

## **TRUST AGREEMENT**

is made and entered into as of June 1, 1999

by and among

**FIRST UNION NATIONAL BANK**  
(the "Trustee")

and

**WALTON COUNTY PUBLIC EDUCATION FINANCE AUTHORITY, INC.,**  
(the "Corporation")

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## TRUST AGREEMENT

**THIS TRUST AGREEMENT**, is made and entered into as of June 1, 1999, by and among **FIRST UNION NATIONAL BANK**, a national banking association with corporate trust powers qualified to accept trusts of the type herein set forth (the "Trustee"), **WALTON COUNTY PUBLIC EDUCATION FINANCE AUTHORITY, INC.**, a not-for-profit corporation duly organized and existing under Chapter 617, Florida Statutes (the "Corporation"), and the **SCHOOL BOARD OF WALTON COUNTY, FLORIDA**, a school board duly organized and existing under the laws of the State of Florida (the "Board"), acting as the governing body of the Walton County School District (the "District").

### WITNESSETH

**WHEREAS**, the Board deems it in the best interest of the District to lease-purchase certain real and/or personal property from time to time by entering into a Master Lease-Purchase Agreement, dated as of June 1, 1999 (the "Lease Agreement"), between the Corporation, as lessor, and the Board, as lessee; and

**WHEREAS**, pursuant to a Resolution duly adopted by the Board on May 25, 1999, as amended and supplemented and pursuant to Sections 230.23 and 235.056, Florida Statutes, and the laws and Constitution of the State of Florida, the Board is authorized to enter into leases and lease purchase agreements relating to educational facilities;

**WHEREAS**, pursuant to the Lease Agreement, the Board by execution of a lease schedule to the Lease Agreement (the "Lease Schedule"), has provided for the lease-purchase of the 1999 Project; and

**WHEREAS**, pursuant to the Lease Agreement, the Board may from time to time, direct the Corporation to acquire and lease-purchase to the Board the items of property described in such Lease Schedule (the "Projects"); and

**WHEREAS**, the relationship between the Corporation and the Board under the Lease Agreement is to be a continuing one and Projects may be added to the Lease Agreement from time to time in accordance with the terms thereof and the Lease Schedules describing such Projects; and

**WHEREAS**, provision for payment of the cost of acquiring, constructing and installing each Project will be made by the issuance and sale from time to time of Certificates of Participation issued hereunder and under the Supplemental Trust Agreement related to each Series of Certificates of Participation (the "Certificates"), which shall be secured by and payable from the right of the Corporation to receive Basic Rent Payments (as defined herein); and be made by the Board pursuant to the Lease Agreement and related Lease Schedule; and

**WHEREAS**, the Trustee has agreed to issue a Series of Certificates pursuant to and upon receipt of a Request and Authorization from the Corporation and the Board; and

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**WHEREAS**, as of the date hereof, the Corporation will assign to the Trustee by outright assignment all of its right, title and interest in and to the Lease Agreement and the Lease Payments (as defined herein), other than its rights of indemnification, its right to enter into Lease Schedules (as defined herein) from time to time, its right to receive notices and grant consents or approvals hereunder, its right to receive the Servicing Fee set forth in a Lease Schedule, and its obligations provided in Section 6.03 of the Lease Agreement (collectively, the "Retained Rights"), and its rights under the related Ground Lease pursuant to an Assignment Agreement, dated as of June 1, 1999, among the Corporation, the Trustee and others; and

**WHEREAS**, the Board and the Corporation will enter into a Ground Lease Agreement, dated as of June 1, 1999 and will enter into Ground Lease Agreements (collectively, the "Ground Lease") with respect to each Lease Schedule, whereby the Board has or will demise a Leasehold Estate in the Premises to the Corporation; and

**WHEREAS**, on the date of issuance of each subsequent Series of Certificates, the Corporation will assign to the Trustee all of its right, title and interest in and to any Leasehold Estate created and granted under the related Ground Leases pursuant to an Assignment Agreement between the Corporation and the Trustee and consented to by the Board; and

**WHEREAS**, the proceeds of the sale of each Series of Certificates will be deposited with the Trustee and such funds shall be held and disbursed pursuant to the terms of this Trust Agreement in order to, among other things, fund the acquisition, construction and installation of a Project; and

**WHEREAS**, the Board may provide that a Credit Enhancer (as defined herein) may issue a letter of credit, insurance policy, guarantee or other instrument to secure the payment of the principal of and interest on a Series of Certificates; and

**WHEREAS**, each Series of Certificates shall be secured independently from each other Series of Certificates in accordance with the provision hereof;

**NOW, THEREFORE**, in consideration of the mutual agreements and covenants herein contained and for other valuable consideration, the parties hereto agree as follows:

**ARTICLE I**  
**DEFINITIONS AND RULES OF CONSTRUCTION**

**SECTION 1.01.        DEFINITIONS.**

The capitalized terms used herein shall have the meanings, for the purpose of this Trust Agreement, ascribed to them in Exhibit "A" attached hereto unless the context clearly requires some other meaning. The terms "Agreement" or "Trust Agreement" as used herein shall mean this Trust Agreement unless the context clearly requires some other meaning.

**SECTION 1.02.        RULES OF CONSTRUCTION.**

Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Unless the context otherwise indicates, words importing the singular number shall include the plural number and vice versa, and the words importing persons shall include corporations and associations, including public bodies, as well as natural persons.

The terms "hereby," "hereof," "hereto," "hereunder," and any similar terms, used in this Trust Agreement, refer to this Trust Agreement.

**ARTICLE II**  
**RECITALS AND REPRESENTATIONS**

**SECTION 2.01. LEASE AGREEMENT.**

The Corporation and the Board have entered into the Lease Agreement, and intend to enter into Lease Schedules from time to time, whereby the Corporation has agreed to lease the Projects from time to time to the Board and the Board has agreed to lease the Projects from time to time from the Corporation and to make Lease Payments therefor in accordance with the terms thereof.

**SECTION 2.02. ASSIGNMENT AGREEMENT.**

The Corporation has assigned and transferred to the Trustee all its rights, title and interest under (A) the Lease Agreement, other than its Retained Rights and (B) the Ground Leases and in consideration of such assignment and the execution of this Trust Agreement, the Trustee has agreed herein to authenticate and deliver one or more Series of Certificates from time to time, each evidencing an interest in the Basic Rent Payments, as set forth in such Certificates.

**SECTION 2.03. REPRESENTATION.**

In the Lease Agreement, the Corporation has agreed to cause the acquisition, construction and installation of each subsequent Project pursuant to the Plans and Specifications relating thereto as provided in the corresponding Lease Schedule, and the Board, as the agent of the Corporation, will be responsible for the letting of contracts and agreements for the acquisition, construction, and installation of each such Project and for supervising the acquisition, construction and installation of each such Project.

**SECTION 2.04. DESCRIPTION AND ESTIMATED COST OF THE PROJECT.**

The description of the Project to be acquired, constructed and leased by the Board from the Corporation pursuant to the terms and provisions of the Lease Agreement and the estimated Cost of such Project shall be as set forth in the Lease Schedule relating thereto.

**SECTION 2.05. CONDITIONS PRECEDENT SATISFIED.**

Each party hereto represents with respect to itself that all acts, conditions and things required by law to exist, happen and be performed precedent to and in connection with the execution and delivery of this Trust Agreement have happened and have been performed in regular and due time, form and manner as required by law, and the parties hereto each represents as to itself that it is now duly empowered to execute and deliver this Trust Agreement.

**ARTICLE III**  
**APPOINTMENT OF TRUSTEE; DECLARATION OF TRUST**

**SECTION 3.01. APPOINTMENT OF TRUSTEE.**

In consideration of the recitals hereinabove set forth and for other valuable consideration, the Corporation and the Board hereby appoint the Trustee to receive, hold, invest and disburse the Trust Estate and to perform certain other functions, all as hereinafter provided and subject to the terms and conditions of this Trust Agreement.

**SECTION 3.02. DECLARATION OF TRUST.**

(a) The Trustee hereby creates this trust for the purpose of facilitating the lease-purchase financing of the Project, and the Trustee agrees to (i) accept the assignment and transfer of the rights of the Corporation in and to the Lease Agreement and the Ground Lease (other than the Retained Rights) pursuant to the terms and provisions of the Assignment Agreement, (ii) accept the assignment and transfer of the rights of the Corporation pursuant to the terms and provisions of the Assignment Agreement, (iii) execute, authenticate and deliver the Certificates from time to time against receipt of the proceeds from the sale thereof, deposit such proceeds hereunder and disburse same, together with earnings thereon, in accordance with the terms and provisions hereof and of the Supplemental Trust Agreement related thereto, and (iv) do all other things necessary or incidental to the purposes hereof.

(b) The Trustee hereby declares that it holds and will hold the Trust Estate upon the trusts and apply the moneys held hereunder as hereinafter set forth for the use and benefit of the Owners of the Certificates as set forth herein. Each Credit Enhancer shall be deemed to be a third-party beneficiary of this Trust Agreement.

**SECTION 3.03. TRUST ESTATE.**

The Trust Estate, which shall be held for the benefit of the Owners of the Certificates from time to time Outstanding hereunder, consists of the following:

(a) All right, title and interest in the funds, accounts and subaccounts established under this Trust Agreement and the cash, securities and investments of which they are comprised (other than the Rebate Fund);

(b) All right, title and interest of the Corporation in, to and under the Lease Documents, pending termination thereof, and in any Project site, including the Corporation's fee simple title, if any, therein or any Ground Lease and the Lease Agreement and the right to receive the Lease Payments under the Lease Agreement but excluding the Retained Rights;

(c) All right, title and interest of the Trustee under the Assignment Agreement and under any Assignment of Ground Lease;

(d) Any moneys received by the Trustee which are derived from the exercise by the Trustee, as assignee of the Corporation, of any of the remedies under this Trust Agreement, or the Lease Agreement or any Ground Leases or any mortgage agreement entered into pursuant to the terms hereof; and

(e) All property which by the express provisions of this Trust Agreement or the Lease Agreement or any Ground Lease is required to be subject to the lien hereof, and any additional property that may from time to time hereafter expressly be made subject to the lien hereof by the Trustee, the Corporation or the Board or anyone authorized to act on their behalf;

**PROVIDED, HOWEVER,** that in each case any portion of the Trust Estate which is derived from the sale, re-letting or other disposition of a Project, moneys and damages received in relation to such Project and any cash, securities and investments in any Pledged Accounts relating to such Project shall be utilized solely for the benefit of the Certificates which financed or refinanced such Project and for whose benefit such Pledged Accounts were established.

#### **SECTION 3.04. TRUST ESTATE FOR BENEFIT OF CERTIFICATE OWNERS.**

(a) Subject only to the provisions of this Trust Agreement permitting the application thereof for the purpose and on the terms and conditions set forth herein, the Corporation and the Board hereby declare, and the Trustee acknowledges, that the Trust Estate shall secure the payment of the principal of, Prepayment Premium, if any, and interest on the Outstanding Certificates, which represent, among other things, an undivided proportionate interest in the Basic Rent Payments under the Lease Agreement.

(b) The Trustee shall be entitled to and shall, subject to the provisions of Article IX hereof and after being provided with indemnity acceptable to it, take all steps, actions and proceedings reasonably necessary, in its judgement, to enforce all of the rights of the Corporation in and under the Lease Agreement and the Ground Leases for the benefit of the Owners of the Certificates.

(c) If the Certificates shall be paid, or provision for payment shall be made, and all other payments due hereunder shall be made as provided in Article XII hereunder, the Trust Estate shall terminate and the Owners of the Certificates shall have no right thereto, except as otherwise provided herein.



**ARTICLE IV**  
**ISSUANCE OF CERTIFICATES**

**SECTION 4.01. AUTHORIZATION OF CERTIFICATES.**

(a) The number of Series of Certificates which may be created under this Trust Agreement is not limited. The aggregate principal amount of Certificates of each Series which may be issued, authenticated and delivered under this Trust Agreement is not limited except as set forth in the related Request and Authorization and Supplemental Trust Agreement and as restricted by the provisions of this Trust Agreement.

(b) The Certificates issuable under this Trust Agreement shall be issued in such Series as may from time to time be created in connection with a Lease Schedule. Each Series of Certificates shall be designated "Certificates of Participation, Series \_\_\_\_\_ Evidencing an Undivided Proportionate Interest of Owners thereof in Basic Rent Payments to be made by the School Board of Walton County, Florida, as Lessee pursuant to a Master Lease-Purchase Agreement with Walton County Public Education Finance Authority, Inc., as Lessor." The Certificates may, if and when authorized by this Trust Agreement, be designated with such further appropriate particular designations added to or incorporated in such title for the Certificates of any particular Series as the Board may determine and as may be necessary to distinguish such Certificates from the Certificates of any other Series.

(c) Each Series of Certificates shall be issued for the purposes of (a) funding the Costs of a Project, completing a Project as provided in Section 4.12 hereof; (b) funding a subaccount established in the Reserve Account in an amount equal to the Reserve Requirement, if any, applicable thereto; (c) capitalizing interest on such Series of Certificates; and/or (d) paying the Costs of Issuance applicable thereto.

(d) Each Series of Certificates, other than Variable Rate Certificates and Capital Appreciation Certificates, shall be substantially in the form set forth in Exhibit "B" hereto, with such appropriate variations, omissions and insertions as may be necessary or appropriate to conform to the provisions of this Trust Agreement, including any use of a book-entry only system as described in Section 4.11 hereof. The form of Variable Rate Certificates and Capital Appreciation Certificates shall be provided in the Supplemental Trust Agreement authorizing the issuance of such Certificates. All Certificates may have endorsed thereon such legends or text as designated by the Board or as may be necessary or appropriate to conform to any applicable rules and regulations of any governmental authority or of any securities exchange on which the Certificates may be listed or any usage or requirement of law with respect thereto.

(e) Each Series of Certificates shall be issued for such authorized purpose; shall bear interest at such rate or rates not exceeding the maximum rate permitted by law; and shall be payable in lawful money of the United States of America on such dates; all as determined pursuant to the Supplemental Trust Agreement authorizing the issuance thereof.



(f) Each Series of Certificates shall be issued in such denominations; shall be dated such date; shall bear such numbers; shall be payable at such place or places and at such time or times; shall contain such prepayment provisions; shall consist of such amounts of Term Certificates, Serial Certificates, Capital Appreciation Certificates and Variable Rate Certificates; shall mature in such years and amounts; and the proceeds shall be used in such manner; all as determined pursuant to the Supplemental Trust Agreement authorizing the issuance thereof. Each Series of Certificates may be secured by a Credit Facility or municipal bond insurance policy, all as shall be determined pursuant to the Supplemental Trust Agreement authorizing the issuance thereof.

(g) The principal of the Certificates shall be payable from the Principal Component of the Basic Rent Payments on the first day of the month as provided by the Supplemental Trust Agreement. The interest on the Certificates shall be payable semiannually from the Interest Component of Basic Rent Payments on the Payment Dates, except as otherwise provided by the Supplemental Trust Agreement. Interest on the Certificates shall be computed upon the basis of a 360-day year, consisting of twelve 30-day months, except as otherwise provided by the Supplemental Trust Agreement. The Certificates shall be numbered in such manner as the Trustee deems appropriate.

(h) The principal of all Certificates shall be payable at the Designated Office of the Trustee. Payment of the principal of all Certificates shall be made upon the presentation and surrender of such Certificates as the same shall become due and payable. Payment of interest on the Certificates shall be by check or draft mailed on the applicable Payment Date to the Owner as of the close of business on the Record Date at his address as it appears on the Certificate Register maintained by the Trustee; except that, if and to the extent that there shall be a default in payment of interest due on such Payment Date, such defaulted interest payment shall be paid to the Owners in whose name any such Certificates are registered at the close of business on the fifteenth day preceding the date of payment of such defaulted interest payment; provided, however, that at the request and expense of the Owner of \$1,000,000 or more in aggregate principal amount of Outstanding Certificates, interest shall be paid by wire transfer on the interest Payment Date so requested to a bank account located in the continental United States and designated in writing to the Trustee by said Owner at least five days prior to such Interest Payment Date.

(i) Subject to the foregoing provisions of this Section, each Certificate delivered under this Trust Agreement upon transfer of or in exchange for or in lieu of any other Certificate of the same Series shall carry all the rights to interest accrued and unpaid, and to accrue, which were carried by such other Certificate and each such Certificate shall bear interest from such date, so that neither gain nor loss in interest shall result from such transfer, exchange or substitution.

(j) Variable Rate Certificates must have a Maximum Interest Rate relating thereto which shall be established at the time of issuance of such Certificates. Prior to the termination of the Lease Agreement, any accelerated principal payments due to a Credit Bank in regard to Variable Rate Certificates or any interest due on such Variable Rate Certificates in excess of the interest on such Certificates to said Credit Bank shall be subordinate to the payment of Basic Rent Payments represented by the

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Certificates. Except to the extent expressly permitted in a Supplemental Trust Agreement, no Variable Rate Certificates may be issued hereunder without the consent of the Certificate Insurers of all Outstanding Certificates.

#### **SECTION 4.02. DELIVERY OF CERTIFICATES.**

(a) Each Series of Certificates, other than Completion Certificates and Refunding Certificates, shall be executed substantially in the form and in the manner set forth herein, but before such Series of Certificates shall be delivered by the Trustee, there shall be filed or deposited with the Trustee the following:

(i) A copy, certified by the Secretary of the Corporation, or his designee, of the resolution or resolutions of the Board of Directors of the Corporation approving the form of and authorizing the execution and delivery of the Lease Agreement, any applicable Ground Lease and Assignment of Ground Lease, the Lease Schedule relating to the Project to be financed from such Series of Certificates, the Assignment Agreement, this Trust Agreement and the Supplemental Trust Agreement relating to such Series of Certificates;

(ii) A copy, certified by the Secretary of the Board, or his designee, of the resolution or resolutions of the Board approving the form of and authorizing the execution and delivery of the Lease Agreement, any applicable Ground Lease and Assignment of Ground Lease, the Lease Schedule relating to the Project to be financed from such Series of Certificates, this Trust Agreement and the Supplemental Trust Agreement relating to such Series of Certificates;

(iii) An executed copy of the Request and Authorization relating to such Series of Certificates;

(iv) A fully executed counterpart of this Trust Agreement and the Supplemental Trust Agreement relating to such Series of Certificates;

(v) A fully executed counterpart of the Lease Agreement and the Lease Schedule relating to the Project to be financed from such Series of Certificates;

(vi) A fully executed counterpart of the Assignment Agreement;

(vii) A fully executed counterpart of each Ground Lease, if any, relating to the Project to be financed or refinanced from such Series of Certificates;

(viii) An opinion of counsel for the Corporation (which may also be counsel to the Board) to the effect that (A) the Corporation has been duly organized and is validly existing as a not-for-profit corporation in good standing under the laws of the State of Florida, and the Corporation has the power and authority to execute and deliver this Trust Agreement, the Supplemental Trust Agreement relating to such Series of Certificates, the Lease Agreement, any applicable Ground Lease and Assignment Agreement, the Lease Schedule relating to the Project to be financed from such Series of Certificates and the Assignment Agreement, (B) this Trust Agreement, the Supplemental Trust Agreement relating to such Series of Certificates, the Lease Agreement, any

applicable Ground Lease and Assignment Agreement, the Lease Schedule relating to the Project to be financed from such Series of Certificates and the Assignment Agreement have each been duly authorized, executed and delivered by the Corporation and assuming due authorization, execution and delivery thereof by the other parties thereto, constitute valid and binding agreements of the Corporation enforceable in accordance with their terms, except to the extent that the enforceability of the same may be limited by bankruptcy, insolvency or other laws affecting creditors' rights generally and by usual equity principles;

(ix) An opinion of counsel to the Board (which may also be counsel to the Corporation) to the effect that (A) the Board is the duly organized and validly existing governing body of the School District of Walton County, Florida, and has all powers and authority to execute and deliver the Lease Agreement, any applicable Ground Lease and Assignment Agreement, the Lease Schedule relating to the Project to be financed from such Series of Certificates, this Trust Agreement and the Supplemental Trust Agreement relating to such Series of Certificates, and (B) the Lease Agreement, any applicable Ground Lease and Assignment Agreement, the Lease Schedule relating to the Project to be financed from such Series of Certificates, this Trust Agreement and the Supplemental Trust Agreement relating to such Series of Certificates have each been duly authorized, executed and delivered by the Board and, assuming due authorization, execution and delivery thereof by the other parties thereto and subject to the terms and conditions thereof, constitute the valid and binding agreements of the Board enforceable in accordance with their terms, except to the extent that the enforceability of the same may be limited by bankruptcy, insolvency or other laws affecting creditors' rights generally and the usual equitable principles;

(x) Other than for the first Series of Certificates issued hereunder, a certificate of the Superintendent: (A) stating that the books and records of the Board relating to the Capital Funds have been examined by him; (B) setting forth the amount of Capital Funds which has been received by the Board during the Fiscal Year most recently ended prior to the date of delivery of such Certificates with respect to which such statement is made; and (C) stating that the amount of Capital Funds received during the aforementioned Fiscal Year equals at least 1.00 times the maximum Principal and Interest Requirements in the current and any future Fiscal Years on all Certificates then Outstanding and such Certificates with respect to which the statement is made. In the event the Capital Outlay Millage is increased or the Credit Enhancers have agreed to include new revenue sources as part of the Capital Funds, and such increase or additional revenues were not part of the Capital Funds during all or a portion of the Fiscal Year described above, then for purposes of determining whether there are sufficient Capital Funds to meet the coverage test provided in this paragraph, the Superintendent shall adjust the amount of Capital Funds which were received during the aforementioned Fiscal Year to take into account the additional amounts of Capital Funds such increase or additional revenues would have generated if they had been considered Capital Funds for the entire Fiscal Year;

(xi) An opinion of Special Counsel in customary form to the effect that (A) the Board is the duly organized and validly existing governing body of the District and has all necessary power and authority to execute and deliver the Lease Agreement, any applicable Ground Lease, the Lease Schedule relating to the Project to be financed from such Series of Certificates, this Trust Agreement and the Supplemental Trust Agreement relating to such Series of Certificates, and (B) the Lease Agreement, any applicable Ground Lease, the Lease Schedule relating to the Project to be financed from such Series of Certificates, this Trust Agreement, and the Supplemental Trust Agreement relating to such Series of Certificates have each been duly authorized, executed and delivered by the Board and, assuming due authorization, execution and delivery thereof by the other parties thereto and subject to the terms and conditions thereof, constitute the valid and binding agreements of the Board enforceable against the Board, except to the extent that the enforceability of the same may be limited by bankruptcy, insolvency or other laws affecting creditors' rights generally and by the usual equitable principles and (C) except for Taxable Certificates, the Interest Component of such Series of Certificates is excluded from the gross income of the Owners thereof for purposes of Federal income taxation;

(xii) Either (A) written approval by the Department of the Project, or (B) an opinion of counsel to the Board, to the effect that approval of the Department is not required by law.

(b) When the documents described in paragraphs (i) to (xii), inclusive, of Section 4.02(a) hereof shall have been filed with the Trustee and when the Certificates shall have been executed and authenticated as required by this Trust Agreement, the Trustee shall deliver the Certificates at one time to, or upon the order of, the purchasers of such Series, but only upon payment to the Trustee of the purchase price of such Certificates and the accrued interest thereon. The Trustee shall be entitled to rely upon the resolutions described in paragraphs (i) and (ii) of Section 4.02(a) hereof as to all matters stated therein.

(c) After the initial Series of Certificates shall have been issued hereunder, no further Series of Certificates shall thereafter be issued for any purpose (including, without limitation, for purposes of project completion or refunding) unless (i) no Event of Non-Appropriation shall have occurred and be continuing and (ii) immediately following the issuance of such Series of Certificates, the Board shall not be in default in performing any of the covenants and obligations assumed hereunder, (iii) all payments herein required to have been made into the accounts and funds, as provided hereunder, shall have been made to the full extent required, and (iv) no Event of Default or Event of Non-Appropriation (or any event which, once all notice or grace periods have passed, would constitute an Event of Default) shall have occurred and be continuing.

#### **SECTION 4.03. EXECUTION OF CERTIFICATES.**

The Certificates shall be executed with the manual or facsimile signature of an authorized officer of the Trustee. In case any officer whose signature or a facsimile of whose signature shall appear on any Certificates shall cease to be such officer before the delivery of such Certificates, such signature or such facsimile shall nevertheless be

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valid and sufficient for all purposes the same as if he had remained in office until such delivery. Any Certificates may bear the facsimile signature of, or may be signed by, such officer as at the actual time of the execution of such Certificates shall be the proper officer to sign such Certificates although at the dated date of such Certificates such officer may not have been such officer.

#### **SECTION 4.04. AUTHENTICATION OF CERTIFICATES.**

Only such Certificates as shall have been endorsed thereon a certificate of authentication substantially in the form set forth in Exhibit "B" hereto, manually executed by the Trustee, shall be entitled to any benefit or security under this Trust Agreement. No Certificate shall be valid or obligatory for any purpose unless and until such certificate of authentication on the Certificate shall have been manually executed by the Trustee, and such Certificate of the Trustee upon any such Certificate shall be conclusive evidence that such Certificate has been duly authenticated and delivered under this Trust Agreement. The Trustee's certificate of authentication on any Certificate shall be deemed to have been duly executed if manually signed by an authorized officer of the Trustee, but it shall not be necessary that the same officer sign the certificate of authentication on all of the Certificates that may be issued hereunder at any one time.

