

CITY OF MESA, ARIZONA

AND

_____,
as Trustee

TRUST AGREEMENT

Dated as of _____ 1, 20__

Relating to

\$ _____

CITY OF MESA, ARIZONA
TRANSPORTATION PROJECT ADVANCEMENT NOTES, SERIES 20__

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TRUST AGREEMENT

THIS TRUST AGREEMENT, dated as of _____ 1, 20__ (this "Trust Agreement"), by and between _____, a national banking association organized under the laws of the United States, as trustee (the "Trustee"), and **CITY OF MESA, ARIZONA**, a political subdivision of the State of Arizona (the "City");

WITNESSETH:

WHEREAS, pursuant to Sections 9-500.17, 11-952, and 28-7692, Arizona Revised Statutes, as amended, and City Charter Article I, Section 103, the City has entered into an Amended and Restated Transportation Project Advance Agreement dated as of _____, 2015, with the City of Phoenix, Arizona ("Phoenix"), Valley Metro Rail, Inc. ("VMR") and the Maricopa Association of Governments ("MAG") for the acceleration of the design and construction of the 1.9 mile light rail transit extension on Main Street from Mesa Drive to Gilbert Road and the acquisition of right-of-way and light rail vehicles related to such light rail transit extension in the City, by advancing funds to Phoenix, the designated grant recipient under Sections 28-7691 through 28-7697, inclusive, Arizona Revised Statutes, for such purposes (as amended or supplemented, the "TPAA"); and

WHEREAS, the City Council of the City (the "City Council"), upon due consideration and investigation, has found and determined that it is advisable and necessary for the welfare of the City and its citizens to accelerate the Project (as defined herein) by advancing funds to Phoenix pursuant to the TPAA and does determine that the advancement in one or more series of the principal in an amount of \$_____ for the Project is currently feasible (collectively, such advances are referred to herein as the "Advance"); and

WHEREAS, the City, Phoenix, VMR and MAG may add additional transportation improvements to the TPAA or enter into one or more additional intergovernmental agreements for advancing funds by the City to Phoenix for such additional transportation improvements (provided they are transportation projects as defined in Sections 9-500.17 and 28-7691, Arizona Revised Statutes, as amended), which shall be deemed part of the Project for all purposes hereof and such additional agreements shall be deemed part of the TPAA for all purposes hereof; and

WHEREAS, Phoenix is obligated to repay the Advance (such repayments are referred to herein as the "Repayments") pursuant to the Grant Repayment Schedule as defined in described in the TPAA; and

WHEREAS, the Project is a transportation project as defined in Sections 9-500.17 and 28-7691, Arizona Revised Statutes, as amended; and

WHEREAS, the City is authorized to borrow money to fund the Advance and to pledge certain revenues to the repayment of any such borrowing; and

WHEREAS, for the purpose of obtaining money to be deposited with the Trustee to finance the Advance, the Trustee has agreed to execute and deliver Transportation Project

Advancement Notes, Series 20__ (the "Series 20__ Notes"), in exchange for the moneys required herein to be deposited to finance the Advance; and

WHEREAS, the City will hereby pledge the Excise Taxes (as defined herein) to the repayment of principal and interest on the Series 20__ Notes and will pledge the Repayments, to the extent received by Phoenix, to the repayment of principal on the Series 20__ Notes; and

WHEREAS, the City has previously pledged the Excise Taxes to the payment of amounts due on obligations of which the following are currently outstanding:

\$94,060,000 (of \$94,060,000 originally issued) City of Mesa, Arizona Excise Tax Revenue Obligations, Series 2013 (the "Existing Parity Obligations"); and

WHEREAS, the Existing Parity Obligations have a parity lien on the Excise Taxes, and pursuant to the proceedings establishing the pledge and lien for the Existing Parity Obligations, the City, upon satisfaction of certain conditions, may make additional pledges on a parity with the Existing Parity Obligations, and the pledge of the Excise Taxes for the payment of the Series 20__ Notes is on a parity with the pledge for the Existing Parity Obligations; and

WHEREAS, the City may issue additional notes pursuant to this Trust Agreement and additional bonds or obligations on a parity with the Series 20__ Notes and the Existing Parity Obligations with respect to the Excise Taxes (the "Parity Obligations") or with respect to both the Excise Taxes and the Repayments (the "Parity Repayment Notes");

WHEREAS, the City has, on a subordinate basis, pledged the Excise Taxes to the payment of amounts due on the outstanding \$18,370,000 (of \$19,220,000 originally issued) Phoenix-Mesa Gateway Airport Authority Special Facility Revenue Bonds, Series 2012 (the "Existing Subordinate Obligations"); and

WHEREAS, the lien on Excise Taxes securing the Existing Subordinate Obligations is in all respects subordinate to the lien on Excise Taxes securing the Series 20__ Notes, the Existing Parity Obligations and the Parity Obligations, and pursuant to the proceedings establishing the pledge and lien for the Subordinate Obligations (as defined herein), the City, upon satisfaction of certain conditions, may make additional pledges senior to the Subordinate Obligations, and the pledge of Excise Taxes for the payment of the Series 20__ Notes, the Existing Parity Obligations and the Parity Obligations is senior to the pledge of Excise Taxes for the Existing Subordinate Obligations;

NOW, THEREFORE, in consideration for the Series 20__ Notes executed, delivered and Outstanding under this Trust Agreement, for the acceptance by the Trustee of the trusts created herein and of the purchase and acceptance of the Series 20__ Notes by the Owners, and to secure the payment of principal thereof and interest thereon, the rights of the Owners of the Series 20__ Notes and the performance and the observance of the covenants and conditions contained in the Series 20__ Notes, the Trustee hereby declares an irrevocable trust and acknowledges its acceptance of all right, title and interest in and to the following described trust estate:

A. All rights, title and interest of the City in and to the Repayments due the City from Phoenix in repayment of the Advance, if, as and when received;

B. All rights, title and interest of the City in and to the Excise Taxes as provided herein, if, as and when received;

C. Any amounts payable by the City pursuant hereto and the present and continuing right to (i) make claim for, collect or cause to be collected, receive or cause to be received all such revenues, receipts and other sums of money payable or receivable thereunder, (ii) to bring acts and proceedings thereunder or for the enforcement of such rights, and (iii) to do any and all other things which the Trustee is or may become entitled to do hereunder; and

D. Amounts on deposit from time to time in the funds and accounts created pursuant hereto, subject to the provisions of this Trust Agreement permitting the application thereof for the purposes and on the terms and conditions set forth herein;

all rights declared in trust by the Trustee to be administered by the Trustee according to the provisions of this Trust Agreement and for the equal and proportionate benefit of the Owners of Series 20__ Notes and any Additional Notes;

TO HAVE AND TO HOLD, all and singular, such trust estate, including all additional property which by the terms hereof has or may become subject to the encumbrance of this Trust Agreement, unto the Trustee and its successors and assigns, forever.

IN TRUST, however, for the equal and proportionate benefit and security of the Owners from time to time of the Notes authenticated and delivered hereunder and Outstanding; conditioned, however, that if the City shall well and truly pay or cause to be paid fully and promptly when due all indebtedness, liabilities, obligations and sums at any time secured hereby, including interest and attorneys' fees, and shall promptly, faithfully and strictly keep, perform and observe or cause to be kept, performed and observed all of its covenants, warranties and agreements contained herein, then and in such event, this Trust Agreement shall be and become void and of no further force and effect; otherwise, the same shall remain in full force and effect, and upon the trust and subject to the covenants and conditions hereafter set forth, and, in connection therewith, the parties hereto agrees as follows.

ARTICLE I

DEFINITIONS

Section 1.1. Definitions. Unless the context shall otherwise require, the following words and phrases when used in this Indenture shall have the meanings specified in this Section:

"**Act of Bankruptcy**" means the filing of a petition in bankruptcy (or any other commencement of a bankruptcy or similar proceeding) by or against the City under any applicable bankruptcy, insolvency, reorganization or similar law, now or hereafter in effect.

"**Additional Notes**" mean Notes that may be executed and delivered under Section 2.16 of this Trust Agreement.

"**Advance**" means any funds advanced by the City to Phoenix pursuant to the TPAA to accelerate the Project.

"**Advance Account**" means the account created in Section 4.4 hereof and shall be comprised of an Interest Subaccount, Right-of-Way Acquisition Subaccount, and Light Rail Vehicle and Construction Subaccount.

"**Advance Earnings**" means the interest or earnings on the Advance Account that are used to pay the Notes Interest Obligation.

"**A.R.S.**" means Arizona Revised Statutes, as amended.

"**Authorized Denominations**" means denominations in \$5,000 of principal amount or integral multiples thereof.

"**Book-Entry System**" means, as to the Notes, a system under which (i) physical Note certificates in fully registered form registered in the name of the Depository or its nominee as Owner, with the physical Note certificates held in the custody of, or on behalf of, the Depository, and (ii) the ownership of beneficial interests in Notes and principal of, premium, if any, and interest thereon may be transferred only through a book entry made by others than the City or the Trustee. The records maintained by entities other than the City or the Trustee constitute the written record that identifies the owners, and records the transfer, of beneficial interests in those Notes and principal of, premium, if any, and interest thereon.

"**Business Day**" means any day other than (a) a Saturday or Sunday, (b) a day on which banks in the State in which the Designated Office of the Trustee or Paying Agent are required or are authorized by law or other governmental action to be closed, and (c) a day on which the New York Stock Exchange is closed.

"**City**" means Mesa, Arizona, a political subdivision of the State of Arizona.

"**City Council**" means the City Council of the City.

"**City Manager**" means the City Manager of the City.

"City Representative" means the City Manager or any other person authorized by the City Manager or the City Council to act on behalf of the City with respect to this Trust Agreement.

"Closing Date" means the day when the Series 20__ Notes, duly executed by the Trustee, are delivered to the Original Purchaser thereof.

"Code" means the Internal Revenue Code of 1986, as amended. References to the Code and Sections of the Code include applicable regulations and temporary regulations thereunder and any successor provisions to those Sections, regulations or temporary regulations.

"Completion of the Project" means that (i) _____ and (ii) _____, the retention in the Advance Account of sufficient funds to pay the acquisition costs of all such right-of-way.

"Debt Service" means with respect to the Outstanding Notes and Parity Obligations, as of any date of calculation and with respect to any period, the sum of (1) the interest falling due during such period (except to the extent that such interest is payable from proceeds of the Notes and Parity Obligations or other amounts set aside for such purpose at the time such Notes and Parity Obligations are incurred), and (2) the principal (or mandatory sinking fund or installment purchase price or lease rental or similar) payments or deposits required with respect to such Notes and Parity Obligations during such period; such sum to be computed on the assumption that no portion of such Notes and Parity Obligations shall cease to be Outstanding during such period except by reason of the application of such scheduled payments. If interest on Notes and Parity Obligations is payable pursuant to a variable interest rate formula, the interest rate on such Notes and Parity Obligations for periods when the actual interest rate on such Notes and Parity Obligations cannot yet be determined shall be assumed to be equal to whichever of the following is the highest:

(A) the average annual interest rate on such Notes and Parity Obligations over the last five Fiscal Years or since the date of issuance of such Notes and Parity Obligations if less than five years, or

(B) if the terms of such Notes and Parity Obligations provide for conversion of the interest rate payable on such Notes and Parity Obligations to a fixed interest rate for the remainder of their term to maturity, an interest rate per annum determined in accordance with the provisions of such Notes and Parity Obligations as if the interest rate payable thereon were being converted to a fixed interest rate for the remainder of their term to maturity.

Debt Service shall not be based upon the terms of any reimbursement obligation to the issuer of any liquidity or credit facility except to the extent and for the periods during which payments are required to be made pursuant to such reimbursement obligation as a result of the issuer's unreimbursed advances of funds thereunder.

"Default" means any Default as specified in this Trust Agreement and defined by Section 6.2 hereof.

"Defeasance Obligations" means noncallable Permitted Investments defined in clauses (a), (b), (c) and (d) of such definition, provided, however, that such advance refunded municipal obligations (pursuant to clause (c)) must be rated in the highest rating category by Moody's and S&P or, if rated only by S&P (i.e., there is no Moody's rating), then must have been pre-refunded with cash, or obligations defined in clauses (a), (b) or (c).

"Depository" means a securities depository designated by the City to hold the Notes in the Book-Entry System. Initially, the Depository shall be The Depository Trust Company, New York, New York.

"Designated Office" means the address of the Trustee specified in Section 11.4 hereof.

"Electronically" or **"Electronic"** notice means notice transmitted through a time-sharing terminal, computer network or facsimile machine, if operative as between any two parties, or if not operative, by telephone (promptly confirmed in writing).

"Excise Taxes" means the unrestricted excise, transaction, franchise, privilege and business taxes, state shared sales and income taxes, state shared vehicle license taxes, fees for licenses and permits, fines, forfeitures and state revenue sharing that are validly imposed by the City or contributed, allocated or paid to the City and not earmarked by the contributor or the City for a contrary or inconsistent purpose. Excise Taxes shall not include excise taxes collected and paid to the City under (a) the .25% transaction privilege (sales) and use tax approved by the voters of the City on May 19, 1998, the use of which is restricted to health, safety and other quality of life uses, (b) the .30% transaction privilege (sales) and use tax approved by the voters of the City on May 16, 2006, the use of which is restricted to street projects in the City, or (c) any other similar tax restricted as to its use. Excise Taxes shall not include the voter approved (March 10, 2009) allocation of the 3% transient occupancy tax proceeds generated at the Gaylord Hotel and Convention Center site, when built, the use of which will be used for the promotion of tourism in the City.

"Existing Parity Obligations" means City of Mesa, Arizona Excise Tax Revenue Obligations, Series 2013, executed and delivered in the aggregate principal amount of \$94,060,000.

"Existing Subordinate Obligations" means the Phoenix-Mesa Gateway Airport Authority Special Facility Revenue Bonds, Series 2012, executed and delivered in the aggregate principal amount of \$19,220,000.

"Fiscal Year" means the period commencing each July 1 and ending June 30 of the succeeding calendar year, unless otherwise determined and designated by the City, and the Excise Taxes shall be accounted for on that basis.

"Government Bonds" means direct general obligations of, or obligations the timely payment of principal and interest on which are fully and unconditionally guaranteed by, the United States of America (including, without limitation, the interest portion of obligations issued by the Resolution Funding Corporation in book entry form and stripped by request to the Federal Reserve Bank of New York), including Government Bonds which have been stripped of their

unmatured interest coupons and interest coupons stripped from Government Bonds, provided any stripped Government Bonds have been stripped by the applicable U.S. Governmental Agency.

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

"Interest Payment Date" means each January 1 and July 1, while any Notes are Outstanding provided that, if any such day is not a Business Day, any payment due on such date may be made on the next Business Day, without additional interest and with the same force and effect as if made on the specified date for such payment.

"Interest Subaccount" means the subaccount of the Advance Account established pursuant to Section 4.4 hereof that will contain any net premium and capitalized interest associated with the issuance of the Notes and the Advance Earnings.

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

"Light Rail Vehicle and Construction Subaccount" means the subaccount of the Advance Account established pursuant to Section 4.4 hereof that will be used to acquire light rail vehicles and to construct the Project.

"MAG" means the Maricopa Association of Governments which is the regional planning agency and designated metropolitan planning organization for Maricopa County.

"Market Value" means the indicated bid value of the investment or investments to be valued as shown in The Wall Street Journal or any publication having general acceptance as a source of valuation of the same or similar types of securities or any securities pricing service available to or used by the Trustee and generally accepted as a source of valuation.

"Maturity Date" means, for any Notes, the date on which such Note matures, and with respect to the Series 20__ Notes, the dates set forth in Section 2.3 hereof.

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

"Notes" means the Series 20__ Notes, Parity Repayment Notes and any Additional Notes executed and delivered pursuant to this Trust Agreement.

"Notes Interest Obligation" means the total interest due from time to time on the Notes plus the costs of issuance of the Notes. The City will provide Phoenix, VMR and MAG with the debt service information showing the dates and amounts of interest due on the Notes and statements of the costs of issuance.

"Original Purchaser" means RBC Capital Markets, LLC, Bank of America Merrill Lynch and Barclays Capital Inc. as original purchasers of the Series 20__ Notes.

