financial institution or institutional buyer, or broker-dealer.

RHODE ISLAND

Any bank, trust company, insurance company or association under the supervision of the Director of Business Regulation of Rhode Island, national bank, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or institutional buyer, *provided* any such institution purchases for its own account and investment, or any registered Rhode Island broker.

SOUTH CAROLINA (1)

Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, other financial institution or institutional buyer, or broker-dealer.

SOUTH DAKOTA (1)

Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, other financial institution or institutional buyer, or broker-dealer.

TENNESSEE (7)

Any institutional investor or broker-dealer. "Institutional investor" means any bank, trust company, insurance company, investment company registered under the Investment Company Act of 1940, holding company which controls any of the foregoing, trust or fund over which any of the foregoing has or shares investment discretion, or other person, (other than a dealer as defined in the Tennessee Securities Act of 1980, as amended) engaged as a substantial part of its business in investing in securities, *provided* the purchaser has a net worth in excess of one million dollars.

TEXAS

Any bank, trust company, building and loan association, insurance company, surety or guaranty company, savings institution (including any federally, or state, chartered credit union or savings and loan association), investment company as defined in the Investment Company Act of 1940, small business investment company as defined in the Small Business Investment Act of 1958, or dealer registered in Texas actually engaged in buying and selling securities, *provided* any such institution purchases for its own account or as a bona fide trustee of a trust organized

KUTAK ROCK

and existing other than for the purpose of acquiring the specific securities. Additionally, a dealer registered in Texas may effect transactions with: any employee benefit plan within the meaning of the Employee Retirement Income Security Act of 1974 Title I with total assets in excess of five million dollars, private business development company as defined in the Investment Advisers Act of 1940 §202(a)(22), organization described in the Internal Revenue Code §501(c)(3) with total assets in excess of five million dollars, or corporation or other entity having net worth of not less than five million dollars or a wholly owned subsidiary of such a corporation or other entity, *provided* (i) the purchaser pays cash consideration of not less than one hundred fifty thousand dollars, (ii) the purchaser is not a natural person or the individual retirement account of a natural person, (iii) the securities offered are not issued by an open-end company as defined in the Investment Company Act of 1940, (iv) the securities are not part of a distribution or offering of securities that has been registered (or is proposed to be registered) under the Texas Securities Act, and (v) either the securities have been rated in one of the four highest generic ratings by Moody's Investors Service, Inc. or Standard and Poor's Corporation or, if not rated, the securities are senior to or upon a parity with other securities of the same issuer which have been so rated.

UTAH (1)

Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, other financial institution or institutional buyer, or broker-dealer.

VERMONT

Any bank, savings institution, trust company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, other financial institution or institutional buyer, or broker-dealer.

VIRGINIA

Any corporation, investment company, pension or profit-sharing trust, or broker-dealer.

WASHINGTON

Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, other financial institution or institutional buyer, or broker-dealer.

KUTAK ROCK

WEST VIRGINIA (1)

Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, other financial institution or institutional buyer, or broker-dealer.

WISCONSIN (8)

(a) Any bank, savings institution, credit union, trust company, insurer, broker-dealer, investment adviser, savings and loan association, if the purchaser is acting for itself or as trustee with investment control, (b) any investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust (provided such trust is administered by a bank, savings institution, credit union, trust company, insurer, broker-dealer, investment adviser or savings and loan association that has investment control), (c) the State of Wisconsin or any of its agencies or political subdivisions, (d) the federal government or any of its agencies or instrumentalities, (e) any financial institution or institutional investor designated by rule or order of the Wisconsin Commissioner of Securities, or (f) the issuer of the security offered. The Wisconsin Commissioner of Securities by rule has stated that "financial institution or institutional investor" includes any endowment or trust fund of a charitable organization specified in Section 170(b)(1)(A) of the Internal Revenue Code, issuer which has any class of securities registered under section 12 of the Securities Exchange Act of 1934 and any wholly owned subsidiary thereof, venture capital company (*provided* either it operates a small business investment company licensed under the Small Business Investment Act of 1958, or is a corporation, partnership or association that has been in existence for five years or whose net assets exceed two hundred fifty thousand dollars and either its principal purpose as stated in its articles, by-laws or other organizational instruments is investing in securities or its primary business is investing in developmental stage companies or eligible small business companies as defined in the regulations of the Small Business Administration at 13 CFR 108.2), or other person or entity whom the Wisconsin Commissioner of Securities by order designates.

WYOMING (1)

Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, other financial institution or institutional buyer, or broker-dealer.

(1) Provided the offeror or seller either (i) is registered or licensed as a broker-dealer in this jurisdiction, or (ii) has no place of business in this jurisdiction and effects transactions therein exclusively with or through the issuers of the securities involved in the transactions, registered

KUTAK ROCK

or licensed broker-dealers, or institutions of the classes listed for this jurisdiction in this Part of the Memorandum.

(2) Provided the offeror or seller either (i) is licensed as a broker-dealer in this state, or (ii) is registered as a broker-dealer under the Securities Exchange Act of 1934, has no place of business in this state and effects transactions therein exclusively with or through (a) the issuer of the securities involved in the transactions, (b) other broker-dealers licensed in this state, and (c) financial or institutional investors.

(3) Provided the offeror or seller either (i) is licensed as a broker-dealer in Maine, or (ii) is registered as a broker-dealer under the Securities Exchange Act of 1934 and effects transactions in Maine exclusively with (a) the issuer of the securities involved in the transactions, (b) other broker-dealers licensed or exempt in Maine (unless the broker-dealer is acting as clearing agent for the other broker-dealers) and (c) financial and institutional investors.

(4) Provided the offeror or seller either (i) is registered as a broker-dealer or dealer in this state, or (ii) has no place of business in this state and effects transactions therein exclusively with or through (a) the issuers of the securities involved in the transactions, (b) registered broker-dealers or dealers, or (c) banks, savings institutions, trust companies, insurance companies, investment companies as defined in the Investment Company Act of 1940, pension or profit-sharing trusts, or other financial institutions or institutional buyers.

(5) Provided the offeror or seller is licensed as a dealer in Ohio, except that an unlicensed person may sell to or effect transactions with a licensed Ohio dealer.

(6) Provided the offeror or seller either (i) is registered as a broker-dealer in Pennsylvania or (ii) is registered as a broker-dealer under the Securities Exchange Act of 1934, has not previously had any certificate denied or revoked under the Pennsylvania Securities Act of 1972 or any predecessor statute, has no place of business in Pennsylvania and during any period of twelve consecutive months he does not direct offers to sell or buy into Pennsylvania in any manner to persons other than broker-dealers, institutional investors or governmental agencies and other instrumentalities designated by regulation of the Pennsylvania Securities Commission.

(7) Provided the offeror or seller either (i) is registered or licensed as a dealer or broker in this jurisdiction, or (ii) has no place of business in this jurisdiction and is registered as a broker-dealer with the Securities and Exchange Commission or the National Association of Securities Dealers and effects transactions in this jurisdiction exclusively with or through the issuers of the securities involved in the transactions, registered or licensed broker-dealers or institutional investors.

(8) Provided the offeror or seller either (i) is licensed as a broker-dealer in Wisconsin, or (ii) effects transactions in Wisconsin exclusively for the account of or exclusively in offers to sell or sales to (a) any bank, savings institution, credit union, trust company, insurer, broker-dealer, investment adviser, savings and loan association, if the purchaser is acting for itself or as trustee

KUTAK ROCK

with investment control, (b) any investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust (provided such trust is administered by a bank, savings institution, credit union, trust company, insurer, broker-dealer, investment adviser or savings and loan association that has investment control), (c) the State of Wisconsin or any of its agencies or political subdivisions, (d) the federal government or any of its agencies or instrumentalities, (e) any financial institution or institutional investor designated by rule or order of the Wisconsin Commissioner of Securities, or (f) the issuer of the security offered.

KUTAK ROCK
A PARTNERSHIP
INCLUDING PROFESSIONAL CORPORATIONS
THE OMAHA BUILDING
1650 FARNAM STREET
OMAHA, NEBRASKA 68102-2186
(402) 346-6000
FACSIMILE (402) 346-1148

ATLANTA
BATON ROUGE
DENVER
LOS ANGELES
NEW YORK
OKLAHOMA CITY
PHOENIX
WASHINGTON

May 27, 1993

\$27,225,000
Certificates of Participation
(1993 Community Center Refinancing Project)

\$8,130,000
Certificates of Participation
(1993 Golf Course Refinancing Project)

Evidencing Direct, Undivided Fractional Interests
of the Owners thereof in Lease Payments
to be made by the
City of Modesto, California
As Rental For Certain Property
Pursuant to Two Separate Lease Agreements with the
Modesto Public Financing Authority

SUPPLEMENTAL BLUE SKY MEMORANDUM

Smith Barney, Harris Upham
& Co., Inc.
1345 Avenue of the Americas
New York, New York 10105

Grigsby Brandford & Co., Inc.
230 California Street
San Francisco, California 94111

Greeting:

This Supplemental Blue Sky Memorandum supplements our Preliminary Blue Sky Memorandum dated April 30, 1993 relating to the sale of the above-described certificates of participation (the "Certificates").

KUTAK ROCK

Smith Barney, Harris Upham
& Co., Inc.
Grigsby Brandford & Co., Inc.
May 27, 1993
Page 2

In each of the following jurisdictions action has been completed so that the Certificates may be sold to the public by dealers or brokers registered or licensed in such jurisdictions:

Florida (1)
New Jersey (1)
North Carolina (2)

Offers and sales of the Certificates may be made to anyone in the State of New York by dealers or brokers registered or licensed therein, *provided* an application executed by City of Modesto, California is filed with the New York Department of Law within 10 days of closing. The executed New York exemption application was sent to the New York Department of Law for delivery on May 19, 1993. When receipt of the exemption application has been confirmed, we will advise you in a supplemental memorandum.

For other information concerning the sale of the Certificates, reference is made to our Preliminary Blue Sky Memorandum.

Yours truly,

KUTAK ROCK

(1) We have obtained information to support a claim of exemption for the Certificates in this state.

(2) We have obtained confirmation of an exemption for the Certificates in this jurisdiction.

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KUTAK ROCK
A PARTNERSHIP
INCLUDING PROFESSIONAL CORPORATIONS
SUITE 2900
717 SEVENTEENTH STREET
DENVER, COLORADO 80202-3329

(303) 297-2400
FACSIMILE (303) 292-7799

ATLANTA
BATON ROUGE
LITTLE ROCK
LOS ANGELES
NEW YORK
OKLAHOMA CITY
OMAHA
PHOENIX
WASHINGTON

May 27, 1993

Smith Barney, Harris Upham &
Co. Incorporated
20th Floor
350 California Street
San Francisco, CA 94104

Grigsby Brandford & Co., Inc.
Suite 601
230 California Street
San Francisco, CA 94111

\$27,225,000
Certificates of Participation
(1993 Community Center Refinancing Project)
Evidencing Direct, Undivided Fractional Interests
of the Owners Thereof in Lease Payments
to be Made by the
City of Modesto, California

Ladies and Gentlemen:

We have acted as counsel to you, as underwriters, in connection with the purchase by you of \$27,225,000 aggregate principal amount of Certificates of Participation (1993 Community Center Refinancing Project) (the "Certificates") evidencing direct, undivided fractional interests of the owners thereof in lease payments to be made by the City of Modesto, California (the "City"). As such counsel, we have participated in the preparation of certain documents, including the Official Statement dated May 11, 1993 with respect to the Certificates (the "Official Statement"), and the Certificate Purchase Agreement dated May 11, 1993 (the "Purchase Agreement") between you and the County.

We have examined executed counterparts of the Official Statement, the Purchase Agreement, the Trust Agreement dated as of May 1, 1993 (the "Trust Agreement") by and

KUTAK ROCK

Smith Barney, Harris Upham &
Co. Incorporated
Grigsby, Brandford & Co., Inc.
May 27, 1993
Page 2

among the City, the Modesto Public Financing Authority (the "Authority") and First Trust of California, National Association, as trustee (the "Trustee"), the Lease Agreement dated as of May 1, 1993 (the "Lease Agreement") by and between the City and the Authority, the Assignment Agreement dated as of May 1, 1993 (the "Assignment Agreement") by and between the Authority and the Trustee, the Site and Facility Lease dated as of May 1, 1993 (the "Site Lease") by and between the City and the Authority and the Escrow Deposit and Trust Agreement dated May 27, 1993 (the "Escrow Agreement") by and between the City and First Interstate Bank of California. We have also examined the originals or copies, certified or otherwise identified to our satisfaction, of such other documents, records, opinions and other instruments as we have deemed necessary or advisable for purposes of this opinion.