#### **SECTION 4.05. EXCHANGE OF CERTIFICATES.**

Certificates, upon surrender thereof at the designated corporate trust office of the Trustee, together with an assignment duly executed by the owner or his attorney or legal representative in such form as shall be satisfactory to the Trustee, may, at the option of the Owner thereof, be exchanged for an equal aggregate principal amount of Certificates of the same maturity and Series, of any denomination or denominations authorized by this Trust Agreement, bearing interest at the same rate, and in the same form as the Certificates surrendered for exchange.

#### **SECTION 4.06. NEGOTIABILITY, REGISTRATION AND TRANSFER OF CERTIFICATES.**

(a) The Trustee shall keep or cause to be kept a Certificate Register, which shall at all time be open to inspection by the Board, the Corporation and the Owners of Certificates; and, upon presentation for such purpose, the Trustee shall, under such reasonable regulations as it may prescribe, register the transfer or cause to be registered the transfer, on the Certificate Register, of Certificates as provided herein.

(b) The transfer of any Certificate may be registered only upon the Certificate Register upon surrender thereof to the Trustee together with an assignment duly executed by the Owner or such Owner's attorney or legal representative in such form as shall be satisfactory to the Trustee. Upon any such registration of transfer the Trustee shall authenticate and deliver in exchange for such Certificate a new registered Certificate or Certificates, registered in the name of the transferee, of any denomination or denominations authorized by this Trust Agreement in the aggregate principal amount equal to the principal amount of such Certificate surrendered or exchanged, of the same maturity and Series and bearing interest at the same rate.

(c) In all cases in which Certificates shall be exchanged or the transfer of Certificates shall be registered hereunder, the Trustee shall authenticate and deliver at the earliest practicable time Certificates in accordance with the provisions of this Trust Agreement. All Certificates surrendered in any such exchange or registration of transfer shall forthwith be cancelled by the Trustee. Upon the cancellation of any Certificates by the Trustee, the Trustee shall execute a certificate of cancellation in duplicate by the signature of one of its Authorized Officers describing the Certificates so cancelled, and executed cancellation certificates shall be filed with the Board and the Corporation and the other executed cancellation certificate shall be retained by the Trustee. No service charge shall be made for any registration, transfer, or exchange of Certificates; however, the Trustee may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer or exchange of Certificates as a condition precedent to such registration, transfer or exchange. The Trustee shall not be required to transfer or exchange Certificates (i) during a period beginning at the opening of business fifteen (15) days before the day of the mailing notice of prepayment of Certificates and ending at the close of business on the day of such mailing, (ii) so selected for prepayment in whole or in part, or (iii) during a period beginning at the opening of business on the Record Date next preceding a date set for payment of interest and ending on such interest Payment Date.

#### **SECTION 4.07. OWNERSHIP OF CERTIFICATES.**

The Trustee shall deem and treat the Person in whose name any Outstanding Certificate shall be registered upon the Certificate Register as the absolute Owner of such Certificate, whether such Certificate shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal and interest payments with respect to such Certificate and for all other purposes, and all such payments so made to any such Owner or upon his order shall be valid and effective to satisfy and discharge the liability upon such Certificate to the extent of the sum or sums so paid, and neither the Corporation, the Board nor the Trustee shall be affected by any notice to the contrary.

#### **SECTION 4.08. MUTILATED, DESTROYED, STOLEN OR LOST CERTIFICATES.**

(a) In case any Certificate secured hereby shall become mutilated or be destroyed, stolen or lost, the Trustee shall cause to be executed, and shall authenticate and deliver, a new Certificate of like date and tenor in exchange and substitution for and upon the cancellation of such mutilated Certificate or in lieu of and in substitution for such Certificate destroyed, stolen or lost, and the Owner shall pay the reasonable expenses and charges of the Trustee in connection therewith and, in case of a Certificate stolen, destroyed or lost, the Owner shall file with the Trustee evidence satisfactory to it that such Certificate was stolen, destroyed or lost, and of his ownership thereof, and as a condition precedent to delivery of such new Certificate the Trustee may require indemnity satisfactory to it, and shall require any indemnity required by the applicable Certificate Insurer.

(b) Every Certificate issued pursuant to the provisions of this Section in exchange or substitution for any Certificate which is mutilated, destroyed, lost or stolen shall constitute an additional contractual obligation pursuant to the terms

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hereof, whether or not the destroyed, lost or stolen Certificate shall be found at any time, or be enforceable by anyone, and shall be entitled to all the benefits hereof equally and proportionately with any and all other Certificates duly issued under this Trust Agreement. All Certificates shall be held and owned upon the express condition that the foregoing provisions are exclusive with respect to the replacement or payment of mutilated, destroyed, lost or stolen Certificates, and shall preclude any and all other rights or remedies, notwithstanding any law or statute existing or hereafter enacted to the contrary with respect to the replacement or payment of negotiable instrument or other securities without their surrender.

#### **SECTION 4.09. TEMPORARY CERTIFICATES.**

(a) Until definitive Certificates are ready for delivery, there may be executed, and upon request of the Board, the Trustee shall authenticate and deliver, in lieu of definitive Certificates and subject to the same limitations and conditions, typewritten, printed, engraved or lithographed temporary Certificates, in the form of fully registered Certificates in denominations of \$5,000 or any whole multiple thereof, substantially of the tenor of the Certificates set forth in this Trust Agreement and with such appropriate omissions, insertions and variations as may be required.

(b) If temporary Certificates shall be issued, the Trustee, upon preparation of the definitive Certificates and presentation to it at its designated office of any temporary Certificate, shall cancel the same and authenticate and deliver to the Owner, without charge to such Owner, a definitive Certificate or Certificates of an equal aggregate principal amount, of the same maturity and Series and bearing interest at the same rate as the temporary Certificate surrendered. Until so exchanged, the temporary Certificates shall in all respects be entitled to the same benefit and security of this Trust Agreement as the definitive Certificates to be issued and authenticated hereunder.

#### **SECTION 4.10. EVIDENCE OF SIGNATURES OF CERTIFICATE OWNERS AND OWNERSHIP OF CERTIFICATES.**

(a) 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 Certificate Owners in person or by their attorneys or agents appointed by an instrument in writing for that purpose. 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:

(i) The fact and date of the execution by any Certificate Owner or his attorney or agent of any such instrument and 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 acknowledgements of deeds to be recorded in such jurisdictions that the Persons signing such instrument 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.

(ii) The fact of the ownership of Certificates by any Certificate Owner and the amount, the principal Payment Date and the numbers of such Certificates and the date of his ownership of the same shall be proved by the Certificate Register held by the Trustee pursuant to this Trust Agreement.

(b) Nothing contained in this Article IV shall be construed as limiting the Trustee to such proof, it being intended that the Trustee may accept any other evidence of the matters herein stated which may seem sufficient. Any request or consent of the Owner of any Certificate shall bind every future Owner of the same Certificate in respect of anything done or suffered to be done by the Board or the Trustee in pursuance of such request or consent.

#### **SECTION 4.11. DEPOSITORY TRUST COMPANY AND BOOK ENTRY OBLIGATIONS.**

(A) The Trustee is hereby authorized if so requested by the Board to take such actions as may be necessary from time to time to qualify such Series for registration in the name of Cede & Co., as nominee for the Depository Trust Company. No such arrangement with the Depository Trust Company may adversely affect the interests of any of the Owners of the Certificates; provided, however, that the Trustee shall not be liable with respect to any such arrangement it may make pursuant to this Section. The Trustee is further authorized if so requested by the Board to take such actions as may be necessary to qualify a Series of Certificates as uncertificated registered public obligations (not represented by instruments), commonly known as book-entry only obligations, provided the Board shall establish a system of registration therefor by the related Supplemental Trust Agreement. Any expenses incurred by the Trustee pursuant to this Section shall be paid by the Board.

(B) In the event a Series of Certificates is issued or held by means of a book-entry system administered by DTC, no physical distribution of Certificates will be made to the public (other than those Certificates, if any, not held under such book-entry system). References in this Section 4.11 to a Certificate or the Certificates shall be construed to mean the Certificate or the Certificates that are held under the book-entry system. In such event, one Certificate shall be issued to DTC and immobilized in its custody. A book-entry system shall be employed, evidencing ownership of the Certificates in Authorized Denominations, with transfers of beneficial ownership effected on the records of DTC and the DTC Participants pursuant to rules and procedures established by DTC.

In the event that (i) DTC determines not to continue to act as securities depository for the Certificates or (ii) the Corporation or the Underwriter determines that the continuation of the book-entry system of evidence and transfer of ownership of the Certificates would adversely affect their interests or the interests of the Beneficial Owners of the Certificates, the Corporation shall, on its own initiative or at the request of the Underwriter, discontinue the book-entry system with DTC. If the Corporation or the Underwriter fails to identify another qualified securities depository

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to replace DTC, the Trustee shall authenticate and deliver replacement Certificates in the form of fully registered Certificates to each Beneficial Owner. The cost of printing such replacement Certificates shall be paid by the Board.

The Corporation, the Board and the Trustee shall not have any responsibility or obligations to any DTC Participant or any beneficial owner with respect to (i) the Certificates; (ii) the accuracy of any records maintained by DTC or any DTC Participant; (iii) the payment by DTC or any DTC Participant of any amount due to any beneficial owner in respect of the principal amount, redemption price of and interest on the Certificates; (iv) the delivery or timeliness of delivery by DTC or any DTC Participant of any notice due to any beneficial owner that is required or permitted under the terms of this Trust Agreement to be given to beneficial owners; (v) the selection of beneficial owners to receive payments in the event of any partial redemption of the Certificates; or (vi) any consent given or other action taken by DTC, or its nominee, Cede & Co., as owner.

In the event that a book-entry system of evidence and transfer of ownership of the Certificates is discontinued pursuant to the provisions of this Section, the Certificates shall be delivered solely as fully registered Certificates without coupons in the Authorized Denominations, shall be lettered R and numbered, and shall be payable, executed, authenticated, registered, exchanged and canceled pursuant to the provisions hereof.

So long as a book-entry system of evidence of transfer of ownership of all the Certificates is maintained in accordance herewith, the provisions of this Trust Agreement relating to the delivery of physical Certificate certificates shall be deemed inapplicable or be otherwise so construed as to give full effect to such book-entry system. The provisions of the letter of representations shall supersede this Trust Agreement in the event of a conflict.

#### **SECTION 4.12. COMPLETION CERTIFICATES.**

(a) Completion Certificates may be issued to provide necessary funds to complete payment of the Costs of a Project previously financed hereunder or to finance additional property which shall be added to a Project or which shall be substituted for a portion of a Project. Except for the purposes of Section 6.03 hereof, such Completion Certificates, for purposes of this Trust Agreement and the Lease Agreement and any Ground Lease, shall constitute a part of the same Series of Certificates as the Certificates issued to pay the original Costs of the Project. Such Completion Certificates shall be executed substantially in the form and in the manner set forth herein, but before such Completion Certificates shall be delivered by the Trustee, there shall be filed or deposited with the Trustee the following:

(i) A copy, certified by the Secretary of the Corporation, or his designee, of the resolution or resolutions of the Board of Directors of the Corporation approving the form of and authorizing the execution and delivery of the Lease Agreement, any applicable Ground Lease and Assignment Agreement, the Lease Schedule relating to the original Project as amended to take into account the Completion Certificates, the Assignment Agreement, this Trust Agreement and the Supplemental Trust Agreement relating to such Completion Certificates;

- (ii) A copy, certified by the Secretary of the Board, or his designee, of the resolution or resolutions of the Board approving the form of and authorizing the execution and delivery of the Lease Agreement, any applicable Ground Lease and Assignment of Ground Lease, the Lease Schedule relating to the original Project as amended to take into account the Completion Certificates, this Trust Agreement and the Supplemental Trust Agreement relating to such Completion Certificates;
- (iii) An executed copy of the Request and Authorization relating to such Completion Certificates;
- (iv) A fully executed counterpart of the Supplemental Trust Agreement relating to such Completion Certificates;
- (v) A fully executed counterpart of the Lease Schedule relating to the original Project as amended to take into account the Completion Certificates, and the change, if any, to such Project and the additional Basic Rent Payments that would have to be made thereunder;
- (vi) A fully executed counterpart of the Assignment Agreement;
- (vii) A fully executed counterpart of each Ground Lease and Assignment of Ground Lease, if any, relating to the original Project to be financed by the Completion Certificates;
- (viii) An opinion of counsel for the Corporation (which may also be counsel to the Board) to the effect that (A) the Corporation has been duly organized and is validly existing as a not-for-profit corporation in good standing under the laws of the State, and the Corporation has the power and authority to execute and deliver this Trust Agreement, the Supplemental Trust Agreement relating to such Completion Certificates, the Lease Agreement, any applicable Ground Lease and Assignment of Ground Lease, the Lease Schedule relating to the original Project as amended to take into account the Completion Certificates and the Assignment Agreement, (B) this Trust Agreement, the Supplemental Trust Agreement relating to such Completion Certificates, the Lease Agreement, any applicable Ground Lease and Assignment of Ground Lease, the Lease Schedule relating to the original Project as amended to take into account the Completion Certificates and the Assignment Agreement have each been duly authorized, executed and delivered by the Corporation and, assuming due authorization, execution and delivery thereof by the other parties thereto, constitute valid and binding agreements of the Corporation enforceable in accordance with their terms, except to the extent that the enforceability of the same may be limited by bankruptcy, insolvency or other laws affecting creditors' rights generally or by usual equity principles;
- (ix) An opinion of counsel to the Board (which may also be counsel to the Corporation) to the effect that (A) the Board is the duly organized and validly existing governing body of the School District of Walton County, Florida, and has all necessary power and authority to execute and deliver the Lease

Agreement, any applicable Ground Lease and Assignment of Ground Lease, the Lease Schedule relating to the original Project as amended to take into account the Completion Certificates, this Trust Agreement and the Supplemental Trust Agreement relating to such Completion Certificates, and (B) the Lease Agreement, any applicable Ground Lease and Assignment of Ground Lease, the Lease Schedule relating to the original Project as amended to take into account the Completion Certificates, this Trust Agreement and the Supplemental Trust Agreement relating to such Completion Certificates have each been duly authorized, executed and delivered by the Board and, assuming due authorization, execution and delivery thereof by the other parties thereto and subject to the terms and conditions thereof, constitute the valid and binding agreements of the Board enforceable in accordance with their terms, except to the extent that the enforceability of the same may be limited by bankruptcy, insolvency or other laws affecting creditors' rights generally and by the usual equitable principles;

(x) The written consent to the issuance of the Completion Certificates by the Credit Enhancer, if any, of the Series of Certificates relating to the original Project, or if there shall not be a Credit Enhancer, written evidence that the rating, if any, from Moody's and/or S&P on such Series of Certificates shall not be downgraded at the time of issuance of the Completion Certificates;

(xi) An opinion of Special Counsel in customary form to the effect that (A) the Board is the duly organized and validly existing governing body of the District and has all necessary power and authority to execute and deliver the Lease Agreement, any applicable Ground Lease, the Lease Schedule relating to the Project to be financed from such Series of Certificates, this Trust Agreement and the Supplemental Trust Agreement relating to such Series of Certificates, and (B) the Lease Agreement, any applicable Ground Lease, the Lease Schedule relating to the Project to be financed from such Series of Certificates, this Trust Agreement, and the Supplemental Trust Agreement relating to such Series of Certificates have each been duly authorized, executed and delivered by the Board and, assuming due authorization, execution and delivery thereof by the other parties thereto and subject to the terms and conditions thereof, constitute the valid and binding agreements of the Board enforceable against the Board, except to the extent that the enforceability of the same may be limited by bankruptcy, insolvency or other laws affecting creditors' rights generally and by the usual equitable principles and (C) except for Taxable Certificates, the Interest Component of Basic Rent represented by such Series of Certificates is excluded from the gross income of the Owners thereof for purposes of federal income taxation and (D) the issuance of such Certificates will not, in and of itself, adversely affect the exclusion from gross income of the Interest Component of Basic Rent represented by all other Outstanding Certificates, to the extent then excluded; and

(xii) Either (A) written approval by the Department of the Project, or (B) an opinion of counsel to the Board, to the effect that approval of the Department is not required by law.



(b) When the documents described in paragraphs (i) to (xii), inclusive, of Section 4.12(a) hereof shall have been filed with the Trustee and when the Completion Certificates shall have been executed and authenticated as required by this Trust Agreement, the Trustee shall deliver the Completion Certificates at one time to, or upon the order of, the Purchasers of such Completion Certificates, but only upon payment to the Trustee of the purchase price of the Completion Certificates and the accrued interest thereon. The Trustee shall be entitled to rely upon the resolutions described in paragraphs (i) and (ii) of Section 4.12(a) hereof as to all matters stated therein.

(c) The proceeds of the Completion Certificates may also be used to fund a Reserve Requirement, capitalize interest on such Completion Certificates and/or Costs of Issuance, and shall be deposited in the Pledged Accounts established for the Series of Certificates which financed the original Project in such manner and in such amounts as determined by the Supplemental Trust Agreement relating to authorization of such Completion Certificates. The Completion Certificates shall be secured on a parity with such Series of Certificates in accordance with the terms hereof.

#### **SECTION 4.13. REFUNDING CERTIFICATES.**

(a) Refunding Certificates may be issued under and secured by this Trust Agreement, subject to the conditions hereinafter provided in this Section, at any time or times, for the purposes of (i) providing funds for refunding part or all of the Certificates at or prior to their maturity or maturities, including the payment of any Prepayment Premium thereon and interest which will accrue on such Certificates to their date of payment, (ii) making a deposit, if necessary, to the subaccount of the Reserve Account which shall secure such Refunding Certificates, and (iii) paying the Costs of Issuance relating to said Refunding Certificates.

(b) Such Refunding Certificates shall be executed substantially in the form and manner set forth herein, but before the Refunding Certificates shall be delivered by the Trustee, there shall be filed or deposited with the Trustee the following:

(i) A copy, certified by the Secretary of the Corporation, or his designee, of the resolution or resolutions of the Board of Directors of the Corporation approving the form of and authorizing the execution and delivery of the Lease Agreement, any applicable Ground Lease, and Assignment of Ground Lease, the Lease Schedule or Schedules relating to the Certificates to be refunded as amended to take into account the Refunding Certificates, the Assignment Agreement, and the Supplemental Trust Agreement relating to such Refunding Certificates;

(ii) A copy, certified by the Secretary of the Board, or his designee, of the resolution or resolutions of the Board approving the form of and authorizing the execution and delivery off the Lease Agreement, any applicable Ground Lease and Assignment of Ground Lease, the Lease Schedule or Schedules relating to the Certificates to be refunded as amended to take into account the Refunding Certificates, and the Supplemental Trust Agreement relating to such Refunding Certificates;

(iii) An executed copy of the Request and Authorization relating to such Refunding Certificates;

(iv) A fully executed counterpart of the Trust Agreement and the Supplemental Trust Agreement relating to such Refunding Certificates;

(v) A fully executed counterpart of the Lease Schedule or Schedules relating to the Certificates to be refunded as amended to take into account the Refunding Certificates;

(vi) A fully executed counterpart of the Assignment Agreement;

(vii) A fully executed counterpart of each Ground Lease and Assignment of Ground Lease, if any, relating to the Project or Projects which were financed by the Certificates to be refunded;

(viii) An opinion of counsel for the Corporation (which may also be counsel to the Board) to the effect that (A) the Corporation has been duly organized and is validly existing as a not-for-profit corporation in good standing under the laws of the State, and the Corporation has the power and authority to execute and deliver the Supplemental Trust Agreement relating to such Refunding Certificates, any applicable Ground Lease and Assignment of Ground Lease, the Lease Schedule or Schedules relating to the Certificates to be refunded as amended to take into account the Refunding Certificates and the Assignment Agreement, (B) this Trust Agreement, the Supplemental Trust Agreement relating to such Refunding Certificates, the Lease Agreement, any applicable Ground Lease and Assignment of Ground Lease, the Lease Schedule or Schedules relating to the Certificates to be refunded as amended to take into account the Refunding Certificates and the Assignment Agreement have each been duly authorized, executed and delivered by the Corporation and, assuming due authorization, execution and delivery thereof by the other parties thereto, constitute valid and binding agreements of the Corporation enforceable in accordance with their terms, except to the extent that the enforceability of the same may be limited by bankruptcy, insolvency or other laws affecting creditors' rights generally or by the usual equity principles;

(ix) An opinion of counsel to the Board (which may also be counsel to the Corporation) to the effect that (A) the Board is validly existing as body corporate under the laws of Florida and the governing body of the School District of Walton County, Florida, and has all necessary power and authority to execute and deliver the Lease Agreement, any applicable Ground Lease and Assignment of Ground Lease, the Lease Schedule or Schedules relating to the Certificates to be refunded as amended to take into account the Refunding Certificates, this Trust Agreement and the Supplemental Trust Agreement relating to such Refunding Certificates, (B) the Lease Agreement, any applicable Ground Lease and Assignment of Ground Lease, the Lease Schedule or Schedules relating to the Refunding Certificates, this Trust Agreement and the Supplemental Trust Agreement relating to such Refunding Certificates have each been duly authorized, executed and delivered by the Board and, assuming due

authorization, execution and delivery thereof by the other parties thereto and subject to the terms and conditions thereof constitute the valid and binding agreements of the Board enforceable in accordance with their terms, except to the extent that the enforceability of the same may be limited by bankruptcy, insolvency or other laws affecting creditors' rights generally and by the usual equitable principles;

(x) A certificate, executed by an Authorized Officer of the Board, stating that: (A) the total of all Basic Rent Payments relating to the Refunding Certificates after completion of the refunding will not exceed the total of all Basic Rent Payments relating to the Certificates to be refinanced prior to the refunding; and (B) the Basic Rent Payments relating to the Refunding Certificates in each Fiscal Year after completion of the refunding do not exceed by more than ten per centum (10%) of the Basic Rent Payments relating to the Certificates to be refinanced in each Fiscal Year prior to such refunding; and

(xi) An opinion of Special Counsel in customary form to the effect that (A) the Board is the duly organized and validly existing governing body of the District and has all necessary power and authority to execute and deliver the Lease Agreement, any applicable Ground Lease, the Lease Schedule or Schedules relating to the Certificates to be refunded as amended to take into account the refunding Certificates, this Trust Agreement and the Supplemental Trust Agreement relating to such Refunding Certificates, (B) the Lease Agreement, any applicable Ground Lease, the Lease Schedule or Schedules relating to the Certificates to be refunded or amended to take into account the Refunding Certificates, this Trust Agreement and the Supplemental Trust Agreement relating to such Refunding Certificates have each been duly authorized, executed and delivered by the Board and, assuming due authorization, execution and delivery thereof by the other parties thereto and subject to the terms and conditions thereof, constitute the valid and binding agreements of the Board enforceable against the Board, except to the extent that the enforceability of the same may be limited by bankruptcy, insolvency or other laws affecting creditors' rights generally and by the usual equitable principles, (C) except in the case of Taxable Certificates, the Interest Component of Basic Rent represented by the Refunding Certificates is excluded from the gross income of the Owner thereof for purposes of federal income taxation and (D) in the case of an advance refunding, the refunded Certificates have been defeased in accordance with the terms hereof; and

(xii) A report of a certified public accountant or firm of certified public accountants verifying the mathematical accuracy of calculations supplied by the Board, or its designee, that the proceeds of such Refunding Certificates plus any other moneys available for such purpose, including investment earnings, shall be not less than an amount sufficient to pay the principal of and the Prepayment Premium, if any, on the Certificates to be refunded and the Interest Component of Basic Rent represented by the Certificates which will accrue thereon to the prepayment date or maturity dates applicable thereto.

(c) When the documents described in paragraphs (i) through (xii), inclusive, of Section 4.13(b) hereof shall have been filed with the Trustee and when the

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Refunding Certificates shall have been executed and authenticated, the Trustee shall deliver such Refunding Certificates to or upon the order of the Purchasers thereof, but only upon payment to the Trustee of the purchase price of such Refunding Certificates, plus accrued interest, if any.

(d) Other than for amounts required to pay Costs of Issuance or to make deposits to the Reserve Account, the proceeds of such Refunding Certificates and any other moneys received by the Trustee for such purpose, shall be held by the Trustee in a special fund appropriately designated, to be held in trust for the sole and exclusive purpose of paying the principal of, Prepayment Premium, if any, and interest on the Certificates to be refunded, all as provided in Section 12.01 hereof.

(e) The Trustee is hereby authorized, at the direction of the Board, to remove moneys from the appropriate subaccount or subaccounts of the Principal Account, the Interest Account and the Reserve Account pledged to the payment of the Certificates to be refunded and apply the same in the manner required by the Supplemental Trust Agreement authorizing the issuance of the Refunding Certificates.

(f) The Refunding Certificates shall be secured in the same manner and from the same Pledged Accounts as were the Certificates to be refunded in accordance with the terms hereof.