"Outstanding" means all Notes which have been authenticated and delivered by the Trustee under this Trust Agreement, except:

- (a) Notes canceled after purchase in the open market or because of payment at, or redemption prior to, maturity;
- (b) Notes paid or deemed paid pursuant to Article VIII hereof;
- (c) Notes in lieu of which others have been authenticated under Section 2.14 hereof; and
- (d) Notes deemed tendered hereunder and for which another Note has been issued.

"Owner" means the person or persons in whose name or names a Note shall be registered on the books of the City kept by the Trustee for that purpose in accordance with provisions of this Trust Agreement.

"Par" means one hundred percent (100%) of the principal amount of any Note, or of the aggregate principal amount of the Notes Outstanding, as the context may require, exclusive of accrued interest.

"Parity Obligations" means, collectively, the Existing Parity Obligations and any other notes, bonds or obligations payable from a pledge of, and secured by a lien on, the Excise Taxes, equal in all respects and priority to the pledge of and lien on Excise Taxes securing the Notes.

"Parity Repayment Notes" means Additional Notes payable from a pledge of, and secured by a lien on, the Repayments and Excise Taxes issued to fund an Advance pursuant to Section 2.16 or to refund Series 20__ Notes or prior Parity Repayment Notes.

"Participant" means one of the entities which is a member of the Securities Depository and deposits securities, directly or indirectly, in the Book-Entry System.

"Paying Agent" means the Trustee.

"Permitted Investments" means, to the extent permitted by law:

- (a) Government Bonds;
- (b) CATS and TIGRS;

(c) Advance-refunded municipal obligations;

(d) bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies and provided such obligations are backed by the full faith and credit of the United States of America (stripped securities are only permitted if they have been stripped by the agency itself): U.S. Export-Import Bank (Eximbank) - direct obligations or fully guaranteed certificates of beneficial ownership; Farmers Home Administration (FmHA) - certificates of beneficial ownership; Federal Financing Bank; Federal Housing Administration Debentures (FHA); General Services Administration - participation certificates; Government National Mortgage Association (GNMA or "Ginnie Mae") GNMA -guaranteed mortgage-backed bonds and GNMA - guaranteed pass-through obligations; U.S. Maritime Administration - guaranteed Title XI financing; U.S. Department of Housing and Urban Development (HUD) - project notes, local authority bonds, new communities debentures U.S. Government guaranteed debentures, U.S. Public Housing notes and bonds - U. S. Government guaranteed public housing notes and bonds;

(e) bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following non-full faith and credit U.S. government agencies (stripped securities are only permitted if they have been stripped by the agency itself): Federal Home Loan Bank System - senior debt obligations; Federal Home Loan Mortgage Corporation (FHLMC or "Freddie Mac") - participation certificates and senior debt obligations; Federal National Mortgage Association (FNMA or "Fannie Mae") - mortgage-backed securities and senior debt obligations; Student Loan Marketing Association (SLMA or Sallie Mae) - senior debt obligations; Resolution Funding Corp. (REFCORP) obligations; and Farm Credit System-consolidated systemwide bonds and notes;

(f) money market funds registered under the Federal Investment Company Act of 1940, or whose shares are registered under the Federal Securities Act of 1933, and having a rating by S&P of AAAm-G, AAA-m, or AA-m and if rated by Moody's rated Aaa, Aa1 or Aa2 including, without limitation, those of which an affiliate of the Trustee acts as a manager or an investment advisor;

(g) certificates of deposit (i) secured at all times by collateral described in (a), (b), (c) or (d) above, (ii) issued by commercial banks, savings and loan associations or mutual savings banks and (iii) the collateral must be held by a third party and the Trustee must have a perfected first security interest in the collateral;

(h) certificates of deposit, savings accounts, deposit accounts or money market deposits which are fully insured by FDIC, including BIF and SAIF;

(i) investment agreements, including guaranteed investment contracts, which meet the following criteria:

(i) the investment agreement must be collateralized by the transfer of qualifying securities from a dealer bank or securities firm to the Trustee;

(ii) the investment agreement must be between the Trustee and a provider which is rated "A" or better by S&P and Moody's;

(iii) the written investment agreement must include the following: (A) securities which are acceptable for collateral are Government Bonds, or Federal agencies backed by the full faith and credit of the U.S. government (and FNMA & FHLMC); (B) the collateral must be delivered to the Trustee (if Trustee is not supplying the collateral) or third party acting as agent for the Trustee (if the Trustee is supplying the collateral provided to it by the City) before/simultaneous with payment (perfection by possession of certificated securities); (C) the securities must be valued weekly, marked-to-market at current market price plus accrued interest and the value of collateral must be equal to at least 103% of the amount invested by the Trustee under the investment agreement plus accrued interest and if the value of securities held as collateral slips below 103% of the required value, then additional cash and/or acceptable securities must be transferred, provided however, if the securities used as collateral are FNMA or FHLMC then the value of collateral must equal at least 104%; and

(iv) a legal opinion must be delivered to the Trustee that the investment agreement meets guidelines under state law for legal investment of public funds;

(j) commercial paper rated, at the time of purchase, Prime-1 by Moody's and "A-1" or better by S&P;

(k) bonds or notes issued by any state or municipality which are rated by Moody's and S&P in one of the two highest rating categories assigned by such agencies;

(l) federal funds or bankers acceptances with a maximum term of one year of any bank which has an unsecured, uninsured and unguaranteed obligation rating of Prime-1 or "A3" or better by Moody's and "A-1" or "A" or better by S&P;

(m) repurchase agreements which meet the following criteria:

(i) the repurchase agreement (the "repo") must provide for the transfer of securities from a dealer bank or securities firm to the Trustee, and the transfer of cash from the Trustee to the dealer bank or securities firm with an agreement that the dealer bank or securities firm will repay the cash plus a yield to the Trustee in exchange for the securities at a specified date;

(ii) repo must be between the Trustee and a dealer bank or securities firm which is either a primary dealer on the Federal Reserve reporting dealer list which is rated "A" or better by S&P and Moody's, or a bank rated "A" or above by S&P and Moody's;

(iii) the written repo contract must include the following: (A) securities which are acceptable for transfer are Government Bonds, or Federal agencies backed by the full faith and credit of the U.S. government (and FNMA & FHLMC); (B) the collateral must be delivered to the Trustee (if Trustee is not supplying the collateral) or third party acting as agent for the Trustee (if the Trustee is supplying the collateral) before/simultaneous with payment (perfection by possession of certificated securities); (C) the securities must be valued weekly,

marked-to-market at current market price plus accrued interest and the value of collateral must be equal to at least 103% of the amount of cash transferred by the Trustee to the counter-party under the repo plus accrued interest and if the value of securities held as collateral slips below 103% of the value of the cash transferred by Trustee, then additional cash and/or acceptable securities must be transferred, provided however, if the securities used as collateral are FNMA or FHLMC then the value of collateral must equal at least 104%; and

(iv) legal opinion which must be delivered to the Trustee that the repo meets guidelines under state law for legal investment of public funds;

(n) any other investment that is permitted under applicable Arizona law.

Notwithstanding the foregoing, moneys derived from the sale of the Notes shall be invested only in obligations described in (a), (b), (d) or (g) (other than certificates of deposit with a savings and loan association or mutual savings bank as described in (g)) or in (f), (i) or (n) (where such investment described in (f), (i) or (n) consists solely of, or are secured by, obligations described in (a), (b), (d) or (g) (other than certificates of deposit with a savings and loan association or mutual savings bank as described in (g)) or in (m).

"Person" means an individual, a corporation, a partnership, an association, a joint venture, an unincorporated organization or any other entity or organization, including a government or political subdivision or any agency or instrumentality thereof.

"Phoenix" means Phoenix, Arizona, a political subdivision of the State of Arizona.

"Project" means the design and construction of the 1.9 mile light rail transit extension on Main Street from Mesa Drive to Gilbert Road in the City and the right-of-way acquisition and light rail vehicle acquisition related to such light rail transit extension and such additional projects in the City as may be agreed to by Phoenix, VMR, MAG and the City for which the City may make an Advance and Phoenix will be obligated to make a Repayment pursuant to the TPAA and which are transportation projects as defined in A.R.S. Section 28-7691. The Project does not include any facilities upgrades to VMR's Operations and Maintenance Center (as defined in the TPAA), but does include modifications that are necessary to the Operations and Maintenance Center to enable operations of the Project.

"Project Costs" means all costs, expenses and fees which may be advanced to Phoenix by the City, or incurred by Trustee or City, with respect to the Project.

"Rebate Fund" means the fund created by Article IV hereof.

"Record Date" means the close of business of the Trustee on the fifteenth day of the month preceding an Interest Payment Date.

"Register" means the books of the City kept by the Registrar to evidence the registration and transfer of the Notes.

"Registrar" means the Trustee.

"Repayments" means amounts paid by Phoenix to the City as repayment of any Advance.

"Responsible Officer" means, when used with respect to the Trustee, the president, any vice president, any assistant vice president, the secretary, any assistant secretary, the treasurer, any assistant treasurer or any other officer of the Trustee within the office of the Trustee set forth in Section 11.4 hereof (the "Corporate Trust Office") (or any successor corporate trust office) customarily performing functions similar to those performed by the persons who at the time shall be such officers, respectively, or to whom any corporate trust matter is referred at the Corporate Trust Office because of such person's knowledge of and familiarity with the particular subject and having direct responsibility for the administration of this Trust Agreement.

"Right-of-Way Acquisition Subaccount" means the subaccount of the Advance Account established pursuant to Section 4.4 hereof that will be used to acquire the right-of-way for the Project.

"S&P" means Standard & Poor's Ratings Services, a Division of The McGraw-Hill Companies, Inc., a corporation organized and existing under the laws of the State of New York, its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "S&P" shall be deemed to refer to any other nationally recognized securities rating agency designated by the City, by notice to the Trustee.

"Series" means a series of Notes executed and delivered pursuant to this Trust Agreement.

"Series 20__ Notes" means City of Mesa, Arizona Transportation Project Advancement Notes, Series 20__ executed and delivered in the aggregate principal amount of \$_____.

"Series 20__ Notes Interest Obligation" means the total interest due from time to time on the Series 20__ Notes plus the costs of issuance of the Series 20__ Notes.

"Special Counsel" means a firm of nationally recognized standing in the field of municipal finance law whose opinions are generally accepted by purchasers of public obligations and who is not an employee of the City or the Trustee.

"State" means the State of Arizona.

"Subordinate Obligations" means, collectively, the Existing Subordinate Obligations and any other notes, bonds or other obligations secured by a junior or subordinate lien on the Excise Taxes pledged hereunder.

"Supplemental Agreement" means any agreement amending or supplementing the terms of this Trust Agreement or for the issuance or securing of Additional Notes.

"Tax Certificate" means a certificate relating to the requirement of the Code signed on behalf of the City and delivered in connection with the issuance of a series of Notes that is issued or incurred as a tax-exempt obligation.

"**TPAA**" means that Amended and Restated Transportation Project Advance Agreement dated as of _____, 2015 by and among Phoenix, VMR, MAG and the City, and any amendment or supplement thereto.

"**Trust Agreement**" means the Trust Agreement dated as of _____ 1, 20__, by and between the City and the Trustee, together with any duly authorized executed amendment thereto.

"**Trustee**" means _____, and any successor Trustee thereto acting as Trustee pursuant to this Trust Agreement.

"**Trust Estate**" means the property conveyed to the Trustee pursuant to the Granting Clauses hereof.

"**VMR**" means Valley Metro Rail, Inc., an Arizona nonprofit corporation and governmental instrumentality of its constituent municipalities organized under A.R.S. Section 11-952, which authorizes cities and other public agencies to form a nonprofit corporation to jointly exercise their powers, and under the Urban Mass Transportation Systems Act and more specifically A.R.S. Section 40-1152, which authorizes governmental entities to jointly form a nonprofit corporation to provide public transportation services, a governmental and public purpose.

"**20__ Costs of Issuance Fund**" means the fund created in Section 4.9 hereof.

"**20_ Payment Fund**" means the fund by that name established and held by the Trustee pursuant to Article IV hereof.

"**20__ Rebate Fund**" means the fund created by Article IV hereof.

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

Section 1.3. Uses of Phrases. Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Unless the context shall otherwise indicate, the words "Notes," "Noteholder," "Owner," "registered owner" and "person" shall include the plural as well as the singular number, and the word "person" shall include corporations and associations, including public bodies, as well as persons. Any percentage of Notes, specified herein for any purpose, is to be figured on the unpaid principal amount thereof then Outstanding. All references herein to specific Sections of the Code refer to such Sections of the Code and all successor or replacement provisions thereto.

ARTICLE II

THE NOTES

Section 2.1. Authorization of the Series 20__ Notes. The Trustee is hereby authorized and directed to execute and deliver to the Original Purchaser, Series 20__ Notes in one or more series in an aggregate principal amount of \$_____. No Additional Notes may be executed and delivered hereunder except in accordance with Section 2.16 herein.

The Notes shall in no event be deemed an obligation or debt of the Trustee.

Section 2.2. Date. Each Note shall be dated the date of initial issuance and delivery to the Original Purchaser, or in the case of Additional Notes, the date set forth in the Supplemental Agreement. Interest with respect to the Notes shall be payable from such date, or from the most recent Interest Payment Date to which interest has previously been paid or made available for payment with respect to the Outstanding Notes.

Section 2.3. Maturity and Interest Rate. The Notes shall be in Authorized Denominations, except that no Note may have principal maturing in more than one year. The Series 20__ Notes shall mature on the date and in the principal amount, and interest with respect thereto shall be computed at the rates, as shown below:

Series 20__ Notes

Maturity Date (July 1)	Principal Amount	Interest Rates
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Section 2.4. Interest on Notes. Interest on the Series 20__ Notes shall be payable semiannually on January 1 and July 1 of each year commencing _____ 1, 20____, to and including the date of maturity or prior redemption. Said interest shall represent the portion of payments designated as interest and coming due during the six-month period preceding each Interest Payment Date with respect to the Notes.

Section 2.5. Form. The Notes shall be in fully registered certificated form. The fully registered book-entry-only form of the Notes shall be substantially in the form set forth in Exhibit A, attached hereto and incorporated herein. If the Book-Entry System is discontinued, the Notes shall be in substantially the same form with such changes as may be necessary to provide for issuance of Notes to the beneficial owners thereof.

Section 2.6. Execution. The Notes shall be executed by and in the name of the Trustee by the manual signature of an authorized representative of the Trustee. If any representative whose signature appears on any Note ceases to be such representative before the Closing Date, such signature shall nevertheless be as effective as if the representative had remained in office until the Closing Date. Any Note may be executed on behalf of the Trustee by such person as at the actual date of the execution of such Note shall be the proper authorized

representative of the Trustee although at the nominal date of such Note such person shall not have been such authorized representative of the Trustee. No Note shall be valid or become obligatory for any purpose or shall be entitled to any security or benefit under this Trust Agreement unless and until executed and delivered by the Trustee. The execution by the Trustee upon any Note shall be conclusive evidence that the Note so executed has been duly authorized and delivered hereunder and is entitled to the security and benefit of this Trust Agreement.

Section 2.7. Book-Entry System. The Notes shall be initially registered in the name of the Depository or its nominee for holding in the Book-Entry System, without further action by the City. There shall be a single Note representing the entire aggregate principal amount of each maturity of each series of the Notes.

Neither the City nor the Trustee shall have any responsibility or obligation to the Depository's participants or the persons for whom they act as nominees with respect to the Notes regarding accuracy of any records maintained by the Depository or the Depository's participants, the payments by the Depository or the Depository's participants of any amount in respect of principal, redemption price or interest on the Notes, any notice which is permitted or required to be given to or by Owners of Notes hereunder (except such notice as is required to be given by the City to the Trustee or to the Depository), or any consent given or other action taken by the Depository as an Owner of Notes.

The Trustee, pursuant to a request by the City for the removal or replacement of the Depository, and upon thirty (30) days' notice to the Depository, may remove or replace the Depository. The Trustee agrees to remove or replace the Depository at any time at the request of the City, and the City shall cooperate with the Trustee in effecting such removal or replacement. The Depository may determine not to continue to act as Depository for the Notes upon thirty (30) days' written notice to the Trustee. The Owners have no right to either a Book-Entry System or a Depository for the Notes.