In connection with the preparation of the Official Statement, we have generally reviewed information furnished to us by, and have participated in conferences and telephone conversations with, representatives of the City; representatives of the Authority; Rauscher Pierce Refsnes, Inc., Financial Advisor; Jones Hall Hill & White, A Professional Law Corporation, Special Counsel; the City Attorney; and your representatives. We have also reviewed other records relating to the authorization, execution, delivery and sale of the Certificates and have relied upon the certificates of the officials of the City and the Authority, and upon certain documents, opinions and letters. However, we have not independently verified any factual matters in connection with or apart from the aforementioned review and conferences and, accordingly, we do not express any view or belief as to matters that might have been disclosed by independent verification.

Based solely on the foregoing, you have asked us whether we believe that the Official Statement contains an untrue statement of a material fact or has omitted to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, as of the date of the Official Statement and as of the date hereof. In response to your request, and subject to the further qualifications and assumptions set forth below, we can advise you that although we have made no independent investigation or verification of the accuracy, correctness, fairness or completeness of, and do not assume any responsibility for, the information included in the Official Statement (subject to the qualifications set forth herein), no information came to the attention of the attorneys in our firm rendering legal services in connection with the execution and delivery of the Certificates which causes us to believe that the Official Statement (except for the information contained under the captions "BOND INSURANCE," "TAX MATTERS," "LITIGATION", "APPENDIX A," "APPENDIX D" and "APPENDIX E," and the financial statements, financial, statistical and numerical

KUTAK ROCK

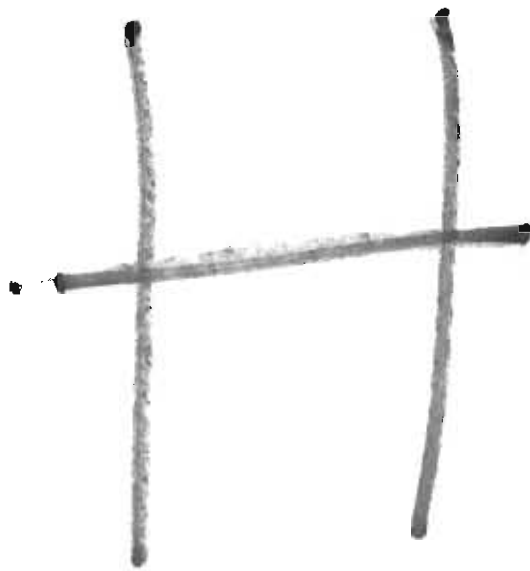
Smith Barney, Harris Upham &
Co. Incorporated
Grigsby, Brandford & Co., Inc.
May 27, 1993
Page 3

information, forecasts, estimates, assumptions and expressions of opinion, as to which we express no view), as of its date contained, or as of the date of this opinion contains, any untrue statement of a material fact or omitted to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

Further, we are of the opinion that the offer, sale and delivery of the Certificates under the circumstances contemplated are exempt from registration under the Securities Act of 1933, as amended, and the Trust Agreement is exempt from qualification under the Trust Indenture Act of 1939, as amended.

Very truly yours,

Kutak Rock _____



1

May 21, 1993

AMBAC Indemnity Corporation
One State Street Plaza
New York, New York 10004

Dear AMBAC:

Moody's Investors Service has assigned the rating of **Aaa** (AMBAC Insured - Policy No. 8454BB) to the \$27,225,000 City of Modesto, California, Certificates of Participation (1993 Community Center Refinancing Project) Series A, Evidencing Direct, Undivided Financial Interests of the Owners Thereof in Lease Payments to be made by the City of Modesto, California, as Rental for Certain Property Pursuant to a Lease Agreement with the Modesto Public Financing Authority, dated May 1, 1993; consisting of: \$10,250,000 in aggregate principal amount of Serial Certificates maturing on November 1 in the years 1993 through 2001, both inclusive; \$4,740,000 in aggregate principal amount of Term Certificates maturing on November 1, 2014; and \$12,235,000 in aggregate principal amount of Term Certificates maturing on November 1, 2023, which sold through negotiation on May 10, 1993. The rating is based upon an insurance policy provided by AMBAC Indemnity Corporation.

Should you have any questions regarding the above, please do not hesitate to contact the assigned analyst, Margaret Kessler at (212) 553-7884.

Sincerely yours,

Daniel N. Heimowitz
Daniel N. Heimowitz
Executive Vice President
Director
Public Finance Department

DH:al

Standard & Poor's Corporation
Bond Insurance Administration
25 Broadway
New York, New York 10004-1064
Telephone 212/208-1740
FAX 212/208-8262

May 21, 1993

Ms. Janine Feudi
Vice President
Client Information Services
AMBAC Indemnity Corporation
One State Street Plaza - 17th Floor
New York, New York 10004

Re: *\$27,225,000 City of Modesto, California, Certificates of Participation, (1993 Community Center Refinancing Project), Series A, dated: May 1, 1993, \$10,250,000 (Serial Certificates) due: November 1, 1993-2001, \$4,740,000 (Term Certificates) due: November 1, 2014, \$12,235,000 (Term Certificates) due: November 1, 2023 (POLICY #8454BE/ACN 8533)*

Dear Ms. Feudi:

Pursuant to your request for a Standard & Poor's rating on the subject obligations, we have reviewed the information submitted and have assigned a rating of 'AAA'.

This reflects our assessment of the likelihood of repayment of principal and interest based on the bond insurance policy your company is providing.

Rating adjustments may result from changes in the financial position of your company or from alterations in documents governing the issue. With respect to the latter, please notify us of any changes or amendments over the term of the issue.

When using this Standard & Poor's rating, include S&P's definition of the rating together with a statement that this may be changed, suspended or withdrawn as a result of changes in, or unavailability of, information. This rating is not a "market rating", because it is not a recommendation to buy, hold or sell the obligations.

Please remember that complete documentation relating to this issue must be submitted no later than 90 days after the date of this letter. If you have any questions, please contact us.

/cf

Very truly yours,
Vincent S. Orgo/cf



2

Commitment for Municipal Bond Insurance

AMBAC Indemnity Corporation
c/o CT Corporation Systems
222 West Washington Avenue
Madison, Wisconsin 53703
Administrative Office:
One State Street Plaza
New York, New York 10004

Issuer: CITY OF MODESTO, CALIFORNIA

Commitment Number: 8533

Date of Commitment: April 28, 1993

Expiration Date: July 28, 1993

Bonds: \$25,830,000 Certificates of Participation (1993 Refunding Project), Series A and Series B, dated May 1, 1993, consisting of: \$14,475,000 in aggregate principal amount of Serial Certificates, maturing on November 1 in the years 1993 through 2015, both inclusive; and \$11,355,000 in aggregate principal amount of Term Certificates, maturing on November 1 in the years 2016 through 2023, both inclusive.

Insurance premium: 0.7500% of the total principal and interest due on the Bonds. (Moody's Investors Service and Standard & Poor's Corporation assess separate rating fees which are payable directly to them.)

AMBAC Indemnity Corporation (AMBAC) A Wisconsin Stock Insurance Company

hereby commits to issue a Municipal Bond Insurance Policy (the "Policy") relating to the above-described debt obligations (the "Bonds"), substantially in the form imprinted in this Commitment, subject to the terms and conditions contained herein or added hereto (see conditions set forth on page 2 and following).

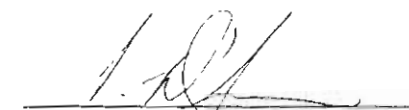
To keep this Commitment in effect after the expiration date set forth above, a request for renewal must be submitted to AMBAC prior to such expiration date. AMBAC reserves the right to refuse wholly or in part to grant a renewal.

The Municipal Bond Insurance Policy shall be issued if the following conditions are satisfied:

1. The documents to be executed and delivered in connection with the issuance and sale of the Bonds shall not contain any untrue or misleading statement of a material fact and shall not fail to state a material fact necessary in order to make the information contained therein not misleading.
2. No event shall occur which would permit any purchaser of the Bonds, otherwise required, not to be required to purchase the Bonds on the date scheduled for the issuance and delivery thereof.
3. There shall be no material change in or affecting the Bonds (including, without limitation, the security for the Bonds) or the financing documents or the official statement (or any similar disclosure document) to be executed and delivered in connection with the issuance and sale of the Bonds from the descriptions thereof heretofore provided to AMBAC.
4. The Bonds shall contain no reference to AMBAC, the Policy or the municipal bond insurance evidenced thereby except as may be approved by AMBAC.

5. AMBAC shall be provided with:

- (a) Executed copies of all financing documents, the official statement (or any similar disclosure document) and the various legal opinions delivered in connection with the issuance and sale of the Bonds, including, without limitation, the unqualified approving opinion of bond counsel rendered by a law firm acceptable to AMBAC. The form of Bond Counsel's approving opinion shall also indicate, if applicable, that the Bonds are exempt from federal income taxation, that the issuer must comply with certain covenants under and pursuant to the new tax law and that the issuer has the legal power to comply with such covenants. Such opinion of bond counsel shall be addressed to AMBAC or, in lieu thereof, a letter shall be provided to AMBAC to the effect that AMBAC may rely on such opinion as if it were addressed to AMBAC.
 - (b) A letter from bond counsel or counsel to the purchaser or otherwise from another person acceptable to AMBAC to the effect that the financing documents, the official statement (or any similar disclosure document) and the various legal opinions executed and delivered in connection with the issuance and sale of the Bonds are substantially in the forms theretofore submitted to AMBAC for review, with only such amendments, modifications or deletions as approved by AMBAC.
 - (c) A certified or cashier's check for or evidence of wire transfer of an amount equal to the insurance premium at the time of the issuance and delivery of the Bonds. If the amount of premium exceeds \$100,000.00, payment must be made by federal funds wire transfer.
6. Unless expressly waived in whole or in part by AMBAC, the financing documents and the Official Statement shall contain (a) the terms and provisions provided in the AMBAC Indemnity STANDARD PACKAGE transmitted herewith and (b) any additional oral or written provisions or comments submitted by AMBAC.
 7. AMBAC shall receive a copy of any insurance policy, surety bond, guaranty or indemnification or any other policy, contract or agreement which provides for payment of all or any portion of the debt, the costs of reconstruction, the loss of business income or in any way secures, ensures or enhances the income stream anticipated to pay the bonds.
 8. Any provisions or requirements of the Purchase Contract or Bond Purchase Agreement referencing AMBAC must be sent to the attention of Janine Feudi not less than five (5) business days prior to closing. If such provisions or requirements are not received within that time, compliance may not be possible.
 9. Review and approval by AMBAC at least 5 days prior to closing of the Escrow Agreement for the defeasance of the applicable Bonds (the "Prior Bonds").
 10. At least 5 days prior to closing, AMBAC must receive certification by an accounting firm acceptable to AMBAC that the securities invested are sufficient to pay the Prior Bonds. Upon receipt of this commitment AMBAC should be notified which firm will be providing the certification.
 11. Receipt of an opinion of counsel acceptable to AMBAC that the Prior Bonds have been legally defeased.
 12. Receipt of an opinion of counsel acceptable to AMBAC with regard to the validity and enforceability of the Escrow Agreement.
 13. The 1993 Lease Purchase Agreement shall require AMBAC prior written consent in the event of removal or substitution of property from the Lease Project.
 14. Rental interruption insurance required under the 1993 lease, shall be in an amount equal to two years lease rental payments under the 1993 lease.
 15. A debt service reserve shall be funded at closing in an amount equal to the lesser of 10% proceeds, 125% average annual debt service or maximum annual debt service.



Authorized Officer

3



Municipal Bond Insurance Policy

AMBAC Indemnity Corporation
c/o CT Corporation Systems
44 East Mifflin St., Madison, Wisconsin 53703
Administrative Office.
One State Street Plaza, New York, NY 10004
Telephone: (212) 668-0340

Issuer: CITY OF MODESTO, CALIFORNIA

Policy Number: 8454BE

Bonds: **\$27,225,000 Certificates of Participation (1993 Community Center Refinancing Project) Series A, Evidencing Direct, Undivided Financial Interests of the Owners Thereof in Lease Payments to be made by the City of Modesto, California, as Rental for Certain Property Pursuant to a Lease Agreement with the Modesto Public Financing Authority, dated May 1, 1993; consisting of: (AS FURTHER DESCRIBED ON THE REVERSE HEREOF:)**

Premium: \$415,219.40

AMBAC Indemnity Corporation (AMBAC) A Wisconsin Stock Insurance Company

in consideration of the payment of the premium and subject to the terms of this Policy, hereby agrees to pay to the United States Trust Company of New York, as trustee, or its successor (the "Insurance Trustee"), for the benefit of Bondholders, that portion of the principal of and interest on the above-described debt obligations (the "Bonds") which shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

AMBAC will make such payments to the Insurance Trustee within one (1) business day following notification to AMBAC of Nonpayment. Upon a Bondholder's presentation and surrender to the Insurance Trustee of such unpaid Bonds or appurtenant coupons, uncanceled and in bearer form and free of any adverse claim, the Insurance Trustee will disburse to the Bondholder the face amount of principal and interest which is then Due for Payment but is unpaid. Upon such disbursement, AMBAC shall become the owner of the surrendered Bonds and coupons and shall be fully subrogated to all of the Bondholder's rights to payment.