**SECTION 4.14.**

**RESERVED.**

## **ARTICLE V PREPAYMENT**

### **SECTION 5.01. PREPAYMENT.**

The terms of this Article V shall apply to prepayment of Certificates of a Series other than Capital Appreciation Certificates and Variable Rate Certificates. The terms and provisions relating to prepayment of Capital Appreciation Certificates and Variable Rate Certificates shall be provided by the Supplemental Trust Agreement relating to the issuance thereof.

### **SECTION 5.02. SELECTION OF CERTIFICATES TO BE PREPAID.**

(a) When Certificates are prepaid by lot, selection of Certificates for prepayment shall be in such manner as the Trustee shall determine; provided, however, that the portion of any Certificate to be prepaid shall be in the denomination of \$5,000 or any whole multiple thereof, and that in selecting portions of Certificates for prepayment, the Trustee shall treat each such Certificate as representing that number of Certificates which is obtained by dividing the principal amount with respect to such Certificate by \$5,000.

(b) Upon any prepayment pursuant to this Article V, the Trustee shall provide the Board with, or cause to be provided, a revised schedule of Basic Rent Payments which schedule shall take into account such prepayment and shall be and become for all purposes part of the applicable Lease Schedule and the Lease Agreement.

### **SECTION 5.03. PREPAYMENT NOTICE.**

(a) When prepayment is authorized or required pursuant to the provisions hereof and of any Supplemental Trust Agreement relating to such Certificates, the Trustee shall give to the applicable Credit Enhancer, if any, and Owners of Certificates to be prepaid notice, at the expense of the Board, of the prepayment of the Certificates. Such notice shall state: (i) the CUSIP numbers of all Certificates being prepaid, (ii) the original issue date of such Certificates, (iii) the maturity date, Series and rate of interest borne by each Certificate being prepaid, (iv) the prepayment date, (v) the Prepayment Price, (vi) the date on which such notice is mailed, (vii) if less than all Outstanding Certificates are to be prepaid, the certificate number (and, in the case of a partial prepayment of any Certificate, the principal amount) of each Certificate to be prepaid, (viii) that on such prepayment date there shall become due and payable upon each Certificate to be prepaid the Prepayment Price thereof, or the Prepayment Price of the specified portions of the principal thereof in the case of Certificates to be prepaid in part only, together with interest accrued thereon to the prepayment date, and that from and after such date interest thereon shall cease to accrue and be payable, and (ix) that the Certificates to be prepaid, whether as a whole or in part, are to be surrendered for payment of the Prepayment Price at the Designated Office of the Trustee at an address specified.

(b) Notice of such prepayment shall be given by mail, postage prepaid, not more than sixty (60) days or fewer than thirty (30) days prior to said date of

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prepayment, to the Owners of any Certificates to be prepaid. Such mailing shall not be a condition precedent to such prepayment, and failure to mail any such notice, or any defect in such notice as mailed, shall not affect the validity of the proceedings for the prepayment of the Certificates.

(c) In addition to the mailing of the notice described above, each notice of prepayment and payment of the Prepayment Price shall meet the following requirements; provided, however, that failure to provide such further notice of prepayment or failure to comply with the terms of this paragraph shall not in any manner defeat the effectiveness of a call for prepayment if notice thereof is given as prescribed in Sections 5.03(a) and 5.03(b) hereof:

Each further notice of prepayment shall be sent at least thirty (30) days before the prepayment date by certified mail or overnight delivery service or telecopy to all registered securities depositories then in the business of holding substantial amounts of obligations of types comprising the Certificates (such depositories now being The Depository Trust Company, New York, New York, Midwest Securities Trust Company, Chicago, Illinois and Philadelphia Depository Trust Company, Philadelphia, Pennsylvania) and to two or more national information services which disseminate notices of prepayment or prepayment of obligations such as the Certificates.

(d) Any notice of prepayment (other than prepayment of Certificates that are subject to an advance or current refunding) may be given only if sufficient funds have been deposited with the Trustee to pay the applicable Prepayment Price of the Certificates to be prepaid.

#### **SECTION 5.04. EFFECT OF CALLING FOR PREPAYMENT.**

(a) On or before the date fixed for prepayment, funds or Refunding Securities or a combination thereof shall be deposited with the Trustee in an amount sufficient to pay the principal of and the Prepayment Premium, if any, and interest accruing thereon to the prepayment date of the Certificates called for prepayment.

(b) On the date fixed for prepayment, notice having been given in the manner and under the conditions hereinabove provided, the Certificates or portions thereof called for prepayment shall be due and payable at the Prepayment Price provided therefor, plus accrued interest to such date. If money or Refunding Securities, or a combination of both, sufficient without reinvestment to pay the Prepayment Price of the Certificates to be prepaid, plus accrued interest thereon to the date fixed for prepayment, are held by the Trustee in trust for the Owners of Certificates to be prepaid, interest on the Certificates called for prepayment shall cease to accrue as of the date fixed for prepayment; such Certificates shall cease to be entitled to any benefits or security under this Trust Agreement or to be deemed Outstanding; and the Owners of such Certificates shall have no rights in respect thereof except to receive payment of the Prepayment Price thereof, plus accrued interest to the date fixed for prepayment from the moneys and/or Refunding Securities held therefor. Certificates and portions of Certificates for which irrevocable instructions to pay on one or more specified dates or to call for prepayment at the earliest prepayment date have been given to the Trustee in form satisfactory to it shall not thereafter be deemed to be Outstanding under this Trust Agreement and shall

cease to be entitled to the security of or any rights under this Trust Agreement, other than rights to receive payment of the Prepayment Price thereof and accrued interest thereon to the date fixed for prepayment, to be given notice of prepayment in the manner provided in Section 5.03 hereof, and, to the extent hereinafter provided, to receive Certificates for any unredeemed portions of Certificates in money or Refunding Securities, or combination of both, sufficient to pay the Prepayment Price of such Certificates or portions thereof, together with accrued interest thereon to the date upon which such Certificates are to be paid or prepaid, are held in separate accounts by the Trustee in trust for the Owners of such Certificates.

**SECTION 5.05. PREPAYMENT OF PORTION OF CERTIFICATES.**

If a portion of an Outstanding Certificate shall be selected for prepayment, the Owner thereof or his attorney or legal representative shall present and surrender such Certificate to the Trustee for payment of the principal amount thereof so called for prepayment and the Prepayment Premium, if any, on such principal amount, and the Trustee shall authenticate and deliver to or upon the order of such Owner or his legal representative, without charge therefor, for the unpaid portion of the principal amount of the Certificate so surrendered, a Certificate of the same maturity, Series and bearing interest at the same rate; provided, however, that if the Owner is a securities depository nominee, the securities depository, in its discretion, (a) may surrender such Certificate to the Trustee and request that the Trustee authenticate and deliver a new Certificate for the unpaid portion of the principal amount of the Certificate so surrendered, or (b) shall make an appropriate notation on the Certificate indicating the dates and amounts of such prepayment in principal.

**SECTION 5.06. CANCELLATION.**

Certificates so prepaid, presented and surrendered shall be cancelled upon the surrender thereof.

**ARTICLE VI**  
**ESTABLISHMENT AND ADMINISTRATION OF FUNDS AND ACCOUNTS**

**SECTION 6.01. APPLICATION OF CERTIFICATE PROCEEDS.**

On the date of delivery of each Series of Certificates, the Trustee agrees to deposit the proceeds of the Certificates as provided in the Request and Authorization relating to each such Series, which shall be in substantially the form provided in Exhibit "C" attached hereto.

**SECTION 6.02. CREATION OF FUNDS AND ACCOUNTS.**

(a) There is hereby established with the Trustee the following funds and accounts:

(i) The "School Board of Walton County, Florida Master Lease Project Fund." The Trustee shall maintain three separate accounts in the Project Fund: the "Project Account," the "Costs of Issuance Account" and the "Capitalized Interest Account."

(ii) The "School Board of Walton County, Florida Master Lease Payment Fund." The Trustee shall maintain three separate accounts in the Lease Payment Fund: the "Principal Account," the "Interest Account" and the "Reserve Account."

(iii) The "School Board of Walton County, Florida Master Lease Prepayment Fund."

(iv) The "School Board of Walton County, Florida Master Lease Rebate Fund."

Moneys in the aforementioned funds and accounts (other than the Rebate Fund), until applied in accordance with the provisions hereof, shall be subject to a first lien and charge in favor of the Owners of the Certificates and for the further security of such Owners in accordance with the terms hereof. The Trustee shall keep and hold moneys in the funds, accounts and subaccounts established pursuant to this Section separate and apart from all other funds and moneys held by it.

(b) Except as may be otherwise provided by a Supplemental Trust Agreement, the Trustee shall establish, upon the issuance of any Series of Certificates (i) a separate subaccount in the Project Account, the Capitalized Interest Account (if the proceeds of such Series shall be used to capitalize interest therefor), the Costs of Issuance Account, the Principal Account, the Interest Account and the Reserve Account (if proceeds of such Series shall be required to be deposited therein), and (ii) a separate account in the Prepayment Fund. Such separate account and subaccount described above (the "Pledged Accounts") shall be established for the sole benefit of the Owners of the Series of Certificates for which they shall be established. The Trustee shall also establish at the request of the Board, a separate account in the Rebate Fund for a Series of Certificates. Each such account and subaccount shall be designated by the Trustee with the Series of the Certificates which they shall secure.

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### **SECTION 6.03. PROJECT ACCOUNT.**

(a) The Trustee shall deposit into each subaccount of the Project Account (i) the proceeds from the Series of Certificates for which it was established in accordance with the Request and Authorization relating to such Series, (ii) any additional amounts deposited with the Trustee by the Board for the purpose of paying additional Project Costs in accordance with Section 3.05 of the Lease Agreement, and (iii) any Net Proceeds deposited with the Trustee by the Board pursuant to Section 5.08(b) of the Lease Agreement. Amounts in each subaccount of the Project Account shall be disbursed for (i) Costs of Issuance in the event that the Costs of Issuance Account has been closed, and (ii) Costs of the Project for which it was established and for no other purpose; provided, however, that a sufficient amount of proceeds of Certificates issued to refund Refunded Obligations to satisfy the Escrow Requirement shall be deposited in the Escrow Account under the Escrow Deposit Agreement. Disbursements from each subaccount of the Project Account shall be made by the Trustee upon receipt of a completed Requisition requesting disbursement, duly executed by an Authorized Officer of the Board.

(b) The Trustee shall make payment for each item or portion of a Project to the Board or the designee of the Board (which may include the Vendor, Developer, or Contractor of any portion of such Project) in the amount therefor by transferring such amount from the appropriate subaccount of the Project Account by wire transfer into an account (including an account of the Vendor, Developer or Contractor) designated in writing in advance by the Board, by check to the designee of the Board or by crediting such amount to an account of the Board maintained with the banking department of the Trustee for such purpose within two Business Days of the receipt of a Requisition from the Board (provided the Requisition is in compliance with the terms hereof) and any materials or instrument required by the terms hereof and of the Lease Agreement. The Trustee is also authorized to rely conclusively upon the Board's written approval of the Requisition without independently confirming compliance with or satisfaction of such requirements or the requirements set forth in this Trust Agreement. The Trustee may also rely upon the certification of the Board in the Requisition or in any documents, certificates or instruments submitted in connection therewith as to the factual conditions precedent to any disbursements hereunder and shall have no responsibility or duty to review the attachments to such Requisition (but must determine that all required attachments in the itemized list are present) or investigate the basis for such certifications or representations. The Trustee has no responsibility or duty to review the attachments to any Requisition, provided the Trustee shall determine that all necessary attachments to such Requisition are, in fact, attached. The Trustee shall have no obligation to make such determination if the Requisition received by the Trustee contains a certification from the Board to the effect that all such necessary attachments to such Requisition are attached.

(c) The Trustee shall make payment for each item of Equipment or interest in Land constituting a portion of a Project in the amount of the purchase price therefor from the appropriate subaccount of the Project Account by transferring such amount in accordance with the procedures described in Section 6.03(b) hereof within two Business Days of the receipt of (i) a Requisition, and (ii) an invoice or bill of sale from a Vendor, in the case of Equipment, or a fully executed purchase contract setting forth

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the purchase price and other pertinent information requested by the Trustee, in the case of interest in the Land. Any such invoice, bill of sale or purchase contract shall indicate that title to the Equipment, other than Designated Equipment, or interest in Land referred to therein shall be in the name of the Corporation or the Board, as applicable, and that title to Designated Equipment referred to therein shall be in the name of the Board. Before the Trustee is authorized to make any disbursements for the acquisition of Land (i) the Trustee shall have received an ALTA owners' title insurance policy, or a commitment with respect thereto, with a reputable title insurance company, indicating the Trustee as an additional payee or an additional insured, to the extent that its interest is insurable under Florida law, which shall insure either the Corporation's title to its interest in such Land or the Trustee's Leasehold Estate in such Land, as the case may be, in the sum of the acquisition cost of the Land, plus the budgeted construction cost of any Building to be constructed on such Land and (ii) if required by the Credit Enhancer, a Phase I environmental audit relating to the land being acquired, prepared by an independent engineer or other qualified consultant concluding that such land is environmentally acceptable and not recommending more intensive procedures. In the case of acquisition of Land, the Trustee shall, at the request of the Board, transfer, pursuant to a Requisition, moneys to an escrow account held by the attorney to the Board which moneys shall be used to purchase the Land within three Business Days of such transfer. The Trustee may rely upon all assertions made by the Board in the Requisition.

(d) (i) Before the Trustee is authorized to make any disbursements for the construction of a Building (except for the payment of Architect's, Surveyor's or Engineer's progress payments as described below), the Trustee shall have received from the Board, but shall have no responsibility for reviewing the contents thereof, the following instruments and documents:

(A) A copy certified as true of the Construction Contract or Contracts for such Building.

(B) A copy of all permits or government approvals obtained by the Corporation and the Board for the construction and operation of such Building, if any, including, without limitation, building permits and water management districts permits or approvals.

(C) One copy of a recent survey plat of the portion of the Land upon which such Building is to be constructed prepared and sealed by a licensed Florida surveyor. The survey plat must (i) include a legal description of such portion of the Land and certify the number of acres included in such portion of the Land; (ii) include the boundaries of such Land; (iii) indicate the size and location of all existing improvements, roads, paths, culverts, drainage ditches, easements, utility lines and encroachments on such portion of the Land; (iv) indicate the size and location of all easements affecting such portion of the Land; (v) indicate the location of the nearest public streets and access of such portion of the Land to those streets; and (vi) indicate the flood hazard designation (if any).

(D) A payment and performance bond, or appropriate substitute therefor, meeting the requirements of either Chapter 713 or Section 255.05,



Florida Statutes, as the case may be (the Board's assertion that such bond meets such requirements being conclusive), in the full amount of the Construction Contracts to be entered into pursuant thereto naming the Trustee as co-obligee.

(E) A copy of the Plans and Specifications for such Building.

(F) If required by the Credit Enhancer Phase I environmental audit relating to the portion of the land upon which such building is to be constructed prepared by an independent engineer or other qualified consultant concluding that such portion of the land is environmentally acceptable and not recommending more intensive procedures.

Nothing hereinabove shall be interpreted to require that the items mentioned in clauses (A) to (E), inclusive, be filed with each Requisition so long as such items are on file with the Trustee.

(ii) Each Requisition submitted by the Board for payment of Project Costs constituting construction costs (except for the payment of Architect's, Surveyor's or Engineer's progress payments as described below) must be approved in writing by an Authorized Officer of the Board and must include certificates and/or affidavits from the Architect, Engineer, Contractor, Surveyor or Developer (as is appropriate under the circumstances), certifying with respect to the portion of such Project to which such Requisition relates:

(A) The estimated percentage of the construction completed at that time based upon the Plans and Specifications of such Project;

(B) That all claims for labor and materials have been paid;

(C) That there are no liens other than Permitted Encumbrances outstanding against such portion of the Project;

(D) That all construction completed to date has been done in accordance with the Plans and Specifications relating thereto;

(E) That all required surety bonds are in full force and effect; and

(F) That the Building can be completed in accordance with the Plans and Specifications and the Project Budget relating thereto on or before the Estimated Completion Date.

(iii) Each Requisition submitted by the Board for payment of Project Costs constituting Architect's, Surveyor's or Engineer's progress payments must be accompanied by the bill for the amount of such progress payment and be approved in writing by an Authorized Officer of the Board.

(e) Execution by the Board of a Requisition shall constitute approval and acceptance of the items or portions of the Project identified therein for purposes of disbursements hereunder and under the Lease Agreement.

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(f) Upon the receipt by the Trustee of a completed Requisition therefor, the Trustee shall disburse moneys from the appropriate subaccount of the Project Account in the manner required in this Section to reimburse the Board for Project Costs paid by the Board prior to the Commencement Date relating to such Project in anticipation of the issuance of the Series of Certificates which shall finance such Project.

(g) Upon the earlier of (i) receipt of a certificate executed by an Authorized Officer of the Board stating that all the Costs of a Project have been paid and the acquisition, construction and installation of such Project has been completed in accordance with the Plans and Specifications relating thereto and such Project has been approved and accepted by the Board or (ii) on the Closure Date provided in the Lease Schedule relating to such Project for the closure of the related subaccounts of the Project Account (the "Completion Date"), the subaccount of the Project Account established in relation to such Project be closed and if amounts remaining in such subaccount of the Project Account equal or exceed the Prepayment Amount provided in the Lease Schedule relating to such Project, such amount shall be deposited into the account of the Prepayment Fund established for the Series of Certificates which financed such Project and shall be applied by the Trustee to effect an extraordinary mandatory prepayment of the Series of Certificates which financed such Project in accordance with the provisions hereof; provided, if the excess then remaining in such subaccount of the Project Account is less than such Prepayment Amount, such excess amount shall be deposited into the subaccount of the Interest Account established in relation to such Project. If a subaccount of the Project Account has not been earlier closed and if, on or before the Closure Date provided in the Lease Schedule for closure of such subaccount, the Board provides a certificate of an Authorized Officer that all or a portion of moneys then on deposit in such subaccount of the Project Account are required to pay Project Costs for items which have been or will be ordered or contracted, or Project Costs constituting sales or use taxes of items installed if such sales or use taxes are or will be payable but have not yet been paid, then such remaining amounts or portions thereof shall not be deemed excess amounts within the meaning of this Section 6.03(g) and shall be retained in such subaccount of the Project Account for the purpose of payment of said Project Costs described in said certificate. Said certificate may direct the deposit of Project Costs constituting said sales and use taxes in a separate subaccount to be used for payment of said sales and use taxes at the time and in the manner as an Authorized Officer of the Board shall direct, but in no event shall the Trustee be responsible or liable for payment of said sales and use taxes except as may be so directed by an Authorized Officer of the Board.

#### **SECTION 6.04. COSTS OF ISSUANCE ACCOUNT.**

(a) Amounts in each subaccount of the Costs of Issuance Account shall be disbursed for Costs of Issuance relating to the Series of Certificates for which it was established. Disbursements from the Costs of Issuance Account shall be made by the Trustee upon receipt of a Requisition executed or approved by an Authorized Officer of the Board.

(b) Upon receipt of a certificate executed by an Authorized Officer of the Board stating that all Costs of Issuance relating to the Series of Certificates for which

it was established have been paid or provision for payment thereof has been made, the Trustee shall transfer any amounts remaining in such subaccount or the Costs of Issuance Account to the subaccount of the Project Account relating to such Series of Certificates and such subaccount of the Costs of Issuance Account shall be closed.

**SECTION 6.05. CAPITALIZED INTEREST ACCOUNT.**

Funds in each subaccount of the Capitalized Interest Account relating to a Series of Certificates shall be transferred to the subaccount of the Interest Account relating to such Series of Certificates in an amount necessary to pay the interest coming due on the Series of Certificates for which such subaccount was established. Such transfer shall be made on each Payment Date for such Series until the amounts in such subaccount have been fully expended.

**SECTION 6.06. DISPOSITION OF LEASE PAYMENTS.**

(a) Basic Rent Payments paid in accordance with each Lease Schedule to the Trustee, as assignee of the Corporation pursuant to the Lease Agreement and to the Assignment Agreement, shall be deposited as received by the Trustee in the Lease Payment Fund in the following manner and in the following order of priority:

(i) There shall be deposited to the subaccount of the Interest Account established for the payment of a Series of Certificates from the Interest Component of Basic Rent an amount which shall be sufficient to pay the interest becoming due on such Series of Certificates on the next succeeding Payment Date. Moneys in each subaccount of the Interest Account shall be used to pay the interest on the Series of Certificates for which it was established as and when the same become due, whether by prepayment or otherwise, and for no other purpose. No further deposit need be made to the Interest Account when the moneys therein are equal to the interest coming due on all Outstanding Certificates on the next succeeding Payment Date.

(ii) There shall be deposited to the subaccount of the Principal Account established for the payment of a Series of Certificates from the Principal Component of Basic Rent an amount which shall be sufficient to pay the principal and the Amortization Installment becoming due on such Series of Certificates on the next succeeding principal Payment Date. Moneys in each subaccount of the Principal Account shall be used to pay the principal and the Amortization Installment of the Series of Certificates for which it was established as and when the same shall mature or are prepaid, and for no other purpose. No further deposit need be made to the Principal Account when the moneys therein are equal to the principal and the Amortization Installment coming due on all Outstanding Certificates on the next succeeding principal Payment Date.

(iii) With respect to any Payment Date, to the extent Basic Lease Payments collected for all Lease Schedules are less than the Basic Lease Payments then due for all Lease Schedules, such amounts shall be applied on a pro-rata basis to Certificate Holders of all Series in accordance with the ratio that the principal amount of each Series of Certificates outstanding due on

such Payment Date bears to the total principal amount of Certificates of such Series due on such Payment Date under this Trust Agreement and thereafter as provided as set forth above.

(b) Supplemental Rent payments made by the Board pursuant to Section 4.03(f) of the Lease Agreement shall be deposited as received by the Trustee to the appropriate subaccount of the Reserve Account. Supplemental Rent payments made by the Board pursuant to Section 4.03(g) of the Lease Agreement shall be deposited as received by the Trustee to the Rebate Fund. Any other Supplemental Rent payments received by the Trustee shall be applied to the payment of Persons entitled to such Supplemental Rent, or, if the Trustee determines such Supplemental Rent payment is surplus, it shall be utilized in such manner as shall be directed by the Board.

(c) Whenever there has been a prepayment of Basic Rent Payments, for any reason, the Trustee shall prepare, or cause to be prepared, and transmit to the Board a revised Basic Rent Payment schedule for each affected Lease Schedule reflecting such prepayment. In preparing such schedule, the Trustee may require the Board to prepare the necessary calculations, and the Trustee shall be protected in relying on such calculations.

(d) In the event a Series of Certificates is secured by a Credit Facility, the Trustee, at the request of the Board, may deposit moneys in the subaccounts established in the Interest Account and the Principal Account at such other times and in such other amounts from those provided in this Section as shall be necessary to pay the principal of and interest on such Certificates as the same shall become due, all as provided by the Supplemental Trust Agreement authorizing such Certificates. In the case of Certificates secured by a Credit Facility, amounts on deposit in any subaccounts established for such Certificates shall be applied as provided in the applicable Supplemental Trust Agreement to reimburse the Credit Enhancer for amounts drawn under such Credit Facility to pay the principal of or Prepayment Price, if applicable, and interest on such Certificates or to pay the purchase price of any such Certificates or to pay the purchase price of any such Certificates which are tendered by the Owners thereof for payment.

(e) At the time of issuing any Variable Rate Certificates there shall be established the Maximum Interest Rate with respect thereto and a maximum interest rate with respect to amounts owed to the Credit Bank which provides liquidity for such Certificates.

#### **SECTION 6.07. RESERVE ACCOUNT.**

(a) If on any Payment Date, the amounts in any subaccount of the Interest Account or the Principal Account are less than the interest, principal and Amortization Installments then due in relation to a Series of Certificates for which it was established, the Trustee shall transfer, from the applicable subaccount, if any, of the Reserve Account, if any, established in relation to such Series of Certificates, to such subaccount or subaccounts, an amount sufficient to make up any deficiency therein. In the event of any such transfer, the Trustee, except subsequent to an Event of Non-Appropriation, shall, within five (5) days after making such transfer, provide written notice to the Board of the amount and date of such transfer and the Board shall,

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within thirty (30) days of receipt of such written notice, pay from moneys budgeted and appropriated as Basic Rent during the current Fiscal Year as Supplemental Rent to the Trustee for deposit into the appropriate subaccount of the Reserve Account an amount necessary to cause the moneys in each such subaccount of the Reserve Account to be equal to the Reserve Requirement applicable thereto.

(b) Subject to any limitation contained in a Series Supplemental Trust Agreement, the Trustee is hereby authorized to accept a Reserve Account Letter of Credit/Insurance Policy and any subsequent Reserve Account Letter of Credit/Insurance Policy provided by the Board in satisfaction of the Reserve Requirement for a subaccount of the Reserve Account pursuant to Section 4.03(f) of the Lease Agreement. To the extent necessary to comply with this Section, the Trustee is hereby directed to take any and all actions required to draw on the Reserve Account Letter of Credit/Insurance Policy and any subsequent Reserve Account Letter of Credit/Insurance Policy deposited in the Reserve Account.