Notwithstanding any other provision of this Trust Agreement or the Obligations, so long as the Obligations are in the Book-Entry System and the Depository or its nominee is the Registered Owner of the Notes:

(a) **Presentation.** Presentation of Notes to the Trustee at redemption or at maturity shall be deemed made to the Trustee when the right to exercise ownership rights in the Notes through the Depository or the Depository's participants is transferred by the Depository on its books.

(b) **Fractionalized Representation.** The Depository may present notices, approvals, waivers, votes or other communications required or permitted to be made by Owners under this Trust Agreement on a fractionalized basis on behalf of some or all of those persons entitled to exercise ownership rights in the Notes through the Depository or its participants.

(c) **Limitations on Transfer.** Notes or any portion thereof shall not be transferable or exchangeable except:

(1) To any successor of the Depository;

(2) To any new Depository not objected to by the Trustee, upon (a) the resignation of the then current Depository or its successor from its functions as Depository, or (b) termination of the use of the Depository by direction of the City;

(3) To any Persons who are the assigns of the Depository or its nominee, upon (A) the resignation of the Depository from its functions as Depository hereunder or (B) termination by the City of use of the Depository.

If the use of the Book-Entry System is discontinued, then after the Trustee has made provision for notification of the beneficial owners of their book-entry interests in the Notes by appropriate notice to the then Depository, the City and the Trustee shall permit withdrawal of the Notes from the Depository, and authenticate and deliver Note certificates in fully registered form and in denominations authorized by this Article to the assignees of the Depository or its nominee. Such withdrawal, authentication and delivery shall be at the cost and expense (including costs of printing or otherwise preparing, and delivering, such replacement Note certificates) of the City.

Subject to any arrangements made by the Trustee with a Depository with respect to the Notes held in a Book-Entry System, which arrangements are hereby authorized subject to the approval of the City, principal of, premium, if any, and interest shall be payable on any Note as provided in this Agreement.

Section 2.8. Application of Proceeds. The proceeds received by the Trustee from the sale of the Series 20__ Notes shall forthwith be set aside by the Trustee in the following respective funds and accounts and in the following order of priority:

(a) The Trustee shall deposit the amount of \$_____ to the 20__ Costs of Issuance Fund; and

(b) The Trustee shall deposit the remainder of the proceeds in the amount of \$_____ to the Advance Account, of which:

(1) \$_____ shall be deposited into the Right-of-Way Acquisition Subaccount;

(2) \$_____ shall be deposited into the Light Rail Vehicle and Construction Subaccount; and

(3) \$_____ shall be deposited into the Interest Subaccount.

Section 2.9. Transfer and Exchange. So long as the Book-Entry System is in effect the Notes will be issued as a single Note for each maturity date of each series, registered in the name of the Depository or its nominee. If the Book-Entry System is no longer in effect, the following will apply:

(a) **Transfer of Notes.** Any Note may, in accordance with its terms, be transferred upon the books required to be kept pursuant to the provisions of Section 2.13 hereof by the person in whose name it is registered, in person or by his duly authorized attorney, upon

surrender of such Note for cancellation, accompanied by delivery of a written instrument of transfer in a form approved by the Trustee, duly executed. Whenever any Note or Notes shall be surrendered for transfer, the Trustee shall execute and deliver a new Note or Notes in fully registered form of the same series, maturity and interest rate and for a like aggregate principal amount.

(b) **Exchange of Notes.** Notes may be exchanged at the Designated Office of the Trustee for a like aggregate principal amount of Notes of authorized denominations of the same series, maturity and interest rate. In connection with any such exchange or transfer of Notes, the Owner requesting such exchange or transfer shall, as a condition precedent to the exercise of the privilege of making such exchange or transfer, remit to the Trustee an amount sufficient to pay any tax, or other governmental charge required to be paid, other than one imposed by the City (for which the City will reimburse the Trustee), or any fee or expense of the Trustee or the City with respect to such exchange or transfer.

(c) **Transfer of Notes Called for Redemption.** The Trustee may, but shall not be obligated to, exchange or register the transfer of an Notes (i) if the Note has been called, or selected for call, for redemption, in whole or in part, or (ii) during a period of fifteen (15) days preceding the giving of a notice of redemption. If a Note is transferred after having been called or selected for redemption, any notice of redemption which has been given to the transferor shall be binding on the transferee and a copy of the notice of redemption shall be delivered by the Trustee to the transferee along with the duly registered Note or Notes.

Section 2.10. Notes Mutilated, Lost, Destroyed or Stolen. If any Note shall become mutilated, the Trustee, at the expense of the Owner of said Note, shall execute and deliver a new Note of like series, tenor, maturity and amount in exchange and substitution for the Note so mutilated, but only upon surrender to the Trustee of the Note so mutilated. Any mutilated Note so surrendered to the Trustee shall be cancelled by it and redelivered to, or upon the order of, the Note Owner. If any Note shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Trustee, and, if such evidence is satisfactory to the Trustee and, if an indemnity satisfactory to the Trustee shall be given, the Trustee, at the expense of the Note Owner, shall execute and deliver a new Note of like series, tenor, maturity and amount and numbered as the Trustee shall determine in lieu of and in substitution for the Note so lost, destroyed or stolen. The Trustee may require payment of an appropriate fee for each new Note delivered under this Section 2.10 and of the expenses which may be incurred by the Trustee in carrying out the duties under this Section 2.10. Any Note issued under the provisions of this Section 2.10 in lieu of any Note alleged to be lost, destroyed or stolen shall be equally and proportionately entitled to the benefits of this Trust Agreement with all other Notes secured by this Trust Agreement. The Trustee shall not be required to treat both the original Note and any replacement Note as being Outstanding for the purpose of determining the principal amount of Notes which may be executed and delivered hereunder or for the purpose of determining any percentage of Notes Outstanding hereunder, but both the original and replacement Note shall be treated as one and the same. Notwithstanding any other provision of this Section 2.10, in lieu of delivering a new Note for a Note which has been mutilated, lost, destroyed or stolen, and which has matured, the Trustee may make payment with respect to such Note upon receipt of the aforementioned indemnity.

Section 2.11. Payment.

A. **Book-Entry System.** So long as the Book-Entry System is in effect interest payments and principal payments that are part of periodic principal and interest payments shall be paid to Cede & Co. or its registered assigns in same-day funds no later than the time established by DTC on each interest or principal payment date (or in accordance with then existing arrangements between the City and DTC).

B. **Without Book-Entry System.** If the Book-Entry System is no longer in effect, the following will apply:

(a) Payment of interest due with respect to any Obligation on any Interest Payment Date shall be made to the person appearing on the registration books of the Trustee as the Owner thereof as of the Record Date immediately preceding such Interest Payment Date, such interest to be paid by check mailed on the date due by first class mail to such Owner at his address as it appears on such registration books.

(b) The principal and redemption price, if any, with respect to the Notes shall be payable in lawful money of the United States of America upon surrender when due at the Designated Office of the Trustee.

(c) Interest and, if arrangements for surrender are made with the Trustee, principal and redemption price, if any, payable to any securities depository or to any Owner of \$1,000,000 or more in principal amount of Notes shall be paid by wire transfer in immediately available funds to an account in the United States if the Owner makes a written request of the Trustee at least twenty (20) days before the Interest Payment Date specifying the account address. The notice may provide that it shall remain in effect for subsequent payments until otherwise requested in a subsequent written notice.

(d) Any interest on any Note which is payable on, but is not punctually paid or duly provided for on, any Interest Payment Date (herein referred to as "Defaulted Interest") shall forthwith cease to be payable to the Owner on the relevant Record Date solely by virtue of such Owner having been such Owner. Such Defaulted Interest shall thereupon be paid, together with interest thereon at the same rate per annum as such Defaulted Interest, by the Trustee to the persons in whose names such Notes are registered at the close of business on a Special Record Date for the payment of such portion of Defaulted Interest as may then be paid from the sources herein provided. When the Trustee has funds available to pay the Defaulted Interest and interest thereon, the Trustee shall fix a Special Record Date for the payment of such Defaulted Interest and interest thereon which shall be not more than fifteen (15) nor less than ten (10) days prior to the date of the proposed payment by the Trustee. The Trustee shall promptly cause notice of the proposed payment of such Defaulted Interest and interest thereon and the Special Record Date therefor to be mailed, first class postage prepaid, to each Owner of a Note at his address as it appears in the Bond Register not less than ten (10) days prior to such Special Record Date. Notice of the proposed payment of such Defaulted Interest and interest thereon and the Special Record Date therefor having been mailed as aforesaid, such Defaulted Interest and interest thereon shall be paid to the persons in whose names the Note are registered on such Special Record Date.

Section 2.12. Execution of Documents and Proof of Ownership. Any request, direction, consent, revocation of consent, or other instrument in writing required or permitted by this Trust Agreement to be signed or executed by Note Owners may be in any number of concurrent instruments of similar tenor, and may be signed or executed by such Owners in person or by their attorneys or agents appointed by an instrument in writing for that purpose, or by any bank, trust company or other depository for such Notes. Proof of the execution of any such instrument, or of any instrument appointing any such attorney or agent, and of the ownership of Notes shall be sufficient for any purpose of this Trust Agreement (except as otherwise herein provided), if made in the following manner:

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

(b) The fact of the ownership of Notes by any person and the amount, the maturity and the numbers of such Notes and the date of his holding the same be proved on the registration books maintained pursuant to Section 2.12 hereof.

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

Section 2.13. Note Register. The Trustee will keep or cause to be kept, at its Designated Office, sufficient books for the registration and transfer of the Notes which shall at all times during regular business hours be open to inspection by the City and, upon presentation for such purpose, the Trustee shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on said books, Notes as hereinbefore provided.

Section 2.14. Special Agreement with Owners. Notwithstanding any provision of this Trust Agreement or of any Notes to the contrary, with the approval of the City (exclusive of any agreements with a Depository), the Trustee may enter into an agreement with any Owner providing for making all payments to that Owner of principal of, premium, if any, and interest on that Notes or any part thereof (other than any payment of the entire unpaid principal amount thereof) at a place and in a manner other than as provided in this Trust Agreement and in the Notes, without presentation or surrender of the Notes, upon any conditions which shall be satisfactory to the Trustee and the City; provided, that payment in any event shall be made to the Person in whose name a Notes shall be registered on the Register, with respect to payment of principal and premium, on the date such principal and premium is due, and, with respect to the payment of interest, as of the applicable Record Date or special record date, as the case may be.

Upon request, the Trustee will furnish a copy of each of those agreements to the City. Any payment of principal of, premium, if any, and interest on any Notes pursuant to such an agreement shall constitute payment thereof pursuant to, and for all purposes of, this Trust Agreement.

Section 2.15. Payment of Unclaimed Amounts. In the event any check for payment of interest on a Note is returned to the Trustee unendorsed or is not presented for payment within two (2) years (subject to applicable escheat law) from its payment date or any Note is not presented for payment of principal at the maturity or redemption date, if funds sufficient to pay such interest or principal due upon such Note shall have been made available to the Trustee for the benefit of the Owner thereof, it shall be the duty of the Trustee to hold such funds, without liability for interest thereon, for the benefit of the Owner of such note who shall thereafter be restricted exclusively to such funds for any claim of whatever nature relating to such Note or amounts due thereunder. The Trustee's obligation to hold such funds shall continue for two (2) years and six (6) months (subject to applicable escheat law) following the date on which such interest or principal payment became due, whether at maturity or the date fixed for redemption, or otherwise, at which time the Trustee shall surrender such unclaimed funds so held to the City, whereupon any claim of whatever nature by the Owner of such Note arising under such Note shall be made upon the City.

Section 2.16. Additional Notes and Parity Repayment Notes. The City may cause the Trustee or another trustee to execute and deliver Additional Notes secured as to Excise Taxes on parity with the Series 20__ Notes or Parity Repayment Notes, only pursuant to the terms and conditions of this Trust Agreement. Before the Trustee or other trustee shall authenticate and deliver any Additional Notes or Parity Repayment Notes, the Trustee shall receive the following items:

(a) A written order of the City as to the delivery of the Additional Notes or Parity Repayment Notes, signed by a City Representative.

(b) An opinion of Special Counsel to the effect that:

(1) the Additional Notes to be executed and delivered will be valid and legal special obligations in accordance with their terms and will be secured hereunder as to Excise Taxes equally and on a parity with all other Notes at the time Outstanding hereunder, and with respect to Parity Repayment Notes, will be secured hereunder as to Repayments, equally and on a parity with all other Parity Repayment Notes at the time Outstanding hereunder; and

(2) the execution and delivery of the Additional Notes or Parity Repayment Notes will not result in the interest of any Outstanding Notes becoming included in gross income for federal income tax purposes and that the execution and delivery of the Additional Notes will not result in the loss of exemption from the registration requirements under the Securities Act of 1933, as amended, of the Notes and this Trust Agreement.

(c) A duly executed counterpart of a new trust agreement or a supplement to this Trust Agreement providing terms and provisions of the Additional Notes or Parity Repayment Notes and the provisions for the execution and delivery of the Additional Notes or Parity Repayment Notes.

(d) A certificate of the City Representative to the effect that:

(1) the Excise Taxes received by the City in the next preceding Fiscal Year shall have amounted to at least two (2) times the highest combined Debt Service requirements for any succeeding Fiscal Year for amounts payable on any Outstanding Notes and Parity Obligations, including those so proposed to be secured by a pledge of the same Excise Taxes;

(2) if the Additional Notes are to be secured by the Repayments, that the proceeds of the Additional Notes will be used to make an Advance pursuant to the TPAA, to pay costs of issuance with respect to the Additional Notes or to refund prior Series 20__ Notes or Parity Repayment Notes; and

(3) if the City is issuing Additional Notes or Parity Repayment Notes, the additional projects qualify as a transportation project as defined in A.R.S. Sections 9-500.17 and 28-7691.

Execution and delivery of any Additional Notes or Parity Repayment Notes is conditioned on no Event of Default having occurred and continuing hereunder.

When (i) the documents listed above have been received by the Trustee, and (ii) the Additional Notes or Parity Repayment Notes have been executed, the Trustee shall deliver the Additional Notes or Parity Repayment Notes to or on the order of the purchaser thereof, but only upon payment to the Trustee of the specified amount set forth in the order to which reference is made in paragraph 1 above.

Section 2.17. Parity Obligations. So long as any of the Notes or Parity Obligations remain outstanding and the principal and interest thereon shall be unpaid or unprovided for, the City will not further encumber the Excise Taxes pledged under this Trust Agreement on a basis equal to the pledge hereunder unless the Excise Taxes received by the City in the next preceding Fiscal Year, as evidenced by a certificate of the Chief Financial Officer of the City, shall have amounted to at least two (2) times the highest combined Debt Service requirements for any succeeding Fiscal Year for amounts payable on any Outstanding Notes and any Parity Obligations, including those so proposed to be secured by a pledge of the same Excise Taxes. Subject to the foregoing, and to other terms and conditions set forth in this Trust Agreement, the City shall have the right to incur future obligations payable from and secured by the Excise Taxes on a parity with the Notes and the Existing Parity Obligations.

ARTICLE III

REDEMPTION OF OBLIGATIONS BEFORE MATURITY

Section 3.1. Optional Redemption. The Series 20__ Notes are subject to call for redemption prior to maturity, at the option of the City, in whole or in part, from maturities selected by the City, on July 1, 20__, or on any date thereafter, by the payment of a redemption price equal to the principal amount of each Series 20__ Note called for redemption plus accrued interest to the date fixed for redemption, but without premium.

Section 3.2. Selection of Notes for Redemption. The Notes shall be redeemed only in the principal amounts of \$5,000 each or integral multiples thereof. The City shall, at least forty-five (45) days prior to the redemption date in the case of the Notes subject to optional redemption, notify the Trustee of such redemption date and of the maturities of the Notes and the principal amount of the Notes of any such maturity to be redeemed on such date. For the purposes of any redemption of less than all of the Notes of a maturity, the particular Notes or portions of Notes of such maturity to be redeemed shall be selected through the procedures of the Depository or, if the Book-Entry System is not in effect, by the Trustee by lot not more than forty-five (45) nor less than thirty (30) days prior to the redemption date by such selection methods as the Trustee shall in its sole discretion deem appropriate and fair; provided, however, that such selection methods shall provide for the selection of Notes or portions thereof for redemption in principal amounts of \$5,000 or integral multiples thereof such that any \$5,000 Note or \$5,000 portion of a Note of such maturity shall be as likely to be called for redemption as any other such \$5,000 Note or \$5,000 portion thereof. The Trustee shall promptly notify the City in writing of the Notes so selected for redemption, and the City will provide the Trustee within thirty (30) days a recomputed debt service schedule.