In cases where the Bonds are issuable only in a form whereby principal is payable to registered Bondholders or their assigns, the Insurance Trustee shall disburse principal to a Bondholder as aforesaid only upon presentation and surrender to the Insurance Trustee of the unpaid Bond, uncanceled and free of any adverse claim, together with an instrument of assignment, in form satisfactory to the Insurance Trustee, duly executed by the Bondholder or such Bondholder's duly authorized representative, so as to permit ownership of such Bond to be registered in the name of AMBAC or its nominee. In cases where the Bonds are issuable only in a form whereby interest is payable to registered Bondholders or their assigns, the Insurance Trustee shall disburse interest to a Bondholder as aforesaid only upon presentation to the Insurance Trustee of proof that the claimant is the person entitled to the payment of interest on the Bond and delivery to the Insurance Trustee of an instrument of assignment, in form satisfactory to the Insurance Trustee, duly executed by the claimant Bondholder or such Bondholder's duly authorized representative, transferring to AMBAC all rights under such Bond to receive the interest in respect of which the insurance disbursement was made. AMBAC shall be subrogated to all the Bondholders' rights to payment on registered Bonds to the extent of the insurance disbursements so made.

In the event the trustee or paying agent for the Bonds has notice that any payment of principal of or interest on a Bond which has become Due for Payment and which is made to a Bondholder by or on behalf of the Issuer of the Bonds has been deemed a preferential transfer and theretofore recovered from its registered owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court of competent jurisdiction, such registered owner will be entitled to payment from AMBAC to the extent of such recovery if sufficient funds are not otherwise available.


As used herein, the term "Bondholder" means any person other than the Issuer who, at the time of Nonpayment, is the owner of a Bond or of a coupon appertaining to a Bond. As used herein, "Due for Payment", when referring to the principal of Bonds, is when the stated maturity date or a mandatory redemption date for the application of a required sinking fund installment has been reached and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by application of required sinking fund installments), acceleration or other advancement of maturity; and, when referring to interest on the Bonds, is when the stated date for payment of interest has been reached. As used herein, "Nonpayment" means the failure of the Issuer to have provided sufficient funds to the paying agent for payment in full of all principal of and interest on the Bonds which are Due for Payment.

This Policy is noncancelable. The premium on this Policy is not refundable for any reason, including payment of the Bonds prior to maturity. This Policy does not insure against loss of any prepayment or other acceleration payment which at any time may become due in respect of any Bond, other than at the sole option of AMBAC, nor against any risk other than Nonpayment.

In witness whereof, AMBAC has caused this Policy to be affixed with a facsimile of its corporate seal and to be signed by its duly authorized officers in facsimile to become effective as its original seal and signatures and binding upon AMBAC by virtue of the counter-signature of its duly authorized representative.


President




Secretary

Effective Date: May 27, 1993

UNITED STATES TRUST COMPANY OF NEW YORK acknowledges that it has agreed to perform the duties of Insurance Trustee under this Policy.

Authorized Representative


Authorized Officer



AMBAC Indemnity Corporation
 c/o CT Corporation Systems
 44 East Mifflin Street
 Madison, Wisconsin 53703
 Administrative Office:
 One State Street Plaza
 New York, New York 10004

Endorsement

Policy issued to: CITY OF MODESTO, CALIFORNIA

Attached to and forming part of
 Policy No. 8454BE

Effective Date of Endorsement.

May 27, 1993

In the event that AMBAC Indemnity Corporation were to become insolvent, any claims arising under the Policy would be excluded from coverage by the California Insurance Guaranty Association, established pursuant to the laws of the State of California. Payments due under the Policy with respect to the Bonds, as defined in the Policy, may not be accelerated by the issuer of, the obligor on, or any trustee or paying agent for, the Bonds.


Nothing herein contained shall be held to vary, alter, waive or extend any of the terms, conditions, provisions, agreements or limitations of the above mentioned Policy other than as above stated

In Witness Whereof, the Company has caused its Corporate Seal to be hereto affixed and these presents to be signed by its duly authorized officers in facsimile to become effective as its original seal and signatures and binding on the Company by virtue of countersignature by its duly authorized agent.

AMBAC Indemnity Corporation


 President




 Secretary

Authorized Representative

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CERTIFICATE OF BOND INSURER

In connection with the issuance of \$27,225,000 in aggregate principal amount of the City of Modesto, California (the "Issuer"), Certificates of Participation (1993 Community Center Refinancing Project) Series A (the "Certificates"), AMBAC Indemnity Corporation ("AMBAC") is issuing a municipal bond insurance policy (the "Insurance Policy") guaranteeing the payment of principal and interest when due on the Bonds, all as more fully set out in the Insurance Policy.

This certificate is to advise you that:

(i) the Insurance Policy is an unconditional and recourse obligation of us (enforceable by or on behalf of the holders of the Certificates) to pay the scheduled payments of interest and principal on the Certificates in the event of a Nonpayment as defined in the Insurance Policy;

(ii) the insurance premium of \$415,219.40 was determined in arm's length negotiations in accordance with our standard procedures, is required to be paid as a condition to the issuance of the Insurance Policy and represents a reasonable charge for the transfer of credit risk;

(iii) no portion of such premium represents an indirect payment of costs related to the issuance of the Certificates, including rating agency fees directly attributable to the issuance of the Certificates or the provision of additional services by us, or the direct or indirect payment for a cost, risk or other element that is not customarily borne by insurers of tax-exempt bonds (in transactions in which the guarantor has no involvement other than as a guarantor);

(iv) we are rated in one of the two highest categories for claims paying ability by Standard & Poor's Corporation and Moody's Investors Service;

(v) we do not reasonably expect that we will be called upon to make any payment under the Insurance Policy and we are entitled by subrogation to the rights of the bondholders to be fully and immediately paid by the obligor on the Certificates for any payment made by us under the Insurance Policy;

(vi) we are reasonably assured (based on a binding obligation of an entity with sufficient funds) that sufficient funds will be available to fully retire the Certificates according to the regularly scheduled payments of principal or interest on the Certificates or upon any mandatory redemption of the Certificates pursuant to the terms of the Certificates in the event that none (or an insubstantial portion) of the proceeds of the Certificates are expended for a purpose other than the payment of costs of issuance and our premium;

(vii) the Issuer is not entitled to a refund for the Insurance Policy;

(viii) we are not exempt from Federal Income Tax; and

(ix) we would not have issued the Insurance Policy in the absence of a Debt Service Reserve Fund of the size and type established by the documents pursuant to which the Certificates are being issued, and it is normal and customary to require a Debt Service Reserve Fund of such a size and type in similar transactions.

DATED: May 27, 1993

AMBAC INDEMNITY CORPORATION

By 

*Karl T. Molin II
Vice President and Assistant
General Counsel*

5



AMBAC Indemnity Corporation
One State Street Plaza
New York, New York 10004
(212) 668-0340 Fax: (212) 509-9190

May 27, 1993

City of Modesto, California
801 Eleventh Street
Modesto, CA 95354

Rauscher Pierce Refsnes, Inc.
801 North Brand Boulevard
Suite 1060
Glendale, CA 91203

Smith Barney, Harris Upham & Co., Inc.
333 South Grand Avenue, 51st Floor
Los Angeles, CA 90071

Jones Hall Hill & White
Four Embarcadero Center, 19th Floor
San Francisco, CA 94111

Ladies and Gentlemen:

This opinion has been requested of the undersigned, a Vice President and an Assistant General Counsel of AMBAC Indemnity Corporation, a Wisconsin stock insurance company ("AMBAC Indemnity"), in connection with the issuance by AMBAC Indemnity of a certain Municipal Bond Insurance Policy, effective as of the date hereof (the "Policy"), insuring \$27,225,000 in aggregate principal amount of the City of Modesto, California (the "Issuer"), Certificates of Participation (1993 Community Center Refinancing Project) Series A, dated May 1, 1993 (the "Certificates").

In connection with my opinion herein, I have examined the Policy, such statutes, documents and proceedings as I have considered necessary or appropriate in the circumstances to render the following opinion, including, without limiting the generality of the foregoing, certain statements contained in the Official Statement of the Issuer dated May 11, 1993 relating to the Bonds (the "Official Statement") under the headings "BOND INSURANCE - AMBAC Indemnity Corporation", "BOND INSURANCE - Payment Pursuant To Municipal Bond Insurance Policy" and "APPENDIX D - SPECIMEN MUNICIPAL BOND INSURANCE POLICY FOR SERIES A CERTIFICATES".

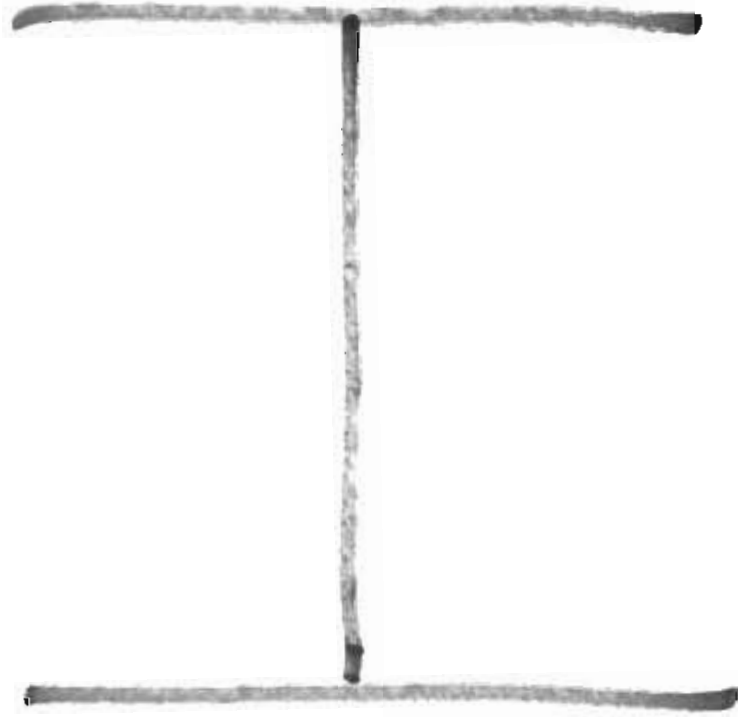
Based upon the foregoing and having regard to legal considerations I deem relevant, I am of the opinion that:

- 1. AMBAC Indemnity is a stock insurance company duly organized and validly existing under the laws of the State of Wisconsin and duly qualified to conduct an insurance business in the State of California.*
- 2. AMBAC Indemnity has full corporate power and authority to execute and deliver the Policy and the Policy has been duly authorized, executed and delivered by AMBAC Indemnity and constitutes a legal, valid and binding obligation of AMBAC Indemnity enforceable in accordance with its terms except to the extent that the enforceability (but not the validity) of such obligation may be limited by any applicable bankruptcy, insolvency, liquidation, rehabilitation or other similar law or enactment now or hereafter enacted affecting the enforcement of creditors' rights.*

3. *The execution and delivery by AMBAC Indemnity of the Policy will not, and the consummation of the transactions contemplated thereby and the satisfaction of the terms thereof will not, conflict with or result in a breach of any of the terms, conditions or provisions of the Certificate of Incorporation or By-Laws of AMBAC Indemnity, or any restriction contained in any contract, agreement or instrument to which AMBAC Indemnity is a party or by which it is bound or constitute a default under any of the foregoing.*
4. *Proceedings legally required for the issuance of the Policy have been taken by AMBAC Indemnity and licenses, orders, consents or other authorizations or approvals of any governmental boards or bodies legally required for the enforceability of the Policy have been obtained; any proceedings not taken and any licenses, authorizations or approvals not obtained are not material to the enforceability of the Policy.*
5. *The statements contained in the Official Statement under the headings "BOND INSURANCE - AMBAC Indemnity Corporation" and "BOND INSURANCE - Payment Pursuant To Municipal Bond Insurance Policy", insofar as such statements constitute summaries of the matters referred to therein, accurately reflect and fairly present the information purported to be shown and, insofar as such statements describe AMBAC Indemnity, fairly and accurately describe AMBAC Indemnity.*
6. *The form of Policy contained in the Official Statement under the heading "APPENDIX D - SPECIMEN MUNICIPAL BOND INSURANCE POLICY FOR SERIES A CERTIFICATES" is a true and complete copy of the form of Policy.*