(c) Moneys in each subaccount of the Reserve Account shall only be used for the purpose of making up for deficiencies in the subaccount of the Interest Account or Principal Account relating thereto in the event that moneys therein are less than the Interest Component and Principal Component of Basic Rent Payments relating thereto due on any Payment Date.

(d) If on any Payment Date, the amount of all payments due and payable on a Series of Certificates exceeds the amount on hand in the subaccount of the Interest Account and the Principal Account relating to such Series, taking into account any transfers made from the related subaccount of the Reserve Account which was established for the benefit of such Series pursuant to Sections 6.07(a) and 6.07(b) hereof, the Trustee shall apply the moneys on hand therein first to the payment of all past due interest with respect to such Series of Certificates, and, second, to the payment of that portion of the unpaid principal or Amortization Installment of such Series of Certificates which is then past due, pro rata if necessary.

(e) Whenever the moneys in the Lease Payment Fund, including the Reserve Account, shall be sufficient to pay the principal of, Amortization Installments and interest coming due on the Certificates, moneys in the Reserve Account shall be deposited to the appropriate subaccounts of the Interest Account and Principal Account as required to pay the Certificates, and no further Basic Rent Payments shall be required under the Lease Agreement.

(f) If, after the date Certificates are prepaid pursuant to the provisions of Article V and Section 6.08 hereof, the amounts in a subaccount of the Reserve Account established for a Series of Certificates exceed the Reserve Requirement applicable thereto then in effect, adjusted to reflect such prepayment, or the Reserve Requirement is decreased for any other reason, the Trustee shall deposit such excess to the subaccount of the Interest Account relating to such Series of Certificates.

#### **SECTION 6.08. PREPAYMENT FUND.**

The Trustee shall deposit to each account of the Prepayment Fund for prepayment of Certificates secured by each such account in accordance with Article V

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hereof (a) any amounts deposited by the Board for the purpose of paying the Prepayment Price of all or a portion of such Series of Certificates on any date in accordance with the Supplemental Trust Agreement pursuant to which such Series of Certificates is authorized to be issued, (b) any amounts remaining in the Project Account and required to be transferred to such account of the Prepayment Fund pursuant to Section 6.03(g) hereof, and (c) any Net Proceeds required to be transferred to such account of the Prepayment Fund pursuant to Section 5.08(b) of the Lease Agreement. Said moneys shall be set aside in such account of the Prepayment Fund solely for the purpose of redeeming the Certificates secured by such account in advance of their maturity and shall be applied to the prepayment at the applicable Prepayment Price of such Certificates being prepaid on such prepayment date. Interest on such prepaid Certificates shall be paid from the subaccount of the Interest Account established for payment of such Certificates, except to the extent moneys for payment of interest were deposited to such account of the Prepayment Fund, in which case it shall be paid from such account of the Prepayment Fund.

**SECTION 6.09. NO UNAUTHORIZED TRANSFERS.**

No amount shall be withdrawn or transferred from or paid out of any fund or account except as expressly provided in this Trust Agreement.

**SECTION 6.10. DEPOSIT AND INVESTMENT OF MONEYS IN ACCOUNTS.**

(a) All moneys held by the Trustee in any of the funds, accounts or subaccounts established pursuant to this Trust Agreement shall be deposited or invested in Permitted Investments. Prior to termination of the Lease Agreement, the Board, through an Authorized Officer, shall provide the Trustee written instructions with respect to investment of the moneys held hereunder in Permitted Investments and the Trustee shall make investments in accordance with said instructions. In the event the Board does not provide the Trustee with written instructions with respect to investments, the Trustee shall invest such funds in such Permitted Investments in accordance with standing written instructions previously provided by the Board. Permitted Investments of moneys in Pledged Accounts may be modified as they relate to such Pledged Accounts pursuant to the Supplemental Trust Agreement authorizing the establishment of such Pledged Accounts.

(b) All interest and other income (net of rebate) received by the Trustee from investment of funds on deposit in each subaccount of the Reserve Account and the Capitalized Interest Account established for the benefit of a Series of Certificates shall, prior to the Completion Date, be deposited in the subaccount of the Project Account which was funded by such Series of Certificates and, after said Date, be deposited in the subaccount of the Interest Account established for such Series of Certificates and be applied as set forth in Section 6.06 hereof; provided, however, that all interest and other income (net of rebate) received by the Trustee from investment of a subaccount of the Reserve Account shall be retained in such subaccount in the event that amounts on deposit in such subaccount are less than the Reserve Requirement applicable thereto. Transfers to the Interest Account of interest and income (net of rebate) from investments in the Reserve Account and Capitalized Interest Account as described above shall be made by the Trustee on or prior to each Payment Date, and shall be applied as set forth herein. At the time of deposit of said moneys in the

Interest Account, the Trustee shall report the amount of said credit to the Board. All interest and other income (net of rebate) derived from investments of each subaccount of the Project Account and each subaccount of the Interest Account shall be retained in such respective subaccounts. All interest or other income (net of rebate) derived from investments of each subaccount of the Costs of Issuance Account established for the benefit of a Series of Certificates shall be deposited in the subaccount of the Project Account which was funded by such Series of Certificates. All interest and other income (net of rebate) derived from investments of each subaccount of the Principal Account and each account of the Prepayment Fund established for a Series of Certificates shall be deposited in the subaccount of the Interest Account established for such Series of Certificates. For purposes of this section, the "netting of rebate" shall be accomplished only pursuant to instruction of the Board pursuant to Section 6.12 hereof.

(c) Except as otherwise provided in a Supplemental Trust Agreement for a Series of Certificates for the purpose of determining the amount on deposit in any fund, account or subaccount, Permitted Investments in which money in such fund, account or subaccount is invested shall be valued at one hundred per centum (100%) of the principal or face amount thereof.

#### **SECTION 6.11. CREDIT AGAINST LEASE PAYMENTS.**

Not earlier than thirty (30) days and not later than three (3) days prior to each Payment Date, the Trustee shall report to the Board the amount of the credit against Basic Rent Payments available to the Board under the Lease Agreement. Such credit shall be an amount equal to the sum of (a) the amount of interest and other income (net of rebate) deposited in each subaccount of the Interest Account pursuant to Section 6.10 hereof since the date of the previous report made by the Trustee pursuant to this Section, (b) the amount of moneys, if any, transferred to the Interest Account and Prepayment Fund pursuant to Section 6.03(g) hereof since the date of the previous report made by the Trustee pursuant to this Section, (c) the amount of moneys, if any, transferred to each subaccount of the Interest Account pursuant to Section 6.07(f) hereof since the date of the previous report made by the Trustee pursuant to this Section, plus (d) the amount, if any, on deposit in each subaccount of the Principal Account and the Interest Account on the date of the report made by the Trustee pursuant to this Section which is not derived from the sources described in clauses (a), (b) and (c) above. In addition to the credit referenced in the preceding sentence, the Trustee and the Corporation acknowledge that, to the extent not included in the preceding calculation, there shall be applied as a credit against Basic Rent Payments payable on a Payment Date an amount equal to the amount then on deposit in each subaccount of the Interest Account representing accrued interest and that the amount in the Reserve Account shall be applied as a credit against the last Basic Rent Payments as provided in Section 6.07(e) hereof. In the event that the total amount of the credit exceeds the Basic Rent Payments due on the Payment Date following said report, the amount of said excess shall be applied as a credit against the next subsequent Basic Rent Payments.

**SECTION 6.12. APPLICATION OF MONEY IN THE REBATE FUND.**

(a) The Trustee shall be deemed to have complied with the provisions of this Section and each Letter of Instructions if it follows the directions of the Board and the Corporation, and the Trustee shall have no liability or responsibility to enforce compliance by the Board and the Corporation with the terms of this Section and each such Letter of Instructions. The Trustee shall have no responsibility for calculating the amount required to be rebated to the United States Treasury Department pursuant to the Code, nor shall the Trustee have any responsibility for determining the accuracy of any such amount calculated by any Person.

(b) Any funds remaining in the Rebate Fund, after prepayment and payment of all of the Certificates and any amount required to be paid to the United States, or provision made therefor satisfactory to the Trustee, including accrued interest and payment of any applicable fees to the Trustee and satisfaction of the rebate requirement described in the Letter of Instructions, shall be withdrawn by the Trustee and remitted to the Board.

(c) Upon the Board's written direction, the Trustee shall pay to the United States, out of amounts in the Rebate Fund, the rebate requirement, in the amounts and at the times described in each Letter of Instructions.

(d) In the event that, prior to the time of any required payment out of the Rebate Fund, the amount in the Rebate Fund is not sufficient to make such payment when such payment is due, the Board shall deposit with the Trustee for application to the Rebate Fund an amount equal to such deficiency in the Rebate Fund prior to the time such payment is due. Each payment required to be made pursuant to this subsection shall be made in the manner described in the Letters of Instructions.

(e) Any Letter of Instructions shall be amended from time to time as, in the opinion of Special Counsel, shall be necessary to reflect the current status of the Code in regard to the rebate requirement.

(f) Each Supplemental Trust Agreement authorizing the issuance of a Series of Certificates shall have attached thereto a Letter of Instructions relating to the rebate requirement described herein, unless Special Counsel determines such Letter of Instructions is unnecessary.

**ARTICLE VII**  
**GENERAL COVENANTS AND REPRESENTATIONS**

**SECTION 7.01. BOARD TO PERFORM AGREEMENTS.**

The Board covenants and agrees with the Owners of the Certificates to perform all obligations and duties imposed on it under the Lease Agreement to the extent so imposed.

**SECTION 7.02. CORPORATION TO PERFORM AGREEMENTS.**

The Corporation covenants and agrees with the Owners of the Certificates to perform all obligations and duties imposed on it under the Lease Agreement, the Ground Lease, and the Assignment Agreement, and any Assignment of Ground Lease, to the extent so imposed.

**SECTION 7.03. NO OBLIGATION WITH RESPECT TO PERFORMANCE BY TRUSTEE.**

The Corporation and the Board shall not have any obligation or liability 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 7.04. NO LIABILITY TO OWNERS FOR PAYMENT.**

Except as provided in this Trust Agreement, neither the Corporation nor the Trustee shall have any obligation or liability to the Owners of the Certificates with respect to the payment of the Lease Payments by the Board when due, or with respect to the performance by the Board of any other covenants made by it in the Lease Agreement.

**SECTION 7.05. COVENANT NOT TO IMPAIR TAX STATUS OF CERTIFICATES.**

So long as the Lease Agreement is in effect, neither the Corporation nor the Board shall take nor permit nor suffer to be taken nor fail to take any action within their control which action or failure to act would impair the exclusion, if applicable, from gross income for federal income tax purposes of the Interest Component of the Basic Rent Payment, including the calculation and payment of any rebate necessary to preserve the exclusion, if applicable, from gross income for federal income tax purposes of the Interest Component of the Basic Rent Payment received by the Owners. Neither the Corporation nor the Board shall permit or direct the investment of any proceeds of the Certificates or the Lease Payments in such a manner that would result in the Certificates (other than Taxable Certificates) or the Lease Agreement being characterized as "arbitrage bonds" under Section 148 of the Code. The Corporation and the Board will comply with the provisions of the arbitrage certificate and the exhibits thereto executed by the Board which relates to the issuance of a Series of Certificates. This Trust Agreement shall not be construed to constrain in any manner the ability of the Trustee to sublease, sell or dispose of the Project in the Event of a Default or Event of Non-Appropriation under the Lease Agreement.



**SECTION 7.06. DIRECTORS, MEMBERS, OFFICERS AND EMPLOYEES OF TRUSTEE, CORPORATION AND BOARD EXEMPT FROM PERSONAL LIABILITY.**

No recourse shall be had for the obligations specified hereunder, under the Certificates or under the Lease Agreement or for any claim based hereon or thereon or upon any representation, obligation, covenant or agreement in this Trust Agreement or the Certificates or the Lease Agreement against any past, present or future officer, vendor, employee, director or agent of the Trustee, the Corporation or the Board as such, either directly or through the Corporation or the Board, or any successor thereto under any statute or rule of law or equity, statute or constitution or by the enforcement or any assessment or penalty or otherwise, and all such liability of any such officers, members, employees, directors or agents as such is hereby expressly waived and released as a condition of and consideration for the execution of this Trust Agreement, the Lease Agreement and the issuance of the Certificates.

**SECTION 7.07. CORPORATION OBLIGATION FOR PROJECTS.**

(a) Pursuant with the terms of the Lease Agreement and except as provided in Section 4.07(b) thereof, the Corporation may agree to accept title to certain Projects, other than of the Designated Equipment, subject to the rights of the Board under the Lease Agreement and, in such case, shall mortgage or assign such title by outright conveyance to the Trustee pursuant to the Assignment Agreement. In consideration of the issuance of the Certificates, the Corporation agrees that in such case, if an Event of Non-Appropriation or an Event of Default described in Section 8.01(e) hereof occurs and the Lease Agreement shall be terminated, it shall, at the request of the Trustee, transfer any interest of the Corporation in the title of all or a portion of the Projects to the Trustee, except as otherwise provided in Section 4.07(b) of the Lease Agreement or in the case Designated Equipment. The Corporation shall be required to transfer title only to the Projects or portions thereof to which it has title at the time of such request. The Corporation shall provide the Trustee with all instruments necessary to evidence such transfer of title. In accordance with the terms of Section 8.03 hereof and except as provided in Sections 4.07(b) and 7.03(b) of the Lease Agreement, the Trustee may sell, re-let or otherwise dispose of the Corporation's interest in the Projects if an Event of Non-Appropriation or an Event of Default described in Section 8.01(e) hereof occurs and the Lease Agreement shall be terminated. The proceeds from such sale, re-letting or disposition shall be used as provided in Section 8.04 hereof. If the Board relinquishes possession of the Projects pursuant to the Lease Agreement subsequent to an Event of Non-Appropriation or an Event of Default described in Section 8.01(e) hereof, the Corporation hereby agrees that the Trustee may, subject to Article 9 hereof, take possession of the Projects and shall have complete authority over the disposition of the Projects, subject to the rights of the Credit Enhancer as set forth in the Series 1999 Supplemental Trust Agreement. The Corporation will promptly comply with all directions of the Trustee in regard to such disposition.

(b) The Corporation agrees that it shall not place any lien or encumbrance on its interest in the Projects, except Permitted Encumbrances. In addition, the Corporation shall not sell or assign such interest in the Projects, or any portion thereof, except to the Trustee in accordance herewith, or as may be directed by the Trustee or as shall be required by the terms of the Lease Agreement.

(c) The Corporation may, at the request of the Board and in the Corporation's sole discretion, grant to the Trustee a mortgage and security interest in its interest in any Project, or portion thereof. Such mortgage and security interest may be delivered at the same time as the Series of Certificates which shall finance such Project, shall be for the sole benefit of the Owners of such Series of Certificates and all taxes or imposts due on such mortgage, the recording thereof, or the lien thereof or the obligation thereby secured, shall be paid either by the Board or from the proceeds of the Certificates.

(d) The Corporation covenants that it shall not participate in activities unrelated to the efficient utilization of the Project. Such prohibited activities include, but are not limited to, participation in other business or philanthropic activities, except to the extent necessary to fulfill its obligations under the Certificate Documents.

(e) The Corporation covenants that it will not incur any indebtedness apart from obligations contemplated in the Certificate Documents.

#### **SECTION 7.08. COMPLIANCE CERTIFICATE.**

Annually, the Board shall file with the Trustee, within 120 days after the end of its fiscal year, a certificate signed by an Authorized Officer stating the he/she has made a review of the operation of the Project, that such review was reasonably likely to detect a default should one exist, and that after such review either the signer has no knowledge of any default or a specific description of the events leading to the default with a description of the steps which are being taken to remedy the default.

## **ARTICLE VIII**

### **EVENTS OF DEFAULT**

#### **SECTION 8.01. EVENTS OF DEFAULT.**

Each of the following events is hereby declared an Event of Default under the Trust Agreement:

(a) Payment of any installment of interest on any Certificate shall not be made when the same shall become due and payable; or

(b) Payment of the principal, Amortization Installment or the prepayment premium, if any, of any Certificate shall not be made when the same shall become due and payable, whether at maturity or by proceedings for mandatory prepayment or otherwise; or

(c) Default in the due and punctual performance of any other of the covenants, conditions, agreements and provisions contained in this Trust Agreement or any Supplemental Trust Agreement and such default shall continue for thirty (30) days (or such further time as may be granted in writing by the Trustee) after receipt by the Board and the Corporation of a written notice from the Trustee specifying such default and requiring the same to be remedied; or

(d) Payment of any amounts owing a Credit Bank in regard to a reimbursement agreement relating to its Credit Facility shall not be made when the same shall become due and payable; or

(e) An "Event of Default" shall have occurred under the Lease Agreement, and, in the case of such "Event of Default," it shall not have been remedied or waived.

#### **SECTION 8.02. ACCELERATION OF MATURITIES.**

Subject to any Credit Enhancer's rights set forth in a Series Supplemental Resolution, upon the happening and continuance of any Event of Default specified in Section 8.01 hereof or upon an Event of Non-Appropriation, and only subsequent to the termination of the Lease Agreement, the Trustee, in regard to each Series of Certificates, may, and upon the written request of the Owners of not less than a majority in aggregate principal amount of a Series of Certificates then Outstanding or the Insurer of such Series, shall by notice in writing to the Board and the Corporation, declare the principal of all Certificates of such Series then Outstanding (if not then due and payable) to be due and payable immediately, and upon such declaration the same shall become and be immediately due and payable, anything contained in the Certificates or in this Trust Agreement to the contrary notwithstanding; provided, however, that any Series of Certificates which are insured as to payment by an Insurer may be accelerated only with the prior written consent of such Insurer (if such Insurer is not in default in respect of its payment obligations under its municipal bond insurance policy); provided, further, that if at any time after the principal of a Series of Certificates shall have been so declared to be due and payable, and before the entry of

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final judgement or decree in any suit, action or proceeding instituted on account of such default, or before the completion of the enforcement of any other remedy under this Trust Agreement, moneys shall have accumulated in or shall have been paid into the Lease Payment Fund sufficient to pay the principal of all matured Certificates and all arrears of interest, if any, upon all Certificates then outstanding (except the principal of any Certificate not then due and payable by its terms and the interest accrued on such since the last interest Payment Date), and the charges, compensations, expenses, disbursements, advances and liabilities of the Trustee and all other amounts then payable by the Board under the Lease Agreement shall have been paid or a sum sufficient to pay the same shall have been deposited with the Trustee, and every other default known to the Trustee in the observance or performance of any covenant, condition or agreement contained in the Certificates or in this Trust Agreement (other than a default in the payment of the principal of such Certificates then due only because of a declaration under this Section) shall have been remedied to the satisfaction of the Trustee, and the Lease Agreement shall have been reinstated, then and in every such case the Trustee may, and upon the written request of the Owners of not less than a majority in aggregate principal amount of Certificates not then due and payable by their terms (Certificates then due and payable only because of a declaration under this Section shall not be deemed to be due and payable by their terms) and then Outstanding shall, by written notice to the Board and the Corporation, rescind and annul such declaration and its consequences, but no such rescission or annulment shall extend to or affect any subsequent Event of Default hereunder or impair any right consequent thereon.

### **SECTION 8.03. ENFORCEMENT OF REMEDIES.**

(a) Upon the happening and continuance of an Event of Non-Appropriation or any Event of Default specified in Section 8.01 hereof, then and in every such case the Trustee may with the consent of the Insurer proceed, or upon the written request of any applicable Credit Enhancer or, in the case of Certificates for which no Credit Facility is established, the Owners of not less than a majority in aggregate principal amount of Certificates then Outstanding shall proceed, subject to the provisions of Section 9.02 of this Trust Agreement, to protect and enforce its rights and the rights of the Owners under the laws of the State, under this Trust Agreement or the Lease Agreement by such suits, actions or special proceedings in equity or at law, or by proceedings in the office of any board or officer having jurisdiction, either for the specific performance of any covenant or agreement contained herein or in aid or execution of any power herein granted or for the enforcement of any proper legal or equitable remedy, as the Trustee, being advised by counsel chosen by the Trustee, shall deem most effectual to protect and enforce such rights. The Trustee may also exercise all remedies it or the Corporation may have under law and under the Trust Agreement, the Lease Agreement and any mortgage or ground lease relating to a Project.

(b) In the enforcement of any remedy under this Trust Agreement, the Trustee shall be entitled to sue for, enforce payment of and receive any and all amounts then or during any Event of Default hereunder becoming and remaining due from the Board for principal, interest or otherwise under any of the provisions of this Trust Agreement or of the Certificates, together with interest on overdue payments of principal at the Overdue Rate and all reasonable costs and expenses of collection and

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of all proceedings hereunder, without prejudice to any other right or remedy of the Trustee or of the Owners and to recover and enforce any judgement or decree against the Corporation, but solely as provided herein and subject to Section 13.13 hereof, for any portion of such amount remaining unpaid and interest, costs and expenses as above provided, and to collect (but solely from money available for such purposes), in any manner provided by law, the money adjudged or decreed to be payable.

(c) As provided in Section 7.07 hereof and subject to the limitations thereof, the Trustee, upon an Event of Non-Appropriation or an Event of Default described in Section 8.01(e) hereof and the termination of the Lease Agreement, may take possession of the Projects, or any portion thereof, and it shall, subject to Section 9.02 hereof, if the Board relinquishes possession of the Projects pursuant to the Lease Agreement subsequent to an Event of Non-Appropriation or an Event of Default described hereunder, take possession of the Projects. Upon taking possession of the Projects the Trustee is authorized to sell, re-let or otherwise dispose of its interest in each Project, or any portion thereof, for the benefit of the Owners of the Series of Certificates which financed or refinanced each such Project, but only in a manner subject to the direction of the Credit Enhancers.

#### **SECTION 8.04. APPLICATION OF FUNDS.**

(a) Anything in this Trust Agreement to the contrary notwithstanding, if at any time the money in the Lease Payment Fund shall not be sufficient to pay the interest on or the principal of the Certificates as the same shall become due and payable (either by their terms or by acceleration of maturities under the provisions of Section 8.02 hereof), the Trustee, subsequent to payment of all costs and expenses relating to collection of such moneys and fees and expenses of the Trustee (including reasonable counsel's fees), shall deposit all moneys derived from the sale, re-letting or other disposition of its interest in each Project, including moneys and damages collected in connection therewith, and all moneys in the Pledged Accounts relating thereto (amounts in a subaccount of the Project Account for such Project may, at the discretion of the Trustee, be retained in such subaccount to continue payment of the acquisition and construction of such Project) into a special account established for the sole benefit of the Owners of the Series of Certificates which financed or refinanced such Project and shall apply moneys in such special account as follows:

(i) if the principal of such Series of Certificates shall not have become or shall not have been declared due and payable, all such money in the special account established for such Series shall be applied:

First: to the payment to the Persons entitled thereto of all installments of interest on such Series of Certificates then due and payable in the order in which such installments became due and payable and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment, ratably according to the amounts due on such installment, to the Persons entitled thereto, without any discrimination or preference except as to any difference in the respective rates of interest specified in such Series of Certificates;

Second: to the payment to the Persons entitled thereto of the unpaid principal of any Certificates of such Series that shall have become due and payable, in the order of their due dates, and, if the amount available shall not be sufficient to pay in full the principal of Certificates of such Series due and payable on any particular date, then to the payment ratably according to the amount of such principal due on such date, to the Persons entitled thereto without any discrimination or preference;

Third: to the payment of the interest on and the principal of such Series of Certificates, to the purchase and retirement of such Series of Certificates, and to the prepayment of such Series of Certificates, all in accordance with the provisions hereof;

Fourth: to the payment of any amounts owed and unpaid any Credit Enhancer for such Series or under the reimbursement agreement relating to the Credit Facility for such Series;

Fifth: to the payment of any amounts owing in regard to Ground Leases relating to such Series; and

Sixth: after all overdue amounts have been paid and any remaining outstanding amounts have been prepaid, there shall be paid to the Board any surplus moneys.

(ii) If the principal of such Series of Certificates shall have become or shall have been declared due and payable, all such money in the special account established for such Series shall be applied to the payment of principal and interest then due upon such Series of Certificates without preference or priority of principal over interest or interest over principal, or of any installment of interest over any other installment of interest or any such Certificate over any other such Certificate ratably, according to the amounts due respectively for principal and interest, to the Persons entitled thereto, without any discrimination or preference and then to the payment of any amounts owed and unpaid the Credit Bank for such Series or under the reimbursement agreement relating to the Credit Facility for such Series, and then to the payment of any amounts owing in regard to Ground Leases relating to such Series. Any surplus moneys shall be paid to the Board.

(iii) If the principal of such Series of Certificates shall have been declared due and payable and if such declaration shall thereafter have been rescinded and annulled under the provisions of Section 8.02 hereof, then, subject to the provisions of paragraph (a)(ii) of this Section in the event that the principal of such Series of Certificates shall later become due and payable or be declared due and payable, the money then remaining in and thereafter accruing to the special account established for such Series shall be applied in accordance with the provisions of paragraph (a)(i) of this Section.