Section 3.3. Notice of Redemption.

(a) The Trustee shall cause notice of any redemption of Notes hereunder, other than redemption at maturity, to be (A) sent to DTC, by the method required by DTC, or (B) if the Book-Entry System is discontinued, mailed to the Owners of all Notes to be redeemed at the registered addresses appearing in the Register kept for such purpose pursuant to Section 2.13 hereof; provided however, failure to deliver notice shall not affect the validity of the redemption of any other Note. Each such notice shall (1) be sent no more than sixty (60) nor fewer than thirty (30) calendar days prior to the redemption date, (2) identify the Notes to be redeemed (specifying the CUSIP numbers, if any, assigned to the Notes), (3) set forth the name, address and telephone number of the person from whom information pertaining to the redemption may be obtained, and (4) state that on the redemption date the Notes called for redemption will be payable at the Designated Office of the Trustee, that from that date interest will cease to accrue, that no representation is made as to the accuracy or correctness of the CUSIP numbers printed therein or on the Notes. No defect affecting any Note, whether in the notice of redemption or the delivery thereof (including any failure to mail such notice), shall affect the validity of the redemption proceedings for any other Notes.

(b) If at the time of mailing of notice of an optional redemption of Notes there has not been deposited with the Trustee or Depository Trustee in separate accounts by the City or Trustee moneys or Defeasance Obligations sufficient to redeem all Notes or portions thereof

called for such redemption and the requirements of (d) below are not satisfied, then such notice shall state that the redemption is conditional upon the deposit of moneys or Defeasance Obligations sufficient for the redemption with the Trustee and satisfaction of such requirements not later than the opening of business on the redemption date, and such notice will be of no effect and such Notes shall not be redeemed unless such moneys or Defeasance Obligations are so deposited and such requirements in (d) below are met.

(c) Any notice of redemption shall be mailed by first class mail, postage prepaid; provided that any notice of redemption given to any Depository or any Owner of \$1,000,000 or more in aggregate principal amount of Notes also shall be transmitted Electronically.

A certificate of the Trustee shall conclusively establish the mailing or delivery of any such notice for all purposes.

(d) Notice having been mailed in the manner provided in (b) above, the Notes and portions thereof called for redemption shall become due and payable on the redemption date, and upon presentation and surrender thereof at the place or places specified in that notice, shall be paid at the redemption price, plus interest accrued to the redemption date.

If the money or Defeasance Obligations for the redemption of all of the Notes and portions thereof to be redeemed, together with interest accrued thereon to the redemption date, is held by the Trustee or Depository Trustee or any Paying Agent on the redemption date, so as to be available therefor on that date, then, from and after the redemption date those Notes and portions thereof called for redemption shall cease to bear interest and no longer shall be considered to be Outstanding hereunder. If those moneys shall not be so available on the redemption date and held in separate accounts by the City or Trustee, those Notes and portions thereof shall continue to bear interest, until they are paid, at the same rate as they would have borne had they not been called for redemption.

All moneys deposited in the applicable Payment Fund and held by the Trustee or a Paying Agent for the redemption of particular Notes shall be held in trust for the account of the Owners thereof and shall be paid to them, respectively, upon presentation and surrender of those Notes.

Section 3.4. Partial Redemption of Note. Upon surrender of any Note redeemed in part only, the Trustee shall execute and deliver to the registered Owner thereof, at the expense of the City, a new Note or Notes of authorized denominations equal in aggregate principal amount to the unredeemed portion of the Note surrendered and of the same maturity.

ARTICLE IV

REVENUES AND FUNDS; PLEDGE

Section 4.1. Creation of the 20__ Payment Fund. There is hereby created and established with the Trustee a trust fund to be designated "Mesa 20__ TPAN Payment Fund" (hereinafter referred to as the "20__ Payment Fund"), which shall be used to pay when due the principal of, premium, if any, and interest on the Series 20__ Notes. Within the 20__ Payment Fund there is hereby created and established certain trust accounts, to be designated the "General Account," the "Excise Tax Account," and the "Transportation Project Repayment Account." Unless otherwise specified, all moneys received by the Trustee for deposit into the Payment Fund shall be credited to the General Account. Any reference herein to the "20__ Payment Fund" without further qualification or explanation shall, unless the context indicates otherwise, constitute a reference to the General Account.

Section 4.2. Payments into the 20__ Payment Fund. There shall be deposited into the 20__ Payment Fund from time to time the following:

(a) in the Transportation Project Repayment Account moneys received by the Trustee as Repayments;

(b) in the Excise Tax Account moneys received by the Trustee from the City for the payment of principal, interest and premium on the Notes; and

(c) in the General Account, all other moneys received by the Trustee under and pursuant to any of the provisions hereof which are required to be or which are accompanied by directions that such moneys are to be paid into the 20__ Payment Fund.

Section 4.3. Use of Moneys in the 20__ Payment Fund. Except as provided herein, moneys in the various accounts of the 20__ Payment Fund shall be used solely for the payment of the principal, premium, if any, and interest on the Series 20__ Notes and for the redemption of the Series 20__ Notes prior to maturity. The Trustee shall first use Repayments in the 20__ Payment Fund to pay the principal, premium, if any, and the interest on the Series 20__ Notes.

Section 4.4. Advance Account. The Trustee shall establish a special trust account designated as the "Mesa TPAN Advance Account" (hereinafter referred to as the "Advance Account"), which account shall be comprised of an Interest Subaccount, Right-of-Way Acquisition Subaccount, and Light Rail Vehicle and Construction Subaccount, which shall be used to fund the Project. The Trustee shall keep the Advance Account separate and apart from all other funds and moneys held by it; and shall administer the Advance Account as provided in this Trust Agreement. The City may request the withdrawal of funds from the Advance Account and subaccounts as necessary to pay the Project Costs.

Section 4.5. Purpose. Except as provided in Section 4.7, moneys in the Advance Account shall be expended only for the Advance.

Section 4.6. Payment of Advance.

(a) **Payment or Reimbursement.** The amount in the Advance Account and its respective subaccounts will be applied to the payment of the Advance, as hereinafter provided and as applicable, upon receipt of a duly executed Payment Request Form in substantially the form attached hereto as Exhibit B, certified to by the City Representative. The Trustee shall remit to the payee, as designated in the Payment Request Form, the amount requested to be paid in such Payment Request Form within three (3) Business Days following submission of such Payment Request Form. Notwithstanding the foregoing, the Trustee shall apply moneys on deposit in the Advance Account to reimburse the City for any Advance advanced by the City within three (3) Business Days of receipt of a duly executed Reimbursement Request Form in substantially the form attached hereto as Exhibit C, duly certified by the City Representative. [The City shall not submit, in the aggregate, more than four Payment Request Forms and/or Reimbursement Request Forms in any one calendar month.]

(b) **Payee.** The Advance will be paid directly to VMR or a party designated by the City to receive the Advance pursuant to the TPAA for VMR's benefit.

(c) **VMR to Complete the Project.** Pursuant to the TPAA and subject to the terms and conditions thereof, the City will pay the Advance to, or as directed by VMR, to provide the funds necessary for VMR to cause the Project to be completed. The Trustee shall bear no liability or responsibility for the acts or omissions of the City, Phoenix, VMR or MAG hereunder or under the TPAA, or in connection within the Project.

Section 4.7. Excess in the Advance Account. If, at any time, VMR notifies the City that no more advances are required for Completion of the Project, and the City determines, and notifies the Trustee, that no additions or modifications of the Project will be made which would require additional advances to be made, all remaining moneys, including any investment earnings on such moneys (hereinafter referred to as "Excess Proceeds") in the Advance Account shall be transferred to the 20__ Payment Fund and applied by the Trustee to pay any Notes Interest Obligation and if all such interest has been paid, upon written direction of the City, to such other account or fund established by VMR or the City for the construction of the Project. In the event all interest is paid and no written direction from the City is received, then the remaining Excess Proceeds shall be applied to the redemption of the Notes at the earliest practicable date.

Section 4.8. Nonpresentment of Notes. In the event any Note shall not be presented for payment when the principal thereof becomes due, either at maturity, or at the date fixed for redemption thereof, or otherwise, if moneys sufficient to pay any such Note shall have been deposited with the Trustee for the benefit of the Owner thereof, all liability of the City to the Owner thereof for the payment of such Note shall forthwith cease, determine and be completely discharged, and thereupon it shall be the duty of the Trustee to hold such funds, uninvested without liability for interest thereon, for the benefit of the Owner of such Note, which Owner shall thereafter be restricted exclusively to such funds for any claim of whatever nature on its part under this Trust Agreement with respect to such Note.

Any moneys so deposited with and held by the Trustee not so applied to the payment of Notes within two (2) years and six (6) months after the date on which the same shall have become due (subject to applicable escheatment laws) shall be repaid by the Trustee to the City upon written direction of a City Representative, and thereafter Owners of Notes shall be

entitled to look only to the City for payment, and then to the extent of the amount so repaid, and all liability of the Trustee with respect to such money shall thereupon cease, and the City shall not be liable for any interest thereon and shall not be regarded as a trustee of such money.

Section 4.9. Establishment and Application of 20__ Costs of Issuance Fund.

(a) **Establishment.** The Trustee shall establish a special trust fund designated as the "Mesa 20__ TPAN Costs of Issuance Fund" (hereinafter referred to as the "20__ Costs of Issuance Fund"), shall keep the 20__ Costs of Issuance Fund separate and apart from all other funds and moneys held by it, and shall administer the 20__ Costs of Issuance Fund as provided in this Article IV.

(b) **Disbursement.** Amounts in the 20__ Costs of Issuance Fund shall be disbursed for Issuance Costs. Disbursements from the 20__ Costs of Issuance Fund shall be made by the Trustee upon receipt of a certificate requesting disbursement executed or approved by the City Representative. Each such certificate shall set forth the amounts to be disbursed for payment, or reimbursement of previous payments, of 20__ Costs of Issuance and the person or persons to whom said amounts are to be disbursed.

(c) **Final Transfer and Closing.** On the earlier of _____ 1, 20__, or when all Issuance Costs associated with the Series 20__ Notes have been paid (as shown by a certificate of a City Representative, if requested by the Trustee), the Trustee shall transfer any amounts remaining in the 20__ Costs of Issuance Fund to the 20__ Payment Fund or as directed by the City, and the 20__ Costs of Issuance Fund shall be closed.

Section 4.10. Application of the Advance Account Investment Earnings. The Trustee shall transfer, on or before each Payment Date, any investment earnings on the moneys on hand in the Advance Account (i) to the Advance Account to be used for the Advance or (ii) if directed by the City Representative, to the 20__ Payment Fund.

Section 4.11. City to Pay Deficiency. Should any shortfall or deficiency occur in either the 20__ Costs of Issuance Fund or the Advance Account, the City shall pay such amounts to the Trustee.

Section 4.12. Payments by the City. The City shall be required to make payments of principal, interest and premium on the Series 20__ Notes when due solely from the Excise Taxes or amounts held by the Trustee hereunder. The Trustee, not less than ten (10) Business Days prior to each date on which any such payments are due, shall notify the City of the amount required to be paid after taking into account interest earnings which will be transferred to the 20__ Payment Fund in accordance herewith, on or before such date.

Section 4.13. 20__ Rebate Fund. There is hereby created and ordered maintained as a separate deposit account in the custody of the Trustee a fund to be designated as the "Mesa 20__ TPAN Rebate Fund" (hereinafter referred to as the "20__ Rebate Fund"). Money and investments in the 20__ Rebate Fund shall not be used for the payment of debt service on the Notes and any provision hereof to the contrary notwithstanding, amounts credited to the 20__ Rebate Fund shall be free and clear of any lien hereunder. Moneys and investments in the 20__

Rebate Fund are not included within the trust estate executed in the granting clauses hereof and shall be invested pursuant to the procedures and in the manner provided for investment of moneys in the Funds.

Unless otherwise provided in Subsequent Rebate Instructions (defined below), promptly after the end of every fifth Fiscal Year and promptly after the payment in full of all Outstanding Notes, the City shall engage, and furnish information to, the Rebate Consultant to calculate the Rebate Amount as of the end of every fifth Fiscal Year or the date of such payment in full and shall provide to the Trustee copies of such calculations. Upon the occurrence of an Event of Default and at the request of the Trustee, the Rebate Consultant shall calculate the Rebate Amount as of the date requested by the Trustee and provide such calculation to the Trustee on or before the date so requested. Whenever there is a rebate calculation and the Rebate Consultant provides the calculation to the Trustee, the Trustee shall then notify the City Representative in writing of the amount then on deposit in the applicable account in the 20__ Rebate Fund.

If the Rebate Consultant fails to make the calculation of Rebate Amount by the thirtieth (30th) day after the end of every fifth Fiscal Year or the date of payment in full of the Notes, the Trustee shall retain an independent certified public accounting firm or other qualified independent person, at the expense of the City, to make or cause to be made such calculation and shall provide copies of such calculations to the City.

The City is obligated to pay the Rebate Amount to the Trustee which will be deposited by the Trustee into the 20__ Rebate Fund. If the amount then on deposit in the 20__ Rebate Fund is in excess of the Rebate Amount as computed by the Rebate Consultant, the Trustee shall forthwith pay that excess amount to the City. If the amount then on deposit in the 20__ Rebate Fund is less than the Rebate Amount (computed by taking into account the amount or amounts, if any, previously paid to the United States pursuant to this Section), the City shall, within five (5) days after receipt of the aforesaid notice from the Trustee, pay to the Trustee from Excise Taxes or other funds legally available therefor, for deposit in the 20__ Rebate Fund an amount sufficient to cause the 20__ Rebate Fund to contain an amount equal to the Rebate Amount.

If at any time the Trustee is required to retain or pay a Rebate Consultant, then the Trustee, after delivering to the City a demand for payment of an amount sufficient to pay the Rebate Consultant, shall withdraw from any fund established hereunder, such amount as may be needed to pay the Rebate Consultant. If at any time when the Trustee is required to withdraw money from the 20__ Rebate Fund to make a payment to the United States of America the amount held by the Trustee in the 20__ Rebate Fund is insufficient to permit such withdrawal and payment, then the Trustee, after delivering a demand for such deficiency to the City, shall withdraw from any fund established hereunder and transfer the amount so withdrawn in each case to the 20__ Rebate Fund in such amounts as may be to make the amount in the 20__ Rebate Fund, after such transfers, equal to the amount required to be withdrawn and paid to the United States of America.

This Section shall supersede all other sections of this Trust Agreement, to the end that the interest on the Notes shall not be included in gross income for federal income tax purposes as a result of the inadequacy at any time of the 20__ Rebate Fund, unless the total amount held by

the Trustee in all Funds established hereunder is insufficient, and no money for such purpose is provided by City.

Within sixty (60) days after the end of the fifth Fiscal Year and every fifth succeeding Fiscal Year thereafter, the Trustee, acting on behalf of the City, shall pay to the United States in accordance with Section 148(f) of the Code from the moneys then on deposit in the 20__ Rebate Fund an amount equal to 90% (or such greater percentage not in excess of 100% as the City may direct the Trustee to pay) of the Rebate Amount (such Rebate Amount to be notified to the Trustee by the City or the Rebate Consultant) earned from the date of the original delivery of the Notes to the end of such fifth Fiscal Year including income attributable to Rebate Amount during the final payment period (as defined in applicable Regulations under the Code).

Within sixty (60) days after the payment in full of all Outstanding Notes, the Trustee shall pay to the United States in accordance with Section 148(f) of the Code from the moneys then on deposit in the Rebate Fund an amount equal to 100% of the Rebate Amount earned from the date of the original delivery of the Notes to the date of such payment. Any moneys remaining in the 20__ Rebate Fund following such payment shall be paid to the City.

The City and the Trustee shall comply with any written instructions relating to this Section 4.13 furnished after the issuance of the Notes from the City and accompanied by an opinion of nationally recognized bond counsel addressed to the City and the Trustee to the effect that compliance with such instructions will not adversely affect any exclusion of interest on any of the Notes from gross income for federal income tax purposes (the "Subsequent Rebate Instructions"), even if such Instructions are different from or inconsistent with this Section. The City and the Trustee shall be entitled to rely conclusively on the calculations made pursuant to this Section and any Subsequent Rebate Instructions and shall not be responsible for any loss or damage resulting from any action taken or omitted to be taken in reliance upon those calculations.