Very truly yours,

*Karl T. Molin
Vice President and
Assistant General Counsel*



1

JONES HALL HILL & WHITE,

A PROFESSIONAL LAW CORPORATION
ATTORNEYS AT LAW

CHARLES F. ADAMS
STEPHEN R. CASALEGGIO
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May 27, 1993

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ROBERT J. HILL (1022-1088)

* ADMITTED TO GEORGIA BAR ONLY

City Council
City of Modesto, California
801 Eleventh Street
Modesto, California 95354

OPINION: \$27,225,000 Certificates of Participation (1993 Community Center Refinancing Project) Evidencing Direct, Undivided Fractional Interests of the Owners Thereof in Lease Payments to be made by the City of Modesto, California as the Rental for Certain Project Pursuant to a Lease Agreement with the Modesto Public Financing Authority

Members of the City Council:

We have acted as special counsel in connection with the delivery by the City of Modesto, California (the "City") of the \$27,225,000 Lease Agreement, dated as of May 1, 1993, by and between the Modesto Public Financing Authority (the "Authority") and the City (the "Lease Agreement"), pursuant to the California Government Code. The Authority has, pursuant to the Assignment Agreement, dated as of May 1, 1993 (the "Assignment Agreement"), by and between the Authority and First Trust of California, National Association, as trustee (the "Trustee"), assigned certain of its rights under the Lease Agreement, including the right to receive lease payments made by the City thereunder (the "Lease Payments"), to the Trustee. Pursuant to the Trust Agreement, dated as of May 1, 1993, by and among the Trustee, the Authority and the City (the "Trust Agreement"), the Trustee has executed and delivered certificates of participation (the "Certificates") evidencing direct, undivided fractional interests of the owners thereof in Lease Payments. We have examined the law and such certified proceedings and other papers as we deem necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon representations of the City contained in the Lease Agreement and the Trust Agreement and in the certified proceedings and certifications of public officials and others furnished to us, without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of the opinion, under existing law, as follows:

1. The City is duly created and validly existing as a municipal corporation and chartered city with the power to enter into the Lease Agreement and the Trust Agreement and to perform the agreements on its part contained therein.

2. The Lease Agreement has been duly authorized, executed and delivered by the City and is an obligation of the City, valid, binding and enforceable against the City in accordance with its terms.

3. The Trust Agreement and the Assignment Agreement are valid, binding and enforceable in accordance with their terms.

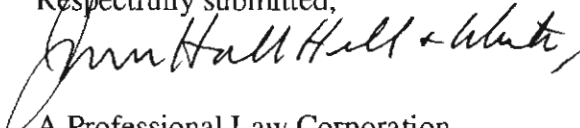
4. Subject to the terms and provisions of the Lease Agreement, the Lease Payments are payable from general funds of the City lawfully available therefor. By virtue of the Assignment Agreement, the owners of the Certificates are entitled to receive their fractional share of the Lease Payments in accordance with the terms and provisions of the Trust Agreement.

5. The portion of the Lease Payments designated as and comprising interest and received by the owners of the Certificates is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; it should be noted, however, that, for the purpose of computing the alternative minimum tax imposed on corporations (as defined for federal income tax purposes), such interest is taken into account in determining certain income and earnings. The opinions set forth in the preceding sentences are subject to the condition that the City comply with all requirements of the Internal Revenue Code of 1986 that must be satisfied subsequent to the delivery of the Lease Agreement in order that such interest be, or continue to be, excluded from gross income for federal income tax purposes. The City has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of such interest in gross income for federal income tax purposes to be retroactive to the date of delivery of the Lease Agreement. We express no opinion regarding other federal tax consequences arising with respect to the Lease Agreement and the Certificates.

6. The portion of the Lease Payments designated as and comprising interest and received by the owners of the Certificates is exempt from personal income taxation imposed by the State of California.

The rights of the owners of the Certificates and the enforceability of the Lease Agreement, the Trust Agreement and the Assignment Agreement may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and may also be subject to the exercise of judicial discretion in appropriate cases.

Respectfully submitted,


A Professional Law Corporation

2

JONES HILL HILL & WHITE,

A PROFESSIONAL LAW CORPORATION
ATTORNEYS AT LAW

CHARLES F. ADAMS
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MICHAEL D. CASTELLI
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ANDREW C. HALL, JR.
OREG HARRINGTON
KENNETH I. JONES
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May 27, 1993

ROBERT J. HILL (1922-1988)

Smith Barney, Harris Upham & Co. Incorporated
350 California Street, 20th Floor
San Francisco, California 94104

Grigsby Brandford & Co., Inc.
230 California Street, Suite 601
San Francisco, California 94111

SUPPLEMENTAL OPINION: \$27,225,000 Certificates of Participation (1993 Community Center Refinancing Project) Evidencing Direct, Undivided Fractional Interests of the Owners Thereof in Lease Payments to be Made by the City of Modesto, California, as the Rental for Certain Project Pursuant to a Lease Agreement with the Modesto Public Financing Authority

Ladies and Gentlemen:

We have acted as special counsel in connection with the delivery by the City of Modesto, California (the "City") of the \$27,225,000 Lease Agreement, dated as of May 1, 1993 (the "Lease Agreement"), by and between the Modesto Public Financing Authority (the "Authority") and the City, pursuant to the California Government Code. The Authority has, pursuant to the Assignment Agreement, dated as of May 1, 1993 (the "Assignment Agreement"), by and between the Authority and First Trust of California, National Association, as trustee (the "Trustee"), assigned certain of its rights under the Lease Agreement, including the right to receive lease payments made by the City thereunder (the "Lease Payments"), to the Trustee. Pursuant to the Trust Agreement, dated as of May 1, 1993, by and among the Trustee, the Authority and the City (the "Trust Agreement"), the Trustee has executed and delivered certificates of participation (the "Certificates") evidencing direct, undivided fractional interests of the owners thereof in Lease Payments. A portion of the proceeds of the Certificates will be applied to advance refund and defease outstanding obligations of the City, pursuant to and in accordance with that certain Escrow Deposit and Trust Agreement, dated May 27, 1993 (the "Escrow Agreement"), by and between the City and First Interstate Bank of California, as escrow bank (the "Escrow Bank").



We have examined executed copies of the Site and Facility Lease, dated as of May 1, 1993, by and between the City and the Authority, the Lease Agreement, the Trust Agreement, the Reimbursement Agreement, dated as of May 1, 1993, by and between the Redevelopment Agency of the City of Modesto (the "Agency") and the City, the Escrow Agreement and the Certificate Purchase Agreement, dated May 11, 1993 (the "Purchase Agreement"), between the City and Smith Barney, Harris Upham & Co. Incorporated and Grigsby Brandford & Co., Inc., as underwriters (the foregoing are collectively referred to herein as the "Agreements"), the Official Statement, dated May 11, 1993 (the "Official Statement"), relating to the Certificates, the law and such certified proceedings and other papers as we deem necessary to render this opinion.

Based upon the foregoing, we are of the opinion, under existing law, as follows:

1. The Agreements have been duly authorized, executed and delivered by the City and, assuming due authorization, execution and delivery by the other parties thereto, are valid and binding agreements of the City.

2. The Certificates are exempt from registration pursuant to the Securities Act of 1933, as amended, and the Trust Agreement is exempt from qualification as an indenture pursuant to the Trust Indenture Act of 1939, as amended.

3. The statements contained in the Official Statement under the captions "INTRODUCTION", "PLAN OF REFUNDING", "THE CERTIFICATES", "SOURCE OF PAYMENT FOR THE CERTIFICATES", "TAX MATTERS" and "APPENDIX B - SUMMARY OF PRINCIPAL LEGAL DOCUMENTS", insofar as such statements purport to summarize certain provisions of the Certificates and the Agreements are accurate in all material respects.

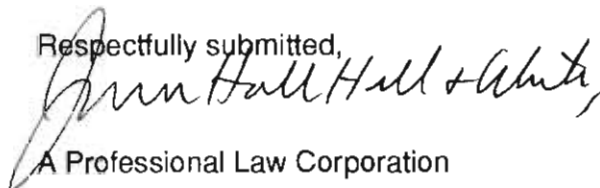
4. Under the Internal Revenue Code of 1986 (the "Code"), the difference between the principal amount of the Certificates maturing on November 1, 2023 and the initial offering price of such Certificates to the public (excluding bondhouses and brokers at which price a substantial amount of such Certificates was sold) represents interest which is excluded from gross income for federal income tax purposes; provided, however, that for the purpose of computing the alternative minimum tax imposed on corporations (as defined for federal income tax purposes), such interest is taken into account in determining certain income and earnings. Such interest accrues on an actuarial basis (that is, on a constant interest rate basis over the term of such Certificates) and a taxpayer's adjusted basis for purposes of determining gain or loss on disposition will be increased by the amount of such accrued interest. The opinion set forth in the first sentence of this paragraph is subject to the condition that the City comply with all requirements of the Code that must be satisfied subsequent to the delivery of the Certificates in order that such interest be, or continue to be, excluded from gross income for federal income tax purposes. The City has covenanted to comply with each such requirement.

5. On the date hereof, the Escrow Bank has received irrevocable instructions from the City and the Agency, and the Escrow Bank has agreed to comply with such instructions, to hold moneys or obligations deposited with it, in trust, to provide for the payment of the principal of and interest on the City's Certificates of Participation (1991 Community Center Refinancing Project) (the "1991 Certificates"), through November 1, 2001, and to redeem all outstanding 1991 Certificates in full on November 1, 2001, at the redemption price of 102% of the principal amount thereof, plus accrued interest.

By reason of such deposit, all obligations with respect to the City and the Agency under the documents which authorized the 1991 Certificates (except for provisions relating to the payment of the principal of and interest on the 1991 Certificates, provisions relating to the transfer and exchange of the 1991 Certificates and any other provisions which are intended to survive following defeasance of the 1991 Certificates), shall cease and terminate.

We are of the opinion, therefore, that as a result of such deposits, there has been compliance with the provisions of the documents which authorized the 1991 Certificates relating to satisfaction and discharge of the 1991 Certificates. In rendering the foregoing opinion, we have assumed the adequacy of the moneys or obligations deposited with the Escrow Bank to provide moneys sufficient to pay, when due, the principal of and interest on the 1991 Certificates on or prior to the payment dates therefor. We understand that Ernst & Young has prepared and delivered a letter confirming the accuracy of the arithmetical computations which establish the adequacy of the moneys and obligations deposited with the Escrow Bank.

Respectfully submitted,



A Professional Law Corporation

3

JONES HALL HILL & WHITE,
A PROFESSIONAL LAW CORPORATION
ATTORNEYS AT LAW

CHARLES F. ADAMS
STEPHEN R. CASALEGGIO
MICHAEL D. CASTELLI
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SHARON STANTON WHITE

* ADMITTED TO GEORGIA BAR ONLY

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May 27, 1993

ROBERT J. HILL (1922-1988)

Smith Barney, Harris Upham & Co. Incorporated
Grigsby Brandford & Co., Inc.
c/o Smith Barney, Harris Upham & Co. Incorporated
350 California Street, 20th Floor
San Francisco, California 94104

RELIANCE LETTER Regarding Final Approving Legal Opinion:
\$27,225,000 Certificates of Participation (1993 Community Center Refinancing Project) Evidencing Direct, Undivided Fractional Interests of the Owners Thereof in Lease Payments to be Made by the City of Modesto, California, as the Rental for Certain Property Pursuant to a Lease Agreement with the Modesto Public Financing Authority

Ladies and Gentlemen:

We have this day released to the City of Modesto, California, our final approving legal opinion with respect to the captioned financing.

The foregoing opinion may be relied upon by Smith Barney, Harris Upham & Co. Incorporated and Grigsby Brandford & Co., Inc., as underwriters, to the same extent as if such opinion were addressed to them.