**SECTION 8.05. EFFECT OF DISCONTINUANCE OF PROCEEDINGS.**

If any proceeding taken by the Trustee or Owners on account of any Event of Default hereunder shall have been discontinued or abandoned for any reason, then and in every such case, the Corporation, the Board, the Trustee, the Credit Enhancers and the Owners shall be restored to their former positions and rights hereunder, respectively, and all rights, remedies, powers and duties of the Trustee shall continue as though no proceeding had been taken.

**SECTION 8.06. CONTROL OF PROCEEDINGS BY OWNERS.**

Subject to the rights of any Credit Enhancer set forth in a Supplemental Trust Agreement, the Owners of a majority in aggregate principal amount of each Series of Certificates then Outstanding shall have the right, subject to the provisions of Sections 8.14 and 9.02 of this Trust Agreement, by an instrument or concurrent instruments in writing executed and delivered to the Trustee, to direct the method and place of conducting all remedial proceedings to be taken by the Trustee hereunder in regard to such Series, provided that such direction shall be in accordance with law and the provisions of this Trust Agreement and the Lease Agreement.

**SECTION 8.07. RESTRICTIONS UPON ACTIONS BY INDIVIDUAL OWNERS.**

Except as provided in Section 8.13 of this Trust Agreement, no Owner shall have any right to institute any suit, action or proceeding in equity or at law on any Certificate or for the execution of any trust hereunder or for any other remedy hereunder unless such Owner previously shall have given to the Trustee written notice of the Event of Default on account of which such suit, action or proceeding is to be instituted, and unless also the Owners of not less than a majority in aggregate principal amount of Certificates then Outstanding of the Series of which such Owner belongs shall have made a written request of the Trustee after the right to exercise such powers or right of action as the case may be, shall have accrued, and shall have afforded the Trustee 60 days either to proceed to exercise the powers hereinabove granted or to institute such action, suit or proceedings in its or their name, and unless, also, there shall have been offered to the Trustee indemnity against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee shall have refused or neglected to comply with such request within a reasonable time. Such notification, request and offer of indemnity are hereby declared in every such case, at the option of the Trustee, to be conditions precedent to the execution of the powers and trusts of this Trust Agreement or to any other remedy hereunder. It is understood and intended that, except as otherwise above provided, no one or more Owners shall have any right in any manner whatsoever by his or their action to affect, disturb or prejudice the security of this Trust Agreement, or to enforce any right hereunder except in the manner provided, that all proceedings at law or in equity shall be instituted, had and maintained in the manner herein provided and for the benefit of all Owners and that any individual rights of action or other right given to one or more of such Owners by law are restricted by this Trust Agreement to the rights and remedies herein provided.

**SECTION 8.08. APPOINTMENT OF A RECEIVER.**

Upon the occurrence of an Event of Default or an Event of Non-Appropriation, and upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Trustee and of the Owners under this Trust Agreement, the Trustee shall be entitled, as a matter of right, to the appointment of a receiver or receivers for the Projects with such powers as the court making such appointment shall confer.

**SECTION 8.09. ENFORCEMENT OF RIGHTS OF ACTION.**

All rights of action (including the right to file proof of claim) under this Trust Agreement or under any Certificates may be enforced by the Trustee without the possession of any Certificates or the production thereof in any proceedings relating thereto, and any such suit or proceedings instituted by the Trustee shall be brought in its name as Trustee, without the necessity of joining as plaintiffs or defendants any Owners hereby secured, and any recovery of judgement shall be for the equal benefit of the Owners.

**SECTION 8.10. NO REMEDY EXCLUSIVE.**

No remedy herein conferred upon or reserved to the Trustee or to the Owners is intended to be exclusive of any other remedy or remedies herein provided, and each 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.

**SECTION 8.11. WAIVERS.**

No delay or omission by the Trustee or of any Owner in the exercise of any right or power occurring upon an Event of Non-Appropriation or any Event of Default hereunder shall impair any such right or power or shall be construed to be a waiver of its rights in respect of such Event of Non-Appropriation or any such Event of Default hereunder or any acquiescence therein; and every power or remedy given by this Trust Agreement to the Trustee, the Credit Enhancer and to the Owners may be exercised from time to time and as often as may be deemed expedient. The Trustee may, and upon written request of the Owners of not less than a majority in principal amount of the Certificates then Outstanding, shall waive any Event of Default which shall have been remedied before the entry of final judgement or decree in any suit, action or proceeding instituted by it under the provisions of this Trust Agreement or before the completion of the enforcement of any rights of the Trustee hereunder, provided that the Lease Agreement shall then be in full force and effect, but such waiver shall not waive any subsequent Event of Default hereunder impair any rights or remedies consequent thereon.

**SECTION 8.12. NOTICE OF DEFAULT.**

(a) The Trustee shall mail to all Owners and any Credit Enhancer at their addresses as they appear on the Certificate Register written notice of the occurrence of any Event of Non-Appropriation or an Event of Default set forth in Section 8.01 hereof within thirty (30) days after the Trustee shall have notice of the same; provided that, except upon the happening of an Event of Default specified in clauses (a) and (b) of

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Section 8.01 of this Trust Agreement, the Trustee may withhold such notice to the Owners if in its opinion such withholding is in the interest of the Owners; and provided, further, that the Trustee shall not be subject to any liability to any Owner by reason of its failure to mail any such notice.

(b) The Trustee shall furnish any Credit Enhancer with immediate notice of any Event of Default under Sections 8.01(a) or (b) hereof and written notice of any other default under the Certificate Trust Agreement, as supplemented, the Lease Agreement or the Ground Lease, known to the Trustee, within five (5) Business Days of the Trustee's knowledge thereof.

**SECTION 8.13. RIGHT TO ENFORCE PAYMENT OF CERTIFICATES UNIMPAIRED.**

If the Trustee shall fail to take actions required of it pursuant to this Section, nothing in this Article shall affect or impair the right of any Owner to enforce the payment of the principal of and interest on his Certificate or the obligation to pay the principal of and interest on each Certificate to the Owner thereof at the time and place in said Certificate expressed.

**SECTION 8.14. CONTROL BY INSURER.**

Upon the occurrence and continuance of an Event of Default, an Insurer of a Series of Certificates, if such Insurer shall not be in default of its commitments under its Municipal Bond Insurance Policy, shall be entitled to direct and control the enforcement of all rights and remedies granted in this Article VIII with respect to such Series of Certificates, including any waiver of an Event of Default.

**SECTION 8.15. DEFAULT OR NON-APPROPRIATION BY BOARD.**

Upon and Event of Non-Appropriation or an Event of Default under the Lease Agreement, the Corporation shall take actions under the Ground Lease Agreement and seek remedies as shall be directed by the Credit Enhancer.

## ARTICLE IX

### CONCERNING THE TRUSTEE

#### SECTION 9.01. ACCEPTANCE OF DUTIES.

(a) The Trustee by execution hereof accepts and agrees to fulfill the trusts imposed upon it by this Trust Agreement, but only upon the terms and conditions set forth in this Article and subject to the provisions of this Trust Agreement. Prior to the occurrence of an Event of Non-Appropriation or any Event of Default hereunder and after the curing of all such Events of Default that may have occurred, the Trustee shall perform such duties and only such duties of the Trustee as are specifically set forth in this Trust Agreement. During the existence of an Event of Non-Appropriation or any such Event of Default that has not been cured the Trustee shall exercise any of the rights and powers vested in it by this Trust Agreement. At all times the Trustee shall use the same degree of care and skill in their exercise as a prudent Person would exercise or use under the circumstances in the conduct of such Person's own affairs.

(b) No provision of this Trust Agreement, any Certificate, the Lease Agreement or the Assignment Agreement or the Assignment of Ground Lease Agreement shall be construed to relieve the Trustee from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that:

(i) Unless an Event of Non-Appropriation or an Event of Default shall have occurred and be continuing:

(A) the duties and obligations of the Trustee shall be determined solely by the express provisions of this Trust Agreement, the Lease Agreement, the Assignment of Ground Lease Agreement and the Assignment Agreement, and the Trustee shall not be liable except for the performance of such duties and obligations as are specifically set forth in this Trust Agreement, the Lease Agreement, the Assignment of Ground Lease Agreement and the Assignment Agreement, and no implied covenants or obligations shall be read into this Trust Agreement, the Lease Agreement or the Assignment Agreement or the Assignment of Ground Lease Agreement against the Trustee, and

(B) in the absence of bad faith on its part, the Trustee may conclusively rely, as to the accuracy of the statements, requisitions, and the correctness of the opinions expressed therein, upon any certificate or opinion furnished to it by the Board and the Corporation conforming to the requirements of this Trust Agreement, the Lease Agreement, the Assignment of Ground Lease Agreement or the Assignment Agreement, but in the case of any such certificate or opinion by which any provision hereof is specifically required to be furnished to the Trustee, the Trustee shall be under a duty to examine the same to determine whether or not it conforms to the requirements of this Trust Agreement, the Lease Agreement or the Assignment of Ground Lease Agreement or the Assignment Agreement, and

(ii) At all times, regardless of whether or not an Event of Non-Appropriation or any such Event of Default shall exist:

(A) the Trustee shall not be liable for any error of judgement made in good faith by a responsible officer or officers of the Trustee unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts;

(B) 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 as provided in Article VIII hereof, relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any power conferred upon the Trustee under this Trust Agreement, the Lease Agreement, the Assignment Agreement, or any Assignment of Ground Lease; and

(C) the Trustee may consult with counsel and the written advice of such counsel or any opinion of counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder and in good faith and reliance thereon; provided, that, so long as the Board is not in default of any of its obligations under the Lease Agreement, and the Lease Agreement has not been terminated, the Trustee shall take no action in reliance on such advice of counsel until it has notified the Board of its intent with respect thereto.

(c) None of the provisions contained in this Trust Agreement, any Supplemental Trust Agreement, the Lease Agreement or the Assignment Agreement shall require the Trustee to expend or risk its own funds or otherwise incur individual financial liability in the performance of any of its duties or in the exercise of any of its rights or powers.

**SECTION 9.02. INDEMNIFICATION OF TRUSTEE AS CONDITION FOR REMEDIAL ACTION.**

The Trustee shall be under no obligation to institute any suit or to take any remedial proceeding upon the occurrence of an Event of Non-Appropriation or an Event of Default under this Trust Agreement or to enter any appearance or in any way defend in any suit in which it may be made defendant, or to take any steps in the execution of any of the trusts hereby created or in the enforcement of any rights and powers hereunder, until it shall be indemnified to its satisfaction against any and all reasonable costs, expenses, outlays and reasonable counsel fees, including without limitation liability arising out of environmentally contaminated or potentially contaminated real property, and other reasonable disbursements, and against all liability. The Trustee nevertheless may, in its sole discretion, but is not required to, begin suit, or appear in and defend suit, or do anything else in its judgement proper to be done by it as such Trustee, without indemnity, and in such case the Trustee may reimburse itself from any money in its possession under the provisions of this Trust Agreement for all reasonable costs, expenses, outlays and reasonable counsel fees and

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other reasonable disbursements properly incurred in connection therewith and shall be entitled to a preference therefor over any Certificates Outstanding hereunder.

**SECTION 9.03. LIMITATIONS ON OBLIGATIONS AND RESPONSIBILITIES OF TRUSTEE.**

The Trustee shall be under no obligation to effect or maintain insurance or to renew any policies of insurance or to inquire as to the sufficiency of any policies of insurance carried by the Board or the Corporation, or to report, or make or file claims of proof of loss for, any loss or damage insured against or that may occur, or keep itself informed or advised as to the payment of any taxes or assessments, or to require any such payment to be made. Except as to the acceptance of the trusts by its execution of this Trust Agreement, the Trustee shall have no responsibility in respect of the validity, sufficiency, due execution or acknowledgement of this Trust Agreement, or in respect of the validity of Certificates or the due execution or issuance thereof. The Trustee shall be under no obligation to see that any duties herein imposed upon the Corporation, the Board, any depositary other than a Trustee depositary, or any party other than itself, or any covenants herein contained on the part of any party other than itself to be performed, shall be done or performed, and the Trustee shall be under no obligation for failure to see that any such duties or covenants are so done or performed.

**SECTION 9.04. TRUSTEE NOT LIABLE FOR FAILURE OF CORPORATION OR BOARD TO ACT.**

The Trustee shall not be liable or responsible because of the failure of the Corporation or the Board or of any of its employees or agents to make any collections or deposits or to perform any act herein required of the Corporation or the Board or because of the loss of any money arising through the insolvency or the act of default or omission of any depositary other than a Trustee depositary in which such money shall have been deposited under the provision of this Trust Agreement. The Trustee shall not be responsible for the application of any of the proceeds of Certificates or any other money deposited with it and paid out, withdrawn or transferred hereunder if such application of any of the proceeds of Certificates or any other money deposited with it and paid out, withdrawn or transferred hereunder if such application, payment, withdrawal or transfer shall be made in accordance with the provisions of this Trust Agreement. The immunities and exemptions from liability of the Trustee hereunder shall extend to its directors, officers, employees and agents.

**SECTION 9.05. COMPENSATION AND INDEMNIFICATION OF TRUSTEE.**

Subject to the provisions of any contract between the Corporation, the Board and the Trustee relating to the compensation of the Trustee, the Corporation shall pay or cause the Board to pay to the Trustee reasonable compensation for all services performed by it hereunder and also all its reasonable expenses, charges and other disbursements and those of its attorneys, agents and employees incurred in and about the administration and the performance of its powers and duties hereunder and shall, to the extent permitted by applicable law, indemnify and save the Trustee harmless against any liabilities and costs (including attorneys fees and costs) that it may incur in the proper exercise and performance of its powers and duties hereunder and under

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the Lease Agreement and related documents. Upon an Event of Default or an Event of Non-Appropriation, the Trustee shall have a lien prior to that of the holders of the Certificates on the Trust Estate for its fees and expenses.

**SECTION 9.06. MONTHLY STATEMENTS FROM TRUSTEE.**

(a) It shall be the duty of the Trustee, by the 25th day of each month, to file with the Board a statement setting forth in respect of the preceding one-month period:

(i) the amount withdrawn or transferred by it and the amount deposited with it on account of each fund, account or subaccount held by it under the provisions of this Trust Agreement,

(ii) the amount on deposit with it at the end of such period in each such fund, account or subaccount,

(iii) a brief description of all obligations held by it as an investment of money in each such fund, account or subaccount,

(iv) the amount applied to the purchase or prepayment of Certificates under the provisions of Article V of this Trust Agreement and a description of the Certificates or portions thereof so purchased or prepaid, and

(v) any other information that the Board may reasonably request.

(b) In addition, on June 1, 1999 and on each anniversary date of the issuance of the Certificates the Trustee shall file with the Board the fund and account balances and investment rates necessary to determine the Rebataable Arbitrage as set forth in Letters of Instructions as requested by the Board.

(c) All records and files pertaining to Certificates, the Corporation and the Board in the custody of the Trustee shall be open at all reasonable times to the inspection of the Board, the Corporation and their agents and representatives.

**SECTION 9.07. TRUSTEE MAY RELY ON CERTIFICATES.**

If at any time it shall be necessary or desirable for the Trustee to make any investigation respecting any fact preparatory to taking or not taking any action or doing or not doing anything as such Trustee and in any case in which this Trust Agreement provides for permitting or taking any action, the Trustee may rely upon any provisions of this Trust Agreement, and any such certificate shall be evidence of such fact or protect the Trustee in any action that it may or may not take or in respect of anything it may or may not do, in good faith, by reason of the supposed existence of such fact. Except as otherwise provided in this Trust Agreement, any request, notice, certificate, or other instrument from the Corporation or the Board to the Trustee shall be deemed to have been signed by the proper party or parties as signed by any Authorized Officer of the Corporation or the Board, as the case may be, and the Trustee may accept and rely upon a certificate signed by any such representative as to any action taken by the Corporation or the Board.

**SECTION 9.08. TRUSTEE MAY PAY TAXES AND ASSESSMENTS.**

In case the Corporation or the Board shall fail to pay or cause to paid any tax, assessment or governmental or other charge payable on the part of the Board or the Corporation relating to the Lease Agreement, the Ground Leases, the Assignment Agreements or any Assignment of Ground Lease to the extent, if any, that the Board or the Corporation may be deemed by the Trustee liable for same, the Trustee, subject to Section 9.01(c) hereof, may pay such tax, assessment or governmental charge, without prejudice, however, to any rights the Trustee or the Owners hereunder arising in consequence of such failure; and any amount at any time so paid under this Section shall be repaid upon demand by the Trustee by the Board from Available Revenues, but the Trustee shall be under no obligation to make any such payment from sources provided in the Trust Agreement unless it shall have available or be provided with adequate funds for the purpose of such payment.

**SECTION 9.09. CERTAIN RIGHTS OF THE TRUSTEE.**

Subject to the provisions of Section 9.01 hereof, the Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys.

**SECTION 9.10. RESIGNATION AND REMOVAL OF TRUSTEE SUBJECT TO APPOINTMENT OF SUCCESSOR.**

No resignation or removal of the Trustee and no appointment of a successor Trustee pursuant to this Article shall become effective until the acceptance of appointment by the successor Trustee under Section 9.14.

**SECTION 9.11. RESIGNATION OF TRUSTEE.**

Subject to the provisions of Section 9.10, the Trustee may resign and thereby become discharged from the trusts hereby created, by notice in writing given to the Board, each Credit Enhancer and the Corporation, and mailed, postage prepaid, at the Trustee's expense, to each Owner, not less than sixty (60) days before such resignation is to take effect, but such resignation shall take effect immediately upon the appointment of a new Trustee hereunder if such new Trustee shall be appointed before the time limited by such notice and shall then accept the trusts hereof. No resignation shall take effect until a successor Trustee has been appointed pursuant to the terms hereof.

**SECTION 9.12. REMOVAL OF TRUSTEE.**

(a) The Trustee may be removed at any time by the Board (provided an Event of Non-Appropriation or Event of Default described in Section 8.01(e) hereof has not occurred or is not reasonably anticipated to occur, or, if an Event of Non-Appropriation or Event of Default has occurred has been cured), but only with the written consent of the Credit Enhancers or by an instrument or concurrent instruments in writing, executed by the Owners of not less than a majority in aggregate principal amount of Certificates then Outstanding and filed with the Board and approved in writing by each Credit Enhancer, not less than sixty (60) days before

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such removal is to take effect as stated in said instrument or instruments. A photostatic copy of any instrument or instruments filed with the Board under the provisions of this paragraph, duly filed with the Board under the provisions of this paragraph, duly certified by the Superintendent of the Board as having been received by the Board, shall be delivered promptly to the Trustee.

(b) The Trustee may also be removed at any time for acting or proceeding in violation of, or for failing to act or proceed in accordance with, any provisions of this Trust Agreement with respect to the duties and obligations of the Trustee by any court of competent jurisdiction upon the application of the Owners of not less than twenty-five percent (25%) in aggregate principal amount of Certificates then Outstanding. Such application shall be approved in writing by each Credit Enhancer.

(c) The removal of a Trustee shall not become effective until a successor Trustee has been appointed pursuant to the terms hereof.

### **SECTION 9.13. APPOINTMENT OF SUCCESSOR TRUSTEE.**

(a) If at any time hereafter the Trustee shall resign, be removed, be dissolved or otherwise become incapable of acting, or the bank or trust company acting as Trustee shall be taken over by any governmental official, agency, department or board, the position of Trustee shall thereupon become vacant. If the position of Trustee shall become vacant for any reason, the Board shall appoint a Trustee to fill such vacancy. A successor Trustee shall not be required if the Trustee shall sell or assign substantially all of the bond administration portion of its trust business and the vendee or assignee shall continue in the trust business, or if a transfer of the trust department of the Trustee is required by operation of law, provided that such vendee, assignee or transferee is (i) a bank or trust company within the State which is duly authorized to exercise corporate trust powers and subject to examination by federal or State authority, (ii) of good standing, and (iii) having a combined capital, surplus and undivided profits aggregating not less than Fifty Million Dollars (\$50,000,000) approved by the Board. The Board shall mail notice of any such appointment made by it, postage prepaid, to all Owners and each Credit Enhancer.

(b) At any time within one (1) year after any such vacancy shall have occurred, the Owners of not less than twenty-five percent (25%) in principal amount of Certificates then Outstanding, by an instrument or concurrent instruments in writing, executed by such Owners and filed with the Board, may nominate a successor Trustee, which the Board shall appoint and which shall supersede any Trustee theretofore appointed by the Board. Photostatic copies, duly certified by the Superintendent of the Board as having been received by the Board, of each such instrument shall be delivered promptly by the Board to the predecessor Trustee and to the Trustee so appointed by the Owners.

(c) If no appointment of a successor Trustee shall be made pursuant to the foregoing provisions of this Section, any Owner hereunder or any retiring Trustee may apply to any court of competent jurisdiction to appoint a successor Trustee. Such court may thereupon, after such notice, if any, as such court may deem proper and prescribe, appoint a successor Trustee.

(d) The original and any successor Trustee hereafter appointed shall be (i) a bank or trust company within the State which is duly authorized to exercise corporate trust powers and subject to examination by federal or State authority, (ii) of good standing, and (iii) having a combined capital, surplus and undivided profits aggregating not less than Seventy-Five Million Dollars (\$75,000,000) approved by the Board.

**SECTION 9.14. VESTING OF DUTIES IN SUCCESSOR TRUSTEE.**

Every successor Trustee appointed hereunder shall execute, acknowledge and deliver to its predecessor, and also to the Board, an instrument in writing accepting such appointment hereunder, and thereupon such successor Trustee, without any further act, shall become fully vested with all the rights, immunities and powers, and subject to all the duties and obligations, of its predecessor; but such predecessor shall nevertheless, on the written request of its successor or of the Board and upon payment of the expenses, charges and other disbursements of such predecessor that are payable pursuant to the provisions of Section 9.05 hereof, execute and deliver an instrument transferring to such successor Trustee all the rights, immunities and powers of such predecessor hereunder; and every predecessor Trustee shall deliver all property and money held by it hereunder to its successor. Should any instrument in writing from the Board be required by any successor Trustee for more fully and certainly vesting in such Trustee the rights, immunities, powers and trust hereby vested or intended to be vested in the predecessor Trustee, any such instrument in writing shall and will, on request, be executed, acknowledged and delivered.

**SECTION 9.15. FEES FOR TRUST SERVICES.**

Fees to be due and payable to the Trustee for services rendered under this Agreement shall be in accordance with Schedule X, attached to and a part hereof. In addition, the Trustee shall be entitled to payment of all reasonable expenses incurred in connection herewith, including any fees and expenses of Counsel to the Trustee.

**SECTION 9.16. RIGHT OF INSPECTION.**

The Trustee and its duly authorized agents, attorneys, and experts shall have the right to fully inspect all books, papers and records of the Board and the Corporation relating to the Project as well as the Project itself, and to take such memoranda from and in regard thereto as may be desired.



## **ARTICLE X**

### **EXECUTION OF INSTRUMENTS BY OWNERS, PROOF OF OWNERSHIP OF CERTIFICATES, AND DETERMINATION OF CONCURRENCE OF OWNERS**

#### **SECTION 10.01. EXECUTION OF INSTRUMENTS BY OWNERS.**

(a) Any request, direction, consent or other instrument in writing required or permitted by this Trust Agreement to be signed or executed by any Owner may be in any number of concurrent instruments of similar tenor and may be signed or executed by such Owners or their attorneys or legal representatives. Proof of the execution of any such instrument and of the ownership of Certificates shall be sufficient for any purpose of this Trust Agreement and shall be conclusive in favor of the Trustee, the Board and the Corporation with regard to any action take by either under such instrument if made in the following manner:

(i) The fact and date of the execution by any Person of any such instrument may be proved by the verification of any officer in any jurisdiction who, by the laws thereof, has power to take affidavits within such jurisdiction, to the effect that such instrument was subscribed and sworn to before him, or by an affidavit of a witness to such execution. Where such execution is on behalf of a Person other than an individual, such verification or affidavit shall also constitute sufficient proof of the authority of the signer thereof.

(ii) The ownership of Certificates shall be proved by the registration books kept under the provisions of this Trust Agreement.

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

(c) Notwithstanding any of the foregoing provisions of this Section, the Trustee shall not be required to recognize any Person as an Owner or to take any action at his request unless such Certificates shall be deposited with it.

#### **SECTION 10.02. PRESERVATION OF INFORMATION; COMMUNICATIONS TO OWNERS.**

(a) The Trustee shall preserve, in as current a form as is reasonably practicable, the names and addresses of Owners received by the Trustee.

(b) If an Owner (hereinafter referred to as "applicant") applies in writing to the Trustee and furnishes reasonable proof that such applicant has owned a Certificate for a period of at least six (6) months preceding the date of such application, and such application states that the applicant desires to communicate

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with other Owners with respect to their rights under this Trust Agreement or under the Certificates, and such application is accompanied by a copy of the communication which such applicant wishes to transmit to other Owners, then the Trustee shall, within five (5) Business Days after receipt of such communication, transmit such communication to the Owners of Certificates, at their addresses as they appear on the Certificate Register as of fifteen (15) days before the mailing date, by first class mail, postage prepaid and, promptly after such mailing, shall furnish to the applicant an affidavit to the effect that such communication was so mailed. Postdate and other expenses of such mailing shall be paid by the applicant and the Trustee may estimate the amount of such expenses and require payment by the applicant of such estimated amount as a condition precedent to the mailing of such communication. Under no circumstances shall the Trustee be obligated to furnish to the applicant the names or addresses of the Certificate Owners.