The Trustee shall obtain and keep records of the computations made pursuant to this Section and all original source documents and other information necessary to, or from, such computations for a period ending six years after the last of the Notes is retired, or such later date as required by its policies and procedures.

The Trustee shall keep and make available to the City such records concerning the investments of the gross proceeds of the Notes and the investments of earnings from those investments as may be required by the Rebate Consultant in order to enable the Rebate Consultant to make the aforesaid computations as are required under Section 148(f) of the Code. The City shall obtain and keep such records of the computations made pursuant to this Section as are required under Section 148(f) of the Code.

The Trustee shall establish in the Rebate Fund and any other Fund such accounts and subaccounts as it is instructed by the City in order to assist it in determining applicable accounting for tax purposes and recordkeeping activities in connection therewith.

All computations and determinations pursuant to this Section shall be made in accordance with Section 148(f) of the Code.

Section 4.14. Pledge of Excise Taxes. The Notes are payable from a pledge of, and secured by a lien on, the Excise Taxes as may be necessary for its prompt and punctual payment on parity with the pledge of Excise Taxes to the payments due on any Parity Obligations as provided herein. Said pledge of, and said lien on, the Excise Taxes is hereby irrevocably made and created by the City for the prompt and punctual payment of principal and interest due on the Series 20__ Notes according to their terms. None of the Notes or the Parity Obligations shall be entitled to priority or distinction one over the other in the application of the Excise Taxes hereby pledged to the payment thereof, regardless of the issue of the Notes or the Parity Obligations in series, or the delivery of any of the Notes or the Parity Obligations prior to the delivery of any other of the Notes or the Parity Obligations of said series, or regardless of the time or times the Notes or the Parity Obligations mature or are called for redemption prior to maturity or otherwise. All of the Notes and the Parity Obligations are co-equal as to the pledge of and lien on the Excise Taxes pledged for the payment thereof and share ratably, without preference, priority or distinction, as to the source or method of payment from Excise Taxes or security therefor.

Section 4.15. Protection of Lien on Excise Taxes. The Trustee and the City will not make or create or suffer to be made or created any assignment or lien having priority or preference over the assignment and lien hereof upon the interests in the Excise Taxes granted hereby or any part thereof. The Trustee and the City will not issue any obligations the payment of which is secured by an equal claim on or interest in Excise Taxes pledged hereunder except in accordance with Sections 2.16 or 2.17 of this Trust Agreement. No Subordinate Obligation may be accelerated so long as any Note or Parity Obligation is Outstanding.

Section 4.16 Existing Parity Pledge. The pledge of Excise Taxes under this Trust Agreement is on a parity with the pledge of the Excise Taxes to payment due on or with respect to the Existing Parity Obligations.

Section 4.17 City to Maintain Two Times Debt Service. Pursuant to this Trust Agreement, and to the extent permitted by law, Excise Taxes must be retained and maintained by the City so that the combined amount of Excise Taxes in any Fiscal Year of the City will be equal to at least two (2) times the total of all Debt Service requirements of the Notes and Parity Obligations payable during such Fiscal Year. If receipts from Excise Taxes for the preceding Fiscal Year shall not equal at least two (2) times the Debt Service requirements of the Notes and Parity Obligations payable for the current Fiscal Year, the City will promptly impose new taxes of the type included within the definition of "Excise Taxes" or other City taxes or fees, or increase the rates for the Excise Taxes currently imposed in order that (i) the current receipts will be sufficient to meet all such requirements under the Trust Agreement, and (ii) the current year's receipts will be reasonably calculated to attain the level as required above for the succeeding Fiscal Year's Debt Service requirements of the Notes and Parity Obligations.

Section 4.18. Surplus and Deficiency of Excise Taxes. Subject to the right with respect to the Excise Taxes of the owners of any obligations hereafter issued on a parity herewith with respect to the Excise Taxes, all Excise Taxes in excess of amounts, if any, required to be deposited with or held by Trustee for payments due under this Trust Agreement shall constitute surplus revenues and may be used by the City for any lawful purpose for the benefit of the City, including the payment of Subordinate Obligations to which such Excise Taxes may from time to time be pledged. If at any time the moneys in the funds and accounts held for payment of

amounts due under this Trust Agreement are not sufficient to make the deposits and transfers required, any such deficiency shall be made up from the first Excise Taxes thereafter received and available for such transfers under the terms of this Trust Agreement and, with respect to payment from Excise Taxes, pro rata, as applicable, with amounts due with respect to Parity Obligations, and the transfer of any such sum or sums to said fund or account as may be necessary to make up any such deficiency shall be in addition to the then current transfers required to be made pursuant to this Trust Agreement.

Section 4.19. Assignment and Pledge of the TPAA and Repayments. The City hereby further pledges to the payment of the principal amount of the Series 20__ Notes and of any Parity Repayment Notes issued to fund an Advance, when due, the Repayments if, as and when received from Phoenix. Said pledge of and said lien on the Repayments is hereby irrevocably made and created for the prompt and punctual application to payment of the principal amount of the Series 20__ Notes and of any Parity Repayment Notes according to the terms of this Trust Agreement. All Series 20__ Notes and any Parity Repayment Notes are co-equal as to the pledge of and lien on the Repayments pledged for the payment thereof and share ratably without preference, priority or distinction as to the source or method of payment from Repayments or security therefor. The City assigns and pledges to the Trustee, for the benefit of the owners of the Series 20__ Notes and any Parity Repayment Notes, all of the City's rights to receive Repayments. The City shall direct Phoenix to make Repayments directly to the Trustee or as otherwise provided in the Trust Agreement.

Amounts received as Repayments by the Trustee shall be held in trust in the Transportation Project Repayment Account of the 20__ Payment Fund and used to pay the principal amount necessary to redeem Series 20__ Notes and any Parity Repayment Notes pursuant to the provisions for optional redemption under the Trust Agreement on the first date for which notice of redemption may be properly given. Repayments received shall be applied to the principal amount of Series 20__ Notes and any Parity Repayment Notes in the order in which the Series 20__ Notes and Parity Repayment Notes were issued.

Section 4.20. Protection of Lien on Repayments; Parity Repayment Notes. The Trustee and the City will not make or create or suffer to be made or created any assignment or lien having priority or preference over the assignment and lien hereof upon the interests in the Repayments granted hereby or any part thereof. The Trustee and the City will not issue any obligations the payment of which is secured by an equal claim on or interest in the Repayments pledged hereunder except in lieu of, or upon transfer of registration or exchange of, any Series 20__ Notes as provided herein and except for Parity Repayment Notes. The City reserves the right to issue Parity Repayment Notes secured on a parity with the Series 20__ Notes and all Parity Obligations with respect to the lien of Excise Taxes and secured also by the Repayments, for the purpose of funding additional Advances or to refund outstanding Series 20__ Notes or Parity Repayment Notes, and to pay the costs of issuance with respect to such Parity Repayment Notes; but no such additional Parity Repayment Notes shall be issued unless all of the conditions set forth in Section 2.16 are met.

Section 4.21. Limited City Liability. The City's obligation to make payments of any amounts due hereunder, including amounts due after default or termination hereof, is limited to payment from the Excise Taxes and the Repayments and shall in no circumstances

constitute a general obligation of, or a pledge of the full faith and credit of, the City, the State, or any of its political subdivisions, or require the levy of, or be payable from the proceeds of, any ad valorem taxes.

ARTICLE V

MONEYS IN FUNDS; INVESTMENT

Section 5.1. Held in Trust. Except or otherwise provided herein, moneys and investments held by the Trustee under this Trust Agreement are irrevocably held in trust for the benefit of the Owners of the Notes, and for the purposes herein specified, and such moneys, and any income or interest earned thereon, shall be expended only as provided in this Trust Agreement, and shall not be subject to levy or attachment or lien by or for the benefit of any creditor of the City, the Trustee or any Owner of Notes.

Section 5.2. Investments Authorized. Upon written order of the City Representative, moneys held by the Trustee hereunder shall be invested and reinvested by the Trustee, to the maximum extent practicable in Permitted Investments. The City Representative shall direct such investment in specific Permitted Investments; provided, however, that in the event the City does not direct such investment in specific Permitted Investments, the Trustee may invest the moneys held by the Trustee in any of the Permitted Investments. Such investments, if registerable, shall be registered in the name of the Trustee and shall be held by the Trustee. The Trustee may purchase from or sell to, itself or any affiliate, as principal or agent, investments authorized by this Section 5.2. Such investments and reinvestments shall be made giving full consideration to the time at which funds are required to be available. The Trustee may act as purchaser or agent in the making or disposing of any investment. The Trustee shall not invest any cash held by it hereunder in the absence of timely and specific written direction from the City. In no event shall the Trustee be liable for the selection of investments. The Trustee may conclusively rely upon such written direction from the City as to both the suitability and legality of the directed investments. The City acknowledges that regulations of the Comptroller of the Currency grant the City the right to receive brokerage confirmations of the security transactions as they occur, at no additional cost. To the extent permitted by law, the City specifically waives compliance with 12 C.F.R. 12 and hereby notifies the Trustee that no brokerage confirmations need be sent relating to the security transactions as they occur.

Section 5.3. Accounting. The Trustee shall furnish to the City, not less than semiannually, an accounting (which may be in the form of its customary statement) of all investments made by the Trustee. The Trustee shall not be responsible or liable for any loss suffered in connection with any investment of funds made by it in accordance with Section 5.2 hereof.

Section 5.4. Allocation of Earnings. Except as otherwise provided herein, any income, profit or loss on such investments shall be deposited in or charged to the respective funds from which such investments were made, and any interest on any deposit of funds shall be deposited in the fund from which such deposit was made. At the direction of the City, any such income, profit or interest shall be transferred to the 20__ Rebate Fund.

Section 5.5. Valuation and Disposition of Investments. For the purpose of determining the amount in any fund, all Permitted Investments credited to such fund shall be valued at Market Value. The Trustee may sell at the price obtainable, or present for redemption, any Permitted Investment so purchased by the Trustee whenever it shall be necessary in order to

provide moneys to meet any required payment, transfer, withdrawal or disbursement from the fund to which such Permitted Investment is credited, and the Trustee shall not be liable or responsible for any loss resulting from such investment.

Section 5.6. Arbitrage Covenant. The City hereby covenants with the Owners of the Notes that it will make no use of the proceeds of the Notes or other moneys which would cause the obligations of the City to be "arbitrage bonds" subject to federal income taxation by reason of Section 148 of the Code.

Section 5.7. Tax Covenants for the Notes. In consideration of the purchase by the Owners, from time to time, and in consideration of retaining the exclusion of interest income from gross income on the Notes for federal income tax purposes, the City covenants with the Trustee and the Owners from time to time to neither take nor fail to take any action, which action or failure to act is within its power and authority and would result in interest income on the Notes to become subject to inclusion in gross income for federal income tax purposes under such laws as they may be modified or amended or tax laws later adopted.

The City agrees that it will comply with such requirement(s) and will take any such action(s) as are necessary to prevent interest income on the Notes from becoming subject to inclusion in gross income for federal income tax purposes. Such requirements may include but are not limited to making further specific covenants; making truthful certifications and representations and giving necessary assurances; complying with all representations, covenants and assurances contained in certificates or agreements to be prepared by bond counsel; to pay to the United States of America any required amounts representing rebates of arbitrage profits relating to the Notes, filing forms, statements and supporting documents as may be required under the federal tax laws; limiting the term of and yield on investments made with moneys relating to the Notes; and limiting the use of the proceeds of the Notes and property financed thereby. Without limiting the generality of the foregoing, the City shall comply with the requirements of the Tax Certificate, if any, delivered in connection with the issuance of each series of Notes that is issued or incurred as a tax-exemption obligation.

ARTICLE VI

EVENTS OF DEFAULT AND REMEDIES OF NOTE OWNERS

Section 6.1. Seller's Rights Held in Trust. As provided herein, the Trustee holds in trust hereunder all of its rights as assignee of the City in and to the TPAA, including without limitation all of its rights to exercise such rights and remedies conferred on it pursuant hereto as may be necessary or convenient to collect the Repayments and any amounts required to be deposited by the City in the 20__ Payment Fund and enforcement of the pledge of the Excise Taxes for the payment of the Notes.

Section 6.2. Events of Default; Remedies Upon Default; No Acceleration.

(a) **Breach.** Upon:

(i) the nonpayment of the whole or any part of any principal, interest or premium of the Notes at the time when the same is to be paid as provided herein,

(ii) the violation by the City of any other covenant or provision of the TPAA or this Trust Agreement,

(iii) the nonpayment of installment payments under any other Parity Obligations, or the occurrence of an event of default with respect to any other Parity Obligations, or

(iv) the insolvency or bankruptcy of the City as the same may be defined under any law of the United States of America or the State, or any voluntary or involuntary action of the City or others to take advantage of, or to impose, as the case may be, any law for the relief of debtors or creditors, including a petition for reorganization,

then in each such case, an "Event of Default" shall have occurred under this Trust Agreement.

(b) **Opportunity to Cure.** If such Event of Default has not been cured:

(i) in the case of nonpayment of any principal, interest or premium due hereunder or the nonpayment of installment payments under any other Parity Obligations, on their respective due dates,

(ii) in the case of the breach of any other covenant or provision of this Trust Agreement or the TPAA within sixty (60) days after notice in writing from the Trustee specifying such default, and

(iii) with respect to any other default with respect to Parity Obligations other than the Notes, upon the giving of applicable notice and passage of time required thereunder.

(c) **Remedies.** Then the Trustee may:

(i) take whatever action at law or in equity may appear necessary or desirable to collect the amounts payable by the City hereunder or due the City under the TPAA and assigned to the Trustee, then due and thereafter to become due, or to enforce performance and observance of any pledge, obligation, agreement, or covenant of the City under this Trust Agreement or the TPAA,

(ii) upon the bringing of a suit to collect amounts in default, may as a matter of right, without notice and without giving bond to the City or anyone claiming under the City, have a receiver appointed of all the Excise Taxes and the Repayments which are so pledged for the payment of amounts due hereunder, with such powers as the court making such appointment shall confer; and the City does hereby irrevocably consent to such appointment, or

(iii) pursue any other remedy at law or in equity, including the remedy of specific performance.

Section 6.3. Application of Funds. Proceeds from the exercise of any other remedies hereunder or under the TPAA after payment or reimbursement of the reasonable fees and expenses of the Trustee in connection therewith, including reasonable attorneys' fees and expenses, shall be applied as follows:

(a) **Order of Payment.** Subject to (b) below:

First: To the payment to the persons entitled thereto of all installments of interest then due on Notes in the order of the maturity of such installments, and, if the amount available shall not be sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon to the persons entitled thereto, without any discrimination or preference; and

Second: To the payment to the persons entitled thereto of the unpaid principal installments of any Notes which shall have become due, whether at maturity or by call for redemption, in the order of their due dates, and if the amounts available shall not be sufficient to pay in full all Notes due on any date, then to the payment thereof ratably, according to the amounts of principal installments due on such date, to the persons entitled thereto, without any discrimination or preference.

(b) **Default Payment Date.** Whenever moneys are to be applied pursuant to this Section 6.3, the Trustee shall fix the date (which shall be the first of a month unless the Trustee shall deem another date more suitable) upon which such application is to be made, and upon such date interest on the amounts of principal paid on such date shall cease to accrue. The Trustee shall give or cause to be given notice of such payment, by first-class mail, to the Owners of Notes at least eight (8) days before such date. If the Book-Entry System is not in effect, the Trustee shall not be required to make payment to the Owner of any Note until such Note shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid. Any surplus thereof shall be paid to the City as directed by the City Representative.

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

Section 6.4. Institution of Legal Proceedings. If one or more Events of Default shall happen and be continuing, the Trustee in its discretion may, and upon the written request of the Owners of a majority in aggregate principal amount of the Notes then Outstanding, and upon being indemnified to its satisfaction therefor, shall, proceed to protect or enforce its rights or the rights of the Owners of Notes by a suit in equity or action at law for the specific performance of any covenant or agreement contained herein.