Respectfully submitted,


A Professional Law Corporation

44

JONES HALL HILL & WHITE,

A PROFESSIONAL LAW CORPORATION
ATTORNEYS AT LAW

CHARLES F. ADAMS
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May 27, 1993

ROBERT J. HILL (1922-1988)

First Trust of California, National Association
101 California Street, Suite 1150
San Francisco, California 94111

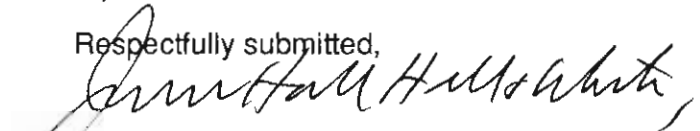
RELIANCE LETTER Regarding Final Approving Legal Opinion:
\$27,225,000 Certificates of Participation (1993 Community Center Refinancing Project) Evidencing Direct, Undivided Fractional Interests of the Owners Thereof in Lease Payments to be Made by the City of Modesto, California, as the Rental for Certain Property Pursuant to a Lease Agreement with the Modesto Public Financing Authority

Ladies and Gentlemen:

We have this day released to the City of Modesto, California, our final approving legal opinion with respect to the captioned financing.

The foregoing opinion may be relied upon by First Trust of California, National Association, as trustee, to the same extent as if such opinion were addressed to it.

Respectfully submitted,


A Professional Law Corporation

5

JONES HALL HILL & WHITE,

A PROFESSIONAL LAW CORPORATION
ATTORNEYS AT LAW

CHARLES F. ADAMS
STEPHEN R. CASALEGGIO
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May 27, 1993

ROBERT J. HILL (1922-1988)

AMBAC Indemnity Corporation
One State Street Plaza
New York, New York 10004

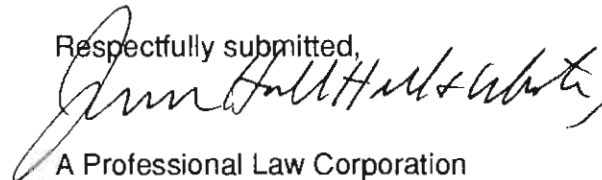
RELIANCE LETTER Regarding Final Approving Legal Opinion and Supplemental Opinion: \$27,225,000 Certificates of Participation (1993 Community Center Refinancing Project) Evidencing Direct, Undivided Fractional Interests of the Owners Thereof in Lease Payments to be Made by the City of Modesto, California, as the Rental for Certain Property Pursuant to a Lease Agreement with the Modesto Public Financing Authority

Ladies and Gentlemen:

We have this day released to the City of Modesto, California, our final approving legal opinion, and to Smith Barney, Harris Upham & Co. Incorporated and Grigsby Brandford & Co., Inc., our supplemental opinion, with respect to the captioned financing.

The foregoing opinions may be relied upon by AMBAC Indemnity Corporation, as issuer of the municipal bond insurance policy, to the same extent as if such opinions were addressed to it.

Respectfully submitted,



A Professional Law Corporation

6

JONES HALL HILL & WHITE,

A PROFESSIONAL LAW CORPORATION
ATTORNEYS AT LAW

CHARLES F. ADAMS
STEPHEN R. CASALEGGIO
MICHAEL D. CASTELLI
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May 24, 1993

ROBERT J. HILL (1922-1988)

* ADMITTED TO GEORGIA BAR ONLY

Mr. Richard M. Blumenthal
Stewart Title Company
180 Montgomery Street, Suite 840
San Francisco, California 94104

Re: City of Modesto
Your Reference No. 107676-B

Dear Mr. Blumenthal:

You are hereby instructed to record at your earliest possible convenience on Wednesday, May 26, 1993, in the office of the Stanislaus County Recorder, the documents listed below, in the order listed below, which documents have heretofore been properly executed, acknowledged and are herewith transmitted:

- (a) Fourth Amendment to Lease Agreement, dated as of May 1, 1993, by and between the Redevelopment Agency of the City of Modesto (the "Agency") and the City of Modesto, California (the "City");
- (b) First Amendment to Site and Facility Lease, dated as of May 1, 1993, by and between the Agency and the City;
- (c) First Amendment to Lease Agreement, dated as of May 1, 1993, by and between the Agency and the City;
- (d) Site and Facility Lease, dated as of May 1, 1993, by and between the City, as lessor, and the Modesto Public Financing Authority (the "Authority"), as lessee;
- (e) Lease Agreement, dated as of May 1, 1993, by and between the Authority, as lessor, and the City, as lessee;
- (f) Assignment Agreement, dated as of May 1, 1993, by and between the Authority and First Trust of California, National Association, as trustee; and
- (g) Consent to Refinancing and Subordination Agreement, dated May 27, 1993, by and between Modesto Centre Plaza Associates, L.P., a California limited partnership, U.S. Bancorp Mortgage Company, an Oregon Corporation, the Agency and the City. [This document will be sent directly from the City to your local title office in Modesto, California, Attn: Don Maffei]

Mr. Richard M. Blumenthal
Stewart Title Company
May 24, 1993
Page 2

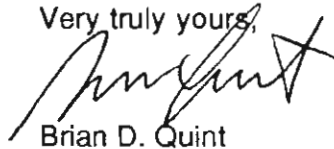
Also enclosed are copies of the incumbency and signature certificates and authorizing resolutions for the City, the Authority and the Redevelopment Agency of the City of Modesto.

It is our understanding that the recordation data regarding the aforementioned documents will be inserted into a CLTA leasehold title insurance policy in the amount of \$27,225,000 in the form of your pro-forma policy previously delivered to the undersigned. It is our further understanding that you will deliver one (1) original and seven (7) copies of said title insurance policy to the undersigned as soon as possible following recordation.

Your invoice for the premium of the title insurance policy and any recording costs, should be addressed to Ms. Andrea Daroca, Interim Finance Director, City of Modesto, 801 Eleventh Street, 2nd Floor, Modesto, California 95354, and delivered to the attention of the undersigned with the title insurance policy.

If you have any questions, please feel free to call me.

Very truly yours,



Brian D. Quint

Enclosures

cc: Ms. Andrea Daroca (w/o enclosures)

7

\$27,225,000
CERTIFICATES OF PARTICIPATION
(1993 Community Center Refinancing Project), Series A
CITY OF MODESTO, CALIFORNIA
Modesto Public Financing Authority

Financial Analyst Report

Project Attorney : Brian D. Quint
Tax Attorney : David A. Walton
Financial Analyst : Robert M. Saman
Project Coordinator : Judith Jach
Client Matter Number : 23013-45

Calculations:

Weighted Average Maturity	19.62982 Years
Remaining Weighted Average Maturity	13.71032 Years
Net Interest Cost (8038)	5.74123%
Net Interest Cost (CDAC)	5.21685%
Actuarial Yield (TIC)	5.72670%
(Compounded Semi-Annually)	
Recalculated Yield of 1991 COP	7.09794%

Assumptions:

1. The Dated Date of the issue is May 1, 1993.
2. The Closing Date of the issue is May 27, 1993.
3. There is Accrued Interest of \$101,250.68.
4. There is a Net Original Issue Discount of \$1,244,034.10.
5. There is an Underwriter's Discount of \$245,608.50.
6. There is a Bond Insurance Premium of \$415,219.40.
7. The Re-offering price of the issue is \$26,082,216.58.
8. The Present Value to which yield is discounted is \$25,666,997.18.
(Principal + Accrued Interest - Original Issue Discount - Bond Insurance Premium)

Attachments:

Debt Service Schedule
Certificate Pricing Report
Actuarial Yield Calculation
Weighted Average Maturity Calculation
Remaining Weighted Average Maturity Calculation
CDAC & Federal 8038 Net Interest Cost Calculation
Recalculated Yield of 1991 COP

\$27,225,000
CERTIFICATES OF PARTICIPATION
(1993 Community Center Refinancing Project), Series A
CITY OF MODESTO, CALIFORNIA
Modesto Public Financing Authority

Debt Service Schedule
(Page 1 of 2)

Date	Principal	Coupon	Interest	Period Total	Annual Total
11/01/93	\$210,000.00	2.500%	\$700,966.25	\$910,966.25	\$910,966.25
05/01/94			698,341.25	698,341.25	
11/01/94	40,000.00	3.000%	698,341.25	738,341.25	1,436,682.50
05/01/95			697,741.25	697,741.25	
11/01/95	95,000.00	3.500%	697,741.25	792,741.25	1,490,482.50
05/01/96			696,078.75	696,078.75	
11/01/96	145,000.00	4.000%	696,078.75	841,078.75	1,537,157.50
05/01/97			693,178.75	693,178.75	
11/01/97	195,000.00	4.250%	693,178.75	888,178.75	1,581,357.50
05/01/98			689,035.00	689,035.00	
11/01/98	285,000.00	4.500%	689,035.00	974,035.00	1,663,070.00
05/01/99			682,622.50	682,622.50	
11/01/99	350,000.00	4.600%	682,622.50	1,032,622.50	1,715,245.00
05/01/00			674,572.50	674,572.50	
11/01/00	625,000.00	4.800%	674,572.50	1,299,572.50	1,974,145.00
05/01/01			659,572.50	659,572.50	
11/01/01	655,000.00	4.900%	659,572.50	1,314,572.50	1,974,145.00
05/01/02			643,525.00	643,525.00	
11/01/02	690,000.00	5.000%	643,525.00	1,333,525.00	1,977,050.00
05/01/03			626,275.00	626,275.00	
11/01/03	720,000.00	5.100%	626,275.00	1,346,275.00	1,972,550.00
05/01/04			607,915.00	607,915.00	
11/01/04	760,000.00	5.200%	607,915.00	1,367,915.00	1,975,830.00
05/01/05			588,155.00	588,155.00	
11/01/05	800,000.00	5.300%	588,155.00	1,388,155.00	1,976,310.00
05/01/06			566,955.00	566,955.00	
11/01/06	835,000.00	5.400%	566,955.00	1,401,955.00	1,968,910.00
05/01/07			544,410.00	544,410.00	
11/01/07	885,000.00	5.400%	544,410.00	1,429,410.00	1,973,820.00
05/01/08			520,515.00	520,515.00	
11/01/08	935,000.00	5.500%	520,515.00	1,455,515.00	1,976,030.00
05/01/09			494,802.50	494,802.50	
11/01/09	985,000.00	5.500%	494,802.50	1,479,802.50	1,974,605.00
05/01/10			467,715.00	467,715.00	
11/01/10	1,040,000.00	5.600%	467,715.00	1,507,715.00	1,975,430.00
05/01/11			438,595.00	438,595.00	
11/01/11	1,090,000.00	5.600%	438,595.00	1,528,595.00	1,967,190.00
05/01/12			408,075.00	408,075.00	
11/01/12	1,150,000.00	5.600%	408,075.00	1,558,075.00	1,966,150.00
05/01/13			375,875.00	375,875.00	
11/01/13	1,215,000.00	5.600%	375,875.00	1,590,875.00	1,966,750.00

Debt Service Schedule

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Date	Principal	Coupon	Interest	Period Total	Annual Total
05/01/14			\$341,855.00	\$341,855.00	
11/01/14	\$1,285,000.00	5.600%	341,855.00	1,626,855.00	\$1,968,710.00
05/01/15			305,875.00	305,875.00	
11/01/15	1,340,000.00	5.000%	305,875.00	1,645,875.00	1,951,750.00
05/01/16			272,375.00	272,375.00	
11/01/16	1,135,000.00	5.000%	272,375.00	1,407,375.00	1,679,750.00
05/01/17			244,000.00	244,000.00	
11/01/17	1,195,000.00	5.000%	244,000.00	1,439,000.00	1,683,000.00
05/01/18			214,125.00	214,125.00	
11/01/18	1,260,000.00	5.000%	214,125.00	1,474,125.00	1,688,250.00
05/01/19			182,625.00	182,625.00	
11/01/19	1,320,000.00	5.000%	182,625.00	1,502,625.00	1,685,250.00
05/01/20			149,625.00	149,625.00	
11/01/20	1,385,000.00	5.000%	149,625.00	1,534,625.00	1,684,250.00
05/01/21			115,000.00	115,000.00	
11/01/21	1,455,000.00	5.000%	115,000.00	1,570,000.00	1,685,000.00
05/01/22			78,625.00	78,625.00	
11/01/22	1,535,000.00	5.000%	78,625.00	1,613,625.00	1,692,250.00
05/01/23			40,250.00	40,250.00	
11/01/23	1,610,000.00	5.000%	40,250.00	1,650,250.00	1,690,500.00
	<u>\$27,225,000.00</u>		<u>\$28,137,586.25</u>	<u>\$55,362,586.25</u>	<u>\$55,362,586.25</u>

Maximum Annual Debt Service :	\$1,977,050.00
10% of Face less Net Original Issue Discount :	\$2,598,096.59
125% of Average Annual Debt Service :	\$2,268,958.45

\$27,225,000
CERTIFICATES OF PARTICIPATION
(1993 Community Center Refinancing Project), Series A
CITY OF MODESTO, CALIFORNIA
Modesto Public Financing Authority