(c) Every Owner, by receiving and holding one or more Certificates, agrees with the Corporation, the Board and the Trustee that neither the Corporation, the Board nor the Trustee shall be held accountable by reason of the disclosure of any such information as to the names and addresses of the Owners in accordance with paragraph (b) of this Section 10.02, regardless of the source from which such information was derived, and that the Trustee shall not be held accountable by reason of mailing any material pursuant to a request made under such subsection.

## ARTICLE XI

### SUPPLEMENTAL TRUST AGREEMENTS

#### SECTION 11.01. SUPPLEMENTAL TRUST AGREEMENTS WITHOUT CONSENT OF OWNERS AND CREDIT ENHANCERS.

The Corporation, the Board and the Trustee, from time to time and at any time, may (but as to items (j) and (l) only with the consent of the Credit Enhancers), enter into Supplemental Trust Agreements, without the consent of the Owners of the Certificates or any Credit Enhancers, for the following purposes:

- (a) To cure any ambiguity or formal defect or omission, to correct or supplement any provisions herein that may be inconsistent with any other provision herein, to make any other provisions with respect to matters or questions arising under this Trust Agreement, or to modify, alter, amend, add to or rescind, in any particular, any of the terms or provisions contained in this Trust Agreement, or
- (b) To grant to or confer upon the Trustee for the benefit of the Owners any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the Owners or the Trustee, including provisions relating to a mortgage and security interest on a Project pursuant to Section 7.07 hereof, or
- (c) To add to the provisions of this Trust Agreement other conditions, limitations and restrictiveness thereafter to be observed, or
- (d) To add to the covenants and agreements of the Corporation or the Board in this Trust Agreement other covenants and agreements thereafter to be observed by the Corporation or the Board or to surrender any right or power therein reserved to or conferred upon the Corporation or the Board, or
- (e) To permit the qualification of this Trust Agreement under any federal statute now or hereafter in effect or under any state Blue Sky law, and, in connection therewith, if the Corporation and the Board so determine, to add to this Trust Agreement or any Supplemental Trust Agreement such other terms, conditions and provisions as may be permitted or required by such federal statute or Blue Sky law, or
- (f) To provide for the issuance of Certificates in bearer form, or
- (g) To provide for the issuance of Certificates under a book-entry system, or
- (h) To provide for the issuance of Certificates, including Completion Certificates and Refunding Certificates, or
- (i) To provide, in regard to a Series of Certificates, for the addition, modification or deletion of any of the provisions in Section 6.03 relating to

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conditions which shall be necessary in order to draw money from a subaccount of the Project Account, or

(j) To modify the covenants and agreements contained herein as may be necessary to secure or retain a rating on the Certificates by S&P or Moody's, or

(k) To make any amendments hereto which may be necessary to maintain the tax-exempt status, if any, on the Certificates, or

(l) To make any other modifications hereto which in the opinion of Special Counsel, shall not materially adversely affect the Owners.

**SECTION 11.02. MODIFICATION OF TRUST AGREEMENT WITH CONSENT OF OWNERS AND CREDIT ENHANCERS.**

(a) Subject to the terms and provisions contained in this Section, and not otherwise, the Owners or not less than a majority of the aggregate principal amount of Certificates then Outstanding shall have the right, from time to time, anything contained in this Trust Agreement to the contrary notwithstanding to consent to and approve the execution by the Corporation, the Board and the Trustee of such Supplemental Trust Agreement or Supplemental Trust Agreements as shall be deemed necessary or desirable by the Corporation and the Board for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in this Trust Agreement; provided, however, that nothing herein contained shall permit, or be construed as permitting (i) an extension of the maturity of the principal of or the interest on any Certificates issued hereunder, or (ii) a reduction in the principal amount of any Certificates or the prepayment premium or the rate of interest thereon, or (iii) a preference or priority of any Certificate over any other Certificate, except as provided herein, or (iv) a reduction in the aggregate principal amount of Certificates required for consent to such Supplemental Trust Agreement. For purposes of making amendments made pursuant to this Section 11.02, Owners of Certificates which will no longer be Outstanding at the time the Supplemental Trust Agreement takes effect or which are not adversely affected by such Supplemental Trust Agreement shall not have any rights of consent hereunder. Each Supplemental Trust Agreement entered into pursuant to this Section must be consented to by each Credit Enhancer which is affected thereby. Nothing contained in this Section 11.02, however, shall be construed as making necessary the approval by the Owners of the adoption and acceptance of any Supplemental Trust Agreement as authorized in Sections 11.01 and 11.03 hereof.

(b) If at any time the Corporation and the Board shall request the Trustee to enter into any Supplemental Trust Agreement for any of the purposes of this Section, the Trustee shall, at the expense of the Board, cause notice of the proposed execution of such Supplemental Trust Agreement to be mailed, postage prepaid, to all affected Owners, to each Credit Enhancer and to each rating agency which shall rate the Certificates. Such notice shall briefly set forth the nature of the proposed Supplemental Trust Agreement and shall state that copies thereof are on file at the Designated Office of the Trustee for inspection by all Owners. The Trustee shall not, however, be subject to any liability to any Owner by reason of its failure to mail the notice required by this Section, and any such failure shall not affect the validity of

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such Supplemental Trust Agreement when approved and consented to as provided in this Section.

(c) Whenever, at any time within three years after the date of the mailing of such notice, the Corporation or the Board shall deliver to the Trustee an instrument or instruments in writing purporting to be executed by the Owners of not less than a majority of the aggregate principal amount of Certificates then Outstanding as required hereunder and each adversely affected Credit Enhancer, which instrument or instruments shall refer to the proposed Supplemental Trust Agreement described in such notice and shall, specifically consent to and approve the execution thereof in substantially the form of the copy thereof referred to in such notice, thereupon, but not otherwise, the Trustee may execute such Supplemental Trust Agreement in substantially such form, without liability or responsibility to any Owner, whether or not such Owner shall have consented thereto.

(d) If the Owners of not less than a majority in aggregate principal amount of Certificates Outstanding as required hereunder and each adversely affected Credit Enhancer at the time of the execution of such Supplemental Trust Agreement shall have consented to and approved the execution thereof as herein provided, no Owner shall have any right to object to the adoption of such Supplemental Trust Agreement, or to object to any of the terms and provisions contained herein or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Corporation, the Board and the Trustee from executing the same or from taking any action pursuant to the provisions thereof.

(e) Upon the execution of any Supplemental Trust Agreement pursuant to the provisions of this Section, this Trust Agreement shall be and be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under this Trust Agreement of the Corporation, the Board and the Trustee and all Owners shall thereafter be determined, exercised and enforced in all respects pursuant to the provisions of this Trust Agreement as so modified and amended.

#### **SECTION 11.03. MODIFICATION OF TRUST AGREEMENT WITH CONSENT OF CREDIT ENHANCERS ONLY.**

If all payments of principal and interest when due on each Series of Certificates adversely affected by an amendment or amendments in a Supplemental Trust Agreement is insured or guaranteed in full by Credit Enhancers, and such Credit Enhancers shall not be in default of obligations under their municipal bond insurance policy or Credit Facility, as the case may be, the Board, the Trustee and the Corporation may enter into one or more Supplemental Trust Agreements which amended all or any part of Articles I, II, III, IV, V, VI, VII, VIII, IX, X or XIII thereof with the written consent of such Credit Enhancers. The consent of the Owners shall not be necessary. Notice of all amendments shall be delivered to S&P and any other rating service from which the Board has secured a rating on any Series of Certificates. The foregoing right of amendment does not apply to any amendments to Section 7.05 hereof nor may such amendment permit modifications prohibited in Section 11.02(a) hereof. Upon filing with the parties hereto of the consent of the Credit Enhancers as aforesaid, a Supplemental Trust Agreement may be entered into. Subsequent to

execution of such Supplemental Trust Agreement notice thereof shall be mailed to the Owners in the same manner as notice of amendment under Section 11.02 hereof.

**SECTION 11.04. RESPONSIBILITIES OF TRUSTEE, BOARD AND CORPORATION UNDER THIS ARTICLE.**

The Trustee, the Board and the Corporation shall be entitled to exercise their discretion in determining whether or not any proposed Supplemental Trust Agreement or any term or provision therein contained is desirable, after considering the purposes of such instrument, the needs of the Corporation and the Board, the rights and interests of the Owners, and the rights, obligations and interests of the Trustee, and the Trustee shall not be under any responsibility or liability to the Corporation, the Board or to any Owner or to anyone whomsoever for its refusal in good faith to execute any such Supplemental Trust Agreement if such trust agreement is deemed by it to be contrary to the provisions of this Article. The Trustee shall be entitled to receive, and shall be fully protected in relying upon, the opinion of any counsel approve by it, who may be counsel for the Corporation or the Board or Special Counsel, as conclusive evidence that any such proposed Supplemental Trust Agreement does or does not comply with the provisions of this Trust Agreement, and that it is or is not proper for it, under the provisions of this Article, to accept such Supplemental Trust Agreement.

**SECTION 11.05. CONSENT OF BOARD NOT REQUIRED.**

Anything herein to the contrary notwithstanding, no such Supplemental Trust Agreement need be consented to or executed by the Board if the Board is in default under the Lease Agreement or an Event of Non-Appropriation has occurred.

**SECTION 11.06 TRANSCRIPT TO CREDIT ENHANCERS.**

Each Credit Enhancer shall be furnished a full transcript of all proceedings relating to the execution of any Supplemental Trust Agreement.

**SECTION 11.07 NOTICE TO RATING AGENCIES.**

The Trustee shall furnish notice of any proposed amendment or supplement to their Agreement to each rating agency furnishing a rating not less than 15 days in advance of its execution or adoption.

## ARTICLE XII

### DEFEASANCE

#### SECTION 12.01. DEFEASANCE.

(a) If the principal, Prepayment Premium, if any, and interest due or to become due on the Certificates shall be paid at the times and in the manner stipulated therein, and if all other sums of money due or to become due according to the provisions hereof shall be paid or provision for payment shall be made, including any amounts owing to any Credit Enhancer or in respect of a financial instrument securing drawings from a sub-account, if any, of a Reserve Account, then these presents and the Trust Estate and rights hereby granted shall cease, terminate and be void, whereupon the Trustee shall cancel and discharge the lien of this Trust Agreement and execute and deliver to the Corporation and the Board such instruments in writing as shall be requisite to cancel and discharge the lien hereof and all surplus in, and balances remaining in, all funds accounts, other than moneys held for the prepayment or payment of Certificates and money held for the United States Treasury in the Rebate Fund, shall be delivered to the Board.

(b) If the principal, Prepayment Premium, if any, and interest due or to become due on a Series of Certificates shall be paid at the times and in the manner stipulated therein, and if all other sums of money due or to become due according to the provisions hereof shall be paid or provision for payment shall be made, then the balance in the Pledged Accounts relating to such Series shall be delivered to the Board.

(c) Any Certificates shall be deemed to be paid within the meaning of this Article when payment of the principal of and Prepayment Premium, if any, on such Certificates, plus interest thereon to the due date thereof (whether such due date be by reason of maturity or upon prepayment as provided in this Trust Agreement, or otherwise) either (i) shall have been made or caused to be made in accordance with the terms thereof, or (ii) shall have been provided by irrevocably depositing with the Trustee, in trust and irrevocably set aside exclusively for such payment (A) moneys sufficient to make such payment and/or (B) Refunding Securities verified by a firm of independent certified public accountant as to principal and interest in such amounts and at such times as will provide sufficient moneys to make such payment, and all necessary and proper fees and expense of the Trustee pertaining to the Certificates with respect to which such deposit is made. Except as hereafter provided, neither the Refunding Securities nor any moneys so deposited with the Trustee nor any moneys received by the Trustee on account of principal of or Prepayment Price, if applicable, or interest on said Refunding Securities shall be withdrawn or used for any purpose other than, and all such moneys shall be held in trust for and be applied to, the payment, when due, of the principal of or Prepayment Price, if applicable, of the Certificates for the payment or prepayment of which they were deposited and the interest accruing thereon to the date of maturity or Prepayment; provided, however, new Refunding Securities and moneys may be substituted, but only with the prior

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written consent of the Credit Enhancer, if any, for the deposited Refunding Securities and moneys if the new Refunding Securities and moneys are sufficient to pay the principal of or Prepayment Price, if applicable, and interest on the refunded Certificates. At such time as a Certificate shall be deemed to be paid hereunder as aforesaid such Certificate shall no longer be deemed to be Outstanding hereunder and shall no longer be secured by or entitled to the benefits of this Trust Agreement, except for the purposes of any such payment from such moneys or Refunding Securities. Notwithstanding the foregoing, the provisions of this Trust Agreement relating to the maturity of the Certificates, interest payments and interest Payment Dates, prepayment provisions, exchange, transfer and registration of Certificates, replacement of mutilated, destroyed, lost or stolen Certificates, the safekeeping and cancellation of Certificates, non-presentment of Certificates, the holding of moneys in trust, and the duties of the Trustee in connection with all of the foregoing, remain in effect notwithstanding the release and discharge of the lien of the Trust Agreement. Prepayments received pursuant to Section 4.06(c) of the Lease Agreement shall be applied in accordance with Section 4.06 of the Lease Agreement and shall be held for the benefit of the Certificates described in the notice given by the Board pursuant to such Section.

(d) If Certificates for which Refunding Securities have been set aside are to be called for prepayment, instructions to call the Certificates for prepayment shall be given by the Board to the Trustee; provided, however, that nothing herein shall abridge the discretion of, or be deemed to require, the Corporation or the Board to exercise the option to call any of the Certificates for prepayment prior to their stated dates of maturity.

(e) The Trustee, within thirty (30) days after any Refunding Securities shall have been deposited with it, shall cause a notice, signed by the Trustee, to be mailed, postage prepaid, to all Owners for which Refunding Securities have been set aside, setting forth (i) the date or dates, if any, designated for the prepayment of the Certificates, subject to the right of the Corporation and the Board to provide substitute Refunding Securities requiring prepayment on other dates to be designated therefor; (ii) a description of the Refunding Securities then held by it, and (iii) that such Certificates have been defeased as provided in this Trust Agreement.

(f) For purposes of determining whether Variable Rate Certificates shall be deemed to have been paid prior to the maturity or the prepayment date thereof, as the case may be, by the deposit or moneys, or specified Refunding Securities and moneys, if any, in accordance with this Section, the interest to come due on such Variable Rate Certificates on or prior to the maturity or prepayment date thereof, as the case may be, shall be calculated at the Maximum Interest Rate; provided, however, that if on any date, as a result of such Variable Rate Certificates having borne interest at less than the Maximum Interest Rate for any period, the total amount of moneys and specified Refunding Securities on deposit for the payment of interest on such Variable Rate Certificates is in excess of the total amount which would have been required to be deposited on such date in respect of such Variable Rate Certificates in order to satisfy this Section, such excess shall be paid to the Board free and clear of any trust, lien, pledge or assignment securing the Certificates or otherwise existing under this Trust Agreement.



(g) To accomplish defeasance the Board shall cause to be delivered (i) an Escrow Deposit Agreement (which shall be acceptable in form and substance to the Credit Enhancer) and (ii) an opinion of nationally recognized bond counsel to the effect that the Certificates are no longer "Outstanding" under the Trust Agreement; each verification and defeasance opinion shall be acceptable in form and substance and addressed to the Issuer, the Trustee and the Credit Enhancer. In the event a forward purchase agreement will be employed in the refunding, such agreement shall be subject to the approval of the Credit Enhancer and shall be accompanied by such opinions of counsel as may be required by the Credit Enhancer. The Credit Enhancer shall be provided with final drafts of the above-referenced documentation not less than five (5) business days prior to the funding of the escrow.

(h) Notwithstanding anything to the contrary set forth in this Article XII, the obligations of the Board under Section 6.03 of the Lease Agreement with respect to any Certificates (other than Taxable Certificates) defeased pursuant to this Article XII shall survive any such defeasance.

## **ARTICLE XIII**

### **MISCELLANEOUS PROVISIONS**

#### **SECTION 13.01. EFFECT OF DISSOLUTION OF CORPORATION.**

In the event the Corporation for any reason shall be dissolved or its legal existence shall otherwise be terminated, all of the covenants, stipulations, obligations and agreements contained in this Trust Agreement by or on behalf of or for the benefit of the Corporation shall bind or inure to the benefit of the successor or successors of the Corporation from time to time and any officer, board, commission, authority, agency or instrumentality to whom or to which any power or duty affecting such covenants, stipulations, obligations and agreements shall be transferred by or in accordance with law, and the term "Corporation" as used in this Trust Agreement shall include such successor or successors. Except as to transfers by operation of law, the successor or successors shall be approved in writing by the Credit Enhancers.

#### **SECTION 13.02. NOTICES.**

(a) All written notices, certificates, reports or statements to be given under this Trust Agreement shall be given by first class mail or personal delivery to the party entitled thereto, with a copy to each of the other parties to this Trust Agreement, to its address set forth below, or at such address as the party may provide to the other party in writing from time to time. Notice 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 Board:                      School Board of Walton County, Florida  
   145 Park Street, Suite 3  
   DeFuniak Springs, Florida 32433  
   Attention: Superintendent

If to the Corporation:              Walton County Public Education Finance Authority, Inc.,  
   145 Park Street, Suite 3  
   DeFuniak Springs, Florida 32433  
   Attention: President

With a copy to:  
Walton County School District  
145 Park Street, Suite 3  
DeFuniak Springs, Florida 32433  
Attention: Superintendent

If to the Trustee:                    First Union National Bank  
   225 Water Street, Third Floor  
   Jacksonville, Florida 32202  
   Attention: Corporate Trust Department

If to the Credit Enhancer for a Series of Certificates, to the address provided in the Supplemental Agreement for such series.

(b) Any such notice, demand or request may also be transmitted to the appropriate above-mentioned party by telegram, telecopy or telephone and shall be deemed to be properly given or made at the time of such transmission if, and only if, such transmission of notice shall be confirmed in writing and sent as specified above.

(c) Any of such addresses may be changed at any time upon written notice of such change sent by United States registered mail, postage prepaid, to the other parties by the party effecting the change.

(d) All documents received by the Trustee under the provisions of this Trust Agreement, or photostatic copies thereof, shall be retained in its possession until this Trust Agreement shall be released under the provisions of Section 12.01 of this Trust Agreement, subject at all reasonable times to the inspection of the Corporation, the Board and any Owner and the agents and representatives thereof.

#### **SECTION 13.03. CAPITAL APPRECIATION CERTIFICATES.**

For the purposes of (A) receiving payment of the Prepayment Price if a Capital Appreciation Certificate is prepaid prior to maturity, or (B) receiving payment of a Capital Appreciation Certificate if the principal of all Certificates becomes due and payable under the provisions of this Trust Agreement, or (C) computing the amount of Certificates held by the Owner of a Capital Appreciation Certificate in giving to the Trustee any notice, consent, request or demand pursuant to this Trust Agreement for any purpose whatsoever, the principal amount of a Capital Appreciation Certificate shall be deemed to be its Accreted Value.

#### **SECTION 13.04. SUBSTITUTE MAILING.**

If, because of the temporary or permanent suspension of postal service, the Corporation, the Board or the Trustee shall be unable to mail any notice required to be given by the provisions of this Trust Agreement, the Corporation, the Board or the Trustee shall give notice in such other manner as in the judgment of the Corporation, the Board or the Trustee shall most effectively approximate mailing, and the giving of notice in such manner shall for all purposes of this Trust Agreement be deemed to be in compliance with the requirement for the mailing thereof.

#### **SECTION 13.05. PARTIES AND OWNERS ALONE HAVE RIGHTS UNDER TRUST AGREEMENT.**

Except as herein otherwise expressly provided, nothing in this Trust Agreement, express or implied, is intended or shall be construed to confer upon any Person, other than the Trustee, the Corporation, the Board, the Credit Enhancers and the Owners, any rights, remedy or claim, legal or equitable, under or by reason of this Trust Agreement or any provision being intended to be and being for the sole and exclusive benefit of the Trustee, the Corporation, the Board, the Credit Enhancers and the Owners.

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**SECTION 13.06. EFFECT OF PARTIAL INVALIDITY.**

In case any one or more of the provisions of this Trust Agreement or the Certificates shall for any reason be held to be illegal or invalid, such illegality or invalidity shall not affect any other provisions of this Trust Agreement or the Certificates, but this Trust Agreement and the Certificates shall be construed and enforced as if such illegal or invalid provisions had not been contained therein. In case any covenant, stipulation, obligation or agreement contained in the Certificates or this Trust Agreement shall for any reason be held to be in violation of law, then such covenant, stipulation, obligation or agreement shall be deemed to be the covenant, stipulation, obligation or agreement of the Board or the Corporation to the full extent permitted by law.

**SECTION 13.07. NO RECOURSE AGAINST MEMBERS, OFFICERS OR EMPLOYEES OF CORPORATION OR THE BOARD OR THE TRUSTEE.**

No recourse under, or upon, any statement, obligation, covenant, or agreement contained in this Trust Agreement, or in any Certificate hereby secured, or in any document or certification whatsoever, or under any judgment obtained against the Corporation, the Board or the Trustee or by the enforcement of any assessment or by any legal or equitable proceeding by virtue of any constitution or statute or otherwise or under any circumstances, shall be had against any member, officer, agent or employee, as such, of the Corporation, the Board or the Trustee, either directly or through the Corporation, the Board or the Trustee, respectively, or otherwise, for the payment for or to, the Corporation, the Board or the Trustee otherwise, or any sum that may be due and unpaid upon any such Certificate. Any and all personal liability of every nature, whether at common law or in equity or by statute or by constitution or otherwise, of any such member, officer or employee, as such, to respond by reason of any act or omission on his or her part or otherwise, for the payment for, or to, the Corporation, the Board or the Trustee or any receiver of either of them, or for, or to, any Owner or otherwise, of any sum that may remain due and unpaid upon the Certificates hereby secured or any of them, is hereby expressly waived and released as an express condition of, and in consideration for, the execution of this Trust Agreement and the issuance of the Certificates.

All obligations by the Board for any indemnity or assumption of liability of any actions or claims shall be limited (including, without limitation, the indemnification required by Section 6.03(b)) to the extent, if any, permitted by law, and subject to the monetary limitations set forth in Section 768.28, Florida Statutes.

**SECTION 13.08. EXPENSES PAYABLE UNDER TRUST AGREEMENT.**

All reasonable expenses incurred in carrying out this Trust Agreement, except those expenses incurred by the Trustee in mailing resignation notices, shall be payable solely from funds derived from the Board as Supplemental Rent.



**SECTION 13.09. DEALING IN CERTIFICATES.**

The Trustee, its directors, officers, employees or agents, and any officer, employee or agent of the Corporation or the Board, may in good faith, buy, sell, own, hold and deal in any Certificates issued under the provisions of this Trust Agreement and may join in any action which any Owner may be entitled to take with like effects as if such Trustee were not a Trustee under this Trust Agreement or as if such officer, employee or agent of the Corporation or the Board did not serve in such capacity.

**SECTION 13.10. MULTIPLE COUNTERPARTS.**

This Trust Agreement may be executed in multiple counterparts, each of which shall be regarded for all purposes as an original, and such counterparts shall constitute but one and the same instrument.

**SECTION 13.11. HEADINGS.**

Any heading preceding the text of the several articles hereof, and any table of contents or marginal notes appended to copies hereof, shall be solely for convenience of reference and shall not constitute a part of this Trust Agreement, nor shall they affect its meaning, construction or effect.

**SECTION 13.12. LAWS.**

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

**SECTION 13.13 NONRECOURSE OBLIGATION OF CORPORATION.**

Notwithstanding anything to the contrary herein or in any exhibit, instrument, document or paper relating hereto or any of the transactions contemplated hereby, the obligations, liabilities and responsibilities of the Corporation for any damages, expenses, fees, charges or claims with respect to the failure of any obligations hereunder to be performed by the Corporation shall be payable solely out of the proceeds derived by the Corporation from the Projects (excluding any indemnities, reimbursements, service fees or other Lease Payments, Additional Lease Payments or Supplemental Payment) and the Corporation shall have no other or further liability hereunder or arising here from.

**SECTION 13.14 DATED DATE.**

This Trust Agreement is dated as of the date set forth above for convenience of reference only. The actual date of execution by each party hereof is set forth below the respective signatures for each party below.

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

**FIRST UNION NATIONAL BANK**  
as Trustee

By: Michelle M. Keenan  
Title: TRUST OFFICER

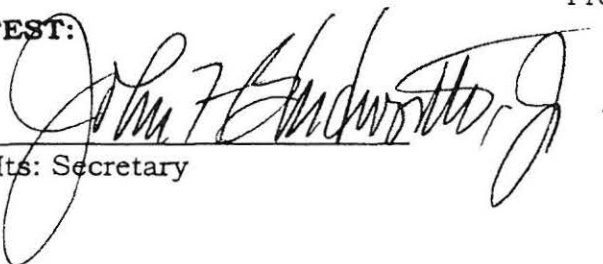
IN WITNESS WHEREOF, the parties have executed this Trust Agreement by their officers thereunto duly authorized as of the date and year first written above.