Section 6.5. Non-waiver. Nothing in this Article VI or in any other provision of this Trust Agreement or in the Notes, shall affect or impair the obligation of the City to pay the amounts due hereunder, or affect or impair the right of action, which is absolute and unconditional, of the Note Owners to institute suit to enforce and collect such payment. No delay or omission of the Trustee or of any Owner of any of the Notes to exercise any right or power arising upon the happening of any Event of Default shall impair any such right or power or shall be construed to be a waiver of any such Event of Default or an acquiescence therein, and every power and remedy given by this Article VI to the Trustee or the Owners of Notes may be exercised from time to time and as often as shall be deemed expedient by the Trustee or the Note Owners.

Section 6.6. Power of Trustee to Control Proceedings. In the event that the Trustee, upon the happening of an Event of Default, shall have taken any action, by judicial proceedings or otherwise, pursuant to its duties hereunder, whether upon its own discretion or upon the request of the Owners of a majority in aggregate principal amount of the Notes then Outstanding, it shall have full power, in the exercise of its discretion for the best interests of the Owners of the Notes, with respect to the continuance, discontinuance, withdrawal, compromise, settlement or other disposal of such action; provided, however, that the Trustee shall not discontinue, withdraw, compromise or settle, or otherwise dispose of any litigation pending at law or in equity, without the consent of a majority in aggregate principal amount of the Notes Outstanding. Nothing herein shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Owner any plan of reorganization, arrangement, adjustment, or composition affecting the Notes or the rights of any Owner thereof, or to authorize the Trustee to vote in respect of the claim of any Owner in any such proceeding without the approval of the Owners so affected.

Section 6.7. Limitation on Note Owners' Right to Sue. No Owner of any Note issued hereunder shall have the right to institute any suit, action or proceeding at law or in equity, for any remedy under or upon this Trust Agreement, unless (a) such Owner shall have previously given to the Trustee written notice of the occurrence of an Event of Default hereunder; (b) the Owners of at least a majority in aggregate principal amount of all the Notes then Outstanding shall have made written request upon the Trustee to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name; (c) said Owners shall have tendered to the Trustee satisfactory indemnity against the costs, expenses, and liabilities to be incurred in compliance with such request; and (d) the Trustee shall have refused or omitted to

comply with such request for a period of sixty (60) days after such written request shall have been received by, and said tender of indemnity shall have been made to, the Trustee.

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

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

ARTICLE VII

TRUSTEE

Section 7.1. Appointment of Trustee. _____ is hereby appointed Trustee by the City for the purpose of receiving all moneys required to be deposited with the Trustee hereunder and to allocate, use and apply the same as provided in this Trust Agreement. The City covenants that it will maintain as Trustee a bank with trust powers or trust company with a combined capital (exclusive of borrowed capital) and surplus of at least Fifty Million Dollars (\$50,000,000), and subject to supervision or examination by federal or State authority, so long as any Notes are Outstanding. If such bank or trust company publishes a report of condition at least annually pursuant to law or to the requirements of any supervising or examining authority above referred to then for the purpose of this Section 7.1 the combined capital and surplus of such bank or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

The Trustee is hereby authorized to redeem the Notes when duly presented for payment at maturity and to cancel all Notes upon payment thereof. The Trustee shall permanently keep accurate records of all funds administered by it and of all Notes paid and discharged.

Section 7.2. Liability of Trustee; Standard of Care. The recitals of facts, covenants and agreements herein and in the Notes contained shall be taken as statements, covenants and agreements of the City, and the Trustee assumes no responsibility for the correctness of the same, or makes any representations as to the validity or sufficiency of this Trust Agreement or of the Notes or shall incur any responsibility in respect thereof, other than in connection with the duties or obligations herein or in the Notes assigned to or imposed upon them, respectively. Prior to the occurrence of an Event of Default hereunder, or after the timely cure of an Event of Default, the Trustee shall perform only such duties as are specifically set forth in this Trust Agreement and no implied covenants or obligations should be read into this Trust Agreement against the Trustee. After the occurrence of an Event of Default, the Trustee shall exercise such of the rights and powers vested in it, and use the same degree of care and skill in such exercise, as a prudent indenture trustee would exercise under the circumstances in the conduct of the Trustee's corporate trust business.

Section 7.3. Merger or Consolidation. Any bank or company into which the Trustee may be merged or converted or with which it may be consolidated or any bank or company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the Trustee may sell or transfer all or substantially all of its corporate trust business, provided that such bank or company shall be eligible under Section 7.1 hereof, shall be the successor to the Trustee without the execution or filing of any paper or further act, anything herein to the contrary notwithstanding.

Section 7.4. Protection and Rights of the Trustee. The Trustee shall be fully protected and shall incur no liability in acting or proceeding in good faith upon any resolution, notice, telegram, request, consent, waiver, certificates, statements, affidavit, voucher, bond, requisition or other paper or document which it shall in good faith believe to be genuine and to have been passed or signed by the proper board or person or to have been prepared and furnished pursuant to any of the provisions of this Trust Agreement, and the Trustee shall be under

no duty to make any investigation or inquiry as to any statements contained or matters referred to in any such instrument, but may accept and rely upon the same as conclusive evidence of the truth and accuracy of such statements. The Trustee shall not be bound to recognize any person as an Owner of any Note or to take any action at his request unless such Note shall be deposited with the Trustee and satisfactory evidence of the ownership of such Note shall be furnished to the Trustee. The Trustee may consult with counsel, who may be counsel to the City, with regard to legal questions and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith in accordance therewith.

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

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

The recitals, statements and representations by the City contained in this Trust Agreement or in the Notes shall be taken and construed as made by and on the part of the City and not by the Trustee, and the Trustee does not assume, and shall not have, any responsibility or obligation for the correctness of any thereof.

The Trustee may execute any of the trusts or powers hereof and perform the duties required of it hereunder by or through attorneys, agents, or receivers, and shall be entitled to advice of counsel concerning all matters of trust and its duty hereunder, and the Trustee shall not be answerable for the default or misconduct of any such attorney, agent, or receiver selected by it with reasonable care. The Trustee shall not be answerable for the exercise of any discretion or power under this Trust Agreement or for anything whatever in connection with the funds and accounts established hereunder, except only for its own willful misconduct or gross negligence.

No provision in this Trust Agreement shall require the Trustee to risk or expend its own funds or otherwise incur any financial liability (including, without limitation, any and all environmental liability) in the performance of any of its duties hereunder or of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or indemnity satisfactory to it against such risk or liability is not reasonably assured to it.

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

The Trustee makes no representation or warranty, express or implied, as to the title, value, design, compliance with specifications or legal requirements, quality, durability, operation, condition, merchantability or fitness for any particular purpose or fitness for the use contemplated by the City of the Project. In no event shall the Trustee be liable for incidental, indirect, special or consequential damages in connection with or arising from this Trust Agreement, including for the existence, furnishing or use of the Project.

Notwithstanding any provision in this Trust Agreement or the TPAA to the contrary, the Trustee shall not be required to take notice or be deemed to have notice of an Event of Default, except an Event of Default under Section 6.2(a)(i) hereof, unless a Responsible Officer of the Trustee has actual notice thereof or is specifically notified in writing of such default by the City or the Owners of at least twenty-five percent (25%) in aggregate principal amount of the Notes then Outstanding.

The permissive right of the Trustee to do things enumerated in this Trust Agreement shall not be construed as a duty and the Trustee shall not be answerable for other than its gross negligence or willful misconduct.

The Trustee shall have no responsibility or liability with respect to any information, statements or recitals in any offering memorandum or other disclosure material prepared or distributed with respect to the issuance of these Notes. The permissive right of the Trustee to do things enumerated in this Trust Agreement shall not be construed as a duty and the Trustee shall not be answerable for other than its negligence or willful default. The Trustee shall not be required to give any bond or surety in respect of the execution of the said trusts and powers or otherwise in respect of the premises. The Trustee shall not be liable to the parties hereto or deemed in breach or default hereunder if and to the extent its performance hereunder is prevented by reason of force majeure. The term "force majeure" means an occurrence that is beyond the control of the Trustee and could not have been avoided by exercising due care. Force majeure shall include acts of God, terrorism, war, riots, strikes, fire, floods, earthquakes, epidemics or other similar occurrences.

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

Before taking any action under this Trust Agreement relating to an Event of Default or in connection with its duties under this Trust Agreement other than making payments of principal and interest on the Notes as they become due, the Trustee may require that a satisfactory indemnity bond be furnished for the reimbursement of all expenses to which it may be put and to protect it against all liability, including, but not limited to, any liability arising directly or indirectly under any federal, state or local statute, rule, law or ordinance related to the protection of the environment or hazardous substances and except liability which is adjudicated to have resulted from its negligence or willful misconduct in connection with any action so taken.

The Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, entitlement order, approval or other paper or document.

The Trustee agrees to accept and act upon instructions or directions pursuant to this Agreement sent by unsecured e-mail, facsimile transmission or other similar unsecured electronic methods, provided, however, that, the Trustee shall have received an incumbency certificate listing persons designated to give such instructions or directions and containing specimen signatures of such designated persons, which such incumbency certificate shall be amended and replaced whenever a person is to be added or deleted from the listing. If the City elects to give the Trustee e-mail or facsimile instructions (or instructions by a similar electronic method) and the Trustee in its discretion elects to act upon such instructions, the Trustee's understanding of such instructions shall be deemed controlling. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such instructions notwithstanding such instructions conflict or are inconsistent with a subsequent written instruction. The City agrees to assume all risks arising out of the use of such electronic methods to submit instructions and directions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized instructions, and the risk of interception and misuse by third parties.

Section 7.5. Compensation of Trustee. The City shall from time to time, as agreed upon between the City and the Trustee, pay to the Trustee reasonable compensation for its services, including an hourly rate based fee after an Event of Default, and shall reimburse the Trustee for all its advances and expenditures, including but not limited to advances to, and reasonable fees and expenses of, independent appraisers, accountants, consultants, counsel, agents and attorneys-at-law or other experts employed by it in the exercise and performance of its powers and duties hereunder. When the Trustee incurs expenses or renders services after the occurrence of an Event of Default, such expenses and the compensation for such services are intended to constitute expenses of administration under any federal or state bankruptcy, insolvency, arrangement, moratorium, reorganization or other debtor relief law.

Section 7.6. Removal or Resignation of Trustee. The City (but only if no Event of Default has occurred and is continuing), or the Owners of a majority in aggregate principal amount of all Notes Outstanding, by written directive given to the Trustee, at any time and for any reason, may remove the Trustee and any successor thereto, but any such successor shall be a bank with trust powers or trust company having a combined capital (exclusive of borrowed capital) and surplus of at least Fifty Million Dollars (\$50,000,000) and subject to supervision or examination by federal or State authority. If such bank or trust company publishes a report of condition at least annually, pursuant to law or the requirements of any supervising or examining authority above referred to, then, for the purposes of this Section 7.6, the combined capital and surplus of such bank or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

The Trustee may at any time give written notice to the City of its resignation. Upon receiving such notice of resignation, the City shall promptly appoint a successor trustee by an instrument in writing; provided, however, that in the event that the City does not appoint a successor trustee within thirty (30) days following sending notice of removal or its receipt of such notice of resignation, the removed or resigning Trustee may petition the appropriate court having

jurisdiction to appoint a successor trustee. Any resignation or removal of the Trustee and appointment of a successor trustee shall become effective upon acceptance of appointment by the successor trustee. Trustee and City shall execute any documents reasonably required to effect the transfer of rights and obligations of the Trustee to the successor trustee, subject, however, to the terms and conditions herein set forth, including, without limitation, the right of the predecessor Trustee to be paid and reimbursed in full for its reasonable charges and expenses (including reasonable fees and expenses of its counsel) and the indemnification under Section 10.3 hereof. Upon such acceptance, the successor trustee shall mail notice thereof to the Note Owners at their respective addresses set forth on the Note registration books maintained pursuant to Section 2.13 hereof.

Notwithstanding the foregoing, in the event the Trustee merges or becomes consolidated with any other entity which resulting entity is otherwise qualified to be a successor trustee hereunder, such resulting entity shall assume all rights, obligations and duties of the Trustee hereunder without the execution or filing of any papers or any further act on the part of either party hereto.

Section 7.7. Appointment of Agent. The Trustee may appoint an agent or agents to exercise any of the powers, rights or remedies granted to the Trustee under this Trust Agreement, and to hold title to property or to take any other action which may be desirable or necessary.

Section 7.8. Commingling. The Trustee may commingle any of the funds held by it pursuant to this Trust Agreement in a separate fund or funds for investment purposes only; provided, however, that all funds or accounts held by the Trustee hereunder shall be accounted for separately notwithstanding such commingling by the Trustee.

Section 7.9. Records. The Trustee shall keep complete and accurate records of all moneys received and disbursed under this Trust Agreement, which shall be available for inspection by the City, or any of their agents, at any time during regular business hours. The Trustee shall provide the City Representative with semiannual reports of funds transactions and balances.

ARTICLE VIII

MODIFICATION OR AMENDMENT OF AGREEMENTS

Section 8.1. Amendments of Trust Agreement Permitted. This Trust Agreement and the rights and obligations of the Owners of the Notes, may be modified or amended at any time by a supplemental agreement which shall become effective when the written consent of the Owners of a majority in aggregate principal amount of the Notes then Outstanding, exclusive of Notes disqualified as provided in Section 8.3 hereof, shall have been filed with the Trustee. No such modification or amendment shall (1) extend or have the effect of extending the fixed maturity of any Note or reducing the interest rate with respect thereto or extending the time of payment of interest, or reducing the amount of principal thereof or reducing any premium payable upon redemption thereof, without the express consent of the Owner of such Note, or (2) modify any of the rights or obligations of the Trustee without its written assent thereto. Any such supplemental agreement shall become effective as provided in Section 8.2 hereof.

This Trust Agreement and the rights and obligations of the Owners of the Notes, may be modified or amended at any time by a supplemental agreement, without the consent of any such Owners but only (1) to provide for additions or modifications to the Project, (2) to add to the covenants and agreements of any party, other covenants to be observed, or to surrender any right or power herein reserved to the Trustee (for its own behalf) or the City, (3) to cure, correct or supplement any ambiguous or defective provision contained herein, (4) with respect to rating matters, (5) to provide for the execution and delivery of Additional Notes pursuant to Section 2.16 hereof, or to allow for the issuance of Parity Obligations pursuant to Section 2.17 hereof; or (6) in regard to questions arising hereunder, as the parties hereto or thereto may deem necessary or desirable and which shall not materially adversely affect the interests of the Owners of the Notes. Any such supplemental agreement shall become effective upon execution and delivery by the parties hereto as the case may be. The Trustee may rely upon an opinion of nationally recognized bond counsel as conclusive evidence that any such supplemental agreement complies with this Section 8.1 and does not materially adversely affect the interests of the Owners of the Notes.

Section 8.2. Procedure for Amendment With Written Consent of Note Owners. This Trust Agreement may be amended by supplemental agreement as provided in this Section 8.2 in the event the consent of the Owners of the Notes are required pursuant to Section 8.1 hereof. A copy of such supplemental agreement, together with a request to the Note Owners for their consent thereto, shall be mailed by the Trustee to each Owner of a Note at his address as set forth on the Note registration books maintained pursuant to Section 2.13 hereof, but failure to mail copies of such supplemental agreement and request shall not affect the validity of the supplemental agreement when assented to as in this Section 8.2 provided.

Such supplemental agreement shall not become effective unless there shall be filed with the Trustee and the written consent of the Owners of a majority in principal amount of the Notes then Outstanding (exclusive of Notes disqualified as provided in Section 8.3 hereof) and a notice shall have been mailed as hereinafter in this Section 8.2 provided. The consent of an Owner of a Note shall be effective only if accompanied by proof of ownership of the Notes for which such consent is given, which proof shall be such as is permitted by Section 2.12 hereof. Any such consent shall be binding upon the Owner of the Note giving such consent and on any subsequent Owner (whether or not such subsequent Owner has notice thereof) unless such consent is revoked

in writing by the Owner giving such consent or a subsequent Owner by filing such revocation with the Trustee prior to the date when the notice hereinafter in this Section 8.2 provided for has been mailed.