Certificate Pricing Report

Dated Date : May 1, 1993
Delivery Date : May 27, 1993

Date	Principal	Certificate Years	Coupon (%)	Reoffering Price	Premium/ (Discount)
11/01/93	\$210,000.00	105.000	2.500	100.00000	\$0.00
11/01/94	40,000.00	60.000	3.000	100.00000	0.00
11/01/95	95,000.00	237.500	3.500	100.00000	0.00
11/01/96	145,000.00	507.500	4.000	100.00000	0.00
11/01/97	195,000.00	877.500	4.250	100.00000	0.00
11/01/98	285,000.00	1,567.500	4.500	100.00000	0.00
11/01/99	350,000.00	2,275.000	4.600	99.44700	(1,935.50)
11/01/00	625,000.00	4,687.500	4.800	99.68700	(1,956.25)
11/01/01	655,000.00	5,567.500	4.900	99.65500	(2,259.75)
11/01/02	690,000.00	6,555.000	5.000	99.25400	(5,147.40)
11/01/03	720,000.00	7,560.000	5.100	99.19800	(5,774.40)
11/01/04	760,000.00	8,740.000	5.200	99.14600	(6,490.40)
11/01/05	800,000.00	10,000.000	5.300	99.09800	(7,216.00)
11/01/06	835,000.00	11,272.500	5.400	99.52300	(3,982.95)
11/01/07	885,000.00	12,832.500	5.400	99.00800	(8,779.20)
11/01/08	935,000.00	14,492.500	5.500	99.48100	(4,852.65)
11/01/09	985,000.00	16,252.500	5.500	98.93000	(10,539.50)
11/01/10	1,040,000.00	18,200.000	5.600	99.44500	(5,772.00)
11/01/11	1,090,000.00	20,165.000	5.600	99.37800	(6,779.80)
11/01/12	1,150,000.00	22,425.000	5.600	99.37800	(7,153.00)
11/01/13	1,215,000.00	24,907.500	5.600	99.37800	(7,557.30)
11/01/14	1,285,000.00	27,627.500	5.600	99.37800	(7,992.70)
11/01/15	1,340,000.00	30,150.000	5.000	90.60200	(125,933.20)
11/01/16	1,135,000.00	26,672.500	5.000	90.60200	(106,667.30)
11/01/17	1,195,000.00	29,277.500	5.000	90.60200	(112,306.10)
11/01/18	1,260,000.00	32,130.000	5.000	90.60200	(118,414.80)
11/01/19	1,320,000.00	34,980.000	5.000	90.60200	(124,053.60)
11/01/20	1,385,000.00	38,087.500	5.000	90.60200	(130,162.30)
11/01/21	1,455,000.00	41,467.500	5.000	90.60200	(136,740.90)
11/01/22	1,535,000.00	45,282.500	5.000	90.60200	(144,259.30)
11/01/23	1,610,000.00	49,105.000	5.000	90.60200	(151,307.80)
	\$27,225,000.00	544,067.500			(\$1,244,034.10)

\$27,225,000
CERTIFICATES OF PARTICIPATION
(1993 Community Center Refinancing Project), Series A
CITY OF MODESTO, CALIFORNIA
Modesto Public Financing Authority

Actuarial Yield Calculation

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Present Value : \$25,666,997.18
Present Value Date : May 27, 1993
Lease Payment Yield : 5.72670%

Date	Total Debt Service	Present Value	Present Value Factor	Change In Periods	Change In Days
11/01/93	\$910,966.25	\$889,226.92	0.976136	00.8556	154
05/01/94	698,341.25	662,700.56	0.948964	01.8556	334
11/01/94	738,341.25	681,155.24	0.922548	02.8556	514
05/01/95	697,741.25	625,781.47	0.896868	03.8556	694
11/01/95	792,741.25	691,192.61	0.871902	04.8556	874
05/01/96	696,078.75	590,018.10	0.847631	05.8556	1,054
11/01/96	841,078.75	693,079.33	0.824036	06.8556	1,234
05/01/97	693,178.75	555,304.07	0.801098	07.8556	1,414
11/01/97	888,178.75	691,712.02	0.778798	08.8556	1,594
05/01/98	689,035.00	521,681.64	0.757119	09.8556	1,774
11/01/98	974,035.00	716,932.33	0.736044	10.8556	1,954
05/01/99	682,622.50	488,453.84	0.715555	11.8556	2,134
11/01/99	1,032,622.50	718,329.73	0.695636	12.8556	2,314
05/01/00	674,572.50	456,194.69	0.676272	13.8556	2,494
11/01/00	1,299,572.50	854,400.38	0.657447	14.8556	2,674
05/01/01	659,572.50	421,563.29	0.639146	15.8556	2,854
11/01/01	1,314,572.50	816,815.78	0.621355	16.8556	3,034
05/01/02	643,525.00	388,726.66	0.604058	17.8556	3,214
11/01/02	1,333,525.00	783,103.91	0.587244	18.8556	3,394
05/01/03	626,275.00	357,538.35	0.570897	19.8556	3,574
11/01/03	1,346,275.00	747,189.35	0.555005	20.8556	3,754
05/01/04	607,915.00	328,003.95	0.539556	21.8556	3,934
11/01/04	1,367,915.00	717,521.07	0.524536	22.8556	4,114
05/01/05	588,155.00	299,920.86	0.509935	23.8556	4,294
11/01/05	1,388,155.00	688,164.34	0.495740	24.8556	4,474
05/01/06	566,955.00	273,238.65	0.481941	25.8556	4,654
11/01/06	1,401,955.00	656,851.11	0.468525	26.8556	4,834
05/01/07	544,410.00	247,969.51	0.455483	27.8556	5,014
11/01/07	1,429,410.00	632,948.44	0.442804	28.8556	5,194
05/01/08	520,515.00	224,070.20	0.430478	29.8556	5,374
11/01/08	1,455,515.00	609,125.62	0.418495	30.8556	5,554
05/01/09	494,802.50	201,308.17	0.406845	31.8556	5,734
11/01/09	1,479,802.50	585,292.01	0.395520	32.8556	5,914
05/01/10	467,715.00	179,841.31	0.384510	33.8556	6,094
11/01/10	1,507,715.00	563,594.50	0.373807	34.8556	6,274

Actuarial Yield Calculation

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Date	Total Debt Service	Present Value	Present Value Factor	Change In Periods	Change In Days
05/01/11	\$438,595.00	\$159,386.12	0.363402	35.8556	6,454
11/01/11	1,528,595.00	540,030.87	0.353286	36.8556	6,634
05/01/12	408,075.00	140,153.99	0.343452	37.8556	6,814
11/01/12	1,558,075.00	520,227.33	0.333891	38.8556	6,994
05/01/13	375,875.00	122,007.79	0.324597	39.8556	7,174
11/01/13	1,590,875.00	502,018.27	0.315561	40.8556	7,354
05/01/14	341,855.00	104,873.25	0.306777	41.8556	7,534
11/01/14	1,626,855.00	485,189.03	0.298237	42.8556	7,714
05/01/15	305,875.00	88,684.03	0.289936	43.8556	7,894
11/01/15	1,645,875.00	463,914.16	0.281865	44.8556	8,074
05/01/16	272,375.00	74,635.83	0.274019	45.8556	8,254
11/01/16	1,407,375.00	374,911.94	0.266391	46.8556	8,434
05/01/17	244,000.00	63,190.03	0.258976	47.8556	8,614
11/01/17	1,439,000.00	362,292.12	0.251767	48.8556	8,794
05/01/18	214,125.00	52,408.87	0.244758	49.8556	8,974
11/01/18	1,474,125.00	350,760.81	0.237945	50.8556	9,154
05/01/19	182,625.00	42,245.10	0.231322	51.8556	9,334
11/01/19	1,502,625.00	337,913.87	0.224882	52.8556	9,514
05/01/20	149,625.00	32,711.38	0.218622	53.8556	9,694
11/01/20	1,534,625.00	326,164.24	0.212537	54.8556	9,874
05/01/21	115,000.00	23,761.36	0.206620	55.8556	10,054
11/01/21	1,570,000.00	315,364.19	0.200869	56.8556	10,234
05/01/22	78,625.00	15,353.69	0.195277	57.8556	10,414
11/01/22	1,613,625.00	306,333.15	0.189842	58.8556	10,594
05/01/23	40,250.00	7,428.42	0.184557	59.8556	10,774
11/01/23	1,650,250.00	296,087.30	0.179420	60.8556	10,954
	\$55,362,586.25	\$25,666,997.18			

Calculation Of Discounted Present Value :

Principal :	\$27,225,000.00
Accrued Interest :	101,250.68
Net Original Issue Premium/(Discount) :	(1,244,034.10)
Insurance Premium :	(415,219.40)
	\$25,666,997.18

\$27,225,000
CERTIFICATES OF PARTICIPATION
(1993 Community Center Refinancing Project), Series A
CITY OF MODESTO, CALIFORNIA
Modesto Public Financing Authority

Weighted Average Maturity : 19.62982 Years

Principal Amount	Maturity Date	Reoffering Price	Adjusted Principal (AP)	Years To Maturity (YTM)	AP Multiplied By YTM
\$210,000.00	11/01/93	100.00000	0.2100	0.4278	0.0898
40,000.00	11/01/94	100.00000	0.0400	1.4278	0.0571
95,000.00	11/01/95	100.00000	0.0950	2.4278	0.2306
145,000.00	11/01/96	100.00000	0.1450	3.4278	0.4970
195,000.00	11/01/97	100.00000	0.1950	4.4278	0.8634
285,000.00	11/01/98	100.00000	0.2850	5.4278	1.5469
350,000.00	11/01/99	99.44700	0.3481	6.4278	2.2373
625,000.00	11/01/00	99.68700	0.6230	7.4278	4.6278
655,000.00	11/01/01	99.65500	0.6527	8.4278	5.5011
690,000.00	11/01/02	99.25400	0.6849	9.4278	6.4566
720,000.00	11/01/03	99.19800	0.7142	10.4278	7.4478
760,000.00	11/01/04	99.14600	0.7535	11.4278	8.6109
800,000.00	11/01/05	99.09800	0.7928	12.4278	9.8525
835,000.00	11/01/06	99.52300	0.8310	13.4278	11.1587
885,000.00	11/01/07	99.00800	0.8762	14.4278	12.6419
935,000.00	11/01/08	99.48100	0.9301	15.4278	14.3501
985,000.00	11/01/09	98.93000	0.9745	16.4278	16.0082
1,040,000.00	11/01/10	99.44500	1.0342	17.4278	18.0243
1,090,000.00	11/01/11	99.37800	1.0832	18.4278	19.9613
1,150,000.00	11/01/12	99.37800	1.1428	19.4278	22.2030
1,215,000.00	11/01/13	99.37800	1.2074	20.4278	24.6654
1,285,000.00	11/01/14	99.37800	1.2770	21.4278	27.3634
1,340,000.00	11/01/15	90.60200	1.2141	22.4278	27.2288
1,135,000.00	11/01/16	90.60200	1.0283	23.4278	24.0915
1,195,000.00	11/01/17	90.60200	1.0827	24.4278	26.4478
1,260,000.00	11/01/18	90.60200	1.1416	25.4278	29.0280
1,320,000.00	11/01/19	90.60200	1.1959	26.4278	31.6062
1,385,000.00	11/01/20	90.60200	1.2548	27.4278	34.4174
1,455,000.00	11/01/21	90.60200	1.3183	28.4278	37.4752
1,535,000.00	11/01/22	90.60200	1.3907	29.4278	40.9264
1,610,000.00	11/01/23	90.60200	1.4587	30.4278	44.3848
\$27,225,000.00			25.9810	478.2611	510.0016

Weighted Average Maturity : 19.6298 = 510.0016 / 25.9810

Weighted Average Maturity Date : January 12, 2013

\$24,945,000
Certificates of Participation
(1991 Community Center Refinancing Project)
CITY OF MODESTO, CALIFORNIA
Redevelopment Agency of the City of Modesto