**WALTON COUNTY PUBLIC EDUCATION  
FINANCE AUTHORITY, INC.,**  
as Lessor

(SEAL)

By:   
President

**ATTEST:**

By:   
Its: Secretary

The Walton County School Board hereby acknowledges and approves foregoing Trust Agreement and the terms and provisions thereof and consents and agrees to the execution thereof by the Walton County Public Education Finance Authority.

(SEAL)

**SCHOOL BOARD OF  
WALTON COUNTY, FLORIDA,**  
as Lessee

By:   
Its: Chairman

**ATTEST:**

By:   
Its: Superintendent



## SCHEDULE X

The following are fees to be charged for services rendered under the Trust Agreement, dated June 1, 1999, and the Series 1999 Supplemental Trust Agreement, dated June 1, 1999.

Acceptance Fee: \$ --0--

Annual Administrative Fee: \$ --0--

Services to be provided in consideration of the Annual Administrative Fee shall include, but not be limited to, all trust services normally provided under similar trust transactions and as specifically outlined in the Trust Agreement and the 1999 Supplemental Trust Agreement as well as all paying agent and registrar services.

## **EXHIBIT A DEFINITIONS**

"1999 Project" shall mean the lease-purchase of certain educational facilities described in the 1991-1 Lease Schedule, dated as of June 1, 1999, by and between the Board and the Corporation.

"Accreted Value" of a Capital Appreciation Certificate means the original principal amount thereof plus interest accrued thereon on the basis of a 360-day year consisting of twelve 30-day months compounded semi-annually on each Payment Date commencing on the Payment Date next succeeding the dated date of such Capital Appreciation Certificates to the date of maturity or prepayment prior to maturity of such Capital Appreciation Certificates on the date of determination. The Accreted Value with respect to any date other than a Payment Date is the Accreted Value on the next preceding Payment Date or the dated date of such Capital Appreciation Certificates for the period between such dated date and the initial Payment Date for such Certificates plus the percentage of the difference between the Accreted Value as of the next preceding Payment Date and the Accreted Value on the next succeeding Payment Date derived by dividing the number of days from the next preceding Payment Date or the dated date of such Capital Appreciation Certificates for the period between such dated date and the initial Payment Date for such Certificates to the date of determination by the total number of days from the next preceding Payment Date or the dated date of such Capital Appreciation Certificates for the period between such dated date and the initial Payment Date for such Certificates to the next succeeding Payment Date.

"Act" means Chapters 230, 235 and 236, Florida Statutes, and other applicable provisions of law.

"Amortization Installment" means an annual amount designated as such by the Trust Agreement, such amount to be included in the Basic Rent Payments and to be deposited by the Trustee to the credit of the Principal Account for the purpose of paying Term Certificates.

"Architect" means with respect to a Project involving the construction of a Building, the architect or firm of architects appointed to perform the duties of the Architect in accordance with Section 5.01 of the Lease Agreement. The Architect may be an employee of the Board, the Developer or the Contractor.

"Assignment Agreement" means with respect to the 1999 Project, the Assignment Agreement, dated as of June 1, 1999, among the Corporation, the Trustee, the Board and others, as now or hereafter amended and any subsequent Assignment Agreement with respect to other Lease Schedules.

"Assignment of Ground Lease" means, with respect to the 1999 Project, the Assignment Agreement and with respect to other Lease Schedules, the related Assignment of Ground Lease, if any.

"Authorized Officer" when used with respect to the Corporation, means the President, Vice President, Secretary or Treasurer of the Corporation or their deputies or assistants or any other officer of the Corporation who is designated by the Board of Directors of the Corporation as an Authorized Officer for purpose of the Lease Agreement and the Trust Agreement in a written certificate signed by the Chairman of the Board of Directors of the Corporation and filed with the Trustee. The term "Authorized Officer" when used with respect to the Board, means the Chairman, the Superintendent or his designee or any other officer or employee of the Board designated by the Board as an Authorized Officer for purposes of the Lease Agreement and the Trust Agreement in a written certificate signed by the Chairman of the Board and filed with the Trustee.

"Available Revenues" means the moneys and revenues of the Board legally available under the Act to make the Lease Payments. "Available Revenues" shall include, but not be limited to, PECO Funds, FEFP and the Capital Outlay Millage which at the time of application thereof may legally be used to pay Basic Rent or Supplemental Rent or the principal or interest component of the Certificates of Participation.

"Basic Rent" or "Basic Rent Payment" means the Basic Rent payments set forth in the Lease Schedules, as the same may be adjusted pursuant to the terms of the Lease Agreement.

"Basic Rent Payment Date" means the dates on which Basic Rent become due as described in the Lease Schedules. Such Basic Rent Payment Dates shall occur on each January 1 and July 1 unless a Lease Schedule states otherwise; provided, payments of Basic Rent shall be made at the time indicated in Section 4.03 of the Lease Agreement.

"Board" means the School Board of Walton County, Florida, and any successor thereto.

"Budget" means the annual budget of revenues and expenses and capital expenditures required to be adopted by the Board for each Fiscal Year pursuant to the laws of the State. "Budget" shall include both the Board's tentative Budget and its final Budget.

"Buildings" means, in regard to a Project, the structures to be financed or refinanced from a disbursement from the Project Account and leased to the Board as part of a Project pursuant to the terms of the Lease Agreement and Trust Agreement and which is more particularly described in the Lease Schedule relating to such Project, as the same may be modified or changed from time to time in accordance with the terms of the Lease Agreement and Trust Agreement.

"Business Day" means any day other than a Saturday or Sunday or a day on which the Trustee or banks located in the States of New York or Florida are authorized by law to be closed.

"Capital Appreciation Certificates" means the Certificates so designated by the Trust Agreement, which may be either Serial Certificates or Term Certificates and which shall bear interest payable at maturity or prepayment.

"Capital Funds" means the Capital Outlay Millage and any other revenues or funds of the Board which the Credit Enhancers shall agree in writing may be used to make Lease Payments.

"Capital Outlay Millage" means the revenues received by the Board from the levy of an ad valorem tax against non-exempt assessable property within the District and available to make Lease Payments pursuant to applicable law.

"Capitalized Interest Account" means the account by that name established under Section 6.02 of the Trust Agreement.

"Certificate" or "Certificates" means the certificates of participation prepared and delivered by the Trustee pursuant to the Trust Agreement.

"Certificate Documents" as to a Series of Certificates, means the Trust Agreement and applicable Supplemental Trust Agreement, the Lease Agreement, the applicable Lease Schedule, the applicable Ground Lease and the applicable Assignment Agreement.

"Certificate Register" means the books of the Trustee for registration of the ownership of the Certificates pursuant to Section 4.06 of the Trust Agreement.

"Closure Date" means, in regard to a Project, the date provided in the Lease Schedule relating thereto.

"Code" means the Internal Revenue Code of 1986, as amended, and all regulations and rules applicable thereto.

"Commencement Date" means, with respect to a Project, the date set forth in the Lease Schedule relating thereto.

"Completion Certificates" means Certificates issued for purposes of completing a Project pursuant to Section 4.12 of the Trust Agreement.

"Completion Date" shall have, in regard to a Project, the meaning ascribed thereto in Section 6.03(g) of the Trust Agreement.

"Construction Contract" means a contract entered into between the Board on behalf of the Corporation and the Contractor or Developer providing for the terms upon which the Contractor or Developer shall construct and install a Project, or portion thereof.

"Contractor" means, with respect to a Project, the Person or Persons appointed by the Board on behalf of the Corporation to act in such capacity.



"Corporation" means the Walton County Public Education Finance Authority, Inc., a not-for-profit corporation organized and existing under the laws of the State, and any successor thereto.

"Costs of Issuance" means, in regard to a Series of Certificates and Lease Schedule related thereto, all costs and expenses related to the execution, sale and delivery of such Series of Certificates and execution and delivery of such Lease Schedule, including, but not limited to, costs paid or incurred by the Board, the Corporation or the Trustee for filing costs, printing costs, reproduction and binding costs, initial fees and charges of the Trustee, financing discounts, legal fees and charges and reimbursements, financial and other professional consultant fees and charges and reimbursements, auditors fees and charges and reimbursements, costs of rating agencies or credit ratings, fees for execution, registration, transportation and safekeeping of the Certificates, credit enhancement premiums and charges and fees in connection with the foregoing.

"Costs of Issuance Account" means the account by that name established under Section 6.02 of the Trust Agreement.

"Credit Bank" shall mean as to any particular Series of Certificates, the Person (other than an Insurer) providing a letter of credit, a line of credit or another credit or liquidity enhancement facility, as designated in the Lease Schedule relating to such Certificates.

"Credit Enhancer" means, with regard to a Series of Certificates, any Insurer or Credit Bank that provides a municipal bond insurance policy or Credit Facility, respectively, with regard to such Series of Certificates.

"Credit Facility" shall mean as to any particular Series of Certificates, a letter of credit, a line of credit or another credit or liquidity enhancement facility (other than a municipal bond insurance policy issued by an Insurer), as designated in the Lease Schedule relating to such Certificates.

"Current Interest Certificates" means Certificates so designated by the Trust Agreement and on which the interest on which is payable to the Owner thereof on the Payment Dates with respect thereto.

"Department" or "DOE" means the Department of Education of the State of Florida.

"Designated Equipment" means Equipment for which title is required by the Department to be in the name of the Board upon acquisition thereof and which is described as such in the Lease Schedule relating thereto. All Designated Equipment must be consented to by the Department or otherwise permitted by applicable law.

"Designated Office" means the corporate trust office of the Trustee so designated which is currently in Jacksonville, Florida, or the designated corporate trust office of any successor Trustee.

"Developer" means, with respect to a Project, the Person or Persons which shall enter into a Construction Contract with the Board to construct such Project, or portion thereof, on a "turnkey" basis.

"District" means the Walton County School District, and any successor thereto.

"Engineer" means, with respect to a Project involving the construction of a Building, the professional engineer or firm of engineers appointed to perform the duties of the Engineer in accordance with Section 5.01 of the Lease Agreement. The Engineer may be an employee of the Board, the Contractor or the Developer.

"Equipment" means, in regard to a Project, the items of personal property to be financed or refinanced by disbursements from the Project Account and leased to the Board pursuant to the terms and provisions of the Lease Agreement and which are more particularly described in the Lease Schedule relating to such Project, or any substitutions therefor or additions thereto made in accordance with the provisions of the Lease Agreement. "Equipment" shall include Designated Equipment. All Equipment must be consented to by the Department or otherwise permitted by applicable law.

"Estimated Completion Date" means, with respect to a Project, the date provided in the Lease Schedule related thereto.

"Event of Default" or "Default" when referenced to the Lease Agreement, means an event of default or default under the Lease Agreement as set forth in Section 7.02 of the Lease Agreement, and, when referenced to the Trust Agreement, shall mean an event of default or default as set forth in Section 8.01 of the Trust Agreement.

"Event of Non-Appropriation" shall have the meaning ascribed thereto in Section 7.01 of the Lease Agreement.

"Extraordinary Prepayment" means the extraordinary prepayment by the Board of all or a portion of the Lease Payments pursuant to Section 3.07 and 5.06 of the Lease Agreement.

"FEFP Funds" means moneys received by the Board from the Florida Education Finance Program pursuant to the Act, to the extent the Department permits such moneys to be used to make Lease Payments.

"Fiscal Year" means the period commencing on July 1 of each year and continuing through the next succeeding June 30, or such other period as may be prescribed by law.

"Ground Lease" means, in regard to a Project, a ground lease of the Premises relating thereto from the Board to the Corporation, as the same may be amended from time to time.

"Group" means, in regard to a Project, the group or groups of leased property which shall constitute a portion of such Project as described in the Lease Schedule related thereto.

"Initial Lease Term" means, in regard to a Project, the initial term of the lease of such Project from the Corporation to the Board pursuant to the terms of the Lease Agreement, which Initial Lease Term shall commence on the Commencement Date and shall end on the next succeeding June 30.

"Initial Lease Termination Date" means, in regard to a Project, the last day of the Initial Lease Term.

"Insurance Consultant" means a recognized, independent insurance consultant or broker selected by the Board, that has actuarial personnel experienced in the area of insurance for which the Board is to be self insured or a risk manager employed by the Board as the administrator of a self-insurance plan permitted by law.

"Insurer" means such Person which shall be in the business of insuring or guaranteeing the payment of the principal of and interest on municipal securities.

"Interest Account" means the account by that name established under Section 6.02 of the Trust Agreement.

"Interest Component" means the portion of each Basic Rent Payment constituting interest as set forth in the Lease Schedules.

"Land" means, in regard to a Project (1) the real property to be financed or refinanced by a disbursement from the Project Account, which shall be selected by the Board in the manner required by law, and (2) the leasehold interest of the Corporation in the Premises, if any, acquired pursuant to a Ground Lease, which, in either case, shall be leased to the Board as part of such Project pursuant to the terms of the Lease Agreement and which is more particularly described in the Lease Schedule relating thereto, to the extent identified and acquired by the Corporation on the Commencement Date.

"Late Payment Rate" means the interest rate per annum set forth in the applicable Lease Schedule.

"Lease Agreement" means the Master Lease-Purchase Agreement, dated as of June 1, 1999, by and between the Corporation, as lessor, and the Board, as lessee, including all Lease Schedules, as now or hereafter amended, modified or supplemented.

"Leasehold Estate" shall mean any leasehold interest created and granted under the related Ground Lease.

"Lease Payment Fund" means the fund by that name established under Section 6.02 of the Trust Agreement.

"Lease Payments" means, collectively, the Basic Rent, the Supplemental Rent and all other amounts owing under the Lease Agreement which are payable by the Board for the lease of the Projects and the Premises, pursuant to the Lease Agreement.

"Lease Schedule" means the Lease Schedule, the form of which is attached to the Lease Agreement as Exhibit C, which shall authorize the lease of a Project to the Board in accordance with the terms of the Lease Agreement.

"Lease Term" means, in regard to a Project, the term of the lease of such Project, pursuant to the provisions of the Lease Agreement and Lease Schedule relating thereto, which Lease Term shall commence on the first day of the Initial Lease Term and shall be equal to Maximum Lease Term of such Project unless the Lease Agreement is earlier terminated in accordance therewith in which case the Lease Term shall end on such date of termination.

"Letter of Instructions" means the Letter of Instructions attached to each Supplemental Trust Agreement authorizing the issuance of a Series of Certificates as required by Section 6.12 of the Trust Agreement.

"Mandatory Prepayment" means the mandatory prepayment by the Board of all or a portion of the Lease Payments pursuant to Section 3.07 and 5.08 of the Lease Agreement.

"Mandatory Prepayment Date" means, in regard to a Series of Certificates, the date on which such Certificates shall be prepaid pursuant to the Supplemental Trust Agreement authorizing the issuance thereof.

"Maximum Cost" means, in regard to a Project, the maximum cost of such Project which shall be stated in the Lease Schedule relating thereto.

"Maximum Interest Rate" means, with respect to any particular Series of Variable Rate Certificates, a numerical rate of interest, which shall be set forth in the Supplemental Trust Agreement authorizing the issuance of such Certificates, that shall be the maximum rate of interest such Certificates may at any time bear.

"Maximum Lease Term" means, in regard to a Project, the maximum term of the Lease of such Project as provided in the Lease Schedule relating thereto.

"Moody's" or "Moody's Investors Service" means Moody's Investors Service, or any successor thereto.

"Net Proceeds" means when used with respect to any insurance or condemnation award, means the amount of gross proceeds from such insurance or condemnation award remaining after payment of all reasonable expenses incurred in the collection of such gross proceeds.

"Optional Prepayment Date" means the date on which the moneys deposited by the Board pursuant to the exercise of a prepayment option under Section 4.06 of the Lease Agreement shall be applied to the prepayment of a Series of Certificates in



accordance with the Lease Schedule and Supplemental Trust Agreement relating thereto.

"Outstanding" when used with reference to Certificates means, as of a particular date, all Certificates theretofore issued under the Trust Agreement, except:

(1) Certificates theretofore cancelled by the Trustee or delivered to the Trustee for cancellation;

(2) Certificates which have been paid or provision for payment has been made in accordance with Section 12.01 of the Trust Agreement; and

(3) Certificates in exchange for or in lieu of which other Certificates have been issued.

"Overdue Rate" or "Default Rate" means, unless otherwise defined in the Supplemental Trust Agreement relating to a particular Series of Certificates, means a rate of interest equal to the highest rate of interest which any of the Outstanding Certificates shall bear.

"Owner" or "Certificate Owner" or "Owner of Certificates" or any similar term, when used with respect to the Certificates means any Person who shall be the registered owner of any Outstanding Certificate.

"Payment Dates" except as otherwise provided in a Supplemental Trust Agreement means, with respect to the interest due on the Current Interest Certificates (other than Variable Rate Certificates), January 1 and July 1 of each year and, with respect to the principal of the Current Interest Certificates, July 1 in each of year except as otherwise set forth in the Supplemental Trust Agreements relating to such Series of Certificates. With respect to Capital Appreciation Certificates, except as otherwise provided in a Supplemental Trust Agreement, the Payment Date shall be July 1 in the years of maturity set forth in the Supplemental Trust Agreements relating to such Series of Certificates. The Payment Dates for Variable Rate Certificates shall be established in the Supplemental Trust Agreement authorizing the issuance of such Certificates.

"PECO Funds" means moneys received by the Board from the Public Education Capital Outlay and Debt Service Trust Fund which are permitted by the Act to be used for payment of the capital portion of Lease Payments.

"Permitted Encumbrances" means, in regard to a Project:

(1) the Lease Agreement and any liens and encumbrances created or permitted thereby;

(2) the Assignment Agreement and any liens and encumbrances created or permitted thereby;

(3) the Trust Agreement and liens and encumbrances created or permitted thereby;

(4) any Ground Lease and Assignment of Ground Lease applicable thereto and any liens and encumbrances created or permitted thereby;

(5) subject to the provisions of Section 5.01(1) of the Lease Agreement, any mechanic's, laborer's, materialman's, supplier's or vendor's lien or right in respect thereof if payment is not yet due under the contract in question or if such lien is being contested in accordance with the provisions of the Lease Agreement;

(6) (a) rights reserved to or vested in any municipality or public authority by the terms of any right, power, franchise, grant, license, permit or provisions of law; (b) any liens for taxes, assessments, levies, fees, water and sewer rents or charges and other government and similar charges, which are not due and payable or which are not delinquent or the amount or validity of which are being contested in good faith and execution thereon is stayed; (c) easements, rights-of-way, servitudes, restrictions, oil, gas or other mineral reservations and other minor defects, encumbrances and irregularities in the title to any property which do not materially and adversely impair the use of such property for its intended purposes or materially and adversely affect the value thereof; and (d) rights reserved to or vested in any municipality or public authority to control or regulate any property or to use such property in any manner;

(7) any mortgage and security interest in a Project, or portion thereof, granted by the Corporation to the Trustee for the benefit of the Owners of the Series of Certificates, the proceeds of which financed or refinanced the acquisition and construction of such Project, pursuant to Section 7.07 of the Trust Agreement;

(8) any other liens or encumbrances permitted by the Lease Schedule relating to such Project; and

(9) any sublease or other lien or encumbrance approved in writing by the Credit Enhancers.

"Permitted Investments" shall have the meaning assigned thereto in the applicable Supplemental Trust Agreement.

"Person" means an individual, corporation, partnership, association, joint stock company, trust, unincorporated organization, government or political subdivision.

"Plans and Specifications" means, in regard to a Project, the Board's plans and specifications for such Project, on file or to be on file with the Board, as the same may be amended from time to time in accordance with the Lease Agreement.

"Pledged Accounts" means, in regard to each Series of Certificates, the separate account, if any, established in the Prepayment Fund, and separate subaccounts, if any, established in the Project Account, Costs of Issuance Account, Capitalized Interest Account, the Reserve Account, the Principal Account and the Interest Account at the time such Series shall be issued.

"Premises" means, in regard to a Project, the parcels of real property and existing improvements thereon leased by the Board to the Corporation pursuant to a Ground Lease, which real property and existing improvements thereon shall be described in an exhibit to the Ground Lease.

"Prepayment Amount" means, in regard to a Project, the amount set forth in the Lease Schedule relating thereto.

"Prepayment Fund" means the fund by that name established under Section 6.02 of the Trust Agreement.

"Prepayment Premium" means the amount of prepayment premium, if any, due on any Optional Prepayment Date. The amount of such prepayment premium shall be calculated in accordance with the Trust Agreement.

"Prepayment Price" means, with respect to any Certificate or portion thereof, the principal amount or portion thereof, plus the applicable Prepayment Premium, if any, payable upon prepayment thereof pursuant to such Certificate or the Trust Agreement.

"Prerefunded Obligations" means pre-refunded municipal obligations rated "AAA" by Standard & Poor's Corporation and "Aaa" by Moody's Investors Service meeting the following requirements:

(1) the municipal obligations are (1) not subject to redemption prior to maturity or (2) the Trustee has been given irrevocable instructions concerning their call and redemption and the issuer of the municipal obligations has covenanted not to redeem such municipal obligations other than as set forth in such instructions;

(2) the municipal obligations are secured by cash or United States Obligations which may be applied only to payment of the principal of, interest and premium on such municipal obligations;

(3) the principal of and interest on the United States Obligations (plus any cash in the escrow) has been verified by the report of independent certified public accountants to be sufficient to pay in full all principal of, interest, and premium, if any, due and to become due on the municipal obligations ("Verification");

(4) the cash or United States Obligations serving as security for the municipal obligations are held by an escrow agent or trustee in trust for owners of the municipal obligations;

(5) no substitution of a United States Obligations shall be permitted except with another United States Obligation and upon delivery of a new Verification; and

(6) the cash or United States Obligations are not available to satisfy any other claims, including those by or against the trustee or escrow agent.

"Principal Account" means the account by that name established under Section 6.02 of the Trust Agreement.

"Principal Component" means the portion of each Basic Rent Payment constituting principal as set forth in the Lease Schedules.

"Principal and Interest Requirements" means the respective amounts which are required in each Fiscal Year to provide for:

(1) the interest payable on all Certificates then Outstanding, which is payable on each Interest Payment Date in such Fiscal Year,

(2) the principal on all Serial Certificates then Outstanding which is payable upon the maturity of the Serial Certificates in such Fiscal Year, and

(3) the Amortization Installment for all Term Certificates then Outstanding, which is payable for such Fiscal Year.

In determining the amount of the Principal and Interest Requirements for any Fiscal Year, if interest on the Certificates is payable from the proceeds of such Certificates or from other amounts set aside irrevocably for such purpose at the time such Certificates are issued, Interest on such Certificates shall be included in Principal and Interest Requirements only in proportion to the amount of interest payable in the then current Fiscal Year from the amounts other than amounts so funded to pay such interest. For purposes of this definition, all amounts payable on a Capital Appreciation Certificate shall be considered a principal payment due in the year of its maturity or earlier mandatory prepayment.

"Project" shall mean the 1999 Project and any Land, Buildings, and/or Equipment financed with any subsequent series of Certificates, as described in subsequent Lease Schedules relating thereto, as the same may be amended or modified from time to time in accordance with the terms of the Lease Agreement.

"Project Account" means the account by that name established under Section 6.02 of the Trust Agreement.

"Projected Budget" means, in regard to a Project, the budget for expenditure of moneys in the subaccount in the Project Account established for such Project as set forth in the Lease Schedule relating thereto.

"Project Costs" or "Costs of the Project" means, in regard to a Project, all costs of payment of, or reimbursement for, acquisition, construction, installation and completion of such Project, including but not limited to, architectural and engineering costs and costs of feasibility, environmental and other reports, inspection costs, permit fees, filing and recording costs and sales and use taxes, and in addition, Costs of Issuance to the extent that the amounts on deposit in the Costs of Issuance Account are insufficient to pay all Costs of Issuance in full. Project Costs shall specifically include any portion of the total costs of such Project or any portion thereof described in the Board's Tax Certification at the time of issuance of the applicable

Series of Certificates or in an opinion of Special Counsel to the effect that such reimbursement will not adversely affect the tax exempt status of interest on the Certificates, which has been paid by the Board from funds other than proceeds of the Certificates prior to the Closing Date and for which the Board seeks reimbursement by filing a Requisition with the Trustee in the manner required by Section 6.03 of the Trust Agreement.

"Project Description" means, in regard to a Project, the description of such Project as set forth in the Lease Schedule relating thereto.

"Project Fund" means the fund by that name established under Section 6.02 of the Trust Agreement.

"Project Schedule" means, in regard to a Project, the timetable for disbursements from the subaccount of the Project Account established therefor for acquisition, construction, delivery and installation of the components of such Project as set forth in the Lease Schedule relating thereto.

"Purchasers" means the original purchasers of a Series of Certificates.