After the Owners of the required percentage of Notes shall have filed their consents to such supplemental agreement, the Trustee shall mail a notice to the Owners of the Notes in the manner hereinbefore provided in this Section for the mailing of such supplemental agreement of the notice of adoption thereof, stating in substance that such supplemental agreement has been consented to by the Owners of the required percentage of Notes and will be effective as provided in this Section 8.2 (but failure to mail copies of said notice shall not affect the validity of such supplemental agreement or consents thereto). A record, consisting of the papers required by this Section to be filed with the Trustee, shall be conclusive proof of the matters therein stated. Such supplemental agreement shall become effective upon the mailing of such last mentioned notice, and such supplemental agreement shall be deemed conclusively binding upon the parties hereto and the Owners of all Notes at the expiration of sixty (60) days after such filing, except in the event of a final decree of a court of competent jurisdiction setting aside such consent in a legal action or equitable proceeding for such purpose commenced within such sixty (60) day period.

Section 8.3. Disqualified Notes. Notes owned or held by or for the account of the City or by any person directly or indirectly controlled by, or under direct or indirect common control with the City (except any Notes held in any pension or retirement fund) shall not be deemed Outstanding for the purpose of any vote, consent, waiver or other action or any calculation of Outstanding Notes provided for in this Trust Agreement, and shall not be entitled to vote upon, consent to, or take any other action provided for in this Trust Agreement; except that in determining whether the Trustee shall be protected in relying upon any such vote, consent, waiver or other action, only Notes which a Responsible Officer of the Trustee actually knows to be so owned shall be disregarded.

Section 8.4. Effect of Supplemental Agreement. From and after the time any supplemental agreement becomes effective pursuant to this Article VIII, this Trust Agreement shall be deemed to be modified and amended in accordance therewith, the respective rights, duties and obligations of the parties hereto or thereto, and all Owners of Notes Outstanding, as the case may be, shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modification and amendment, and all the terms and conditions of any supplemental agreement shall be deemed to be part of the terms and conditions of this Trust Agreement for any and all purposes.

The Trustee may require each Note Owner, before his consent provided for in this Article IX shall be deemed effective, to reveal whether the Notes as to which such consent is given are disqualified as provided in Section 8.3 hereof.

Section 8.5. Endorsement or Replacement of Notes Delivered After Amendments. The Trustee may determine that Notes delivered after the effective date of any action taken as provided in this Article VIII shall bear a notation, by endorsement or otherwise, in form approved by the Trustee, as to such action. In that case, upon demand of the Owner of any Note Outstanding at such effective date and presentation of his Note for the purpose at the office of the Trustee, a suitable notation shall be made on such Note. The Trustee may determine that the delivery of substitute Notes, so modified as in the opinion of the Trustee is necessary to conform

to such Note Owners' action, which substitute Notes shall thereupon be prepared, executed and delivered. In that case, upon demand of the Owner of any Note then Outstanding, such substitute Note shall be exchanged at the Designated Office of the Trustee, without cost to such Owner, for a Note of the same character then Outstanding, upon surrender of such Outstanding Note.

Section 8.6. Ammendatory Endorsement of Notes. The provisions of this Article VIII shall not prevent any Note Owner from accepting any amendment as to the particular Notes held by him, provided that proper notation thereof is made on such Notes.

Section 8.7. Amendment of TPAA. The City may enter into any amendment of the TPAA with Phoenix, VMR and MAG without the consent of the Trustee or any Owner provided that such amendment does not reduce the aggregate amount of remaining Repayments due from Phoenix to less than the aggregate of Advances made from proceeds of the Notes and not previously repaid to the Trustee. The City may enter into any amendment which does reduce the aggregate amount of remaining Repayments due from Phoenix to less than the aggregate Advances made from proceeds of the Notes and not previously prepaid to the Trustee.

Section 8.8. Discharge of Trust Agreement. If the City shall pay or cause to be paid, in accordance with the provisions of this Trust Agreement, to the Owners of the Notes, the principal of, premium, if any, and interest due or to become due thereon at the times and in the manner stipulated therein, and if the City shall not then be in default in any of the other covenants and promises in the Notes and in this Trust Agreement expressed as to be kept, performed and observed by it or on its part, and if the City shall pay or cause to be paid to the Trustee all sums of money due or to become due according to the provisions hereof, then these presents and the estate and rights hereby granted shall cease, determine and be void (except for the Trustee's right under Section 10.3 hereof), whereupon the Trustee shall cancel and discharge the lien of this Trust Agreement, and execute and deliver to the City such instruments in writing as shall be requisite to release the lien hereof and reconvey, release, assign and deliver unto the City any and all of the estate, right, title and interest in and to any and all rights or property conveyed, assigned or pledged to the Trustee or otherwise subject to the lien of this Trust Agreement, except amounts in the 20__ Rebate Fund required to be paid to the United States.

Section 8.9. Defeasance of Notes. Any Note shall be deemed to be paid within the meaning of this Section 8.9 and for all purposes of this Trust Agreement when (a) payment of the principal of and premium, if any, on such Note, plus interest thereon to the due date thereof (whether such due date is by reason of maturity or upon redemption as provided herein) either (i) shall have been made or caused to be made in accordance with the terms thereof, or (ii) shall have been provided for by irrevocably depositing with the Trustee, in trust and irrevocably set aside exclusively for such payment, (1) moneys sufficient to make such payment or (2) Defeasance Obligations maturing as to principal and interest in such amounts and at such times as will insure, without further investment or reinvestment thereof, in the opinion of an independent certified public accounting firm of national reputation (a copy of which opinion shall be furnished to the rating agency, if any, then providing the rating borne by the Notes), the availability of sufficient moneys to make such payment and (b) all necessary and proper fees, compensation and expenses of the Trustee pertaining to the Notes with respect to which such deposit is made, shall have been paid or the payment thereof provided for to the satisfaction of the Trustee. At such time as a Note shall be deemed to be paid hereunder, as aforesaid, such Note 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 Defeasance Obligations.

Notwithstanding the foregoing, no deposit under clause (a)(ii) of the immediately preceding paragraph shall be deemed payment of such Notes as aforesaid until (a) proper notice of redemption of such Notes shall have been previously given in accordance with Section 3.3 of this Trust Agreement, or in the event said Notes are not by their terms subject to redemption within the next succeeding sixty (60) days, until the City shall have given the Trustee, in form satisfactory to the Trustee, irrevocable instructions to notify, as soon as practicable, the Owners of the Notes that the deposit required by (a)(ii) above has been made with the Trustee and that said Notes are deemed to have been paid in accordance with this Section 8.9 and stating the maturity or redemption date upon which moneys are to be available for the payment of the principal of and the applicable redemption premium, if any, on said Notes, plus interest thereon to the due date thereof; or (b) the maturity of such Notes.

Before accepting or using any moneys to be deposited pursuant to this Section 8.9, the Trustee may require that the City furnish to it (i) an opinion of Special Counsel to the effect that such deposit will not adversely affect the exclusion from gross income for Federal income tax purposes of interest on the Notes and that all conditions hereunder have been satisfied, and (ii) a certificate of an independent certified public accountant to the effect that such deposit will be sufficient to defease the Notes as provided in this Section 8.9. The Trustee shall be fully protected in relying upon such Special Counsel opinion and/or accountant's certificate in accepting or using any moneys deposited pursuant to this Section 8.9.

All moneys so deposited with the Trustee as provided in this Section 8.9 may also be invested and reinvested, at the direction of the City, in noncallable Defeasance Obligations, maturing in the amounts and times as hereinbefore set forth, and all income from all Defeasance Obligations in the hands of the Trustee pursuant to this Section 8.9 which is not required for the payment of the Notes and interest and premium, if any, thereon with respect to which such moneys shall have been so deposited shall be deposited in the General Account of the 20__ Payment Fund as and when realized and collected for use and application as are other moneys deposited in the General Account of the 20__ Payment Fund; provided, however, unless the opinion of Special Counsel specifically permits any such reinvestment, the City shall furnish to the Trustee an opinion of Special Counsel to the effect that such reinvestment will not adversely affect the exclusion from gross income for Federal income tax purposes of interest on the Notes.

Notwithstanding any provision of any other article of this Trust Agreement which may be contrary to the provisions of this Section 8.9, all moneys or Defeasance Obligations set aside and held in trust pursuant to the provisions of this Section 8.9 for the payment of Notes (including interest and premium thereon, if any) shall be applied to and used solely for the payment of the particular Notes (including the interest and premium thereon, if any) with respect to which such moneys or Defeasance Obligations have been so set aside in trust.

ARTICLE IX

GENERAL COVENANTS

Section 9.1. Compliance With and Enforcement of TPAA. The City covenants and agrees with the Owners of the Notes to perform all obligations and duties imposed on it under the TPAA.

The City will not do or permit anything to be done, or omit or refrain from doing anything, in any case where any such act done or permitted to be done, or any such omission of or refraining from action, would or might be an Event of Default under the TPAA. The City, immediately upon receiving or giving any notice, communication or other document in any way relating to or affecting its rights under the TPAA, which may or can in any manner affect such rights of the City or the Trustee, will deliver the same, or a copy thereof, to the Trustee.

The City will take all action necessary to enforce the rights of the City under the TPAA, including the collection of amounts paid thereunder by Phoenix.

Section 9.2. Observance of Laws and Regulations. The City will keep, observe and perform all valid and lawful obligations or regulations now or hereafter imposed on it by contract, or prescribed by any law of the United States of America, or of the State, or by any officer, board or commission having jurisdiction or control, as a condition of the continued enjoyment of any and every right, privilege or franchise now owned or hereafter acquired by the City, including its right to exist and carry on business as a political subdivision, to the end that such rights, privileges and franchises shall be maintained and preserved, and shall not become abandoned, forfeited or in any manner impaired.

Section 9.3. Recordation and Filing. The City shall file this Trust Agreement (or a memorandum thereof or a financing statement with respect thereto), and all such documents as may be required by law (and shall take all further actions which may be necessary or be reasonably required by the Trustee), all in such manner, at such times and in such places as may be required by law in order fully to preserve, protect and perfect the security of the Trustee and the Note Owners.

Section 9.4. Further Assurances. The Trustee and the City will make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably required and are necessary or proper to carry out the intention or to facilitate the performance of this Trust Agreement and the TPAA, and for the better assuring and confirming unto the Owners of the Notes the rights and benefits provided herein.

Section 9.5. Notification to the City of Failure to Make Payments. The Trustee shall notify the City of any failure by the City to make any payment required hereunder to be made to the Trustee, in writing and within one (1) Business Day of any such failure. Such notice shall not be a prerequisite for the occurrence of an Event of Default hereunder.

Section 9.6. Business Days. Except as otherwise required herein, if this Trust Agreement requires any party to act on a specific day and such day is not a Business Day,

such party need not perform such act until the next succeeding Business Day, and such act shall be deemed to have been performed on the day required.

ARTICLE X

LIMITATION OF LIABILITY

Section 10.1. Limited Liability of the City. Except for the payment from Excise Taxes of the principal, interest and premium when due and the payment from Repayments of the principal when due, all in accordance herewith and the performance of the other covenants and agreements of the City contained herein and in the TPAA, the City shall have no pecuniary obligation or liability to any of the other parties or to the Owners of the Notes with respect to this Trust Agreement or the TPAA, or the terms, execution, delivery or transfer of the Notes, or the distribution of payments to the Owners by the Trustee.

Section 10.2. No Liability of the City for Trustee Performance. The City shall have no obligation or liability to any of the other parties or to the Owners of the Notes with respect to the performance by the Trustee of any duty imposed upon it under this Trust Agreement.

Section 10.3. Indemnification of the Trustee. To the extent permitted by law, the City shall indemnify and save the Trustee and its directors, officers, agents and employees harmless for, from and against all claims, losses, costs, expenses, liability and damages, including legal fees and expenses, arising out of: (a) the use, maintenance, condition or management of, or from any work or thing done on, the Project, or the site of the Project, or any portion thereof, by the City; (b) any breach or default on the part of the City in the performance of any of its obligations under this Trust Agreement and any other agreement made and entered into for purposes of the Project; (c) any act of negligence of the City or of any of its agents, contractors, servants, employees or licensees with respect to the Project; (d) any act of negligence of any assignee of, or purchaser from, the City or of any of its or their agents, contractors, servants, employees or licensees with respect to the Project; (e) the construction or acquisition of the Project or the making of the Advance; (f) the Trustee's exercise and performance of its powers and duties hereunder, or (g) any untrue statement or alleged untrue statement of any material fact or omission or alleged omission to state a material fact necessary to make the statements made, in light of the circumstances under which they were made, not misleading in any official statement or other offering circular utilized in connection with the sale of the Notes, including the costs and expenses of defending itself against any claim of liability arising under this Trust Agreement. No indemnification will be made under this Section or elsewhere in this Trust Agreement for willful misconduct, gross negligence or breach of duty under this Trust Agreement by the Trustee, or by its officers, agents, employees, successors or assigns. The City's obligations hereunder for indemnification under this Section shall remain valid and binding notwithstanding, and shall survive, the maturity and payment or redemption of the Notes or resignation or removal of the Trustee or the termination of this Trust Agreement.

The Trustee, promptly after determining that any event or condition which requires or may require indemnification by the City hereunder exists or may exist, or after receipt of notice of the commencement of any action in respect of which indemnity may be sought hereunder, shall notify the City in writing of such circumstances or action (the "Notification"). Upon giving of the Notification, the Trustee shall cooperate fully with the City in order that the City may defend, compromise or settle any such matters or actions which may result in payment by City hereunder. The City shall give the Trustee notice of its election within fifteen (15) days after receiving the

Notification whether the City, at its sole cost and expense, shall represent and defend the Trustee in any claim or action which may result in a request for indemnification hereunder. If the City timely gives the notice that it will represent and defend the Trustee thereafter, the Trustee shall not settle or compromise or otherwise interfere with the defense or undertakings of the City hereunder. The City shall not settle or compromise any claim or action against the Trustee without the written approval of the Trustee, except to the extent that the City shall pay all losses and the Trustee shall be fully released from such claim or action. If the City either fails to timely give its notice or notifies the Trustee that the City will not represent and defend the Trustee, the Trustee may defend, settle, compromise or admit liability as it shall determine in the reasonable exercise of its discretion at the City's expense. In the event the City is required to and does indemnify the Trustee as herein provided, the rights of the City shall be subrogated to the rights of the Trustee to recover such losses or damages from any other person or entity.

Section 10.4. Opinion of Counsel. Before being required to take any action, the Trustee may require an opinion of Independent Counsel acceptable to the Trustee, which opinion shall be made available to the other parties hereto upon request, which counsel may be counsel to any of the parties hereto, or a verified certificate of any party hereto, or both, concerning the proposed action. If it does so in good faith, the Trustee shall be absolutely protected in relying thereon.

ARTICLE XI

MISCELLANEOUS

Section 11.1. Consents of Owners of Notes. Any consent, request, direction, approval, objection or other instrument required by this Trust Agreement to be signed and executed by the Owners of Notes may be in any number of concurrent documents and may be executed by such Owners of Notes in person or by agent appointed in writing. Proof of the execution of any such consent, request, direction, approval, objection or other instrument or of the written appointment of any such agent or of the ownership of Notes, if made in the following manner, shall be sufficient for any of the purposes of this Trust Agreement, and shall be conclusive in favor of the Trustee with regard to any action taken by it under such request or other instrument. The fact and date of the execution by any person of any such instrument or writing may be proved by the affidavit of a witness of such execution or by an officer authorized by law to take acknowledgments of deeds certifying that the person signing such instrument or writing acknowledged to him the execution thereof. The fact of ownership of Notes and the amount or amounts, numbers and other identification of such Notes, and the date of owning the same shall be proved by the registration books of the City maintained by the Trustee pursuant to Section 2.13 hereof.

Section 11.2. Limitation of Rights. With the exception of any rights herein expressly conferred, nothing expressed or mentioned in or to be implied from this Trust Agreement or the Notes is intended or shall be construed to give to any person or company other than the parties hereto, and the Owners of the Notes, any legal or equitable right, remedy or claim under or with respect to this Trust Agreement or any covenants, conditions and provisions herein contained; this Trust Agreement and all of the covenants, conditions and provisions hereof being intended to be and being for the sole and exclusive benefit of the parties hereto and the Owners of the Notes as herein provided.

Section 11.3. Severability. If any provision of this Trust Agreement shall be held or deemed to be or shall, in fact, be illegal, inoperative or unenforceable, the same shall not affect any other provision or provisions herein contained or render the same invalid, inoperative or unenforceable to any extent whatever.