Remaining Weighted Average Maturity : 13.71032 Years

Principal Amount	Maturity Date	Price	Adjusted Principal (AP)	Years To Maturity (YTM)	AP Multiplied By YTM
\$525,000.00	11/01/93	100.000	0.5250	00.4278	0.2246
550,000.00	11/01/94	100.000	0.5500	01.4278	0.7853
580,000.00	11/01/95	100.000	0.5800	02.4278	1.4081
610,000.00	11/01/96	99.534	0.6072	03.4278	2.0812
640,000.00	11/01/97	99.728	0.6383	04.4278	2.8261
680,000.00	11/01/98	99.401	0.6759	05.4278	3.6688
725,000.00	11/01/99	99.341	0.7202	06.4278	4.6294
765,000.00	11/01/00	99.285	0.7595	07.4278	5.6416
810,000.00	11/01/01	99.234	0.8038	08.4278	6.7742
860,000.00	11/01/02	99.187	0.8530	09.4278	8.0420
910,000.00	11/01/03	97.750	0.8895	10.4278	9.2758
970,000.00	11/01/04	97.750	0.9482	11.4278	10.8355
1,035,000.00	11/01/05	97.750	1.0117	12.4278	12.5733
1,100,000.00	11/01/06	97.750	1.0753	13.4278	14.4382
1,175,000.00	11/01/07	97.750	1.1486	14.4278	16.5712
1,250,000.00	11/01/08	90.750	1.1344	15.4278	17.5009
1,325,000.00	11/01/09	90.750	1.2024	16.4278	19.7534
1,405,000.00	11/01/10	90.750	1.2750	17.4278	22.2211
1,485,000.00	11/01/11	90.750	1.3476	18.4278	24.8340
1,575,000.00	11/01/12	90.750	1.4293	19.4278	27.7684
1,670,000.00	11/01/13	90.750	1.5155	20.4278	30.9588
1,770,000.00	11/01/14	90.750	1.6063	21.4278	34.4189
1,865,000.00	11/01/15	90.750	1.6925	22.4278	37.9587
\$24,280,000.00			22.9892		315.1894

Remaining Weighted Average Maturity : 13.7103 = 315.1894 / 22.9892

Weighted Average Maturity Date : July 10, 2007

\$24,945,000
Certificates of Participation
(1991 Community Center Refinancing Project)
CITY OF MODESTO, CALIFORNIA
Redevelopment Agency of the City of Modesto

Recalculated Yield Calculation

Present Value : \$23,591,401.66
Present Value Date : June 20, 1991
Recalculated Lease Payment Yield : 7.09794%

Redemption Date : November 1, 2001
Redemption Amount : \$18,395,000.00
Redemption Premium : \$367,900.00

Date	Total Debt		Present Value	Change In	Change In
	Service	Present Value	Factor	Periods	Days
11/01/91	\$855,207.25	\$833,774.51	0.974939	00.7278	131
05/01/92	744,705.00	701,157.75	0.941524	01.7278	311
11/01/92	1,244,705.00	1,131,754.23	0.909255	02.7278	491
05/01/93	732,830.00	643,492.01	0.878092	03.7278	671
11/01/93	1,257,830.00	1,066,635.64	0.847997	04.7278	851
05/01/94	719,705.00	589,390.17	0.818933	05.7278	1,031
11/01/94	1,269,705.00	1,004,165.80	0.790865	06.7278	1,211
05/01/95	705,267.50	538,654.99	0.763760	07.7278	1,391
11/01/95	1,285,267.50	947,991.78	0.737583	08.7278	1,571
05/01/96	689,462.50	491,106.77	0.712304	09.7278	1,751
11/01/96	1,299,462.50	893,888.29	0.687891	10.7278	1,931
05/01/97	672,687.50	446,876.05	0.664314	11.7278	2,111
11/01/97	1,312,687.50	842,149.70	0.641546	12.7278	2,291
05/01/98	654,447.50	405,468.37	0.619558	13.7278	2,471
11/01/98	1,334,447.50	798,431.92	0.598324	14.7278	2,651
05/01/99	634,727.50	366,756.60	0.577817	15.7278	2,831
11/01/99	1,359,727.50	758,746.55	0.558014	16.7278	3,011
05/01/00	613,340.00	330,521.99	0.538889	17.7278	3,191
11/01/00	1,378,340.00	717,314.58	0.520419	18.7278	3,371
05/01/01	590,390.00	296,719.79	0.502583	19.7278	3,551
11/01/01	1,400,390.00	679,689.80	0.485358	20.7278	3,731
11/01/01	18,395,000.00	8,928,151.33	0.485358	20.7278	3,731
11/01/01	367,900.00	178,563.03	0.485358	20.7278	3,731
	<u>\$39,518,232.25</u>	<u>\$23,591,401.66</u>			

Calculation Of Discounted Present Value :

Principal : \$24,945,000.00
Accrued Interest : 145,525.63
Net Original Issue Premium/(Discount) : (1,290,788.00)
Insurance Premium : (208,335.97)
\$23,591,401.66

\$27,225,000
CERTIFICATES OF PARTICIPATION
(1993 Community Center Refinancing Project), Series A
CITY OF MODESTO, CALIFORNIA
Modesto Public Financing Authority

CDAC & Federal 8038
Net Interest Cost Calculation

Principal Amount :	\$27,225,000.00
Accrued Interest :	101,250.68
Net Original Issue Discount :	1,244,034.10
Underwriter's Discount :	245,608.50
Total Interest Payments :	28,137,586.25

Federal Net Interest Cost Calculation (For 8038 forms ONLY) :

$$8038 \text{ NIC} = \frac{\text{Total Interest Payments} - \text{Accrued Interest} + \text{Original Issue Discount}}{\text{Issue Price} * \text{Weighted Average Maturity}}$$

8038 NIC =	\$28,137,586.25	\$101,250.68	\$1,244,034.10	=	5.74123%
	\$25,980,965.90	19.6298			

CDAC Net Interest Cost Calculation :

$$\text{CDAC NIC} = \frac{\text{Total Interest Payments} + \text{Underwriter's Discount}}{\text{Bond Year Dollars} * 1000}$$

CDAC NIC =	\$28,137,586.25	\$245,608.50	=	5.21685%
	544,068	1,000.00		

\$35,355,000
CERTIFICATES OF PARTICIPATION
(1993 Community Center & Golf Course Refinancing Project), Series A & B
CITY OF MODESTO, CALIFORNIA
Modesto Public Financing Authority

Financial Analyst Report

Project Attorney : Brian D. Quint
Tax Attorney : David A. Walton
Financial Analyst : Robert M. Saman
Project Coordinator : Judith Jach
Client Matter Number : 23013-45

Calculations:

Weighted Average Maturity	19.29522 Years
Net Interest Cost (8038)	5.73812%
Net Interest Cost (CDAC)	5.20865%
Actuarial Yield (TIC)	5.71152%
(Compounded Semi-Annually)	

Assumptions:

1. The Dated Date of the issue is May 1, 1993.
2. The Closing Date of the issue is May 27, 1993.
3. There is Accrued Interest of \$130,358.04.
4. There is a Net Original Issue Discount of \$1,604,240.60.
5. There is an Underwriter's Discount of \$318,659.01.
6. There is a Bond Insurance Premium of \$502,596.68.
7. The Re-offering price of the issue is \$33,881,117.44.
8. The Present Value to which yield is discounted is \$33,378,520.76.
(Principal + Accrued Interest - Original Issue Discount - Bond Insurance Premium)

Attachments:

Debt Service Schedule
Certificate Pricing Report
Actuarial Yield Calculation
Weighted Average Maturity Calculation
CDAC & Federal 8038 Net Interest Cost Calculation

\$35,355,000
CERTIFICATES OF PARTICIPATION
(1993 Community Center & Golf Course Refinancing Project), Series A & B
CITY OF MODESTO, CALIFORNIA
Modesto Public Financing Authority

Debt Service Schedule
 (Page 1 of 2)

Date	Principal	Coupon	Interest	Period Total	Annual Total
11/01/93	\$405,000.00	2.500%	\$902,478.75	\$1,307,478.75	\$1,307,478.75
05/01/94			897,416.25	897,416.25	
11/01/94	245,000.00	3.000%	897,416.25	1,142,416.25	2,039,832.50
05/01/95			893,741.25	893,741.25	
11/01/95	300,000.00	3.500%	893,741.25	1,193,741.25	2,087,482.50
05/01/96			888,491.25	888,491.25	
11/01/96	360,000.00	4.000%	888,491.25	1,248,491.25	2,136,982.50
05/01/97			881,291.25	881,291.25	
11/01/97	325,000.00	4.250%	881,291.25	1,206,291.25	2,087,582.50
05/01/98			874,385.00	874,385.00	
11/01/98	425,000.00	4.500%	874,385.00	1,299,385.00	2,173,770.00
05/01/99			864,822.50	864,822.50	
11/01/99	495,000.00	4.600%	864,822.50	1,359,822.50	2,224,645.00
05/01/00			853,437.50	853,437.50	
11/01/00	780,000.00	4.800%	853,437.50	1,633,437.50	2,486,875.00
05/01/01			834,717.50	834,717.50	
11/01/01	815,000.00	4.900%	834,717.50	1,649,717.50	2,484,435.00
05/01/02			814,750.00	814,750.00	
11/01/02	860,000.00	5.000%	814,750.00	1,674,750.00	2,489,500.00
05/01/03			793,250.00	793,250.00	
11/01/03	895,000.00	5.100%	793,250.00	1,688,250.00	2,481,500.00
05/01/04			770,427.50	770,427.50	
11/01/04	945,000.00	5.200%	770,427.50	1,715,427.50	2,485,855.00
05/01/05			745,857.50	745,857.50	
11/01/05	995,000.00	5.300%	745,857.50	1,740,857.50	2,486,715.00
05/01/06			719,490.00	719,490.00	
11/01/06	1,040,000.00	5.400%	719,490.00	1,759,490.00	2,478,980.00
05/01/07			691,410.00	691,410.00	
11/01/07	1,100,000.00	5.400%	691,410.00	1,791,410.00	2,482,820.00
05/01/08			661,710.00	661,710.00	
11/01/08	1,160,000.00	5.500%	661,710.00	1,821,710.00	2,483,420.00
05/01/09			629,810.00	629,810.00	
11/01/09	1,220,000.00	5.500%	629,810.00	1,849,810.00	2,479,620.00
05/01/10			596,260.00	596,260.00	
11/01/10	1,290,000.00	5.600%	596,260.00	1,886,260.00	2,482,520.00
05/01/11			560,140.00	560,140.00	
11/01/11	1,355,000.00	5.600%	560,140.00	1,915,140.00	2,475,280.00
05/01/12			522,200.00	522,200.00	
11/01/12	1,425,000.00	5.600%	522,200.00	1,947,200.00	2,469,400.00
05/01/13			482,300.00	482,300.00	
11/01/13	1,505,000.00	5.600%	482,300.00	1,987,300.00	2,469,600.00

Debt Service Schedule

(Page 2 of 2)

Date	Principal	Coupon	Interest	Period Total	Annual Total
05/01/14			\$440,160.00	\$440,160.00	
11/01/14	\$1,595,000.00	5.600%	440,160.00	2,035,160.00	\$2,475,320.00
05/01/15			395,500.00	395,500.00	
11/01/15	1,665,000.00	5.000%	395,500.00	2,060,500.00	2,456,000.00
05/01/16			353,875.00	353,875.00	
11/01/16	1,475,000.00	5.000%	353,875.00	1,828,875.00	2,182,750.00
05/01/17			317,000.00	317,000.00	
11/01/17	1,550,000.00	5.000%	317,000.00	1,867,000.00	2,184,000.00
05/01/18			278,250.00	278,250.00	
11/01/18	1,640,000.00	5.000%	278,250.00	1,918,250.00	2,196,500.00
05/01/19			237,250.00	237,250.00	
11/01/19	1,720,000.00	5.000%	237,250.00	1,957,250.00	2,194,500.00
05/01/20			194,250.00	194,250.00	
11/01/20	1,795,000.00	5.000%	194,250.00	1,989,250.00	2,183,500.00
05/01/21			149,375.00	149,375.00	
11/01/21	1,890,000.00	5.000%	149,375.00	2,039,375.00	2,188,750.00
05/01/22			102,125.00	102,125.00	
11/01/22	1,995,000.00	5.000%	102,125.00	2,097,125.00	2,199,250.00
05/01/23			52,250.00	52,250.00	
11/01/23	2,090,000.00	5.000%	52,250.00	2,142,250.00	2,194,500.00
	<u>\$35,355,000.00</u>		<u>\$35,894,363.75</u>	<u>\$71,249,363.75</u>	<u>\$71,249,363.75</u>

Maximum Annual Debt Service :	\$2,489,500.00
10% of Face less Net Original Issue Discount :	\$3,375,075.94
125% of Average Annual Debt Service :	\$2,920,055.89