"Qualified Financial Institution" means (1) a bank, a trust company, a national banking association, a corporation subject to registration with the Board of Governors of Federal Reserve System under the Bank Holding Company Act of 1956 or any successor provisions of law, a federal branch pursuant to the International Banking Act of 1978 or any successor provisions of law, a domestic branch or agency of a foreign bank which branch or agency is duly licensed or authorized to do business under the laws of any state or territory of the United States of America, a savings bank, a savings and loan association, or an insurance company or association chartered or organized under the laws of any state of the United States of America; or (2) the Government National Mortgage Association or any successor thereto or the Federal National Mortgage Association or any successor thereto; provided that, for each such entity delineated in clauses (1) and (2), its unsecured or uncollateralized long-term debt obligations, or obligations secured or supported by a letter of credit, contract, agreement or surety bond issued by any such entity, have been assigned a credit rating by Moody's of "Aa" or better by S&P of "AA" or better.

"Real Estate Taxes" shall mean all real estate taxes, public and governmental charges and assessments, including all extraordinary or special assessments, or assessments against any of the personal property included in the Projects, all costs, expenses and Attorney's Fees incurred by the Corporation in contesting or negotiating with public authorities as to any of same and all sewer and other similar taxes and charges.

"Rebate Fund" means the fund by that name established under Section 6.02 of the Trust Agreement.

"Record Date" means the 15th day of the month preceding any Payment Date (whether or not a Business Day).



"Refunding Certificates" means Certificates issued for purposes of refunding Outstanding Certificates pursuant to Section 4.13 of the Trust Agreement.

"Refunding Securities", except as otherwise provided by Supplemental Trust Agreement, means the United States Obligations and the Prerefunded Obligations.

"Renewal Lease Term" means, in regard to a Project, the period commencing on the day after the last day of the Initial Lease Term and ending on the following June 30. Thereafter, "Renewal Lease Term" shall refer to each succeeding one (1) year term commencing on the day after the last day of the previous Renewal Lease Term and ending on the following June 30.

"Renewal Term Termination Date" means, in regard to a Project the termination date for the then current Renewal Lease Term which shall be the last day of such Renewal Lease Term.

"Replacement Amount" means, in regard to a Project, the Replacement Amount described in the Lease Schedule relating to such Project.

"Request and Authorization" means a request and authorization from the Corporation and the Board to the Trustee to authenticate and deliver Certificates in accordance with the terms thereof and of the related Supplemental Trust Agreement, and substantially in the form of Exhibit "C" to the Trust Agreement.

"Requisition" means a requisition of the Board to receive amounts from the Project Fund to pay Project Costs or Costs of Issuance in the form attached to the Lease Agreement as Exhibit B.

"Reserve Account" means the account by that name established under Section 6.02 of the Trust Agreement.

"Reserve Account Letter of Credit/Insurance Policy" means the irrevocable letter or line of credit, insurance policy, surety bond or guarantee agreement issued by a Qualified Financial Institution in favor of the Trustee which is to be deposited into a subaccount of the Reserve Account in order to fulfil the requirement relating thereto.

"Reserve Requirement" means, in regard to a subaccount established in the Reserve Account to secure a Series of Certificates, such amounts, if any, as shall be provided in the Supplemental Trust Agreement authorizing the issuance of such Series and in the Lease Schedule relating thereto, provided such Requirement does not exceed the lesser of (1) the maximum Principal and Interest Requirement on account of the Outstanding Certificates of the Series secured by such subaccount in the current or any subsequent Fiscal Year (2) one hundred twenty-five percent (125%) of the average annual Principal and Interest Requirements on account of the Outstanding Certificates of the Series secured by such subaccount in the current or any subsequent Fiscal Years, and (3) ten percent (10%) of the proceeds of such Series of Certificates.

"Retained Rights" shall have the meaning set forth in the preamble to the Trust Agreement.

"S&P" or "Standard & Poor's Corporation" means Standard & Poor's Ratings Group, or any successor thereto.

"Serial Certificates" means the Certificates designated as Serial Certificates pursuant to the Trust Agreement.

"Series" means all the Certificates delivered on original issuance in a simultaneous transaction and identified pursuant to Section 4.01 of the Trust Agreement and the Supplemental Trust Agreement authorizing the issuance of such Certificates as a separate Series, regardless of variations in maturity, interest rate and other terms.

"Special Counsel" shall mean Miller, Canfield, Paddock and Stone, P.L.C., Pensacola, Florida, or any other attorney at law or firm of attorneys, of nationally recognized standing in matters pertaining to the exemption of the interest on obligations issued by states and political subdivisions, and duly admitted to practice law before the highest court of any state of the United States of America.

"State" means the State of Florida.

"Stipulated Loss Value" means an amount calculated in accordance with Section 5.08 of the Lease Agreement.

"Superintendent" means the Superintendent of the District, or such Person as shall be authorized to act on his or her behalf.

"Supplemental Rent" shall have the meaning set forth in Section 4.03(e) of the Lease Agreement.

"Supplemental Trust Agreement" means any supplement to or amendment to the Trust Agreement entered into in accordance with Article XI of the Trust Agreement.

"Surveyor" means Allen Nobles & Associates, B & D Land Surveying or any other surveyor licensed in the State of Florida and approved by the School Board.

"Taxable Certificates" means Certificates for which the Interest Component for the Basic Rent Payments relating thereto shall be includible in gross income for purposes of federal income taxation.

"Term Certificates" means those Certificates designated as Term Certificates pursuant to the Supplemental Trust Agreement authorizing the issuance thereof which are subject to mandatory prepayment by Amortization Installments.

"Termination Date" means the date on which the Lease Agreement terminates pursuant to the terms thereof, as set forth in the applicable Lease Schedule.

"Trust Agreement" means the Trust Agreement, dated as of June 1, 1999, between the Corporation and the Trustee, as now and hereafter amended, modified or supplemented by Supplemental Trust Agreements.

"Trust Estate" means all right, title and interest of the Trustee in and to the property and interest therein described in Section 3.03 of the Trust Agreement.

"Trustee" means First Union National Bank or its successor in interest as the Trustee under the Trust Agreement.

"United States Obligations" means the obligations and securities described in paragraph (1) of the definition of "Permitted Investments".

"Variable Rate Certificates" means Certificates issued with a variable, adjustable, convertible or other similar rate which is not fixed in percentage for the entire term thereto at the date of issue.

"Vendor" means, with respect to a Project, the Person or Persons appointed by the Board to sell its Equipment relating to such Project.



## EXHIBIT "B"

**Certificate of Participation, Series 1999  
Evidencing an Undivided Proportionate Interest of the Owners  
thereof in Basic Rent Payments to be made  
by the School Board of Walton County, Florida, as Lessee, pursuant to a Master  
Lease-Purchase Agreement with  
Walton County Public Education Finance Authority, Inc.,  
as Lessor**

<u>Interest Rate</u>	<u>Dated Date</u>	<u>Maturity Date</u>	<u>CUSIP</u>
	June 1, 1999		

**REGISTERED OWNER:**

**PRINCIPAL AMOUNT:**

This is to certify that the Registered Owner stated above is the registered owner of this Certificate and is entitled to receive on the Maturity Date stated above, the Principal Amount stated above. This Certificate and the "Certificate Principal Amount" and "Certificate Interest Payments" hereunder (as each is defined below) represent a proportionate undivided interest in the right to receive the Principal Component and Interest Component of Basic Rent Payments payable under the Master Lease-Purchase Agreement, dated as of June 1, 1999 (the "Lease Agreement"), between the Walton County Public Education Finance Authority, Inc., a not-for-profit corporation, as lessor (the "Corporation") and the School Board of Walton County, Florida, a school board of the State of Florida, as lessee (the "Board"). The Corporation's rights (other than certain Retained Rights) including the right to receive Basic Rent Payments have been assigned, without recourse, to First Union National Bank, as trustee (the "Trustee") under the Trust Agreement, dated as of June 1, 1999 (the "Trust Agreement") among the Trustee, the Corporation and the Board and under the Assignment Agreement, dated as of June 1, 1999. The Basic Rent Payments under the Lease Agreement are payable solely from moneys appropriated from the Board's Available Revenues (as defined in the Trust Agreement) and the moneys on deposit with the Trustee under the Trust Agreement. The Lease Agreement is subject to renewal at the end of each fiscal year of the Board which renewal will only occur if the Board approves a budget for such ensuing fiscal year which appropriates funds for such purpose. The designated corporate trust office of the Trustee is located in Jacksonville, Florida (the "Principal Office"). The aforesaid Principal Amount represents a proportionate undivided interest in the Principal Component of the Basic Rent Payment (the "Certificate Principal Amount") under the Lease Agreement coming due on the Maturity Date. The Owner is also entitled to receive, on January 1, 2000 and semiannually thereafter on January 1 and July 1 (each such date being referred to herein as a "Payment Date") to and including the Maturity Date or the date of prepayment, whichever is earlier, the Owner's proportionate undivided interest in the Interest Component of the Basic Rent Payment (the "Certificate Interest Payments") coming due with respect to such Payment Dates. Interest on the Principal Amount represented by this Certificate shall accrue from the Dated Date at the Interest Rate set forth above. This Certificate is one of a series of



certificates of participation in the aggregate principal amount of \$25,960,000 (the "Certificates") issued to finance the construction of certain school facilities (the "1999 Project") for lease to the Board pursuant to the Lease Agreement.

The Board may, from time to time, lease other Projects (as defined in the Trust Agreement) from the Corporation pursuant to the Lease Agreement. The acquisition, construction and installation of each such Project shall be financed by the issuance of a series of certificates of participation pursuant to the Trust Agreement. Each series of certificates of participation issued to finance a Project shall be secured independently of each other series of certificates of participation but shall share the Basic Rent pro rata in accordance with the Trust Agreement. The Board has agreed in the Lease Agreement to budget and appropriate in each fiscal year from Available Revenues sufficient moneys to make the Lease Payments (as defined in the Trust Agreement) for all Projects, leased under the Lease Agreement or for none of them. Payment of the Basic Rent is subject to annual appropriation by the Board in each fiscal year of Available Revenues sufficient to make the Lease Payments. The Board may issue Completion Certificates (as defined in the Trust Agreement) which shall be on parity with the Certificates upon satisfying the conditions described therefor in the Trust Agreement.

Said amounts are payable in lawful money of the United States of America, which at the time of payment is legal tender for the payment of public and private debts. The Principal Amount is payable at the Principal Office of the Trustee. Payment of the principal of all Certificates shall be made upon the presentation and surrender of such Certificates as the same shall become due and payable. Payment of interest on the Certificates shall be by check or draft mailed on the applicable Payment Date to the Registered Owner as of the close of business on the fifteenth (15th) day of the month preceding the Payment Date (the "Record Date") at his address as it appears on the Certificate Register maintained by the Trustee; except that, if and to the extent that there shall be a default in the payment of interest due on such Payment Date, such defaulted interest payment shall be paid to the Owners in whose name any such Certificates are registered at the close of business on the fifteenth day preceding the date of payment of such defaulted interest payment; provided, however, that at the request and expense of the Registered Owner of \$1,000,000 or more in aggregate principal amount of outstanding Certificates, interest shall be paid by wire transfer on the Payment Date to a bank account located in the continental United States and designated in writing to the Trustee by the Registered Owner at least five days prior to said Payment Date. Defaulted payments upon Series 1999 Certificates registered in the name of the Certificate Insurer pursuant to its Certificate Insurance Policy shall bear interest from the date of each default at the rate from time to time announced by the Insurance Trustee as its base lending rate plus three percent (3%) (the "Default Rate").

REFERENCE IS HEREBY MADE TO THE FURTHER PROVISIONS OF THIS CERTIFICATE SET FORTH ON THE REVERSE HEREOF WHICH FURTHER PROVISIONS SHALL, FOR ALL PURPOSES, HAVE THE SAME EFFECT AS IF SET FORTH IN THIS PLACE.

All capitalized terms not otherwise defined herein shall have the meaning set forth in the Trust Agreement.

THE BASIC RENT PAYMENTS AND, CONSEQUENTLY, THE CERTIFICATE PAYMENTS OF PRINCIPAL AND INTEREST ARE PAYABLE SOLELY FROM THE BOARD'S AVAILABLE REVENUES. THE BASIC RENT PAYMENTS ARE SUBJECT TO ANNUAL

APPROPRIATION BY THE BOARD. THE CERTIFICATE PAYMENTS OF PRINCIPAL AND INTEREST AND THE PAYMENTS DUE FROM THE BOARD UNDER THE LEASE AGREEMENT AND THE CONTRACTUAL OBLIGATIONS OF THE BOARD UNDER THE LEASE AGREEMENT DO NOT CONSTITUTE A GENERAL OBLIGATION OR A PLEDGE OF THE FAITH AND CREDIT OF THE BOARD, THE STATE OF FLORIDA, OR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION OR LIMITATION.

The Trustee has no obligation or liability to the Registered Owner to make payments of the Certificate Principal Amount or Certificate Interest Payments with respect to this Certificate, other than from the Trust Estate. The Trustee's sole obligations are to administer, for the benefit of the Certificate Owners, the various funds and accounts established under the Trust Agreement and to exercise various responsibilities under the Trust Agreement.

**IN WITNESS WHEREOF**, the Trustee has caused this Certificate to be executed by facsimile signature of an authorized officer as of the date stated above.

First Union National Bank not in its individual capacity but solely as Trustee, under the Trust Agreement, dated as of June 1, 1999.

**FIRST UNION NATIONAL BANK**  
as Trustee

(SEAL)

By: \_\_\_\_\_  
Its: Authorized Officer

## **CERTIFICATE OF AUTHENTICATION**

This Certificate is one of the Certificates designated as Certificates of Participation (School Board of Walton County, Florida, Master Lease Program, Series 1999) Evidencing an Undivided Proportionate Interest of the Owners thereof in Basic Rent Payments to be made by the School Board of Walton County, Florida, as Lessee, pursuant to a Master Lease-Purchase Agreement with the Walton County Public Education Finance Authority, Inc., as Lessor, described in the within-mentioned Trust Agreement. The Interest Rate, Maturity Date, and Principal Amount shown hereon are true and correct and have been recorded along with the name, address and taxpayer identification number of the Registered Owner shown above in the Certificate Register maintained for such purpose by the undersigned.

First Union National Bank not in its individual capacity but solely as Trustee, under the Trust Agreement dated as of June 1, 1999.

Date of Authentication:

**FIRST UNION NATIONAL BANK**  
as Trustee

By: \_\_\_\_\_  
Its: Authorized Officer

## **Statement of Insurance**

Financial Security Assurance Inc. ("Financial Security"), New York, New York, has delivered its municipal bond insurance policy with respect to the scheduled payments due of principal of and interest on this Bond to First Union National Bank, Jacksonville, Florida, or its successors, as paying agent for the Bonds (the "Paying Agent"). Said Policy is on file and available for inspection at the principal office of the Paying Agent and a copy thereof may be obtained from Financial Security or the Paying Agent.



(Reverse Side of Form of Certificate of Participation)

This Certificate has been executed by the Trustee pursuant to the terms of the Trust Agreement. Copies of the Lease Agreement, the Assignment Agreement (as defined in the Lease Agreement) and the Trust Agreement are on file at the Principal Office of the Trustee, and reference to the Lease Agreement, the Assignment Agreement and the Trust Agreement and any and all amendments to said agreements is made for a description of the covenants of the Board, the nature, extent and manner of enforcement of such covenants, the rights and remedies of the Owners of the Certificates with respect thereto and the terms and conditions upon which the Certificates are delivered thereunder. To the extent and in the manner permitted by the terms thereof, the provisions of the Lease Agreement and the Trust Agreement may be amended by the parties thereto.

This Certificate may be transferred only by recording the transfer on the Certificate Register, which shall be kept for that purpose by the Trustee at the Principal Office of the Trustee in Jacksonville, Florida. A transfer of this Certificate shall be registered and a new Certificate prepared, authenticated and delivered upon surrender of this Certificate for cancellation accompanied by a written instrument of transfer in a form approved by the Trustee and duly executed by the Registered Owner hereof or his or her duly authorized attorney or legal representative. Upon the registration of the transfer and the surrender of this Certificate, the Trustee shall provide in the name of the transferee, a new fully registered Certificate or Certificates of the same aggregate principal amount, maturity and tenor as the surrendered Certificate. No exchange or transfer of any Certificates shall be required of the Trustee (1) during a period beginning at the opening of business 15 days before the day of the mailing of a notice of prepayment of Certificates and ending at the close of business on the day of such mailing, (2) for Certificates called for prepayment, or (3) during a period beginning at the opening of business on the Record Date next preceding a date set for payment of interest. Interest on the Certificates shall be computed upon the basis of a 360-day year, consisting of twelve 30-day months.

The Certificates are delivered in the form of fully registered Certificates in denominations of \$5,000 each or any whole multiple thereof, and upon surrender thereof at the Principal Office of the Trustee with a written request of exchange satisfactory to the Trustee duly executed by the Registered Owner or his duly authorized attorney or legal representative in writing, may, at the option of the Registered Owner thereof, be exchanged for an equal aggregate Principal Amount of Certificates of any other authorized denomination and of the same Interest Rate and Maturity Date.

**Optional Prepayment.** The Certificates maturing on or after July 1, 2010 may be prepaid, from (i) prepayments of Basic Rent made by the Board pursuant to the Lease Agreement, or (ii) upon receipt of the required opinion of Special Counsel, from amounts, if any, transferred by the Trustee from the Series 1999 Subaccount of the Project Account to the Series 1999 Account of the Prepayment Fund pursuant to the Trust Agreement, in whole or in part on July 1, 2009 or on any date thereafter, and if in part, by lot within a maturity in such manner as may be designated by the Trustee, at the Prepayment Prices (expressed as a percentage of the principal amount of the Certificates to be prepaid), plus accrued and unpaid interest thereon to the prepayment date as follows:

**Period During Which Prepaid  
(Both Dates Inclusive)**

**Redemption Price**

July 1, 2009 to June 30, 2010	101%
July 1, 2010 and thereafter	100%

Sinking Fund Prepayment. The Certificates maturing on July 1, 2019 shall be subject to mandatory sinking fund prepayment on July 1, 2015 and on each July 1 thereafter in the Amortization Installments and in the years set forth below. The Trustee shall select such Certificates by lot in such manner, as it deems appropriate.

<b><u>Year</u></b>	<b><u>Amortization Installments</u></b>
2015	\$1,625,000
2016	1,710,000
2017	1,800,000
2018	1,895,000
2019*	1,995,000

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\*Maturity

Extraordinary Mandatory Prepayment. The Certificates are subject to mandatory prepayment from (i) surplus proceeds of the Certificates transferred by the Trustee from the 1999 Subaccount of the Project Account to the Series 1999 Account of the Prepayment Fund pursuant to the provisions of the Trust Agreement and (ii) the Net Proceeds of insurance or condemnation deposited with the Trustee, together with any Supplemental Rent contributed by the Board for such purpose, in the event that a 1999 Project or any portion thereof has been destroyed, damaged or condemned and the Board has elected not to repair, restore or replace such 1999 Project or portion thereof, in an amount equal to (i) in the event that all of the 1999 Project has suffered such a loss, damage or destruction, the Principal Component of Basic Rent Payments represented by the Certificates, together with the Interest Component of Basic Rent Payments represented by the Certificates accrued to the Mandatory Prepayment Date, or, (ii) in the event that less than all of the 1999 Project has suffered such a loss, damage or destruction, the amount calculated in clause (i) above multiplied by a fraction, the numerator of which is the original Cost of such lost, damaged or destroyed portion of the Project and the denominator of which is the aggregate Cost of the entire 1999 Project then subject to the Lease Agreement including those items suffering such loss, damage or destruction.

For purposes hereof, such prepayment will be in whole or in part, and, if in part, such prepayment will be on any Mandatory Prepayment Date, in any order directed by the Board, or, in the absence of such direction, in inverse order of maturity and by lot within maturities, without prepayment premium, at the principal amount thereof together with accrued interest to the Mandatory Prepayment Date. The Mandatory Prepayment Date will be the next succeeding Payment Date; provided, however, if such Payment Date occurs within 40 days of receipt by the Trustee of the moneys to be used for such prepayment, the Mandatory Prepayment Date will be the second succeeding Payment Date.

When Certificates are prepaid by lot, selection of Certificates for prepayment shall be in such manner as the Trustee shall determine; provided, however, that the portion of any Certificate to be prepaid shall be in the principal amount of \$5,000 or any whole multiple

thereof, and that in selecting portions of Certificates for prepayment, the Trustee shall treat each such Certificate as representing that number of Certificates which is obtained by dividing the principal amount of such Certificates by \$5,000.

When prepayment is authorized or required, the Trustee shall give to the Registered Owner notice, at the expense of the Board, of the prepayment of this Certificate. Such notice shall specify, among other things, (1) that the whole or a designated portion of this Certificate is to be prepaid, (2) the date of prepayment, and (3) the place or places where the prepayment will be made.

Notice of such prepayment shall be mailed, postage prepaid, not more than 60 days or fewer than 30 days prior to said date of prepayment, to the Registered Owner of any Certificate to be prepaid. Such mailing shall not be a condition precedent to such prepayment, and failure to so mail any such notice, or any defect in such notice as mailed, shall not affect the validity of the proceedings for the prepayment of the Certificates.

The following abbreviations, when used in the inscription on the face of the within Certificate, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM -- as tenants in common

TEN ENT -- as tenants by the entireties

JT TEN -- as joint tenants with right of  
survivorship and not as tenants  
in common

UNIF TRANS MIN ACT -- \_\_\_\_\_  
(Cust.)

Custodian for \_\_\_\_\_  
(Minor)

under Uniform Transfers to Minors Act of \_\_\_\_\_  
(State)

Additional abbreviations may also be used though not in list above.

## ASSIGNMENT

For value received the undersigned do(es) hereby sell, assign and transfer unto \_\_\_\_\_, whose Social Security or other identifying number is \_\_\_\_\_, the within registered Certificate and hereby irrevocably constitute(s) and appoint(s) \_\_\_\_\_ attorney, to transfer the same on the Certificate Register of the Trustee with full power of substitution in the premises.

Dated: \_\_\_\_\_

\_\_\_\_\_  
Note: Signature(s) must be guaranteed by a member firm of the New York Stock Exchange or a commercial bank, or trust company.

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





## **EXHIBIT "C"**

### **REQUEST AND AUTHORIZATION TO TRUSTEE TO AUTHENTICATE AND DELIVER CERTIFICATES; DIRECTION TO INVEST PROCEEDS**

The School Board of Walton County, Florida (the "School Board") and the Walton County Public Education Finance Authority, Inc. (the "Corporation") do hereby authorize and request First Union National Bank, as trustee (the "Trustee"), under the Resolution duly adopted by the School Board on May 25, 1999, and pursuant to Section 4.02 of the Trust Agreement and under the Series 1999 Supplemental Trust Agreement, each dated as of June 1, 1999 (collectively, the "Trust Agreement"), securing payment of \$25,960,000 aggregate principal amount of Certificates of Participation, Series 1999, dated June 1, 1999, of the School Board (the "Certificates"), to authenticate the fully executed Certificates identified in Exhibit "I" attached hereto and submitted herewith and deliver the same to the Purchasers thereof.

The Trustee is hereby directed to enter into that certain BMA standard repurchase agreement, dated the date hereof, with Merrill Lynch Government Securities Inc. relating to the proceeds of the Certificates and certain other funds deposited by the School Board with the Trustee.

**IN WITNESS WHEREOF**, the School Board and the Corporation have caused this instrument to be executed by its undersigned officers and its official seals to be impressed hereon, this 30th day of June, 1999.

**SCHOOL BOARD OF WALTON COUNTY,  
FLORIDA**

(SEAL)

By: \_\_\_\_\_

**WALTON COUNTY PUBLIC EDUCATION  
FINANCE AUTHORITY, INC.**

(SEAL)

By: \_\_\_\_\_

**EXHIBIT "I"**  
**TO EXHIBIT "C"**

**\$25,960,000 CERTIFICATES OF PARTICIPATION, SERIES 1999, EVIDENCING AN UNDIVIDED PROPORTIONATE INTEREST OF THE OWNERS THEREOF IN BASIC RENT PAYMENTS TO BE MADE BY THE SCHOOL BOARD OF WALTON COUNTY, FLORIDA, AS LESSEE, PURSUANT TO THE MASTER LEASE-PURCHASE AGREEMENT WITH THE WALTON COUNTY PUBLIC EDUCATION FINANCE AUTHORITY, INC., AS LESSOR, dated June 1, 1999; fully registered certificates in the denominations of \$5,000 each or integral multiples thereof; bearing interest (payable on January 1, 2000, and semi-annually thereafter on January 1 and July 1 of each year), at the rates set forth below; and maturing in the years and amounts as follows:**

<u>DATES</u>	<u>INTEREST RATE</u>	<u>MATURITY</u>
July 1, 2000	3.500%	\$725,000
July 1, 2001	4.000	860,000
July 1, 2002	4.100	895,000
July 1, 2003	4.200	930,000
July 1, 2004	4.300	970,000
July 1, 2005	4.500	1,010,000
July 1, 2006	4.600	1,055,000
July 1, 2007	4.700	1,105,000
July 1, 2008	4.750	1,155,000
July 1, 2009	4.875	1,210,000
July 1, 2010	5.000	1,270,000
July 1, 2011	5.000	1,335,000
July 1, 2012	5.000	1,400,000
July 1, 2013	5.250	1,470,000
July 1, 2014	5.125	1,545,000
July 1, 2019*	5.250	9,025,000

Typewritten Bonds in the form of one Certificate for each maturity Date, registered in the name of CEDE & Co.