Section 11.4. Notices. All written notices to be given under this Trust Agreement shall be given by mail or personal delivery to the party entitled thereto at its address set forth below, or at such address as the party may provide to the other 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 City: Mesa, Arizona
 20 East Main Street
 Mesa, Arizona 85211
 Attn: City Manager

With copy to: Gust Rosenfeld P.L.C.

One East Washington Street, Suite 1600
Phoenix, Arizona 85004
Attention: Scott W. Ruby

If to the Trustee:

A duplicate copy of each notice required to be given hereunder by any person listed above shall also be given to the others. The City and the Trustee may designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent. Except for those writings requiring original signatures, any written notice, instruction or confirmation required hereunder may be provided by Electronic transmission.

The Trustee agrees to accept and act upon Electronic transmissions of written instructions and/or directions pursuant to this Trust Agreement, provided, however, that: (a) subsequent to such Electronic transmission of written instructions and/or directions the Trustee shall forthwith receive the originally executed instructions and/or directions in a timely manner, (b) such originally executed instructions and/or directions shall be signed by a person as may be designated and authorized to sign for the party signing such instructions and/or directions, and (c) the Trustee shall have received an incumbency certificate listing such designated persons and containing specimen signatures of such designated persons, which such incumbency certificate shall be amended and replaced whenever a person is to be added or deleted from the listing.

If the City elects to give the Trustee Electronic instructions and the Trustee in its discretion elects to act upon such instructions, the Trustee's understanding of such instructions shall be deemed controlling. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such instructions notwithstanding such instructions conflict or are inconsistent with a subsequent written instruction. The City agrees to assume all risks arising out of the use of such electronic methods to submit instructions and directions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized instructions, and the risk of interception and misuse by third parties.

Section 11.5. Covenant as to Conflict of Interest. A.R.S. Section 38-511 provides that the City may, within three years after its execution, cancel any contract, without penalty or further obligation, if any person significantly involved in initiating, negotiating, securing, drafting or creating the contract on behalf of the City is, at any time while the contract or any extension of the contract is in effect, an employee or agent of any other party to the contract in any capacity or a consultant to any other party of the contract with respect to the subject matter of the contract. In addition, the City may recoup any fee or commission paid or due to any person significantly involved in initiating, negotiating, securing, drafting or creating the contract on behalf of the City from any other party to the contract arising as a result of the contract.

Section 11.6. Payments Due on Saturdays, Sundays and Holidays. In any case where the date of maturity of interest on or principal of the Notes or the date fixed for

redemption of any Notes shall not be a Business Day, then payment of principal, premium, if any, or interest need not be made on such date but may be made on the next succeeding Business Day with the same force and effect as if made on the date of maturity or the date fixed for redemption.

Section 11.7. Counterparts. This Trust Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of such shall constitute but one and the same instrument.

Section 11.8. Applicable Provisions of Law. This Trust Agreement shall be governed by and construed in accordance with the laws of the State.

Section 11.9. Rules of Interpretation. Unless expressly indicated otherwise, references to Sections or Articles are to be construed as references to Sections or Articles of this instrument as originally executed. Use of the words "herein," "hereby," "hereunder," "hereof," "hereinbefore," "hereinafter" and other equivalent words refer to this Trust Agreement and not solely to the particular portion in which such word is used.

Section 11.10. Captions. The captions and headings in this Trust Agreement are for convenience only and in no way define, limit or describe the scope or intent of any provisions or Sections of this Trust Agreement.

Section 11.11. E-Verify Requirements. To the extent applicable under A.R.S. Section 41-4401, the Trustee and its subcontractors warrant compliance with all federal immigration laws and regulations that relate to their employees and their compliance with the E-verify requirements under A.R.S. Section 23-214(A). The Trustee or its subcontractors' breach of the above-mentioned warranty shall be deemed a material breach of this Indenture and may result in the termination of the Trustee's services by the City. The City retains the legal right to randomly inspect the papers and records of the Trustee or its subcontractor employee who work on this Indenture to ensure that the Trustee and its subcontractors are complying with the above-mentioned warranty.

The Trustee and its subcontractors warrant to keep the papers and records open for random inspection during normal business hours by the City. The Trustee and its subcontractors shall cooperate with the City's random inspections including granting the City entry rights onto its property to perform the random inspections and waiving their respective rights to keep such papers and records confidential.

IN WITNESS WHEREOF, the City has caused these presents to be executed in its name by its duly authorized official; and to evidence its acceptance of the trusts hereby created, the Trustee has caused these presents to be executed in its corporate name and with its corporate seal hereunto affixed and attested by its duly authorized officer, as of the date first above written.

MESA, ARIZONA

By: _____
Mayor

(SEAL)

ATTEST:

By: _____
City Clerk

_____,
as Trustee

By: _____
Authorized Officer

EXHIBIT A

FORM OF NOTE

Unless this Note is presented by an authorized representative of The Depository Trust Company ("DTC") to the Trustee for registration of transfer, exchange, or payment, with respect to any Note issued that is registered in the name of CEDE & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to CEDE & Co. or to such other entity as is requested by an authorized representative of DTC), any transfer, pledge, or other use hereof for value or otherwise by or to any person is wrongful inasmuch as the registered owner hereof, CEDE & Co., has an interest herein.

No. _____

CITY OF MESA, ARIZONA

TRANSPORTATION PROJECT ADVANCEMENT NOTES, SERIES _____

<u>MATURITY DATE</u>	<u>DATED DATE</u>	<u>CUSIP</u>	<u>INTEREST RATE</u>
_____, ____			

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT:

The City of Mesa, Arizona (the "City") will pay to the registered owner of this City Transportation Project Advancement Note, Series ____ (the "Note"), subject to the terms of the Trust Agreement dated as of _____ (the "Trust Agreement") by and between the City and _____, as trustee (the "Trustee"), on the maturity date set forth above or sooner as provided below, the principal amount set forth above (the "Principal"), and on each Interest Payment Date, as described below, until payment in full of said portion of principal, the interest coming due (the "Interest") during the period commencing on the last date on which Interest was paid and ending on the day prior to the Interest Payment Date or, if no Interest has been paid, from the Date of Original Issuance specified above. Interest is calculated based on the application to the Principal of the interest rate or rates per annum applicable during such period as described below.

Principal, Interest and premium, if any, on this Note are payable by wire transfer on the date due in immediately available funds to CEDE & CO. as nominee of the Depository Trust Company ("DTC" and, together with any successor thereto, the "Securities Depository"), acting as Securities Depository under the Book-Entry System operated by DTC.

The Notes are issuable only as fully registered notes in the denominations authorized for the particular rate periods described below and, except as hereinafter provided, in printed or typewritten form, registered in the name of CEDE & CO. as nominee of DTC, which shall be considered to be the registered owner for all purposes of the Trust Agreement, including, without limitation, payment of debt service and purchase price, and receipt of notices and exercise of rights by registered owners. There shall be a single Note for each maturity which shall be immobilized in the custody of DTC with the beneficial owners having no right to receive Notes in the form of physical securities or certificates. Ownership of beneficial interests in the Notes shall be shown by book entry on the system maintained and operated by DTC and its participants, and transfers of ownership of beneficial interests shall be made only by DTC and its participants and by book-entry, the City and the Trustee having no responsibility therefor. DTC is expected to maintain records of the positions of participants in the Notes, and the participants and persons acting through participants are expected to maintain records of the purchasers of beneficial interests in the Notes. The Notes shall not be transferable or exchangeable, except as provided in the Trust Agreement.

If Interest is not timely paid or provided for, a special record date shall be fixed by the Trustee for the payment of such overdue Interest. Notice of the special record date shall be mailed to registered owners not fewer than ten days prior thereto. The Principal of and Interest and any premium on this Note are payable in lawful money of the United States of America, without deduction for the services of the Trustee.

The Trustee has no obligation or liability to the registered owners of the Notes for the payment of Interest or Principal pertaining to the Notes. The Trustee's sole obligations are to administer, for the benefit of the registered owners of the Notes, the various funds and accounts established pursuant to the Trust Agreement.

The recitals, statements and representations made in this Note shall be taken and construed as made by and on the part of the City, and not by the Trustee, and the Trustee does not assume, and shall not have, any responsibility or obligation for the correctness of any thereof.

This Note shall not be entitled to any security or benefit under the Trust Agreement until manually authenticated by the Trustee as Registrar.

This Note has been issued by the City pursuant to the terms of the Trust Agreement. The City is authorized to enter into the Trust Agreement under the laws of the State of Arizona and by resolution of the City Council of the City (the "City Council") adopted _____ (the "Resolution"). Reference is hereby made to the Trust Agreement (a copy of which is on file at the Designated Office of the Trustee) for a description of the terms on which the Notes are delivered, the rights thereunder of the registered owners of the Notes, the rights, duties and immunities of the Trustee and the rights and obligations of the City under the Trust Agreement, to all of the provisions of which Trust Agreement the registered owner of this Note, by acceptance hereof, assents and agrees.

The Notes are payable from amounts paid by the City pursuant to the Trust Agreement. The City is required under the Trust Agreement to make payments from Excise Taxes (as defined in the Trust Agreement), which payments are sufficient to pay, when due, the annual principal and interest due with respect to the Notes.

The Notes are payable from a pledge of, and secured by a first lien on, the Excise Taxes as are necessary for the prompt and punctual payment of the Notes, all as more fully described in, and provided by, the Trust Agreement. All Notes of the total authorized amount are co-equal as to the pledge of and lien on all such Excise Taxes securing the payment thereof, and share ratably without any preference, priority or distinction as to the source or method of payment from Excise Taxes and security thereof. The Notes are also payable from a pledge of and secured by Repayments (as defined in the Trust Agreement) if, as and when received from Phoenix (as defined in the Trust Agreement) all as more fully described in, and provided by, the Trust Agreement. **The owner hereof shall never have the right to demand payment of this Note out of any funds other than said described income and revenues pledged for payment thereof and such other funds as may be provided for under the Trust Agreement.** The rights of the Owner hereof to payment from Excise Taxes are secured by a first lien upon the Excise Taxes on a parity with the City of Mesa, Arizona Excise Tax Revenue Obligations, Series 2013 and any other obligations hereafter issued on a parity (the "Parity Obligations") therewith pursuant to the Trust Agreement. The City has the right to create other Parity Obligations as provided in the Trust Agreement. Such rights are senior to the rights to payment from Excise Taxes to the Phoenix-Mesa Gateway Airport Authority, Special Facility Revenue Bonds (Mesa Project), Series 2012.

THE NOTES, THE TRUST AGREEMENT AND THE OBLIGATION OF THE CITY TO MAKE PAYMENTS THEREUNDER DO NOT REPRESENT OR CONSTITUTE A GENERAL OBLIGATION OF THE CITY, THE STATE OF ARIZONA OR ANY POLITICAL SUBDIVISION THEREOF FOR WHICH THE CITY OR THE STATE OF ARIZONA OR ANY POLITICAL SUBDIVISION THEREOF IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION, OTHER THAN THE OBLIGATION OF THE CITY TO LEVY EXCISE TAXES, NOR DO THE OBLIGATIONS, THE TRUST AGREEMENT OR THE OBLIGATION TO MAKE PAYMENTS THEREUNDER CONSTITUTE AN INDEBTEDNESS OF THE CITY, THE STATE OF ARIZONA OR ANY OF ITS POLITICAL SUBDIVISIONS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION OR OTHERWISE.

This Note represents a limited obligation of the City and no member, director, officer or agent, as such, past, present or future, of the City shall be personally liable for the payment hereof.

For further definitions, a description of the terms on which the Notes are issued, a more complete statement of the income and revenues from which, and conditions under which, this Note is payable, a statement of the terms under which the Trust Agreement may be modified, a statement of the general covenants and provisions pursuant to which this Note is issued, and of the rights of the Owners of the Note, reference is made to the Trust Agreement, and to all the provisions thereof the owner hereof, by acceptance of this Note, consents and agrees.

As used herein, "Business Day" is a day of the year other than (a) a Saturday or a Sunday, (b) a day on which banks located in the State in which the Designated Office of the Trustee or the Paying Agent are required or authorized by law or other governmental action to be closed and (c) a day on which the New York Stock Exchange is closed.

Optional Redemption by the City. The Notes are subject to call for redemption prior to maturity, at the option of the City, in whole or in part, on July 1, 20__, or on any date thereafter, by the payment of a redemption price equal to the principal amount of each Note called for redemption plus accrued interest to the date fixed for redemption, but without premium.

In the event any of the Notes or portions thereof are called for redemption as aforesaid, notice of the call for redemption, identifying the Notes or portions thereof to be redeemed, shall be given by the Trustee by mailing a copy of the redemption notice by first class mail at least 30 days but not more than 60 days prior to the date fixed for redemption to the Registered Owner of each Note to be redeemed in whole or in part at the address shown on the registration books. Any notice mailed as provided above shall be conclusively presumed to have been duly given, whether or not the Registered Owner receives the notice. Failure to mail any such notice, or the mailing of defective notice, to any Registered Owner, shall not affect the proceeding for redemption as to any Registered Owner to whom proper notice is mailed. No further interest shall accrue on the principal of any Note called for redemption after the date of redemption if moneys sufficient for such redemption have been deposited with the Trustee.

If less than all Outstanding Notes of any single maturity are to be redeemed, the Notes to be redeemed will be selected by DTC pursuant to the Book-Entry System.

This Note shall not be entitled to any security or benefit under the Trust Agreement until executed by the Trustee.

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

By: _____
Authorized Representative

DATE OF AUTHENTICATION AND REGISTRATION: _____

AUTHENTICATION CERTIFICATE

This Note is one of the City of Mesa, Arizona Transportation Project Advancement Notes, Series 20__, described in the resolution mentioned herein.

_____,
as Trustee

The following abbreviations, when used in the inscription on the face of this Note, 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 GIFT/TRANS MIN ACT-_____ Custodian _____
(Cust) (Minor)
under Uniform Gifts/Transfers to Minors Act (State)

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

FOR VALUE RECEIVED, _____ the undersigned, hereby sells, assigns and transfers unto _____ (Tax Identification or Social Security No. _____) the within Note and all rights thereunder, and hereby irrevocably constitutes and appoints _____ attorney to transfer the within Note on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____

Signature Guarantee:

(Authorized Officer)
Signature must be guaranteed by an institution which is a participant in the Securities Transfer Agent Medallion Program (STAMP) or similar program.

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

EXHIBIT B

PAYMENT REQUEST FORM

Application No. _____

The Trustee is hereby requested to pay from the Advance Account, as defined in the Trust Agreement, dated as of _____ (the "Trust Agreement"), between the City of Mesa, Arizona (the "City") and _____, as trustee (the "Trustee"), to the person or corporation designated below as Payee for or on behalf of Valley Metro Rail, Inc. ("VMR"), the sum set forth below such designation, in payment of a portion of the Advance (as defined in the Trust Agreement). The amount shown below is a portion of the Advance properly made pursuant to the TPAA and has not formed the basis of any prior request for payment.

Payee: _____

Address: _____

Amount: _____

Not more than five percent (5%) of the amount of the requested disbursements paid from the proceeds of the Notes are or were used for any private business use within the meaning of Section 141(b)(2) of the Internal Revenue Code of 1986, as amended.

By execution of this Payment Request Form, the City requests and approves the payment of the amount stated above to the Payee set forth above.

DATED: _____.

CITY OF MESA, ARIZONA

By _____
City Representative

Please forward payment to Payee at the following address:

EXHIBIT C

REIMBURSEMENT REQUEST FORM

Application # _____

The Trustee is hereby requested to pay from the Advance Account established by the Trust Agreement, dated as of _____ (the "Trust Agreement"), between the City of Mesa, Arizona (the "City"), and _____, as trustee (the "Trustee"), to the City, the sum set forth below as reimbursement of a portion of the Advance (as defined in the Trust Agreement). Payment of the amount, shown below, was made by the City on _____, 20____, as evidenced by _____, attached hereto, as a portion of the Advance properly made pursuant to the TPAA and has not formed the basis of any prior request for payment.

Amount: _____

Not more than five percent (5%) of the amount of the requested disbursements paid from the proceeds of the Notes are or were used for any private business use within the meaning of Section 141(b)(2) of the Internal Revenue Code of 1986, as amended.

Dated: _____, 20____.

By _____
City Representative

Date received: _____, 20____.

By _____
City Representative