\$35,355,000

CERTIFICATES OF PARTICIPATION

Community Center & Golf Course Refinancing Project), Series A & B

CITY OF MODESTO, CALIFORNIA

Modesto Public Financing Authority

Certificate Pricing Report

Dated Date : May 1, 1993
Delivery Date : May 27, 1993

Principal	Certificate Years	Coupon (%)	Reoffering Price	Premium/ (Discount)
\$405,000.00	202.500	2.500	100.00000	\$0.00
245,000.00	367.500	3.000	100.00000	0.00
300,000.00	750.000	3.500	100.00000	0.00
360,000.00	1,260.000	4.000	100.00000	0.00
325,000.00	1,462.500	4.250	100.00000	0.00
425,000.00	2,337.500	4.500	100.00000	0.00
495,000.00	3,217.500	4.600	99.44700	(2,737.35)
780,000.00	5,850.000	4.800	99.68700	(2,441.40)
815,000.00	6,927.500	4.900	99.65500	(2,811.75)
860,000.00	8,170.000	5.000	99.25400	(6,415.60)
895,000.00	9,397.500	5.100	99.19800	(7,177.90)
945,000.00	10,867.500	5.200	99.14600	(8,070.30)
995,000.00	12,437.500	5.300	99.09800	(8,974.90)
1,040,000.00	14,040.000	5.400	99.52300	(4,960.80)
1,100,000.00	15,950.000	5.400	99.00800	(10,912.00)
1,160,000.00	17,980.000	5.500	99.48100	(6,020.40)
1,220,000.00	20,130.000	5.500	98.93000	(13,054.00)
1,290,000.00	22,575.000	5.600	Various	(7,327.00)
1,355,000.00	25,067.500	5.600	99.37800	(8,428.10)
1,425,000.00	27,787.500	5.600	99.37800	(8,863.50)
1,505,000.00	30,852.500	5.600	99.37800	(9,361.10)
1,595,000.00	34,292.500	5.600	99.37800	(9,920.90)
1,665,000.00	37,462.500	5.000	90.60200	(156,476.70)
1,475,000.00	34,662.500	5.000	90.60200	(138,620.50)
1,550,000.00	37,975.000	5.000	90.60200	(145,669.00)
1,640,000.00	41,820.000	5.000	90.60200	(154,127.20)
1,720,000.00	45,580.000	5.000	90.60200	(161,645.60)
1,795,000.00	49,362.500	5.000	90.60200	(168,694.10)
1,890,000.00	53,865.000	5.000	90.60200	(177,622.20)
1,995,000.00	58,852.500	5.000	90.60200	(187,490.10)
2,090,000.00	63,745.000	5.000	90.60200	(196,418.20)
\$35,355,000.00	695,247.500			(\$1,604,240.60)

\$35,355,000
CERTIFICATES OF PARTICIPATION
(1993 Community Center & Golf Course Refinancing Project), Series A & B
CITY OF MODESTO, CALIFORNIA
Modesto Public Financing Authority

Actuarial Yield Calculation

(Page 1 of 2)

Present Value : \$33,378,520.76
Present Value Date : May 27, 1993
Lease Payment Yield : 5.71152%

Date	Total Debt Service	Present Value	Present Value Factor	Change In Periods	Change In Days
11/01/93	\$1,307,478.75	\$1,276,357.60	0.976198	00.8556	154
05/01/94	897,416.25	851,732.13	0.949094	01.8556	334
11/01/94	1,142,416.25	1,054,155.91	0.922742	02.8556	514
05/01/95	893,741.25	801,795.57	0.897123	03.8556	694
11/01/95	1,193,741.25	1,041,198.24	0.872214	04.8556	874
05/01/96	888,491.25	753,438.40	0.847998	05.8556	1,054
11/01/96	1,248,491.25	1,029,322.51	0.824453	06.8556	1,234
05/01/97	881,291.25	706,409.94	0.801562	07.8556	1,414
11/01/97	1,206,291.25	940,071.51	0.779307	08.8556	1,594
05/01/98	874,385.00	662,495.28	0.757670	09.8556	1,774
11/01/98	1,299,385.00	957,170.51	0.736633	10.8556	1,954
05/01/99	864,822.50	619,369.50	0.716181	11.8556	2,134
11/01/99	1,359,822.50	946,839.63	0.696296	12.8556	2,314
05/01/00	853,437.50	577,746.47	0.676964	13.8556	2,494
11/01/00	1,633,437.50	1,075,076.76	0.658168	14.8556	2,674
05/01/01	834,717.50	534,131.07	0.639894	15.8556	2,854
11/01/01	1,649,717.50	1,026,335.33	0.622128	16.8556	3,034
05/01/02	814,750.00	492,805.38	0.604855	17.8556	3,214
11/01/02	1,674,750.00	984,855.31	0.588061	18.8556	3,394
05/01/03	793,250.00	453,527.78	0.571734	19.8556	3,574
11/01/03	1,688,250.00	938,430.14	0.555860	20.8556	3,754
05/01/04	770,427.50	416,359.37	0.540426	21.8556	3,934
11/01/04	1,715,427.50	901,322.69	0.525422	22.8556	4,114
05/01/05	745,857.50	381,008.94	0.510833	23.8556	4,294
11/01/05	1,740,857.50	864,597.36	0.496650	24.8556	4,474
05/01/06	719,490.00	347,413.60	0.482861	25.8556	4,654
11/01/06	1,759,490.00	826,000.35	0.469454	26.8556	4,834
05/01/07	691,410.00	315,573.45	0.456420	27.8556	5,014
11/01/07	1,791,410.00	794,934.17	0.443748	28.8556	5,194
05/01/08	661,710.00	285,479.71	0.431427	29.8556	5,374
11/01/08	1,821,710.00	764,114.01	0.419449	30.8556	5,554
05/01/09	629,810.00	256,838.33	0.407803	31.8556	5,734
11/01/09	1,849,810.00	733,413.31	0.396480	32.8556	5,914
05/01/10	596,260.00	229,841.64	0.385472	33.8556	6,094
11/01/10	1,886,260.00	706,913.00	0.374770	34.8556	6,274

Actuarial Yield Calculation

(Page 2 of 2)

Date	Total Debt Service	Present Value	Present Value Factor	Change In Periods	Change In Days
05/01/11	\$560,140.00	\$204,095.00	0.364364	35.8556	6,454
11/01/11	1,915,140.00	678,434.13	0.354248	36.8556	6,634
05/01/12	522,200.00	179,852.05	0.344412	37.8556	6,814
11/01/12	1,947,200.00	652,019.32	0.334850	38.8556	6,994
05/01/13	482,300.00	157,014.06	0.325553	39.8556	7,174
11/01/13	1,987,300.00	629,007.87	0.316514	40.8556	7,354
05/01/14	440,160.00	135,448.62	0.307726	41.8556	7,534
11/01/14	2,035,160.00	608,883.15	0.299182	42.8556	7,714
05/01/15	395,500.00	115,041.16	0.290875	43.8556	7,894
11/01/15	2,060,500.00	582,707.70	0.282799	44.8556	8,074
05/01/16	353,875.00	97,296.99	0.274947	45.8556	8,254
11/01/16	1,828,875.00	488,882.97	0.267313	46.8556	8,434
05/01/17	317,000.00	82,385.64	0.259892	47.8556	8,614
11/01/17	1,867,000.00	471,745.70	0.252676	48.8556	8,794
05/01/18	278,250.00	68,354.98	0.245660	49.8556	8,974
11/01/18	1,918,250.00	458,154.11	0.238840	50.8556	9,154
05/01/19	237,250.00	55,091.42	0.232208	51.8556	9,334
11/01/19	1,957,250.00	441,870.93	0.225761	52.8556	9,514
05/01/20	194,250.00	42,636.50	0.219493	53.8556	9,694
11/01/20	1,989,250.00	424,503.46	0.213399	54.8556	9,874
05/01/21	149,375.00	30,991.40	0.207474	55.8556	10,054
11/01/21	2,039,375.00	411,369.14	0.201713	56.8556	10,234
05/01/22	102,125.00	20,028.02	0.196113	57.8556	10,414
11/01/22	2,097,125.00	399,854.22	0.190668	58.8556	10,594
05/01/23	52,250.00	9,685.79	0.185374	59.8556	10,774
11/01/23	2,142,250.00	386,091.52	0.180227	60.8556	10,954
	<u>\$71,249,363.75</u>	<u>\$33,378,520.76</u>			

Calculation Of Discounted Present Value :

Principal :	\$35,355,000.00
Accrued Interest :	130,358.04
Net Original Issue Premium/(Discount) :	(1,604,240.60)
Insurance Premium :	<u>(502,596.68)</u>
	<u>\$33,378,520.76</u>

\$35,355,000
CERTIFICATES OF PARTICIPATION
(1993 Community Center & Golf Course Refinancing Project), Series A & B
CITY OF MODESTO, CALIFORNIA
Modesto Public Financing Authority

Weighted Average Maturity : 19.29522 Years

Principal Amount	Maturity Date	Reoffering Price	Adjusted Principal (AP)	Years To Maturity (YTM)	AP Multiplied By YTM
\$405,000.00	11/01/93	100.00000	0.4050	0.4278	0.1733
245,000.00	11/01/94	100.00000	0.2450	1.4278	0.3498
300,000.00	11/01/95	100.00000	0.3000	2.4278	0.7283
360,000.00	11/01/96	100.00000	0.3600	3.4278	1.2340
325,000.00	11/01/97	100.00000	0.3250	4.4278	1.4390
425,000.00	11/01/98	100.00000	0.4250	5.4278	2.3068
495,000.00	11/01/99	99.44700	0.4923	6.4278	3.1642
780,000.00	11/01/00	99.68700	0.7776	7.4278	5.7755
815,000.00	11/01/01	99.65500	0.8122	8.4278	6.8449
860,000.00	11/01/02	99.25400	0.8536	9.4278	8.0474
895,000.00	11/01/03	99.19800	0.8878	10.4278	9.2580
945,000.00	11/01/04	99.14600	0.9369	11.4278	10.7070
995,000.00	11/01/05	99.09800	0.9860	12.4278	12.2541
1,040,000.00	11/01/06	99.52300	1.0350	13.4278	13.8983
1,100,000.00	11/01/07	99.00800	1.0891	14.4278	15.7131
1,160,000.00	11/01/08	99.48100	1.1540	15.4278	17.8033
1,220,000.00	11/01/09	98.93000	1.2069	16.4278	19.8274
1,040,000.00	11/01/10	99.44500	1.0342	17.4278	18.0243
250,000.00	11/01/10	99.37800	0.2484	17.4278	4.3298
1,355,000.00	11/01/11	99.37800	1.3466	18.4278	24.8143
1,425,000.00	11/01/12	99.37800	1.4161	19.4278	27.5124
1,505,000.00	11/01/13	99.37800	1.4956	20.4278	30.5526
1,595,000.00	11/01/14	99.37800	1.5851	21.4278	33.9647
1,665,000.00	11/01/15	90.60200	1.5085	22.4278	33.8328
1,475,000.00	11/01/16	90.60200	1.3364	23.4278	31.3084
1,550,000.00	11/01/17	90.60200	1.4043	24.4278	34.3047
1,640,000.00	11/01/18	90.60200	1.4859	25.4278	37.7824
1,720,000.00	11/01/19	90.60200	1.5584	26.4278	41.1838
1,795,000.00	11/01/20	90.60200	1.6263	27.4278	44.6060
1,890,000.00	11/01/21	90.60200	1.7124	28.4278	48.6791
1,995,000.00	11/01/22	90.60200	1.8075	29.4278	53.1910
2,090,000.00	11/01/23	90.60200	1.8936	30.4278	57.6175
\$35,355,000.00			33.7508	495.6889	651.2285

Weighted Average Maturity : 19.2952 = 651.2285 / 33.7508

Weighted Average Maturity Date : September 12, 2012

\$35,355,000
CERTIFICATES OF PARTICIPATION
(1993 Community Center & Golf Course Refinancing Project), Series A & B
CITY OF MODESTO, CALIFORNIA
Modesto Public Financing Authority

CDAC & Federal 8038
Net Interest Cost Calculation

Principal Amount :	\$35,355,000.00
Accrued Interest :	130,358.04
Net Original Issue Discount :	1,604,240.60
Underwriter's Discount :	318,659.01
Total Interest Payments :	35,894,363.75

Federal Net Interest Cost Calculation (For 8038 forms ONLY) :

$$8038 \text{ NIC} = \frac{\text{Total Interest Payments} - \text{Accrued Interest} + \text{Original Issue Discount}}{\text{Issue Price} * \text{Weighted Average Maturity}}$$

$$8038 \text{ NIC} = \frac{\$35,894,363.75 \quad \$130,358.04 \quad \$1,604,240.60}{\$33,750,759.40 \quad 19.2952} = 5.73812\%$$

CDAC Net Interest Cost Calculation :

$$\text{CDAC NIC} = \frac{\text{Total Interest Payments} + \text{Underwriter's Discount}}{\text{Bond Year Dollars} * 1000}$$

$$\text{CDAC NIC} = \frac{\$35,894,363.75 \quad \$318,659.01}{695,248 \quad 1,000.00} = 5.20865\%$$